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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a 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 of China Elegance (Holdings) Limited, you should at once hand this circular to the purchaser or to the bank or stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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 document.

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### CHINA ELEGANCE (HOLDINGS) LIMITED (瑞源國際有限公司\*)

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 476)**

#### **PROPOSALS FOR GENERAL MANDATES TO ISSUE NEW SHARES AND TO REPURCHASE SHARES, RE-ELECTION OF DIRECTORS AND NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting ("AGM") of China Elegance (Holdings) Limited (the "Company") to be held at Rooms 1910-1913, Hutchison House, 10 Harcourt Road, Central, Hong Kong on Wednesday, 12 July 2006 at 11:00 am is set out on pages 13 to 16 in this circular. A form of proxy for use by the Shareholders at the AGM is enclosed with this circular. If you are not able to attend the AGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's principal place of business in Hong Kong at 25th Floor, Sunshine Plaza, 349-355 Lockhart Road, Wanchai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the AGM. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the AGM should you so wish.

This circular, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this circular is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

19 June 2006

\* For identification purpose only

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## DEFINITIONS

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

|                           |   |
|---------------------------|---|
| “2006 Annual Report”      | the audited consolidated financial statements and the reports of the Directors and of the auditors of the Company for the year ended 31 March 2006  |
| “AGM”                     | the annual general meeting of the Company to be convened and held at Rooms 1910-1913, Hutchison House, 10 Harcourt Road, Central, Hong Kong on Wednesday, 12 July 2006 at 11:00 am  |
| “Board”                   | the Company’s board of Directors  |
| “Bye-law(s)”              | the bye-law(s) of the Company in force from time to time  |
| “Companies Act”           | the Companies Act 1981 of Bermuda as amended from time to time  |
| “Company”                 | China Elegance (Holdings) Limited, a company incorporated in Bermuda with limited liability, with its Shares listed on the main board of the Stock Exchange   |
| “Director(s)”             | the director(s) of the Company  |
| “General Issue Mandate”   | the proposed general mandate granted to the Directors to exercise all the powers of the Company to allot, issue and otherwise deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the resolution approving the said mandate |
| “Group”                   | the Company and its subsidiaries  |
| “Hong Kong”               | the Hong Kong Special Administrative Region of the People’s Republic of China   |
| “Latest Practicable Date” | 15 June 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein  |
| “Listing Rules”           | the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time   |

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## DEFINITIONS

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|                       |  |
|-----------------------|--|
| “Option(s)”           | the right granted under the Share Option Scheme to subscribe for Shares in accordance with the Share Option Scheme   |
| “Repurchase Mandate”  | the general and unconditional mandate to repurchase Shares in the capital of the Company up to 10% of the aggregate nominal amount of the issued and fully paid share capital of the Company as at the date of passing of the resolution granting such mandate |
| “SFO”                 | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)  |
| “Share(s)”            | ordinary share(s) of HK\$0.01 each in the share capital of the Company   |
| “Share Option Scheme” | the share option scheme adopted by the Company on 5 January 2004   |
| “Shareholder(s)”      | registered holder(s) of Share(s)   |
| “Stock Exchange”      | The Stock Exchange of Hong Kong Limited  |
| “Takeovers Code”      | The Hong Kong Code on Takeovers and Mergers  |
| “HK\$”                | Hong Kong dollars, the lawful currency of Hong Kong  |

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## LETTER FROM THE BOARD

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### CHINA ELEGANCE (HOLDINGS) LIMITED (瑞源國際有限公司\*)

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 476)**

*Executive Directors:*

Mr. Cheung Ngan (*Chairman*)

Mr. Chan Chung Chun, Arnold (*Deputy Chairman*)

*Independent Non-Executive Directors:*

Mr. Chan Francis Ping Kuen

Mr. Hu Guang

Mr. Chan Chak Paul

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head Office and Principal Place  
of Business:*

25th Floor  
Sunshine Plaza  
349-355 Lockhart Road  
Wanchai  
Hong Kong

19 June 2006

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS FOR GENERAL MANDATES  
TO ISSUE NEW SHARES AND TO REPURCHASE SHARES,  
RE-ELECTION OF DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

#### INTRODUCTION

The purpose of this circular is to provide you with the information relating to (i) the grant of the General Issue Mandate and the Repurchase Mandate; and (ii) the re-election of Directors. Your approval of the resolutions relating thereto is therefore sought.

\* *For identification purpose only*

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## LETTER FROM THE BOARD

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### **GENERAL ISSUE MANDATE**

At the annual general meeting of the Company held on 19 August 2005, a general mandate was given to the Directors to issue new Shares and such mandate will lapse at the conclusion of the forthcoming AGM. An ordinary resolution will be proposed at the AGM for the purpose of renewing the existing share issue mandate granted to Directors to allot, issue and otherwise deal with the Shares. The General Issue Mandate is subject to a limit equal to 20% of the aggregate nominal amount of the issued capital of the Company at the date of passing such resolution, which is estimated to be 176,659,360 Shares based on the number of issued Shares at the Latest Practicable Date.

### **GENERAL MANDATE TO REPURCHASE SHARES**

At the annual general meeting of the Company held on 19 August 2005, a general mandate was given to the Directors to exercise all the powers of the Company to repurchase its own Shares and such mandate will lapse at the conclusion of the forthcoming AGM. An ordinary resolution will be proposed at the AGM for the purpose of renewing the existing Repurchase Mandate granted to the Directors to repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the issued and fully paid up share capital of the Company as at the date of passing such resolution. An explanatory statement containing all relevant information relating to the proposed Repurchase Mandate is set out in Appendix I to this circular.

### **GENERAL MANDATE TO EXTEND TO ISSUE SHARES**

Subject to the passing at the AGM of the proposed resolutions regarding the General Issue Mandate and the Repurchase Mandate, an ordinary resolution will be proposed at the AGM to approve the extension of the 20% General Issue Mandate by adding to the General Issue Mandate the number of shares that may be repurchased under the Repurchase Mandate.

For details of the proposed resolutions, Shareholders are referred to the Notice of Annual General Meeting which is set out on pages 13 to 16 in this circular. With reference to these resolutions, the Board wishes to state that it has no immediate plan to repurchase any Shares or to issue any new Shares pursuant to the relevant mandates.

### **RE-ELECTION OF DIRECTORS**

Pursuant to the Bye-law 111, Mr. Cheung Ngan and Mr. Chan Chung Chun, Arnold, being Directors, shall retire by rotation and being eligible, offer themselves for re-election at the forthcoming AGM.

The biographical details and interests in the shares of the Company of the retiring Directors are provided in the Appendix II to this circular.

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## LETTER FROM THE BOARD

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### AGM

A notice convening the AGM is set out on pages 13 to 16 of this circular. If you are unable to attend the AGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's principal place of business in Hong Kong located at 25th Floor, Sunshine Plaza, 349-355 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof.

### PROCEDURE FOR DEMANDING A POLL

Pursuant to the Bye-law 73, 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 three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by any Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized 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 any Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

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

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Directors consider that the proposals for General Issue Mandate, the Repurchase Mandate, the extension of General Issue Mandate and the re-election of Directors are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that all the Shareholders should vote in favour of all the ordinary resolutions to be proposed at the AGM.

Yours faithfully  
For and on behalf of the Board  
**Cheung Ngan**  
*Chairman*



*This is an explanatory statement given to all Shareholders relating to the ordinary resolution to be proposed at the AGM authorising the Repurchase Mandate.*

*This explanatory statement contains all the information required pursuant to Rule 10.06(1)(b) of the Listing Rules which is set out as follows:*

## **1. SHARE CAPITAL**

As at the Latest Practicable Date the issued and fully paid up share capital of the Company comprised 883,296,800 Shares and there is no outstanding Option granted.

Exercised in full of the Repurchase Mandate, if so approved, on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the approval of the Repurchase Mandate generally (not taking into account of exercising the subscription rights attaching to the Options as the Company has no outstanding Option as at the Latest Practicable Date), the Company would be allowed under the repurchase resolution to repurchase a maximum of 88,329,680 Shares during the period from the date on which such resolution is passed until the date of (i) conclusion of the next AGM of the Company; (ii) the expiration of the period within which the next AGM of the Company is required by the Bye-laws or any applicable laws of Bermuda to be held; or (iii) the revocation, variation or removal of the Repurchase Mandate by an ordinary resolution of the Shareholders in general meeting, whichever occurs first, representing not more than 10% of the issued share capital of the Company as at the Latest Practicable Date.

## **2. REASONS FOR THE REPURCHASE**

Although the Directors have no present intention of repurchasing any Shares, they believe that the flexibility afforded by the repurchase proposal would be beneficial to the Company and Shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share of the Company and will only be made when the Directors believe that such a purchase will benefit the Company and its Shareholders.

## **3. FUNDING OF REPURCHASES**

Repurchase of Shares will be funded from the Company's available cash flow or working capital facilities, and will, in any event, be made out of funds legally available for such purposes in accordance with the Bye-laws, the Listing Rules and the laws of Bermuda. The Company is empowered by its Bye-laws to purchase its Shares. The laws of Bermuda provide that the amount of capital repaid in connection with a share repurchase may only be paid out of the capital paid up on the relevant Shares, or from the profits that would otherwise be available for distribution by way of dividend, or from the proceeds of a new issue of shares made for the purpose. The amount

of premium payable on redemption may only be paid out of either the profits that would otherwise be available for distribution by way of dividend or out of the Company's share premium account or contributed surplus account.

On the basis of the current financial position of the Group as disclosed in the 2006 Annual Report and taking into account the current working capital position of the Group, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Group as compared with the position disclosed in the 2006 Annual Report. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Group or the gearing level which in the opinion of the Directors are from time to time appropriate for the Group.

#### 4. SHARE PRICES

The highest and lowest prices at which the Shares had been traded on the Stock Exchange during each of the previous twelve months prior to the Latest Practicable Date were as follows:

|   | Price per Share |                |
|---|-----------------|----------------|
|   | Highest<br>HK\$ | Lowest<br>HK\$ |
| <b>2005</b>                               |                 |                |
| June                                      | 0.068           | 0.049          |
| July                                      | 0.060           | 0.047          |
| August                                    | 0.075           | 0.047          |
| September                                 | 0.104           | 0.045          |
| October                                   | 0.065           | 0.040          |
| November                                  | 0.065           | 0.035          |
| December                                  | 0.085           | 0.050          |
| <b>2006</b>                               |                 |                |
| January                                   | 0.076           | 0.040          |
| February                                  | 0.075           | 0.050          |
| March                                     | 0.065           | 0.040          |
| April                                     | 0.100           | 0.050          |
| May                                       | 0.080           | 0.060          |
| June (up to the Latest Practicable Date)* | –               | –              |

\* No trading of Shares during the month

Source: <http://www.hkex.com.hk>

**5. UNDERTAKING**

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make purchases of the Shares pursuant to the Repurchase Mandate only in accordance with the Listing Rules, the Bye-laws of the Company and the applicable laws of Bermuda.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) have any present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell any securities to the Company or its Subsidiaries.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he has a present intention to sell securities to the Company nor has undertaken not to do so, in the event that the Company is authorised to make purchases of Shares upon Repurchase Mandate is approved by the Shareholders.

**6. TAKEOVERS CODE**

If as a result of a repurchase of Shares, 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 a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of the increase of the Shareholder's interest, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date and insofar as the Directors are aware, the following Shareholder(s) had interests representing 5% or more of the issued share capital of the Company which are discloseable under Part XV of the SFO:–

| <b>Name of Director</b> | <b>Capacity/Nature of Interest</b> | <b>Number of Shares</b> |                       | <b>Approximate % of shareholding in the Company</b> |
|-------------------------|------------------------------------|-------------------------|-----------------------|---|
|                         |                                    | <b>Long Position</b>    | <b>Short Position</b> |   |
| Mr. Cheung Ngan         | Personal                           | 311,232,469             | –                     | 35.2%   |

If the Repurchase Mandate is exercised in full, Mr. Cheung Ngan and the party acting in concert with him will increase their shareholding in the Company to approximately 39.15%. Such increase in shareholding will give rise to an obligation for Mr. Cheung Ngan to make a conditional mandatory offer under Rule 26 of the Takeovers Code as holding of voting rights of Mr. Cheung Ngan and parties acting in concert with him in the Company will then be increased by 2% or more from their lowest percentage holding in the 12 months ending on and inclusive of the date when the Repurchase Mandate is exercised. Despite the aforesaid, the Directors have no present intention to exercise the Repurchase Mandate to such extent as would result in (a) the number of Shares in the hands of public falling below the prescribed minimum percentage of 25%; and (b) a requirement of Mr. Cheung Ngan to make a mandatory offer under the Takeovers Code.

Apart from the above, the Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchase made under the Repurchase Mandate.

The Directors will exercise the powers conferred by the Repurchase Mandate to repurchase Shares in circumstances, which they deem appropriate for the benefits of the Company and the Shareholders as a whole. However, the Directors have no present intention to exercise the Repurchase Mandate to the extent that the number of Shares in the hands of the public would fall below the prescribed minimum aggregate percentage (under the Listing Rules) of 25%.

#### **7. SHARE PURCHASE MADE BY THE COMPANY**

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

*Stated below are the details of the re-election of retiring Directors as referred to in item 2 of the notice of AGM. The retiring Directors, being eligible, offer themselves for re-election as executive directors of the Company at the AGM.*

**MR. CHEUNG NGAN, AGED 49, CHAIRMAN AND EXECUTIVE DIRECTOR**

Mr. Cheung joined the Group in March 1998 and is responsible for the development of corporate strategies, corporate planning, marketing and management functions of the Group. He has over twenty two years' working experience in corporate management and investments in PRC.

Mr. Cheung does not have any relationship with any other Directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company. Save for the above, Mr. Cheung did not hold any directorship in any listed public company in Hong Kong and other places in the last three years. Mr. Cheung is a director of all the Group's subsidiaries.

As at the Latest Practicable Date, Mr. Cheung has a personal interest in 311,232,469 Shares representing approximately 35.2 % of the issued share capital of the Company, within the meaning of Part XV of the Securities and Futures Ordinance.

There is no service agreement between the Company and Mr. Cheung and he is not appointed for a specific term. He is subject to retirement by rotation and re-election in accordance with the Company's Bye-laws. Mr. Cheung's annual remuneration, currently being HK\$819,000, will be determined by the Board of Directors by reference to the Company's performance and profitability as well as remuneration benchmark in the industry and the prevailing market conditions.

Save as disclosed above, there are no other matters concerning Mr. Cheung that need to be brought to the attention of the Shareholders or any information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

**MR. CHAN CHUNG CHUN, ARNOLD, AGED 46, DEPUTY CHAIRMAN AND  
EXECUTIVE DIRECTOR**

Mr. Chan joined the Group in April 1995 and is responsible for general corporate investment and financial advisory functions of the Group. He has extensive working experience in accountancy as well as in the commercial fields, particularly in manufacturing, marketing and retailing of consumer products in Hong Kong and PRC.

Mr. Chan does not have any relationship with any other Directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company. Save for the above, Mr. Chan did not hold any directorship in any listed public company in Hong Kong and other places in the last three years. Mr. Chan is a director of all the Group's major subsidiaries.

As at the Latest Practicable Date, Mr. Chan does not have any personal interests in the Shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

There is no service agreement between the Company and Mr. Chan and he is not appointed for a specific term. He is subject to retirement by rotation and re-election in accordance with the Company's Bye-laws. Mr. Chan's annual remuneration, currently being HK\$363,000, will be determined by the Board of Directors by reference to the Company's performance and profitability as well as remuneration benchmark in the industry and the prevailing market conditions.

Save as disclosed above, there are no other matters concerning Mr. Chan that need to be brought to the attention of the Shareholders or any information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

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# NOTICE OF ANNUAL GENERAL MEETING

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## CHINA ELEGANCE (HOLDINGS) LIMITED (瑞源國際有限公司\*)

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 476)**

**NOTICE IS HEREBY GIVEN** that the annual general meeting of China Elegance (Holdings) Limited (the “Company”) will be held at Rooms 1910-1913, Hutchison House, 10 Harcourt Road, Central, Hong Kong on Wednesday, 12 July 2006 at 11:00 am for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the directors and auditors for the year ended 31 March 2006;
2. To re-elect Mr. Cheung Ngan as an executive director and Chairman and Mr. Chan Chung Chun, Arnold as an executive director and Deputy Chairman and to authorize the board of directors to fix the remuneration of the directors;
3. To re-appoint the auditors and to authorize the board of directors to fix their remuneration; and

by way of special business, to consider and, if thought fit, pass the following resolutions:

### ORDINARY RESOLUTIONS

4. **“THAT**
  - (i) subject to sub-paragraph (iii) of this resolution, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company (the “Directors”) to issue, allot 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;
  - (ii) the approval in (i) above shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such power after the end of the Relevant Period;

\* For identification purpose only

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## NOTICE OF ANNUAL GENERAL MEETING

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- (iii) 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 contained in sub-paragraph (i) of this Resolution, otherwise than pursuant to (a) a Rights Issue (as defined below); (b) an issue of shares as scrip dividends pursuant to the bye-laws of the Company from time to time; or (c) an issue of shares under any share option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries or associates, shall not exceed twenty per cent. of the nominal amount of the issued share capital of the Company on the date of this Resolution and this approval shall be limited accordingly; and
- (iv) for the purposes of this resolution:

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

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required, by the Bye-laws of the Company or any applicable laws, to be held; and
- (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors to holders of shares on the register 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, or the requirements of, any recognized regulatory body or any stock exchange in any territory outside Hong Kong).”

5. **“THAT**

- (i) subject to paragraph (ii) below, the exercise by the Directors during the Relevant Period of all the powers of the Company to repurchase issued shares in the capital of the Company subject to and in accordance with all applicable laws and the Bye-laws of the Company, be and is hereby generally and unconditionally approved;



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## NOTICE OF ANNUAL GENERAL MEETING

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(ii) the aggregate nominal amount of the share capital which the Company is authorized to repurchase pursuant to the approval in paragraph (i) above shall not exceed ten per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of this resolution and the said approval shall be limited accordingly; and

(iii) for the purposes of this resolution:

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

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required, by the Bye-laws of the Company or any applicable laws, to be held; and
- (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

6. “**THAT** conditional upon the passing of the Resolutions numbered 4 and 5 as set out in this notice of annual general meeting of the Company dated 19 June 2006 being passed the general mandate granted to the Directors to exercise the powers of the Company to allot, issue or otherwise deal with the shares pursuant to Resolution numbered 4 above be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted by the Directors pursuant to such general mandate, of an amount representing the aggregate nominal amount of the share capital of the Company which are repurchased by the Company under the authority granted to the Directors pursuant to Resolution numbered 5 above, provided that such amount shall not exceed ten per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution.”

By Order of the Board  
**Cheung Ngan**  
*Chairman*

Hong Kong, 19 June 2006

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## NOTICE OF ANNUAL GENERAL MEETING

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*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head Office and Principal Place  
of Business:*

25th Floor  
Sunshine Plaza  
349-355 Lockhart Road  
Wanchai  
Hong Kong

*Notes:*

- (i) Any Shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint a proxy in respect of the whole or any part of his holding of shares to attend and vote in his stead. A proxy need not be a Shareholder of the Company.
- (ii) In order to be valid, the form of proxy, together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority, must be deposited at the principal place of business of the Company located at 25th Floor, Sunshine Plaza, 349-355 Lockhart Road, Wanchai, Hong Kong, not less than 48 hours prior to the meeting.
- (iii) The register of Shareholders of the Company will be closed from Monday, 10 July 2006 to Wednesday, 12 July 2006, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending this annual general meeting, all duly completed and signed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Registrars in Hong Kong, Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 7 July 2006.