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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

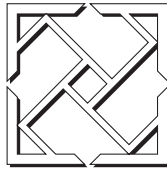
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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Artfield Group Limited**, you should at once hand this circular and the accompanying proxy form 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.

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**ARTFIELD GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1229)

**GENERAL MANDATES TO REPURCHASE SHARES  
AND TO ISSUE SHARES,  
RE-ELECTION OF DIRECTORS  
AND  
AMENDMENT TO THE BYE-LAWS OF THE COMPANY**

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A notice convening an annual general meeting of Artfield Group Limited to be held at Flats G & H, 12th Floor, Universal Industrial Centre, 19-21 Shan Mei Street, Fo Tan, Shatin, New Territories, Hong Kong on Tuesday, 29 August 2006 at 10:30 a.m. is set out on pages 12 to 15 of this circular. A form of proxy for use at the annual general meeting is also enclosed.

Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the principal place of business of the Company at 13th Floor, Universal Industrial Centre, 19-21 Shan Mei Street, Fo Tan, Shatin, New Territories, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not prevent you from attending and voting at the meeting if you so wish.

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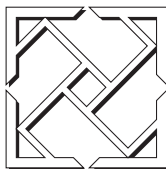
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## DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Flats G & H, 12th Floor, Universal Industrial Centre, 19-21 Shan Mei Street, Fo Tan, Shatin, New Territories, Hong Kong on Tuesday, 29 August 2006 at 10:30 a.m., notice of which is set out on pages 12 to 15 of this circular
“Board”	the board of Directors
“Bye-laws”	The bye-laws of the Company
“Company”	Artfield Group Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	26 July 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Shareholder(s)”	the 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



## ARTFIELD GROUP LIMITED

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1229)

*Directors:*

LIANG Jin You *(Chairman & Managing Director)*

LI Kwo Yuk *(Deputy Chairman)*

LEUNG Kin Yau

OU Jian Sheng

DENG Ju Neng

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

CHEN Vee Yong Frederick

LEE Sang Yoon

LO Ming Chi, Charles<sup>#</sup>

LO Wah Wai<sup>#</sup>

ORR, Joseph Wai Shing<sup>#</sup>

*Principal place of business:*

13th Floor

Universal Industrial Centre

19-21 Shan Mei Street

Fo Tan, Shatin

New Territories

Hong Kong

<sup>#</sup> *Independent non-executive director*

31 July 2006

*To the Shareholders*

Dear Sir or Madam

**GENERAL MANDATES TO REPURCHASE SHARES  
AND TO ISSUE SHARES,  
RE-ELECTION OF DIRECTORS  
AND  
AMENDMENT TO THE BYE-LAWS OF THE COMPANY**

### **1. INTRODUCTION**

The purpose of this circular is to provide you with information with respect to the ordinary resolutions and special resolution to be proposed at the forthcoming annual general meeting (“AGM”) of Artfield Group Limited (the “Company”) to be held on Tuesday, 29 August 2006 relating to (i) the general mandates to repurchase shares and to issue shares by the Company; (ii) the re-election of Directors; and (iii) the amendments to the Bye-laws of the Company.

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## LETTER FROM THE BOARD

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### 2. GENERAL MANDATE TO ISSUE AND REPURCHASE SHARES

At the last AGM held on 25 August 2005, resolutions were passed giving general mandates to the Directors to exercise all powers of the Company to issue and to repurchase shares. Such general mandates will lapse at the conclusion of the forthcoming AGM. Ordinary resolutions will therefore be proposed at the forthcoming AGM to grant to the Directors general mandates as follows:

- (i) to allot, issue or deal with Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing the proposed resolution at the AGM; and
- (ii) to purchase Shares with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of issued share capital of the Company as at the date of passing the proposed resolution at the AGM.

The Directors will also propose a separate ordinary resolution at the AGM to add to the general mandate to issue those Shares purchased by the Company pursuant to the repurchase mandate granted to the Directors at the AGM.

An explanatory statement, as required by the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange, to give requisite information for your consideration of the proposal to authorise the Directors to exercise the power of the Company to purchase Share(s) up to a maximum of 10% of the issued share capital of the Company as at the date of the AGM is set out in Appendix I to this circular.

### 3. RE-ELECTION OF DIRECTORS

In accordance with the bye-law 87 of the bye-laws of the Company, Mr. Liang Jin You, Mr. Ou Jian Sheng and Mr. Lo Ming Chi, Charles will retire from their offices by rotation at the AGM. In addition, in accordance with the bye-law 86(2), Mr. Chen Vee Yong Frederick and Mr. Lee Sang Yoon, Directors appointed by the board of Directors during the year shall retire from their office at the AGM. Being eligible, Mr. Liang Jin You, Mr. Ou Jian Sheng, Mr. Lo Ming Chi, Charles, Mr. Chen Vee Yong Frederick and Mr. Lee Sang Yoon will offer themselves for re-election as Directors at the AGM. Details of the above Directors are required to be disclosed by the Listing Rules are set out in Appendix II to this circular.

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## LETTER FROM THE BOARD

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### **4. AMENDMENT TO THE BYE-LAWS OF THE COMPANY**

The latest amendments to the Listing Rules relating to the contents of the constitutional documents came into effect on 1 March 2006 allowing removal of a Director by ordinary resolution of the Shareholders at a general meeting. The principal purpose of the Special Resolution as set out in the notice of the AGM is to amend the Bye-laws to, amongst others, comply with the requirements of the amended Listing Rules.

The proposed amendments to the Bye-laws are stated in the proposed special resolution no.7 in the notice convening the AGM as set out on pages 12 to 15 of this circular. A copy of the Bye-laws will be available for inspection at the Company's principal place of business in Hong Kong at 13th Floor, Universal Industrial Centre, 19-21 Shan Mei Street, Fo Tan, Shatin, New Territories, Hong Kong during normal business hours from the date hereof up to and including the date of AGM.

### **5. ANNUAL GENERAL MEETING**

The notice of the AGM is set out on pages 12 to 15 of this circular. At the AGM, ordinary resolutions will be proposed to approve, inter alia, (i) the general mandates to repurchase shares and to issue shares by the Company; and (ii) the re-election of Directors. In addition, a special resolution will be proposed to approve the amendments to the Bye-laws of the Company.

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you are able to attend the AGM, you are requested to complete the accompanying form of proxy in accordance with the instruction printed thereon and return the same to the principal place of business of the Company at 13th Floor, Universal Industrial Centre, 19-21 Shan Mei Street, Fo Tan, Shatin, New Territories, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the AGM. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM if you so wish.

### **6. PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS**

According to bye-law 66 of the Bye-laws, 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 results of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (i) the chairman of such meeting; or
- (ii) at least three members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (iii) a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or

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## LETTER FROM THE BOARD

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- (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 up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

### 7. RECOMMENDATION

The Directors consider that the proposed ordinary resolutions and special resolution set out in the notice of AGM are in the best interests of the Company and the Shareholders as a whole, and so recommend Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

Yours faithfully  
For and on behalf of the Board  
**Artfield Group Limited**  
**LIANG Jin You**  
*Chairman*

The following is an explanatory statement required by the Listing Rules to be presented to Shareholders concerning the mandate to repurchase Shares proposed to be granted to the Directors.

## **1. LISTING RULES**

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which is summarised below:

The Listing Rules provide that all proposed purchases of securities by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a general mandate or by a specific approval of a particular transaction and that the securities to be purchased must be fully paid up.

## **2. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 304,478,584 Shares.

Subject to the passing of the ordinary resolution granting the Share Repurchase Mandate and on the basis that no Shares are issued or repurchased by the Company prior to the AGM, the Company would be allowed under the Share Repurchase Mandate to repurchase a maximum of 30,447,858 Shares, representing 10% of the issued share capital of the Company as at the date of passing the resolution.

## **3. FUNDING OF REPURCHASES**

In repurchasing Shares, the Directors declared that Company may only apply funds legally available for such purpose in accordance with its memorandum of association, its bye-laws and the laws of Bermuda.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 March 2006) in the event that the Share Repurchase Mandate was to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Share Repurchase Mandate to such extent, as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels, which in the opinion of the Directors are from time to time appropriate for the Company.

## **4. REASON FOR REPURCHASES**

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



## 5. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make purchases pursuant to the proposed resolution in accordance with the Listing Rules and all applicable laws of Bermuda, and in accordance with the regulations set out in the memorandum of association and bye-laws of the Company.

## 6. EFFECT OF TAKEOVERS CODE

A repurchase of Shares by the Company may result in an increase in the proportionate interests of a substantial shareholder of the Company in the voting rights of the Company, which could give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Hong Kong Code on Takeovers and Mergers (the “Code”).

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Golden Glory Group Limited (whose sole director and ultimate 100% beneficial owner is Mr. LIANG Jin You, a director of the Company) who held approximately 39.14% of the issued share capital of the Company, was the only substantial shareholder holding more than 10% of the issued share capital of the Company. In the event that the Directors should exercise in full the powers to repurchase Shares which is proposed to be granted pursuant to the resolution, the shareholding of Golden Glory Group Limited in the Company would be increased to approximately 43.49% of the issued share capital of the Company and such increase would give rise to an obligation to make a mandatory offer under Rule 26 of the Code. The Directors have no present intention to exercise the Repurchase Mandate to such an extent that it would result in such takeover obligations. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

## 7. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, any of the associates (as defined in the Listing Rules) has any present intention, in the event that the proposal is approved by shareholders, to sell Shares to the Company or its subsidiaries.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she has a present intention to sell securities to the Company nor has he/she undertaken not to sell any of securities held by him/her to the Company in the event that the Company is authorised to make purchases of securities.

## 8. SHARE REPURCHASES MADE BY THE COMPANY

No purchase has been made by the Company of its Shares in the six months prior to the Latest Practicable Date.

## 9. SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the previous twelve months were as follows:–

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2005</b>		
July	0.4000	0.2800
August	0.4000	0.2600
September	0.3900	0.2800
October	0.2900	0.2800
November	0.3350	0.3200
December	0.3350	0.2500
<b>2006</b>		
January	0.3500	0.2500
February	0.8900	0.3800
March	1.3800	0.8300
April	1.3600	1.1400
May	1.5200	1.1100
June	1.3400	1.1400
July (up to Latest practicable Date)	1.2200	0.8400

Pursuant to the Listing Rules, the details of the Directors who will retire at the AGM according to the Bye-laws of the Company and, being eligible, will offer themselves for re-election at the AGM, are set out below:–

**Mr. LIANG Jin You**, aged 48, is the Chairman and Managing Director of the Company. Mr. Liang was appointed as an executive director of the Company in August 1998. Mr. Liang joined the Group in 1998 and he oversees the strategic development and policy making of the Group. He has over 23 years' experience in industrial management, trading business and real estate business in Hong Kong and the PRC.

There is no service contract and specific length of service between the Company and Mr. Liang. Mr. Liang is entitled to receive a monthly salary of HK\$110,000 with discretionary bonus (the level of such discretionary bonus to be decided by the Board at its absolute discretion having regard to the performance of the Director and the operating results of the Group).

Saves disclosed above, Mr. Liang had not held any directorships in any other listed public companies in the last three years and he does not hold any other position in the Group.

Mr. Liang is a brother of Mr. Leung Kin Yau and the spouse of Ms. Li Kwo Yuk. Save as disclosed above, Mr. Liang does not have any relationship with any other directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company.

As at the Latest Practicable Date, Mr. Liang is deemed to have interest in 119,184,300 shares which are owned by Golden Glory Group Limited as to the entire issued share capital of Golden Glory Group Limited is beneficially owned by General Line International (Holdings) Limited, which is in turn 100% beneficially owned by Mr. Liang. Save as disclosed above, Mr. Liang does not have any interest in Shares within the meaning of Part XV of the SFO.

**Mr. OU Jian Sheng**, aged 42, is an executive director of the Company. Mr. Ou was appointed in August 1999 and is also the General Manager of Artfield Industries (Shenzhen) Limited ("AIS"), a wholly owned subsidiary of the Company in the PRC. He joined the Group in 1999 and he is responsible for the overall management of AIS. He has a bachelor's degree in mechanical design and is a qualified mechanical engineer. He was employed in 廣州電器科學研究所 (Guangzhou Electrical Appliance Science Research Centre) of 中國機械工業部 (the Mechanical Engineering Industrial Department) and was the factory director of 廣東佛山電風扇總廠 (Guangdong Foshan Electrical Fan General Factory).

There is no service contract and specific length of service between the Company and Mr. Ou. Mr. Ou is entitled to receive a monthly salary of HK\$47,408 with discretionary bonus (the level of such discretionary bonus to be decided by the Board at its absolute discretion having regard to the performance of the Director and the operating results of the Group).

Save as disclosed above, Mr. Ou had not held any directorships in any other listed public companies in the last three years and hold any other position in the Group.

Mr. Ou is the brother-in-law of Ms. Li Kwo Yuk, executive director of the Company. Save as disclosed above, Mr. Ou does not have any relationship with any other directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company.

As at the Latest Practicable Date, Mr. Ou does not have any interest in Shares within the meaning of Part XV of the SFO.

**Mr. LO Ming Chi, Charles**, aged 56, JP, is an independent non-executive director of the Company. Mr. Lo was appointed in August 1998. Mr. Lo is a member of the Australian Society of Certified Practising Accountants and the Securities Institute of Australia. He is a director of New Century Group Hong Kong Limited, Tak Sing Alliance Holdings Limited, Xin Corporation Limited, Cash Retail Management Group Limited (formerly known as Pricerite Group Limited), Freeman Corporation Limited and Hembly International Holdings Limited, all of which are listed on The Stock Exchange of Hong Kong Limited. He was an independent non-executive director of Honesty Treasure International Holdings Limited (formerly known as Dah Hwa International (Holdings) Limited) from 17 December 2002 to 21 April 2004. He has over 27 years' experience in financial and investment services in Australia, Hong Kong and other Asian countries.

There is no service contract and specific length of service between the Company and Mr. Lo. Mr. Lo is entitled to receive a director's fee of HK\$50,000 per annum.

Save as disclosed above, Mr. Lo had not held any directorships in any other listed public companies in the last three years and he does not hold any other position in the Group.

Mr. Lo does not have any relationship with any other directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company.

As at the Latest Practicable Date, Mr. Lo does not have any interest in Shares within the meaning of Part XV of the SFO.

**Mr. CHEN Vee Yong Frederick**, aged 42, is an executive director of the Company. Mr. Chen was appointed in March 2006. Mr. Chen is the Managing Director of Capcol Capital Limited, which is specialized in mezzanine financing and pre-IPO financing of technology, interest and mobile gaming sector. Mr. Chen also possesses extensive experience in the private equity sector. He has been involved in or structured over USD300 million of investments in the past three years. Mr. Chen has intimate knowledge of direct investments in China and other South East Asian countries. He is also the Founding Partner of Praetorian Investments Limited, a specialist company that markets alternative investment funds in Asia. He holds a bachelor degree in Business Administration in New York University and is currently a member of the Hong Kong Securities Institute.

There is no service contract and specific length of service between the Company and Mr. Chen. Mr. Chen is not entitled to receive any director's fee or any bonus payment.

Save as disclosed above, Mr. Chen had not held any directorships in any other listed public companies in the last three years and he does not hold any other position in the Group.

Mr. Chen does not have any relationship with any other directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company.

As at the Latest Practicable Date, Mr. Chen does not have any interest in Shares within the meaning of Part XV of the SFO.

**Mr. LEE Sang Yoon**, aged 34, is an executive director of the company. Mr. Lee was appointed in June 2006. Mr. Lee is a currently director of Matrix Software Inc., a wholly owned subsidiary of the Company. He is also the founder and chief executive officer of a leading online game development company in Korea. Mr. Lee is also a director of a well known Korean movie production firm and a director of an advertising agency company in Korea. Mr. Lee has extensive experience in various industries. Mr. Lee holds a Bachelor of Arts degree in Business Administration from Pickering University, Hawaii, U.S.A.

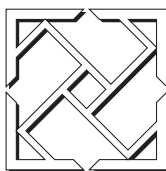
There is no service contract and specific length of service between the Company and Mr. Lee. Mr. Lee is not entitled to receive any directors' fee or any bonus payment.

Save as disclosed above, Mr. Lee had not held any directorships in any other listed public companies in the last three years and he does not hold any other position in the Group.

Mr. Lee does not have any relationship with any other directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company.

As at the Latest Practicable Date, Mr. Lee is interested in 7,000,000 Shares of the Company beneficially. Save as disclosed above, Mr. Lee does not have any interest in Shares within the meaning of Part XV of the SFO.

Saved as disclosed above, there are no other matters in relation to the re-elections of Mr. Liang Jin You, Mr. Ou Jian Sheng, Mr. Lo Ming Chi, Charles, Mr. Chen Vee Yong Frederick and Mr. Lee Sang Yoon (together defined as "Retiring Directors") that needed to be brought to the attention of the Stock Exchange or the Shareholders. There is no information relating to all the Retiring Directors that is required to be disclosed pursuant to Rules 13.51(2)(h)-(v) of the Listing Rules.



## ARTFIELD GROUP LIMITED

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1229)

**NOTICE IS HEREBY GIVEN THAT** the annual general meeting of Artfield Group Limited (the “Company”) will be held at Flats G & H, 12th Floor, Universal Industrial Centre, 19-21 Shan Mei Street, Fo Tan, Shatin, New Territories, Hong Kong on Tuesday, 29 August 2006 at 10:30 a.m. 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 the retiring directors and to authorise the board of directors to fix the directors’ remuneration.
3. To re-appoint auditors and to authorise the board of directors to fix their remuneration.
4. As special business, to consider and, if thought fit, pass, with or without amendments, the following resolution as an ordinary resolution of the Company:

**“THAT**

- (A) subject to paragraph (B) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase its own shares of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Future Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) or any other stock exchange as amended from time to time, be and is hereby, generally and unconditionally approved;
- (B) the aggregate nominal amount of shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (A) of this resolution 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 passing this resolution and the authority pursuant to paragraph (A) of this resolution shall be limited accordingly; and

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## NOTICE OF ANNUAL GENERAL MEETING

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(C) 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 bye-laws of the Company or the Companies Act 1981 of Bermuda or any other applicable law to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

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

“**THAT**

- (A) subject to paragraph (C) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements, options which might require the exercise of such powers be and is hereby, generally and unconditionally approved;
- (B) the approval in paragraph (A) of this resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements, options which might require the exercise of such power after the end of the Relevant Period;
- (C) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and to be issued by the directors of the Company pursuant to the approval in paragraph (A) of this resolution, otherwise than pursuant to (i) a Right Issue (as hereafter defined), or (ii) an issue of shares under any option scheme or similar arrangement for the time being adopted by the Company and/or its subsidiaries for the grant or issue of shares or rights to acquire shares in the capital of the Company, or (iii) any scrip dividend scheme or similar arrangement providing for the allotment and issue of shares in lieu of the whole or part of a dividend on shares in accordance with the bye-laws of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution and the said approval shall be limited accordingly; and

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## NOTICE OF ANNUAL GENERAL MEETING

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(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 bye-laws of the Company or the Companies Act 1981 of Bermuda or any other applicable law to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Right Issue” means an offer of shares or issue of options to subscribe for shares open for a period fixed by the directors of the Company 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 exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the law of, or the requirements of any recognised regulatory body or any stock exchange, in any territory applicable to the Company).”

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

“**THAT** the general mandate granted to the directors of the Company pursuant to resolution numbered 5 above and for the time being in force to exercise the powers of the Company to allot shares and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby extended by the total nominal amount of shares in the capital of the Company repurchased by the Company pursuant to the exercise by the directors of the Company of the powers of the Company to purchase such shares since the granting of such general mandate referred to in the above resolution numbered 5, provided that such amount shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of passing of this resolution.”



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## NOTICE OF ANNUAL GENERAL MEETING

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7. As special business, to consider and, if thought fit, pass the following resolution as a special resolution of the Company:

“**THAT** the Bye-laws of the Company be amended in the following manner:

1. Bye-law 86(4)

86(4) by deleting the existing Bye-law 86(4) the words “Subject to any provision to the contrary in these Bye-laws” and replacing the word “the” in the 1st line by the word “The” and deleting in the 3rd line of the words “by special resolution” and substituting therefore the words “by ordinary resolution” immediately after the words “these Bye-laws”.”

By Order of the Board  
**LAU King Pong**  
*Company Secretary*

Hong Kong, 31 July 2006

*Notes:*

1. The register of members of the Company will be closed from Tuesday, 22 August 2006 to Tuesday, 29 August 2006 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attending the annual general meeting, all transfers of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company’s share registrar in Hong Kong, Union Registrars Limited, at 311-312 Two Exchange Square, Central, Hong Kong for registration not later than 4:00 p.m. on Monday, 21 August 2006.
2. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint a proxy or proxies to attend and, in the event of a poll, vote in his stead. A proxy need not be a member of the Company. In order to be valid, the form of proxy must be deposited at the principal place of business of the Company at 13th Floor, Universal Industrial Centre, 19-21 Shan Mei Street, Fo Tan, Shatin, New Territories, Hong Kong together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding of the meeting or adjourned meeting.