

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 licensed securities dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold and transferred all your shares in Midland IC&I 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.

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



**PROPOSED ADOPTION OF THE 2008 SHARE OPTION SCHEME,
PROPOSED ADOPTION OF NEW ARTICLES IN SUBSTITUTION
FOR THE EXISTING ARTICLES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening an extraordinary general meeting of the Company (the "EGM") to be held at Room 1801A, 18th Floor, One Grand Tower, 639 Nathan Road, Mongkok, Kowloon, Hong Kong on 19 September 2008 (Friday) at 11:00 a.m. is set out on pages 41 to 42 of this circular. Whether or not you are able to attend the EGM in person, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the office of the Company's Hong Kong branch share registrar, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 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 EGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

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DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

“2005 Share Option Scheme”	the share option scheme adopted by the Company pursuant to a resolution passed by the Shareholders on 6 June 2005
“2008 Share Option Scheme”	the proposed share option scheme to be adopted by the Company at the EGM
“Access Capital”	Access Capital Limited, the financial adviser to the Company in relation to the Transfer of Listing, a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“affiliate”	in relation to the Company, (i) any subsidiary or holding company, controlling shareholder or associated company of the Company or of the Company’s holding company or controlling shareholder; or (ii) any other company in which any of the companies in (i) above has, directly or indirectly, alone or jointly with any other entity, a controlling interest
“associate”	has the same meaning ascribed thereto in the Main Board Listing Rules
“associated company”	in relation to a company, means an enterprise (other than that company’s subsidiary) which is or should be accounted for as an associate or as a joint venture in that company’s consolidated accounts in accordance with the Hong Kong generally accepted accounting principles in force at the relevant time of determination
“Board”	the board of Directors
“Business Day”	a day on which licensed banks are open for business in Hong Kong and the Stock Exchange is open for business of dealing in securities

DEFINITIONS

“Company”	Midland IC&I Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board (Stock Code: 459)
“connected person(s)”	has the meaning given to it by the Main Board Listing Rules
“Convertible Note”	the convertible note in the principal amount of HK\$540 million issued by the Company to Tretsfield on 6 June 2007
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened at Room 1801A, 18th Floor, One Grand Tower, 639 Nathan Road, Mongkok, Kowloon, Hong Kong on 19 September 2008 at 11:00 a.m. to consider and, if thought fit, approve the adoption of the New Articles and the adoption of the 2008 Share Option Scheme
“EGM Notice”	the notice convening the EGM, which is set out at the end of this circular
“Existing Articles”	the existing articles of association of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Invested Entities”	any entity in which any member of the Group holds an equity interest
“Latest Practicable Date”	21 August 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Main Board”	the securities market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which stock market continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM

DEFINITIONS

“Main Board Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange responsible for the Main Board listing matters
“Main Board Listing Rules”	the Rules Governing the Listing of Securities on the Main Board, as amended, supplemented or otherwise modified from time to time, and any applicable practice notes, supplementary guidance or other regulations issued by the Stock Exchange
“Midland”	Midland Holdings Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board (Stock Code: 1200)
“Midland Shareholders”	shareholders of Midland
“New Articles”	the new articles of association of the Company to be adopted at the EGM, the principal terms of which are summarised in Appendix II to this circular
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tretsfeld”	Tretsfeld Investments Limited, which is an indirect wholly-owned subsidiary of Midland
“Transfer of Listing”	the transfer of listing of the Shares from GEM to the Main Board according to Chapter 9A of the Main Board Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD



MIDLAND IC&I LIMITED

美聯工商舖有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 459)

Executive Directors:

Mr. Wong Tsz Wa, Pierre
Ms. Ip Kit Yee, Kitty
Ms. Yuen Wing Kwan, Annie

Non-Executive Director:

Mr. Tsang Link Carl, Brian

Independent Non-executive Directors:

Mr. Ying Wing Cheung, William
Mr. Sha Pau, Eric
Mr. Ho Kwan Tat, Ted

Registered Office:

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

Principal Place of Business

in Hong Kong:
Room 1801A, 18th Floor
One Grand Tower
639 Nathan Road
Mongkok, Kowloon
Hong Kong

26 August 2008

To the Shareholders

Dear Sir or Madam,

**PROPOSED ADOPTION OF THE 2008 SHARE OPTION SCHEME,
PROPOSED ADOPTION OF NEW ARTICLES IN SUBSTITUTION
FOR THE EXISTING ARTICLES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

The Stock Exchange informed Access Capital on 8 August 2008 that approval in principal has been granted by the Stock Exchange for the listing of and permission to deal in, on the Main Board (i) the Shares in issue; (ii) any Shares which may be issuable upon the exercise of the outstanding options which were granted under the 2005 Share Option Scheme; and (iii) any Shares to be issued upon conversion of the Convertible Note. Immediately following the Transfer of Listing becoming effective, the listing of the Shares on GEM was transferred to the Main Board. Dealings in the Shares on the Main Board commenced at 9:30 a.m. on 18 August 2008.

* For identification purposes only

LETTER FROM THE BOARD

In connection with the Transfer of Listing, the Directors propose to the Shareholders, to adopt the 2008 Share Option Scheme and to adopt the New Articles in substitution for the Existing Articles, for complying with the requirements under the Main Board Listing Rules.

The purpose of this circular is to give you information on, inter alia, (i) the proposed adoption of the 2008 Share Option Scheme, (ii) the proposed adoption of the New Articles, and (iii) to give the EGM Notice.

ADOPTION OF THE 2008 SHARE OPTION SCHEME AND TERMINATION OF THE 2005 SHARE OPTION SCHEME

In connection with the Transfer of Listing, the Directors propose the adoption of the 2008 Share Option Scheme, the provisions of which will comply with the requirements of Chapter 17 of the Main Board Listing Rules in substitution of the existing 2005 Share Option Scheme. A summary of the principal terms of the 2008 Share Option Scheme is set out in Appendix I to this circular.

The 2008 Share Option Scheme will enable the Directors to grant options to certain selected participants as incentives or rewards for their contribution to the Group or any Invested Entity.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, on Main Board any Shares which may be issuable upon the exercise of any options which may be granted under the 2008 Share Option Scheme.

The adoption of the 2008 Share Option Scheme is conditional upon:

- (i) the passing of ordinary resolution by the Shareholders at the EGM approving the adoption of the 2008 Share Option Scheme and authorising the Directors to grant options thereunder and to allot, issue and deal with Shares pursuant to the exercise of any options which may be granted pursuant to the 2008 Share Option Scheme;
- (ii) the passing of ordinary resolution by the Midland Shareholders at a special general meeting of Midland approving the adoption of the 2008 Share Option Scheme; and
- (iii) the Main Board Listing Committee granting approval for the listing of, and permission to deal in, on the Main Board any Shares which may be issued pursuant to the exercise of any options which may be granted pursuant to the 2008 Share Option Scheme.

LETTER FROM THE BOARD

The 2005 Share Option Scheme will be terminated by the Board in accordance with its terms after all the conditions of the 2008 Share Option Scheme have been fulfilled.

Outstanding options that had been granted pursuant to the 2005 Share Option Scheme as at the Latest Practicable Date would entitle the holders thereof to subscribe for a total of 83,000,000 Shares. Upon termination of the 2005 Share Option Scheme, no further options may be offered or granted thereunder. Apart from the 2005 Share Option Scheme, there was no other subsisting share option scheme of the Company as at the Latest Practicable Date. Termination of the 2005 Share Option Scheme will not prejudice the outstanding options granted under such scheme.

As at the Latest Practicable Date, the issued share capital of the Company comprised 8,300,000,000 Shares. Assuming that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date and the date of adoption of the 2008 Share Option Scheme, the number of Shares issuable pursuant to the 2008 Share Option Scheme under the scheme limit prescribed in Note (1) of Rule 17.03(3) of the Listing Rules will be 830,000,000 Shares, representing approximately 10% of the total number of Shares in issue as at the date of approval of the 2008 Share Option Scheme. The Company will apply to the Stock Exchange of its listing of and permission to deal in 830,000,000 Shares, that may be issued upon exercise of options granted under the 2008 Share Option Scheme.

ADOPTION OF THE NEW ARTICLES

In connection with the Transfer of Listing, the Board proposes to seek the approval of the Shareholders at the EGM for the adoption of the New Articles, the provisions of which will comply with the requirements of the Main Board Listing Rules and Cayman Islands laws. A summary of the principal terms of the New Articles is set out in Appendix II to this circular. The New Articles will substitute the Existing Articles on the date on which dealings in the Shares on the Main Board first commence.

Conditions of the New Articles

The adoption of the New Articles is conditional upon the passing of a special resolution by the Shareholders at the EGM to approve and adopt the New Articles in substitution for the Existing Articles and the approval of the Transfer of Listing by the Main Board Listing Committee which has been obtained on 8 August 2008.

THE EGM

The EGM Notice is set out at the end of this circular. An ordinary resolution will be proposed to the Shareholders at the EGM to consider and, if thought fit, approve the adoption of the 2008 Share Option Scheme and a special resolution will be proposed to the Shareholders to consider and, if thought fit, to approve the New Articles in substitution for the Existing Articles.

LETTER FROM THE BOARD

A form of proxy for the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 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 EGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

There will not be closure of register of members of the Company in respect of the EGM. Shareholders whose names appear on the register of members of the Company as at 4:00 p.m. on the Business Day immediately before the date of the EGM are entitled to attend and vote at the EGM.

RIGHT TO DEMAND A POLL

According to Article 66 of the Existing Articles, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded: (a) by the chairman of such meeting; or (b) by at least five Shareholders present in person or in the case of a Shareholder 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 Shareholder or Shareholders present in person or in the case of a Shareholder 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 Shareholders having the right to vote at the meeting; or (d) by a Shareholder or Shareholders present in person or in the case of a Shareholder 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 Shares conferring that right.

DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Room 1801A, 18th Floor, One Grand Tower, 639 Nathan Road, Mongkok, Kowloon, Hong Kong during normal business hours up to and including 19 September 2008, the date of the EGM:

- the Existing Articles;
- the New Articles;
- the rules of the 2008 Share Option Scheme; and
- the Transfer of Listing Announcement.

LETTER FROM THE BOARD

RECOMMENDATION

The Board considers that the adoption of the 2008 Share Option Scheme and the adoption of New Articles are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution and the special resolution to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the appendices to this circular.

RESPONSIBILITY OF DIRECTORS

This circular includes particulars given in compliance with the Main Board Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

Yours faithfully,
By Order of the Board
Midland IC&I Limited
Wong Tsz Wa, Pierre
Executive Director and Chief Executive Officer

2008 SHARE OPTION SCHEME

The following is a summary of the principal terms of the 2008 Share Option Scheme, which will be put forward to the Shareholders for consideration and adoption at the EGM.

In this section:

“Shares” shall mean ordinary shares of HK\$0.01 each in the capital of the Company (or of such other nominal amount as shall result from sub-division, consolidation or reduction of the share capital of the Company from time to time).

“eligible person” means any employee (whether full time or part time), senior executive or officer, manager, director (including executive, non-executive and independent non-executive director) or consultant of the Company, any of its affiliates or any Invested Entity, or any of their respective associates, chief executives, or substantial shareholders who, as determined by the Board, has contributed or will contribute to the growth and development of the Group or any Invested Entity.

“Invested Entity” means any entity in which any member of the Group holds an equity interest.

(a) Who may join

The Board may invite any eligible person as the Board may in its absolute discretion select, having regard to each person’s qualifications, skills, background, experience, service records and/or contribution or potential value to the relevant member(s) of the Group or Invested Entity, to take up options to subscribe for Shares at a price calculated in accordance with paragraph (c) below.

(b) Purposes of the 2008 Share Option Scheme

The 2008 Share Option Scheme serves the following principal purposes:

- (1) to enable the Group and its Invested Entities to recruit and retain high calibre eligible persons and attract human resources that are valuable to the Group or the Invested Entities;
- (2) to recognise the contributions of the eligible persons to the growth of the Group or Invested Entities by rewarding them with opportunities to obtain ownership interest in the Company; and
- (3) to motivate and give incentives to these eligible persons to continue to contribute to the long term success and prosperity of the Group directly or through Invested Entities.

(c) Subscription price and acceptance period

The subscription price for the Shares under the 2008 Share Option Scheme shall be a price determined by the Board at its absolute discretion and notified to an eligible person. The subscription price shall not be less than the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the offer date;
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the offer date; and
- (iii) the nominal value of a Share

provided that where the Board proposes to grant options under paragraphs (e)(ii) or (f)(ii) below, the date of the meeting of the Board proposing the relevant grant shall be deemed to be the offer date for the purpose of calculating the subscription price.

The eligible person must accept any such offer notified to him or her within ten (10) business days from the offer date, failing which it shall be deemed to have been rejected. Upon acceptance of the offer, the grantee shall pay HK\$1.00 to the Company as consideration for the grant.

(d) Number of Shares subject to the 2008 Share Option Scheme

- (i) Subject to the provisions of paragraph (d)(ii) below and, for so long the Company remains a subsidiary of Midland, necessary approval by the Midland Shareholders being obtained and, where required, Midland having complied with (or obtained waiver from strict compliance with) the relevant requirements under and in the Main Board Listing Rules and other applicable statutory regulations or rules,
 - (1) the total number of Shares which may be issued upon exercise of all options to be granted under the 2008 Share Option Scheme and any other share option scheme(s) of the Company must not in aggregate exceed ten (10) per cent (the "Scheme Mandate Limit") of the Shares in issue at the date on which the 2008 Share Option Scheme is adopted, such ten (10) per cent shall represent 830,000,000 Shares based on 8,300,000,000 Shares in issue unless further approval is obtained from the Shareholders and, for so long the Company remains a subsidiary of Midland, the Midland Shareholders pursuant to paragraphs (d)(i)(2) and/or (3) below;

- (2) the Company and, for so long as the Company remains a subsidiary of Midland, Midland may seek approval of their respective shareholders in their respective general meetings to refresh the Scheme Mandate Limit from time to time such that the total number of Shares which may be issued upon exercise of all options to be granted under the 2008 Share Option Scheme and any other share option scheme(s) of the Company shall not exceed ten (10) per cent of the Shares in issue as at the date of such shareholders' approval. The Company must send a circular to the Shareholders and, for so long as the Company remains a subsidiary of Midland, Midland must issue a circular to the Midland Shareholders in each case containing the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Main Board Listing Rules; and
- (3) the Company and, for so long as the Company remains a subsidiary of Midland, Midland may seek their respective shareholders' approval in their respective general meetings to grant options over and above the Scheme Mandate Limit provided that the options in excess of the Scheme Mandate Limit are granted only to the eligible persons specified by the Company before such approval is sought and for whom specific approval is then obtained. The Company and, for so long as the Company remains a subsidiary of Midland, Midland must issue a circular containing the information required under Note 1 to Rule 17.03(3) of the Main Board Listing Rules to the Shareholders and the Midland Shareholders respectively in connection with such grant.
- (ii) The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2008 Share Option Scheme and any other share option scheme(s) of the Company shall not in aggregate exceed thirty (30) per cent of the Shares in issue from time to time. No option may be granted under the 2008 Share Option Scheme and any other share option scheme(s) of the Company if such limit is exceeded.
- (e) Maximum entitlement of each grantee**
- (i) Unless the approval of Shareholders and, for so long as the Company remains a subsidiary of Midland, of the Midland Shareholders as contemplated under paragraph (e)(ii) below is obtained, the total number of Shares issued and to be issued upon exercise of the options granted to each eligible person under the 2008 Share Option Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options) in any 12-month period must not exceed one (1) per cent of the Shares in issue.

- (ii) Where the Board proposes to grant an option to an eligible person under the 2008 Share Option Scheme and/or any other share option scheme(s) of the Company and such further grant would result in such eligible person becoming entitled to subscribe for such number of Shares, when aggregated with the total number of Shares (a) already issued under all the options previously granted to him or her which have been exercised; (b) issuable under all the options previously granted to him or her which are for the time being subsisting and unexercised; and (c) which were subject to options previously granted to him or her but for the time being having been cancelled in the past 12-month period up to and including the date of such further grant, exceeding one (1) per cent of the Shares in issue for the time being, such further grant shall be separately approved by the Shareholders and, for so long as the Company remains a subsidiary of Midland, the Midland Shareholders in their respective general meetings (with such eligible person and his or her associates abstaining from voting). The relevant requirements under the Note to Rule 17.03(4) of the Main Board Listing Rules and other applicable statutory regulations or rules must be complied with.

(f) Maximum entitlement of each grantee who is a connected person

In addition to the approval of the Shareholder and the Midland Shareholders (if required) as set out in paragraphs (d)(i) and (e)(ii) and, for so long as the Company remains a subsidiary of Midland, where required under the Main Board Listing Rules and other applicable statutory regulations or rules, Midland having complied with (or obtained waiver from strict compliance with) the relevant requirements under and in the Main Board Listing Rules and other applicable statutory regulations or rules,

- (i) each grant of option to an eligible person who is a director, chief executive or substantial shareholder of the Company or, for so long as the Company remains a subsidiary of Midland, of Midland, or any of their respective associates, under the 2008 Share Option Scheme must be approved by the independent non-executive director(s) of the Company (excluding the independent non-executive director who is the grantee of the option) and, for so long as the Company remains a subsidiary of Midland, of Midland; and
- (ii) where the Board proposes to grant any option to an eligible person who is a substantial shareholder or an independent non-executive director of the Company or, for so long as the Company remains a subsidiary of Midland, of Midland, or any of their respective associates, and such option, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of all options already granted and

to be granted to such eligible person (including exercised, cancelled and outstanding options) in the past 12-month period up to and including the date of grant:

- (1) representing in aggregate more than 0.1 per cent of the total number of Shares in issue; and
- (2) having an aggregate value (on the assumption that all such options had been exercised and all Shares allotted), based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of each grant or, if that date is not a business day, the business day immediately before, in excess of HK\$5,000,000.00,

such further grant of options must be approved by the Shareholders and, for so long as the Company remains a subsidiary of Midland, by the Midland Shareholders. The Company must send a circular to the Shareholders and, for so long as the Company remains a subsidiary of Midland, Midland must send a circular to the Midland Shareholders, in each case containing the information required under Rule 17.04(3) of the Main Board Listing Rules. All connected persons of the Company and, for so long as the Company remains a subsidiary of Midland, of Midland must abstain from voting at their respective general meetings, except that any connected person may vote against the relevant resolution at such general meeting(s) provided that his or her intention to do so has been stated in the circular(s) to be sent to the relevant shareholders. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. Approval by the Shareholders is also required for any change in the terms of options granted to an eligible person who is a director or chief executive or substantial shareholder of the Company or any of their respective associates. Approval by the Midland Shareholders is also required for any change in the terms of options granted to an eligible person who is a director or chief executive or substantial shareholder of Midland or any of their respective associates.

(g) Exercise period and performance target

Subject to paragraphs (i), (j), (k) and (l) and unless otherwise determined by the Board and notified to the grantee on or before the offer date, an option may be exercised in accordance with the terms of the 2008 Share Option Scheme at any time during the option period, subject to any restrictions or conditions on the exercise of the options as the Board may determine.

The option period shall be notified by the Board to each grantee upon grant of each option, provided that it shall commence on a date not earlier than the commencement date (being the date on which the option is granted or deemed to be granted under the 2008 Share Option Scheme) and not be more than ten (10) years from such commencement date.

There is no provision in the 2008 Share Option Scheme to require a grantee to fulfill any performance target or to hold the option for a certain period before exercising the option, but the Board may at its absolute discretion and from time to time provide such requirements in the offer of grant of options. The 2008 Share Option Scheme also specifies the basis for determining the minimum subscription price at which an option may be exercised (see paragraph (c) above). The Directors consider that the aforesaid criteria and rules will serve to preserve the value of the Company and at the same time encourage the eligible persons to work for the benefits of the Group and Invested Entities.

(h) Non-transferability

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 (save that the grantee may nominate a nominee in whose name the Shares issued pursuant to the 2008 Share Option Scheme may be registered). Any breach of the foregoing shall entitle the Company to determine any outstanding option or part thereof granted to such grantee, whereupon the option outstanding or part thereof shall be deemed to have lapsed.

(i) Rights on ceasing to be an eligible person

- (i) Where the grantee of an option ceases to be an eligible person for any reason other than his or her death or termination of his or her employment or engagement or cessation of his or her directorship on one or more of the grounds set out in paragraph (p)(v) below, the grantee may exercise the option at any time on or before the date which is three (3) months after the date of cessation, to the extent exercisable as at the date of cessation but not so exercised, which date of cessation shall be the last actual working day with or for the relevant entity whether salary or compensation is paid in lieu or not, and the Board's decision in that regard shall be conclusive.
- (ii) Where the grantee dies before exercising the option in full and none of the events which would be a ground for termination of his or her employment or engagement or cessation of his or her directorship set out in paragraph (p)(v) below arise, the legal personal representative(s) of the grantee shall be entitled to exercise the option up to the entitlement of such grantee as at the date of death (to the extent not already exercised) within a period of twelve (12) months from the date of death.

(j) 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 wind-up the Company, the Company shall forthwith give notice thereof to the grantee and the grantee (or his or her legal personal representative(s)) may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given (such notice to be received by the Company not later than two (2) business days prior to the proposed Shareholders' meeting) exercise the option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed Shareholders' meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise.

(k) General offer

- (i) If a general offer (whether by way of takeover offer, share repurchase offer or otherwise in a like manner) is made to all the Shareholders (or all 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), the Company shall use its reasonable efforts to procure that such offer is extended to all grantees (on the same terms, mutatis mutandis, and assuming that such grantee will become, by exercise of the options granted to them (to the extent not already exercised), Shareholders). If the general offer becomes or is declared unconditional prior to the expiry date of the relevant option, the grantee shall be entitled to exercise the option in full or in part (to the extent not already exercised) at any time within such period as shall be notified by the Company, provided that if, during such period, such person becomes entitled to exercise rights of compulsory acquisition of Shares pursuant to the Companies Law and gives notices in writing to any holders of Shares that he intends to exercise such rights, options (to the extent not already exercised) shall be and remain exercisable until one (1) month from the date of such notice.
- (ii) If a general offer by way of scheme of arrangement is made to all the Shareholders with the scheme having been approved by the necessary number of Shareholders at the requisite meetings, the grantee (or his or her legal personal representative(s)) may thereafter (but before such time as may be specified by the Company in a notice to the grantee) exercise the option to its full extent or to the extent specified in his or her notice to the Company.

(l) Compromise or arrangement with members or creditors

In the event of a compromise or arrangement between the Company and its members or creditors being proposed in connection with the scheme for the reconstruction or amalgamation of the Company under the Companies Law, the Company shall give notice thereof to all grantees on the same day as it gives notice of the meeting to its members or creditors to consider such a compromise or arrangement and the grantee may by notice in writing to the Company accompanied by the remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given (such notice to be received by the Company not later than two (2) business days prior to the proposed meeting) exercise the option (to the extent not already exercised) either to its full extent or to the extent specified in such notice, and the Company shall as soon as possible and in any event not later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise credited as fully paid and register the grantee as holder thereof. With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of options under this paragraph shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of the grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the 2008 Share Option Scheme) (provided that the option period shall accordingly be extended by the length of the period of suspension) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any grantee as a result of the aforesaid suspension.

(m) Adjustment

- (i) In the event of a capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital of the Company while any option remains exercisable, such corresponding alterations (if any) shall be made to:

- (1) the number of Shares subject to the 2008 Share Option Scheme;
and/or

- (2) the number of Shares subject to the options already granted; and/
or
- (3) the subscription price,

provided that any such alteration shall be made on the basis that:

- (1) the aggregate subscription price payable by a grantee on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event; and
- (2) the proportion of the issued share capital of the Company to which a grantee is entitled after such alteration shall remain the same as that to which he or she was entitled before such alteration,

and provided further that no such alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value and the supplementary guidance issued by the Stock Exchange on 5 September 2005 and other notes or guidance issued by the Stock Exchange from time to time shall be complied with. In respect of any such alterations (save those made on a capitalisation issue), an independent financial adviser or the auditors of the Company must confirm to the directors of the Company in writing and, for so long as the Company remains a subsidiary of Midland, to the directors of Midland in writing that such alterations satisfy the requirements set out in the Note to Rule 17.03(13) of the Main Board Listing Rules.

- (ii) For the avoidance of doubt, the issue by the Company of securities as consideration for or in connection with a transaction will not be regarded as a circumstance requiring adjustment.
- (iii) The capacity of the independent financial adviser or the auditors of the Company in paragraph (m)(i) is that of expert and not of arbitrator and its certification shall, in the absence of manifest error, be final and binding on the Company and the grantees.

(n) Alteration of rules

- (i) The rules of the 2008 Share Option Scheme relating to definitions, other than eligible person, grantee, option period and the provisions of Clauses 1.2, 12, 13 and 16 thereof may be altered from time to time in any respect by resolution of the Board. Certain specified provisions of the 2008 Share Option Scheme relating to, among other things, the matters set out in Rule 17.03 of the Main Board Listing Rules, the definitions of eligible person, grantee, option period and the provisions of Clauses 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 14 and 15 thereof cannot be altered to the

advantage of the grantees or prospective grantees save with the prior approval of the Shareholders and, for so long as the Company remains a subsidiary of Midland, of the Midland Shareholders in their respective general meetings.

- (ii) No alteration of the 2008 Share Option Scheme shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the Shareholders under the Articles for the time being for a variation of the rights attached to the Shares.
 - (iii) Any alteration to the terms and conditions of the 2008 Share Option Scheme which is of a material nature or any change to the terms of options granted shall be approved by the Shareholders and, for so long as the Company remains a subsidiary of Midland, by the Midland Shareholders, save where such alteration takes effect automatically under the existing terms of the 2008 Share Option Scheme.
 - (iv) Any change to the authority of the Board in relation to any alteration to the terms of the 2008 Share Option Scheme must be approved by the Shareholders and, for so long as the Company remains a subsidiary of Midland, by the Midland Shareholders in general meetings.
 - (v) The amended terms of the 2008 Share Option Scheme or the options must still comply with the relevant requirements of Chapter 17 of the Main Board Listing Rules.
- (o) Ranking of the Shares**

The Shares to be allotted and issued upon exercise of an option will be subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* with the fully paid Shares in issue on the date of allotment of the Shares upon exercise of the option or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening 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 of the Shares upon exercise of the option or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members, other than any dividend or other distributions previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment of the Shares upon exercise of the option.

(p) Lapse of option

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the option period;
- (ii) the expiry of the periods referred to in paragraphs (i) or (l);
- (iii) subject to the competent court not making an order the effect of which is to prohibit the offeror to acquire the remaining Shares in the offer, the expiry of the period referred to in paragraph (k)(i);
- (iv) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph (k)(ii);
- (v) the date on which the grantee ceases to be an eligible person by reason of the termination of his or her employment or engagement or cessation of his or her directorship on the grounds that he or she has been guilty of misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay debts or has become insolvent or has committed an act of bankruptcy or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment or engagement at common law or pursuant to any applicable laws or under the grantee's service or engagement contract with the relevant entity. A resolution of the Board to the effect that the employment or engagement of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive;
- (vi) the date of occurrence of any event(s), if any, whereby the relevant option will lapse as prescribed under the offer;
- (vii) subject to paragraph (j), the date of commencement of the winding-up of the Company; or
- (viii) where the grantee commits a breach of paragraph (h), the date which the Board shall designate in the exercise of the Company's right to determine the option thereunder.

(q) Conditions

The 2008 Share Option Scheme is conditional on (i) the passing of the necessary resolution by the Shareholders at the EGM to approve and adopt the 2008 Share Option Scheme; (ii) the passing of a resolution by the Midland Shareholders at general meeting to approve the 2008 Share Option Scheme; and (iii) the Main Board Listing Committee granting approval for the listing of, and permission to deal in, on the Main Board any Shares which may be issued pursuant to the exercise of any options which may be granted pursuant to the 2008 Share Option Scheme.

(r) Term of the 2008 Share Option Scheme

The 2008 Share Option Scheme will remain in force for a period of ten (10) years commencing from the date on which it is adopted by the Company at the EGM, after which no further options shall be granted. The options which are granted during the life of the 2008 Share Option Scheme may, however, continue to be exercisable in accordance with their terms of issue, and the provisions of the 2008 Share Option Scheme shall in all other respects remain in full force and effect in respect thereof.

(s) Cancellation of options

Any cancellation of options granted but not exercised shall require approval of the Board. Where the Board cancels options and issues new ones to the same eligible person, the issue of such new options may only be made under the 2008 Share Option Scheme with available unissued options (excluding the cancelled options) within the limit approved by the Shareholders and, for so long as the Company remains a subsidiary of Midland, by the Midland Shareholders as mentioned in paragraph (d).

(t) Early termination

The Company may by ordinary resolution in general meeting or the Board may at any time terminate the operation of the 2008 Share Option Scheme. In such event, no further options will be offered but the options which are granted during the life of the 2008 Share Option Scheme may continue to be exercisable in accordance with their terms of issue and, for such purposes only, the provisions of the 2008 Share Option Scheme will remain in full force and effect.

(u) Present status of the 2008 Share Option Scheme

As at the date of this document, no option has been granted or agreed to be granted under the 2008 Share Option Scheme.

Application has been made to the Stock Exchange for the listing of, and permission to deal in, on the Main Board any Shares which may be issuable upon the exercise of any options which may be granted under the 2008 Share Option Scheme.

(v) Values of all options that can be granted under the 2008 Share Option Scheme

The Directors consider that it is not appropriate or helpful to shareholders of the Company to state the value of all options that can be granted pursuant to the 2008 Share Option Scheme as if they had been granted at the Latest Practicable Date. The Directors believe that any statement regarding the value of the options as at the Latest Practicable Date will not be meaningful to the Shareholders, since the options to be granted shall not be assignable, and no holder of the option shall in any way sell, transfer, charge, mortgage or create any interest (legal or beneficial) in favour of any third party over or in relation to any option.

In addition, the calculation of the value of the options is based on a number of variables such as the exercise price, the exercise period, interest rate, expected volatility and other relevant variables. The Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to the shareholders of the Company.

The following is a summary of the principal provisions of the New Articles proposed to be adopted by the Company at the EGM:

(a) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (“Companies Law”) and the memorandum of association of the Company (“Memorandum”) and New Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the New Articles) and the Memorandum and New Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The Board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the New Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the New Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members of the Company (“Members”) or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of Members for any purpose whatsoever.

(ii) *Power to dispose of the assets of the Company or any subsidiary*

There are no specific provisions in the New Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the New Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) *Compensation or payments for loss of office*

Pursuant to the New Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) *Loans and provision of security for loans to Directors*

There are provisions in the New Articles prohibiting the making of loans to Directors.

(v) *Disclosure of interests in contracts with the Company or any of its subsidiaries.*

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the New Articles, upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other New Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the Members for any remuneration, profits or other benefits received by him as a director, officer or Member of, or from his interest in, such other company. Subject as otherwise provided by the New Articles, the Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the New Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the Members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the Board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or other proposal in which he or any of his associate(s) is/are materially interested, but this prohibition shall not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associate(s) or obligations incurred or undertaken by him or any of his associate(s) at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;

- (ee) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a Member or in which the Director and any of his associates are not in aggregate beneficially interested in five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or
- (ff) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) *Remuneration*

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the Board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any Board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The Board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The Board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the Board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Retirement, appointment and removal

At each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three (3), then the number nearest to but not less than one-third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three (3) years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed to fill a casual vacancy or appointed as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two (2). There is no maximum number of Directors.

The office of Director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;
- (bb) becomes of unsound mind or dies;
- (cc) if, without special leave, he is absent from meetings of the Board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the Board resolves that his office is vacated;
- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) if he is prohibited from being a Director by law;
- (ff) if he ceases to be a Director by virtue of any provision of law or is removed from office pursuant to the New Articles.

The Board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the Board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(viii) Borrowing powers

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the New Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) Proceedings of the Board

The Board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) Register of Directors and Officers

The Companies Law and the New Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(b) Alterations to constitutional documents

The New Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The New Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the New Articles or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

- (i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the New Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Special resolution-majority required

Pursuant to the New Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such Members as, being entitled so to do, vote in person or, in the case of such Members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than twenty-one (21) clear days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that, except in the case of an annual general meeting, if it is so agreed by a majority in number of the Members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five (95) per cent in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than twenty-one (21) clear days' notice has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the New Articles to mean a resolution passed by a simple majority of the votes of such Members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the New Articles.

(f) Voting rights (generally and on a poll) and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the New Articles, at any general meeting on a show of hands, every Member who is present in person or by proxy or being a corporation, is present by its duly authorised representative shall have one vote and on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. Notwithstanding anything contained in the New Articles, where more than one proxy is appointed by a Member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. On a poll, a Member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided on a show of hands unless voting by way of a poll is required by the rules of the Designated Stock Exchange (as defined in the New Articles) or (before or on the declaration of the result of the show of hands) a poll is demanded by (i) the chairman of the meeting or (ii) at least five (5) 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 (iii) any 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 (iv) 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 equal to not less than one-tenth of the total sum paid up on all the shares conferring that right or (v) if required by the rules of the Designated Stock Exchange (as defined in the New Articles), by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five (5) per cent or more of the total voting rights at such meeting.

If a recognised clearing house (or its nominee(s)) is a Member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of Members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including the right to vote individually on a show of hands.

Where the Company has any knowledge that any Member is, under the rules of the Designated Stock Exchange (as defined in the New Articles), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year, other than the year of adoption of the New Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of eighteen (18) months from the date of adoption of the New Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the New Articles)) at such time and place as may be determined by the Board.

(h) Accounts and audit

The Board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the Board decides and shall always be open to inspection by any Director. No Member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the Board or the Company in general meeting.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the New Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the New Articles), the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the New Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the Members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the Members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by at least twenty-one (21) clear days' notice in writing, and any other extraordinary general meeting shall be called by at least fourteen (14) clear days' notice (in each case exclusive of the day on which the notice is served or deemed to be served and of the day for which it is given). The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all Members of the Company other than such as, under the provisions of the New Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all Members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the Members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five (95) per cent in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the Directors and the auditors;
- (cc) the election of Directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the Directors and of the auditors;

- (ff) the granting of any mandate or authority to the Directors to offer, allot, grant options over or otherwise dispose of the unissued shares in the capital of the Company representing not more than twenty (20) per cent in nominal value of its existing issued share capital; and
- (gg) the granting of any mandate or authority to the Directors to repurchase securities of the Company.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the New Articles) or in such other form as the Board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of Members in respect thereof. The Board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The Board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place in the Cayman Islands at which the principal register is kept in accordance with the Companies Law.

The Board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four (4) joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The Board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the New Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspapers or by any other means in accordance with the requirements of any Designated Stock Exchange (as defined in the New Articles), at such times and for such periods as the Board may determine and either generally or in respect of any class of shares. The register of Members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for the Company to purchase its own shares

The Company is empowered by the Companies Law and the New Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the New Articles).

(l) Power for any subsidiary of the Company to own shares in the Company

There are no provisions in the New Articles relating to ownership of shares in the Company by a subsidiary.

(m) Dividends and other methods of distribution

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the Members but no dividend shall be declared in excess of the amount recommended by the Board.

The New Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any Member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the Board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the Members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that Members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. The Company may also upon the recommendation of the Board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to Members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six (6) years after having been declared may be forfeited by the Board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(n) Proxies

Any Member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A Member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a Member of the Company and shall be entitled to exercise the same powers on behalf of a Member who is an individual and for whom he acts as proxy as such Member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a Member which is a corporation and for which he acts as proxy as such Member could exercise if it were an individual Member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a Member being a corporation, by its duly authorised representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the New Articles and to the terms of allotment, the Board may from time to time make such calls upon the Members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty (20) per cent per annum as the Board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any Member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the Board may decide.

If a Member fails to pay any call on the day appointed for payment thereof, the Board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty (20) per cent per annum as the Board determines.

(p) Inspection of register of Members

Pursuant to the New Articles the register and branch register of Members shall be open to inspection for at least two (2) hours on every business day by Members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the Board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the Board, at the Registration Office (as defined in the New Articles), unless the register is closed in accordance with the New Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the New Articles the quorum for a general meeting shall be two (2) Members present in person (or, in the case of a Member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two (2) persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a Member shall be deemed for the purpose of the New Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the Directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of Members of the Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the New Articles relating to rights of minority Members in relation to fraud or oppression.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the Members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such Members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the Members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the Members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of Members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable Members

Pursuant to the New Articles, the Company may sell any of the shares of a Member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of twelve (12) years; (ii) upon the expiry of the twelve (12) years period, the Company has not during that time received any indication of the existence of the Member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange giving notice of its intention to sell

such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the New Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the New Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former Member of the Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The New Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

NOTICE OF THE EGM



MIDLAND IC&I LIMITED

美聯工商舖有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 459)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Midland IC&I Limited (the "Company") will be held at Room 1801A, 18th Floor, One Grand Tower, 639 Nathan Road, Mongkok, Kowloon, Hong Kong on 19 September 2008 at 11:00 a.m. for the purposes of considering and, if thought fit, passing the following resolutions of the Company, with or without modifications, of which resolution numbered 1 will be proposed as an ordinary resolution and resolution numbered 2 will be proposed as a special resolution:

ORDINARY RESOLUTION

1. **"THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the approval for the listing of, and permission to deal in, the ordinary shares (currently of HK\$0.01 each) in the capital of the Company (the "Shares") or any part thereof to be issued pursuant to the exercise of any options that may be granted under the new share option scheme ("2008 Share Option Scheme"), the rules of which are summarized in the circular dated 26 August 2008 of the Company ("Circular") and contained in the document marked "A" produced to this meeting and initialed by the Chairman of this meeting for the purpose of identification, the 2008 Share Option Scheme be and is hereby approved and adopted by the Company and the board ("Board") of Directors of the Company be and is hereby authorised to grant options to subscribe for Shares thereunder and to allot, issue and deal with any Shares pursuant to the exercise of the subscription rights under any options which may be granted from time to time in accordance with the terms of the 2008 Share Option Scheme and to do all such acts as it may in its absolute discretion consider necessary or expedient in order to give full effect to the 2008 Share Option Scheme and any Director may vote at any meeting of the Board or any committee authorized by the Board on any matter in connection with the 2008 Share Option Scheme notwithstanding that they or any of them may be interested in the same."

* For identification purposes only

NOTICE OF THE EGM

SPECIAL RESOLUTION

2. **“THAT** the new articles of association contained in the document marked “B” produced to this meeting and initialed by the Chairman of this meeting for the purpose of identification be and are hereby approved and adopted as the new articles of association of the Company in substitution for and to the exclusion of all the existing articles of association of the Company with immediate effect.”

By Order of the Board
Midland IC&I Limited
Yuen Wing Kwan, Annie
Executive Director and Company Secretary

Hong Kong, 26 August 2008

Head office and principal place of business:

Room 1801A, 18th Floor
One Grand Tower
639 Nathan Road
Mongkok, Kowloon
Hong Kong

Registered office:

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

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or, if he is the holder of two or more shares, more proxies to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
2. A form of proxy for use at an extraordinary general meeting is also enclosed with this circular. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority (if any) under which it is signed or a certified copy of that power or authority, at the Company's Hong Kong branch share registrar, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong no later than 48 hours before the time of the meeting or any adjourned meeting complete and return of a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should he so wish.