

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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HARMONIC STRAIT FINANCIAL HOLDINGS LIMITED

和協海峽金融集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 33)

- (1) PROPOSED RE-ELECTION OF DIRECTORS;
(2) PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE NEW SHARES
AND REPURCHASE BY THE COMPANY OF ITS OWN SHARES;
(3) REFRESHMENT OF THE SCHEME MANDATE LIMIT UNDER
THE SHARE OPTION SCHEME; AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an Annual General Meeting (“AGM”) of Harmonic Strait Financial Holdings Limited to be held at Unit B, 35/F., No. 169 Electric Road, North Point, Hong Kong at 3:00 p.m. on Friday, 5 June 2015 is set out on pages 14 to 18 of this circular. A form of proxy for use at the AGM is enclosed with this circular.

If you are not able to attend the AGM, please complete and sign the form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the AGM or any adjournment thereof should you so wish.

30 April 2015

DEFINITIONS

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

“10% Scheme Mandate Limit”	the maximum number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme, being (i) 10% of the Company’s issued share capital as at the date of adoption of the Share Option Scheme; or (ii) if such limit in (i) above is to be refreshed thereafter, not exceeding 10% of the Company’s issued share capital as the date of approval of the refreshed limit by the Shareholders
“Annual General Meeting”	the Annual General Meeting of the Company to be held at Unit B, 35/F., No. 169 Electric Road, North Point, Hong Kong at 3:00 p.m. on Friday, 5 June 2015 or any adjournment thereof
“Annual Report”	annual report of the Company in respect of the year ended 31 December 2014
“Articles of Association”	the articles of association of the Company, and “Article” shall mean an article of the Articles of Association
“Board”	the board of Directors
“close associate(s)”	has the meaning ascribed to this term under the Listing Rules
“Company”	Harmonic Strait Financial Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and all of its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	the general mandate proposed to be granted to the Directors at the Annual General Meeting to issue further new Shares not exceeding 20% of the issued share capital of the Company at the date of the passing of the relevant resolution granting such mandate

DEFINITIONS

“Latest Practicable Date”	24 April 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Proposed Refreshment”	the proposed refreshment of the 10% Scheme Mandate Limit under the Share Option Scheme at the Annual General Meeting
“Repurchase Mandate”	the repurchase mandate proposed to be granted to the Directors at the Annual General Meeting to repurchase up to 10% of the issued share capital of the Company at the date of the passing of the relevant resolution granting such mandate
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Option Scheme”	share option scheme adopted by the Company on 30 October 2007
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Repurchases
“%”	per cent

LETTER FROM THE BOARD

HARMONIC STRAIT FINANCIAL HOLDINGS LIMITED

和協海峽金融集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 33)

Executive Directors:

Mr. Lo Siu Leung

Mr. Tong Nai Kan

Mr. Wong Kwong Sum

Mr. Zhao Tieliu

Registered office:

P. O. Box 309

Ugland House

South Church Street

George Town

Grand Cayman KY1-1104

Cayman Islands

Non-Executive Director:

Mr. Ko Ming Tung, Edward

*Head office and principal place of
business in Hong Kong:*

Independent non-executive Directors:

Mr. Cheung Wah Keung

Mr. Anthony Espina

Mr. Cheng Wai Lam, James

Unit B, 35/F.

No. 169 Electric Road

North Point

Hong Kong

30 April 2015

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED RE-ELECTION OF DIRECTORS;
(2) PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE NEW SHARES
AND REPURCHASE BY THE COMPANY OF ITS OWN SHARES;
(3) REFRESHMENT OF THE SCHEME MANDATE LIMIT UNDER
THE SHARE OPTION SCHEME; AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

At the Annual General Meeting, resolutions will be proposed, among other matters:

- (a) to re-elect the Directors;
- (b) to grant the Issue Mandate to the Directors;
- (c) to grant the Repurchase Mandate to the Directors;

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- (d) to increase the number of Shares to be allotted and issued under the Issue Mandate by an additional number representing such number of Shares repurchased under the Repurchase Mandate; and
- (e) to grant the Proposed Refreshment.

The purpose of this circular is to provide you with information in relation to the resolutions to be proposed at the Annual General Meeting for the re-election of retiring Directors, the grant of the Issue Mandate, the Repurchase Mandate, the extension of the Issue Mandate to the Shares repurchased pursuant to the Repurchase Mandate and the Proposed Refreshment and to give you the notice of the Annual General Meeting.

RE-ELECTION OF DIRECTORS

According to Article 130, one-third of the Directors for the time being, or if their number is not a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation at every Annual General Meeting provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. Mr. Cheung Wah Keung, Mr. Anthony Espina and Mr. Cheng Wai Lam, James, as Independent Non-Executive Directors, shall retire from office at Annual General Meeting and shall offer themselves for re-election.

Details of the Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix I to this circular.

ISSUE MANDATE AND REPURCHASE MANDATE

Issue Mandate

As at the Latest Practicable Date, a total of 3,128,400,000 Shares were in issue. Subject to the passing of the proposed resolution for the approval of the General Mandate and in accordance with the terms therein, the Directors would be granted a new general mandate to allot and issue up to a maximum of 625,680,000 Shares, representing 20% of the issued Shares at the time of the passing of the resolution approving the Issue Mandate on the basis that no further Shares will be issued or repurchased by the Company prior to the Annual General Meeting.

The Issue Mandate shall be effective until whichever is the earliest of:

- (a) the conclusion of the next Annual General Meeting of the Company; or
- (b) the expiration of the period within which the next Annual General Meeting of the Company is required by the Articles of Association, or any other applicable laws of the Cayman Islands to be held; or
- (c) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors.

LETTER FROM THE BOARD

In addition, a separate ordinary resolution will be proposed at the Annual General Meeting to extend the Issue Mandate granted to the Directors to allot, issue and deal with additional shares in the capital of the Company by the number of shares repurchased by the Company pursuant to the Repurchase Mandate.

The Directors have no immediate plans to issue any new Shares other than any Shares which may fall to be issued under the Share Option Scheme, the placing of new Shares under specific mandate as disclosed in the announcement dated 24 February 2015 and circular dated 25 March 2015, and passed on the extraordinary general meeting held on 21 April 2015 or conversion of convertible bonds of the Company.

Repurchase Mandate

At the Annual General Meeting, and as part of the special business of the Annual General Meeting, an ordinary resolution will be proposed to grant the Repurchase Mandate to the Directors. Subject to the passing of the proposed resolution for the approval of the Repurchase Mandate and in accordance with the terms therein, the Directors would be granted a new general mandate to repurchase up to a maximum of 312,840,000 Shares, representing the 10% of the issued Shares at the time of the passing of the resolution approving the Repurchase Mandate on the basis that no further Shares will be issued or repurchased by the Company prior to the Annual General Meeting.

The Repurchase Mandate shall be effective until whichever is the earliest of:

- (a) the conclusion of the next Annual General Meeting of the Company; or
- (b) the expiration of the period within which the next Annual General Meeting of the Company is required by the Articles of Association, or any other applicable laws of the Cayman Islands to be held; or
- (c) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors.

Under the Listing Rules, the Company is required to give to the Shareholders all information which is reasonably necessary to enable Shareholders to make an informed decision as to whether to vote for or against the resolution to approve the grant to the Directors of the Repurchase Mandate. The explanatory statement required by the Listing Rules to be included in this circular is set out in Appendix II of this circular.

LETTER FROM THE BOARD

REFRESHMENT OF THE SCHEME MANDATE LIMIT UNDER THE SHARE OPTION SCHEME

Under the rules of the Share Option Scheme:

- (i) the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other option schemes of the Company is subject to the 10% Scheme Mandate Limit; and
- (ii) the overall maximum number of Shares which may be issued upon the exercise of all outstanding options grants and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the Shares in issue from time to time (“**30% Overall Limit**”).

The Directors may seek approval from the Shareholders in general meeting to refresh the 10% Scheme Mandate Limit so that the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall be 10% of the Shares in issue as at the date of approval of the limit as “refreshed”. In this connection, options previously granted under the Share Option Scheme and any other share schemes of the Company (including options outstanding, cancelled, lapsed or exercised) will not be counted for the purpose of calculating the 10% Scheme Mandate Limit as “refreshed”.

The 10% Scheme Mandate Limit as at the date of adoption of the Share option Scheme on 30 October 2007 was 20,000,000 Shares.

Apart from the Share Option Scheme, the Company did not have any other share option scheme as at the Latest Practicable Date. The Shareholders have approved the refreshment of 178,785,000 Shares on 16 May 2014 (representing 10% of the Shares in issue on the date of approval), the date of the previous annual general meeting. The Company has not granted any option since the date of last refreshment of the 10% Scheme Mandate Limit. As at the Latest Practicable Date, the Company has no share option outstanding or has not granted any share option under the Share Option Scheme. The existing unutilized 10% Scheme Mandate Limit, 178,785,000 Shares only represents 5.71% of 3,128,400,000 Shares in issue at the Latest Practicable Date.

If the 10% Scheme Mandate Limit is “refreshed”, on the basis of 3,128,400,000 Shares in issue as at the Latest Practicable Date and assuming prior to the Annual General Meeting no Shares will be issued (whether upon exercise of options granted under the Share Option Scheme or otherwise) or repurchased by the Company, the refreshed 10% Scheme Mandate will be 312,840,000 Shares and the Directors will be allowed to grant further options under the Share Option Scheme and other share option schemes carrying the rights to subscribe for maximum of 312,840,000 Shares (“**Available Limit**”).

The Directors consider that it will be for the benefit of the Company and its Shareholders as a whole that eligible participants of the Share Option Scheme be granted rights to obtain equity holdings of the Company through the grant of options under the Share Option Scheme. This will motivate and give incentives to eligible participant to continue contributing to the

LETTER FROM THE BOARD

long term success and prosperity of the Group. For these reasons, the Directors will propose the passing of an ordinary resolution at the Annual General Meeting to refresh the 10% Scheme Mandate Limit.

On the basis of 3,128,400,000 Shares in issue as at the Latest Practicable Date, the 30% Overall Limit represents a total of 938,520,000 Shares.

The refreshment of the 10% Scheme Mandate Limit is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Proposed Refreshment at the Annual General Meeting; and
- (ii) the Stock Exchange granting the listing of, and permission to deal in, such number of Share, representing 10% of the issued Shares as at the date of the Annual General Meeting, which may fall to be allotted and issued pursuant to the exercise of the options to be granted under the 10% Scheme Mandate Limit so refreshed.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options to be granted under the refreshed 10% Scheme Mandate Limit.

VOTING AT THE ANNUAL GENERAL MEETING

Pursuant to Rule 13.39 of the Listing Rules and Article 90, all votes of the Shareholders at the general meetings must be taken by poll except where the Chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. In this regard, the resolutions set out in the Notice of the Annual General Meeting will be put to vote by way of poll.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATIONS

The Directors believe that the proposed re-election of Director, the proposed grant of the Issue Mandate and the Repurchase Mandate, the extension of the Issue Mandate to the Shares repurchased pursuant to the Repurchase Mandate and the Proposed Refreshment are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the above resolutions to be proposed at the Annual General Meeting.

LETTER FROM THE BOARD

GENERAL

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

Yours faithfully
For and on behalf of the Board of
Harmonic Strait Financial Holdings Limited
Tong Nai Kan
Executive Director

The details of the Directors who will retire from office at the Annual General Meeting and being eligible, will offer themselves for re-election at the Annual General Meeting, are set out below:

Mr. Cheung Wah Keung (張華強) (“Mr. Cheung”), aged 54, was appointed as an Independent Non-Executive Director of the Company on June 4, 2007 and the Chairman of the Company on September 5, 2013. Mr. Cheung has over 22 years of experience in management of trading and manufacturing of consumer electronic products. Mr. Cheung graduated from the Chinese University of Hong Kong with a bachelor degree in Business Administration in 1994, a degree of Master of Corporate Governance in 2010 and a degree of Doctor of Business Administration in 2013 from The Hong Kong Polytechnic University. Mr. Cheung was the chairman of Shinhint Acoustic Link Holdings Limited (Stock Code: 2728), from 2005 to 2014, a company listed on the Main Board of the Stock Exchange. He is currently the chairman of Tai Sing Industrial Company Limited.

Under the letter of appointment entered into between Mr. Cheung and the Company for the term from 19 November 2014 to 18 November 2016, Mr. Cheung is currently entitled to a fixed annual director’s fee of HK\$174,000 which is determined with reference to his experience and remuneration benchmark in the industry. Save as disclosed above, he is not entitled to any other remuneration including any bonus payments (whether fixed or discretionary in nature) from the Company. For the year ended 31 December 2014, he has received a total emolument of HK\$174,000.

As at the Latest Practicable Date, Mr. Cheung does not have any interest in the Shares within the meaning of Part XV of the SFO. Mr. Cheung has no relationships with any directors, senior management, substantial or controlling shareholder of the Company. Save as disclosed above, Mr. Cheung did not hold any directorship in other listed public companies in the last three years. In relation to the proposed re-election of Mr. Cheung, there is no information relating to Mr. Cheung that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

Mr. Anthony Espina (艾秉禮) (“Mr. Espina”), aged 66, was appointed as an Independent Non-Executive Director of the Company on June 4, 2007. Mr. Espina has over 40 years of experience in the accounting and finance industry. He is the managing director of Goldride Securities Limited and was the chairman of the Hong Kong Securities Association. Mr. Espina is the chairman of the management board and member of supervisory board of AFT Bank in Kazakhstan and he is also the independent non-executive director of the “Single Accumulative Pension Fund” of a wholly-owned subsidiary of the National Bank of Kazakhstan administering the pension assets of all employees in Kazakhstan. He is also a member of supervisory board of ENPF (a wholly-owned subsidiary of the National Bank of Kazakhstan), the single provident fund of Kazakhstan. He is also the chairman of supervisory board of Optima Bank in Kyrgyzstan. Mr. Espina was a partner of Arthur Andersen & Co. from 1982 to 1986 and Deloitte Touche Tohmatsu from 1986 to 1990. He was also the president of the Hong Kong Computer Society from 1978 to 1979. He graduated from the University of Southern Queensland with a bachelor degree in business and is an associate member of CPA Australia, is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Hong Kong Institute of Directors.

Under the letter of appointment entered into between Mr. Espina and the Company for the term from 19 November 2014 to 18 November 2016, Mr. Espina is currently entitled to a fixed annual emolument of HK\$174,000 which is determined with reference to his experience and remuneration benchmark in the industry. Save as disclosed above, he is not entitled to any other remuneration including any bonus payments (whether fixed or discretionary in nature) from the Company. For the year ended 31 December 2014, he has received director's fees of HK\$174,000.

As at the Latest Practicable Date, Mr. Espina does not have any interest in the Shares within the meaning of Part XV of the SFO. Mr. Espina has no relationships with any directors, senior management, substantial or controlling shareholder of the Company. In addition, Mr. Espina did not hold any directorship in other listed public companies in the last three years. In relation to the proposed re-election of Mr. Espina, there is no information relating to Mr. Espina that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

Mr. Cheng Wai Lam, James (鄭暉霖) (“Mr. Cheng”), aged 54, was appointed as a Non-Executive Director on March 26, 2013 and redesignated from Non-Executive Director to Independent Non-Executive Director on November 27, 2013. Mr. Cheng holds a Master of Business Administration. Mr. Cheng is currently an executive director of Ceneric (Holdings) Limited (Stock Code: 542) whose shares are listed on the Main Board of the Stock Exchange. Mr. Cheng was an executive director of Pizu Group Holdings Limited (Stock Code: 8053) for the period from July 2011 to April 2013 whose shares are listed on the Growth Enterprise Market of the Stock Exchange. He has over 25 years of experience in various industries including banking and finance, manufacturing and telecommunications, of which over 20 years were in senior management positions.

Under the letter of appointment entered into between Mr. Cheng and the Company for the term from 26 March 2015 to 25 March 2017, Mr. Cheng is currently entitled to a fixed annual emolument of HK\$240,000 which is determined with reference to his experience and remuneration benchmark in the industry. Save as disclosed above, he is not entitled to any other remuneration including any bonus payments (whether fixed or discretionary in nature) from the Company. For the year ended 31 December 2014, he was received director's fees of HK\$240,000.

As at the Latest Practicable Date, Mr. Cheng does not have any interest in the Shares within the meaning of Part XV of the SFO. Mr. Cheng has no relationships with any directors, senior management, substantial or controlling shareholder of the Company. Save as disclosed above, Mr. Cheng did not hold any directorship in other listed public companies in the last three years. In relation to the proposed re-election of Mr. Cheng, there is no information relating to Mr. Cheng that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Mandate.

1. REPURCHASE OF SHARES FROM CONNECTED PARTIES

The Listing rules prohibit a company from knowingly purchasing shares on the Stock Exchange from a “core connected person”, (as defined in the Listing Rules) and a core connected person is prohibited from knowingly selling his/her/its securities to the company.

No core connected person of the Company has notified the Company that he/she/it has a present intention to sell any of the Shares held by him/her/it to the Company in the event that the Repurchase Mandate is approved by the Shareholders at the Annual General Meeting.

2. SHARE CAPITAL

As at the Latest Practicable Date, a total of 3,128,400,000 Shares were in issue and fully paid. Subject to the passing of the proposed resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 312,840,000 Shares.

3. REASONS FOR THE REPURCHASE

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders as a whole. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets per Share and/or earnings per Share and will only be made when the Directors believe that a repurchase will benefit the Company and the Shareholders as a whole.

4. FUNDING OF REPURCHASES

Pursuant to the Repurchase Mandate, repurchases would be funded entirely from the Company’s available cash flow or working capital facilities which will be funds legally available under the laws of the Cayman Islands and the memorandum and articles of association of the Company for such purpose.

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and gearing position of the Group compared with that as at 31 December 2014, being the date of its latest published audited consolidated accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Group.

5. SHARE PRICES

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

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2014		
April	0.126	0.090
May	0.136	0.093
June	0.127	0.107
July	0.132	0.108
August	0.211	0.113
September	0.164	0.121
October	0.149	0.128
November	0.160	0.125
December	0.133	0.095
2015		
January	0.127	0.100
February	0.150	0.106
March	0.188	0.116
April (Up to the Latest Practicable Date)	0.249	0.172

6. UNDERTAKING

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell to the Company or its subsidiaries any of the Shares if the Repurchase Mandate is approved at the Annual General Meeting and exercised.

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and applicable laws of the Cayman Islands.

7. TAKEOVERS CODE

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

As at the Latest Practicable Date, to the best of the knowledge of the Directors, the following Shareholder was interested in 5% or more of the total voting rights of the Shares then in issue as recorded in the register of interests in shares and short position of the Company under Section 336(1) of Part XV of the SFO:

Name of shareholder	Capacity	Number of Shares held	Approximate percentage of existing shareholding	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
Cheung Kwan	Beneficial Owner	246,308,000	7.87%	8.75%

As at the Latest Practicable Date, so far as is known to the Directors, the largest substantial Shareholder (as defined under the listing rules of the Stock Exchange) was Cheung Kwan. Cheung Kwan was interested in 246,308,000 Shares representing approximately 7.87%. On the assumption that the number of Shares in issue remains unchanged from the Latest Practicable Date up to the expiry of the Repurchase Mandate and in the event that the Directors should exercise in full the power to repurchase Shares pursuant to the Repurchase Mandate, the interest in Shares held by Cheung Kwan would be increased to approximately 8.75% of the then issued share capital of the Company. Such increase in the interest in Shares held by Cheung Kwan and its associate or by any other shareholders acting in concert with it does not give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeover Code.

The Directors have no intention to exercise any of the Repurchase Mandate to such an extent that the number of Shares in hands of the public falling below the prescribed minimum percentage (under the Listing Rules) of 25%.

8. SHARES REPURCHASE MADE BY THE COMPANY

No repurchases of Shares have been made by the Company (whether on the Stock Exchange or otherwise) during the twelve months immediately prior to the Latest Practicable Date.

NOTICE OF ANNUAL GENERAL MEETING

HARMONIC STRAIT FINANCIAL HOLDINGS LIMITED

和協海峽金融集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 33)

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM”) of the shareholders of Harmonic Strait Financial Holdings Limited (the “**Company**”) will be held at Unit B, 35/F., No. 169 Electric Road, North Point, Hong Kong at 3:00 p.m. on Friday, 5 June 2015 for the purpose of considering and, if thought fit, passing with or without modification, the following resolutions:

ORDINARY RESOLUTIONS

1. To receive and consider the audited consolidated financial statements and the reports of the directors (the “**Directors**”) and the auditor of the Company for the year ended 31 December 2014;
2. To re-elect Mr. Cheung Wah Keung as an independent non-executive Director;
3. To re-elect Mr. Anthony Espina as an independent non-executive Director;
4. To re-elect Mr. Cheng Wai Lam, James as an independent non-executive Director;
5. To authorise the board of Directors (the “**Board**”) to fix the remuneration of the Directors;
6. To re-appoint Cheng & Cheng Limited as the Company’s auditor and to authorize the Board of Directors to fix its remuneration;
7. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to: (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company in force from time to time, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company on the date of the passing of this resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

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

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution; and

“**Rights Issue**” means an offer of shares open for a period fixed by the Directors to holders of shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of the Stock Exchange).”

NOTICE OF ANNUAL GENERAL MEETING

8. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to repurchase the Shares on the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Listing Rules be and is hereby generally and unconditionally approved;
 - (b) the aggregate nominal amount of Shares which may be repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the authority pursuant to paragraph (a) above shall be limited accordingly; and
 - (c) for the purpose of this resolution, “**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next Annual General Meeting of the Company;
 - (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the articles of association of the Company or by any applicable laws to be held; and
 - (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”
9. As special business, to consider and, if thought fit, pass with or without amendments the following resolution as an ordinary resolution:

“THAT subject to the ordinary resolutions nos. 7 and 8 above being duly passed, the unconditional general mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with unissued Shares pursuant to resolution no. 7 above be and is hereby extended by the addition thereon of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to resolution no. 8, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued Shares on the date of the passing of resolution no. 8.”

NOTICE OF ANNUAL GENERAL MEETING

10. As special business, to consider and, if thought fit, pass with or without amendments the following resolution as an ordinary resolution:

“**THAT** subject to and conditional upon The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, such number of shares of the Company which may fall to be allotted and issued pursuant to the exercise of the options which may be granted under the share option scheme adopted by the Company on 30 October 2007 (“**Share Option Scheme**”) and any other share option schemes of the Company, representing 10 per cent. of the issued share capital of the Company as at the date on which this resolution is passed:

- (a) approval be and is hereby granted for refreshing the 10 per cent. limit under the Share Option Scheme (“**Proposed Refreshment**”) and any other share option schemes of the Company provided that the total number of shares of the Company which may be allotted and issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company under the limit as refreshed hereby shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date on which this resolution is passed (options previously granted under the Share Option Scheme and any other share option schemes of the Company (including options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) shall not be counted for the purpose of calculating the Proposed Refreshment); and
- (b) the directors of the Company be and are hereby authorised to do all such acts and things and execute all such documents, including under seal where applicable, as they consider necessary or expedient to give effect to the foregoing arrangement.”

For and on behalf of the Board of
Harmonic Strait Financial Holdings Limited
Tong Nai Kan
Executive Director

Hong Kong, 30 April 2015

NOTICE OF ANNUAL GENERAL MEETING

Registered office:
Ugland House
South Church Street
George Town
Grand Cayman KY1-1104
Cayman Islands

*Head office and principal place of
business in Hong Kong:*
Unit B, 35/F.
No. 169 Electric Road
North Point
Hong Kong

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his/her behalf. A proxy need not be a member of the Company.
2. To be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed or materially certified copy of such powers of attorney or authority, must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Trior Investor Services limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjourned Meeting.
3. A form of proxy for use at the Meeting is enclosed. Whether or not you propose to attend the Meeting in person, you are strongly advised to complete and sign the form of proxy in accordance with the instructions printed on it and then deposit with the Company's branch share registrar and transfer office in Hong Kong as indicated above. Returning the completed form of proxy will not preclude you from attending the Meeting and voting in person if you so wish.
4. If two or more persons are jointly registered as holders of a share, the vote of the senior person who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders. For this purpose seniority shall be determined by the order in which the names stand on the Company's register of shareholders in respect of the relevant shares.
5. A shareholder holding more than one share entitled to attend and vote at the AGM need not cast the votes in respect of such shares in the same way on any resolution and therefore may vote a share or some or all such shares either for or against a resolution and/or abstain from voting a share or some or all of the shares and, subject to the terms of the instrument appointing any proxy, a proxy appointed under one or more instruments may vote a share or some or all of the shares in respect of which he is appointed either for or against a resolution and/or abstain from voting.

As at the date of this notice, the Board comprises four executive directors, namely Mr. Lo Siu Leung, Mr. Tong Nai Kan, Mr. Wong Kwong Sum and Mr. Zhao Tieliu; one non-executive director, Mr. Ko Ming Tung, Edward; and three independent non-executive directors, namely Mr. Cheung Wah Keung, Mr. Anthony Espina and Cheng Wai Lam, James.