
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, 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 South China Holdings 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.



SOUTH CHINA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 265)

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES, RE-ELECTION OF DIRECTORS, PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening an annual general meeting of South China Holdings Limited (the “Company”) to be held at 28th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong on Tuesday, 22 May 2007 at 12:00 noon is set out on pages 12 to 17 of this circular.

A proxy form for use at the annual general meeting is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company’s share registrar, Union Registrars Limited at Room 1803, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the annual general meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending, and voting in person at, the annual general meeting or any adjournment thereof should you so wish.

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	
1. Introduction	3
2. Issue Mandates and Repurchase Mandate	4
3. Re-election of Directors	4
4. Proposed Amendments to Articles of Association	5
5. Annual General Meeting	5
6. Right to demand a poll	6
7. Recommendation	6
APPENDIX I EXPLANATORY STATEMENT FOR THE REPURCHASE MANDATE	7
APPENDIX II BIOGRAPHICAL DETAILS OF RETIRING DIRECTORS	10
NOTICE OF ANNUAL GENERAL MEETING	12

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened and held at 28th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong on Tuesday, 22 May 2007 at 12:00 noon, notice of which is set out on pages 12 to 17 of this circular
“Articles of Association”	the articles of association of the Company as may be amended from time to time
“Board”	the Company’s Board of Directors
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	South China Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“CG Code”	the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandates”	the general and unconditional mandates proposed under ordinary resolutions numbered 4(A) and 4(C) in the notice of the AGM set out on pages 12 to 14 of this circular to be granted to the Directors to (i) allot and issue shares of the Company up to an aggregate nominal amount not exceeding 20% of the aggregate nominal value of the issued share capital of the Company on the date of the passing of the said ordinary resolution; (ii) to extend the mandate in (i) above by an amount representing the aggregate nominal amount of the Shares repurchased by the Company made pursuant to and in accordance with the Repurchase Mandate

DEFINITIONS

“Latest Practicable Date”	20 April 2007, 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
“Memorandum”	the memorandum of association of the Company, as may be amended from time to time
“Repurchase Mandate”	the general and unconditional mandate proposed under ordinary resolution numbered 4(B) in the notice of the AGM set out on page 14 of this circular to be granted to the Directors to repurchase the Company’s shares up to an aggregate nominal amount not exceeding 10% of the aggregate nominal value of the issued share capital of the Company on the date of the passing of the said ordinary resolution
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Repurchases
“%”	per cent.



SOUTH CHINA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 265)

Executive Directors:

Mr. Ng Hung Sang (*Chairman*)
Mr. Richard Howard Gorges
Ms. Cheung Choi Ngor
Mr. Ng Yuk Fung, Peter

Non-executive Directors:

Ms. Ng Yuk Mui, Jessica
Mr. David Michael Norman

Independent Non-executive Directors:

Mr. David John Blackett
Ms. Wong Siu Yin, Elizabeth
Mr. Cheng Hong Kei

Registered office:

Offshore Incorporations (Cayman) Limited
Scotia Centre
4th Floor, P.O. Box 2804
George Town
Grand Cayman
Cayman Islands

***Head Office and Principal Place of
Business in Hong Kong:***

28th Floor
Bank of China Tower
1 Garden Road
Central
Hong Kong

26 April 2007

To the Shareholders

Dear Sir or Madam

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
RE-ELECTION OF DIRECTORS,
PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with the relevant information regarding the granting of the Issue Mandates and the Repurchase Mandate, the re-election of Directors and the proposed amendments to Articles of Association and to give you notice of the AGM at which resolutions will be proposed to consider and, if thought fit, approve at the AGM, among other matters, the granting of the Issue Mandates and the Repurchase Mandate, the re-election of Directors and the proposed amendments to the Articles of Association.

LETTER FROM THE BOARD

2. ISSUE MANDATES AND REPURCHASE MANDATE

At an annual general meeting of the Company held on 30 May 2006, resolutions were passed by the Shareholders giving general unconditional mandates to the Directors to issue and allot Shares and to exercise the powers of the Company to repurchase its own Shares in accordance with the Listing Rules. These general mandates will lapse at the conclusion of the AGM.

It is therefore necessary to renew the Issue Mandates and the Repurchase Mandate at the AGM and ordinary resolutions will be proposed to seek the Shareholders' approval for granting of the Issue Mandates and the Repurchase Mandate at such meeting. Details of the aforesaid ordinary resolutions are set out in ordinary resolutions numbered 4 in the notice of the AGM.

The Issue Mandates and the Repurchase Mandate, if approved at the AGM, will continue in force until the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held or until revoked or varied by ordinary resolution by the Shareholders in general meeting, whichever occurs first.

An explanatory statement as required by the Listing Rules to provide the Shareholders with all the information reasonably necessary for them to make an informed decision on the proposed resolution for the granting of the Repurchase Mandate is set out in the Appendix I to this circular.

3. RE-ELECTION OF DIRECTORS

At the AGM, ordinary resolutions will also be proposed to re-elect Mr. Ng Hung Sang, Mr. Richard Howard Gorges and Mr. David John Blackett as Directors in accordance with the Articles of Association. To enable Shareholders to make an informed decision on the re-election of these retiring Directors, the biographical details of the retiring Directors, as required under Chapter 13 of the Listing Rules, are set out in the Appendix II to this circular for the information of Shareholders.

LETTER FROM THE BOARD

4. PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

In order to bring the Articles of Association in line with the changes brought about by the amendments to the Listing Rules as well as the CG Code, the Directors propose that the Articles of Association should be amended, inter alia, as follows:

- a. to provide for circumstances under which voting by way of poll is required under the Listing Rules;
- b. to require that any Director appointed by the Board to fill a casual vacancy or as an addition to the Board should be subject to election by the Shareholders at the next following general meeting of the Company;
- c. to specify that every Director shall be subject to retirement by rotation at least once every three years; and
- d. to specify that Directors can be removed by ordinary resolutions.

The Directors wish to take this opportunity to review the Articles of Association to reflect the changes in the Listing Rules and market practice, a special resolution, full text of which is set out in the notice of AGM, will be proposed to the Shareholders for approval at the AGM in respect of the amendments to the Articles of Association.

5. ANNUAL GENERAL MEETING

A notice convening the AGM is set out on pages 12 to 17. At the AGM, relevant resolutions will be proposed to approve the granting of the Issue Mandates and the Repurchase Mandate, the re-election of Directors and the proposed amendments to the Articles of Association.

There is enclosed with this circular a proxy form for use at the AGM. Whether or not you intend to attend the AGM or any adjournment thereof, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's share registrar, Union Registrars Limited at Room 1803, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish. In the event that a Shareholder having lodged a proxy form attends the AGM, his proxy form will be deemed to have been revoked.

LETTER FROM THE BOARD

6. RIGHT TO DEMAND A POLL

Pursuant to the Articles of Association, 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 duly demanded. A poll may be demanded by:–

- (a) the Chairman of the meeting; or
- (b) at least five members present in person or by proxy and entitled to vote or who represent in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or
- (c) any member or members present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate 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 granting of the Issue Mandates and the Repurchase Mandate, the re-election of Directors and the proposed amendments to Articles of Association are in the best interests of the Company and the Shareholders as a whole and so recommend the Shareholders to vote in favour of the resolutions to be proposed at the AGM.

Yours faithfully
For and on behalf of the Board
Ng Hung Sang
Chairman

This serves as an explanatory statement, as required to be sent to all Shareholders under the Listing Rules, to provide the relevant information in connection with the Repurchase Mandate.

1. EXERCISE OF THE REPURCHASE MANDATE

As at the Latest Practicable Date, the number of Shares in issue was 1,823,401,376.

Subject to the passing of the resolution in relation to the Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 182,340,137 Shares (representing 10% of the issued share capital of the Company) during the period from the date of the passing of the ordinary resolution numbered 4(B) in the notice of the AGM set out on page 14 of this circular up to (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 or any applicable laws of the Cayman Islands to be held; or (iii) the revocation or variation of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

2. REASONS FOR THE REPURCHASE

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

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Memorandum and Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands. The Company is empowered by its Articles of Association to repurchase its Shares. Under Cayman Islands law, the capital portion payable on repurchase by the Company may be paid out of the profits of the Company or out of the proceeds of a fresh issue of shares made for the purpose of the repurchase or, subject to the Companies Law, out of the capital and, in the case of any premium payable on a repurchase, such premium may be paid out of the profits of the Company or from sums standing to the credit of the share premium account of the Company or, subject to the Companies Law, out of capital.

4. GENERAL

There would not have 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 financial year ended 31 December 2006) in the event that the Repurchase Mandate was to be exercised in full at any time during the proposed repurchase period.

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Memorandum and Articles of Association and the applicable laws of the Cayman Islands.

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, if the Repurchase Mandate is approved by the Shareholders, to sell any 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 has a present intention to sell Shares to the Company, nor has undertaken not to do so, in the event that the 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 (as interpreted according to 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, to the best of the knowledge and belief of the Directors, Mr. Ng Hung Sang, together with his indirect interests in the Company, was taken to be interested in 1,344,181,812 Shares of the Company, representing approximately 73.72% of the issued share capital of the Company, and was a substantial Shareholder of the Company. In the event that the Directors exercise the proposed Repurchase Mandate in full, then (if the present shareholdings otherwise remained the same), the shareholding in the Company held by Mr. Ng would be increased to approximately 81.91% of the issued share capital of the Company and such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code but will reduce the amount of Shares held by the public to less than 25% of the total issued share capital of the Company. The Directors have no intention to repurchase Shares to such an extent which will result in the amount of Shares held by the public being reduced to less than 25%.

7. SHARE REPURCHASE MADE BY THE COMPANY

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

8. SHARES PRICES

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

	Price per Share	
	Highest (HK\$)	Lowest (HK\$)
2006		
April	0.390	0.270
May	0.400	0.300
June	0.325	0.310
July [#]	N/A	N/A
August	0.280	0.280
September	0.330	0.270
October	0.330	0.285
November	0.300	0.270
December	0.340	0.290
2007		
January	0.395	0.305
February	0.360	0.310
March	0.400	0.300
April (up to the Latest Practicable Date)	0.600	0.560

(# There was no transaction on the Shares recorded for the month.)

Details of the retiring directors proposed to be re-elected at the AGM are set out as follows:

1. MR. NG HUNG SANG, EXECUTIVE DIRECTOR

Aged 57, is an Executive Director and the Chairman of the Company. Mr. Ng is actively involved in the overall corporate policies, strategic planning and business development of the Group. Mr. Ng is also an Executive Director and the Chairman of South China Financial Holdings Limited (Formerly known as South China Brokerage Company Limited) (“South China Financial”), South China Industries Limited (“South China Industries”), Jessica Publications Limited and South China Land Limited (Formerly known as Capital Publications Limited). In addition, Mr. Ng is an Executive Director of Wah Shing International Holdings Limited which was delisted from The Singapore Exchange Securities Trading Limited on 5 May 2006. He holds a Master’s Degree in Marketing from Lancaster University in the United Kingdom and is a fellow member of the Chartered Institute of Management Accountants. He is the father of Ms. Ng Yuk Mui, Jessica and Mr. Ng Yuk Fung, Peter. He was appointed as a Director of the Company in June 1992. Save as disclosed above, Mr. Ng does not hold any directorships in any other listed public companies currently or in the last three years.

Mr. Ng has a beneficial interest of 71,652,200 shares and a corporate interest of 1,272,529,612 shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). He has not entered into any service contract with the Company, nor been appointed for a specific term. He is subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. Mr. Ng received a director’s emolument of HK\$2,046,000 for the year ended 31 December 2006 which was determined by reference to his skills, knowledge, involvement and performance in the Company, with reference also to the Company’s performance and profitability, as well as industry practice. Save as disclosed above, Mr. Ng does not have any other relationships with any directors, senior management, substantial shareholders or controlling shareholders of the Company.

Other than those disclosed above, there is no information to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h)-(v) of the Listing Rules.

2. MR. RICHARD HOWARD GORGES, EXECUTIVE DIRECTOR

Aged 63, is an Executive Director and a Vice-Chairman of South China Financial and South China Industries. He holds a Master’s Degree in Law from University of Cambridge in the United Kingdom. He was appointed as a Director of the Company in June 1992. Mr. Gorges is an Executive Director of Wah Shing International Holdings Limited which was delisted from The Singapore Exchange Securities Trading Limited on 5 May 2006 and was an Executive Director of Nority International Group Limited (“Nority”), which is a company listed on The Stock Exchange of Hong Kong Limited but subsequently resigned as an Executive Director of Nority on 3 February 2007. Save as disclosed above, Mr. Gorges does not hold any directorships in any other listed public companies currently or in the last three years.

Mr. Gorges has a corporate interest of 487,949,760 shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). He has not entered into any service contract with the Company, nor been appointed for a specific term. He is subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. Mr. Gorges received a director's emolument of HK\$2,706,000 for the year ended 31 December 2006 which was determined by reference to his skills, knowledge, involvement and performance in the Company, with reference also to the Company's performance and profitability, as well as industry practice. Mr. Gorges does not have any other relationships with any directors, senior management, substantial shareholders or controlling shareholders of the Company.

Other than those disclosed above, there is no information to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h)-(v) of the Listing Rules.

3. MR. DAVID JOHN BLACKETT, INDEPENDENT NON-EXECUTIVE DIRECTOR

Aged 56, was the Chairman for the Asia Pacific region of the CIT Group Inc. of the United States of America. He studied commerce at The University of Edinburgh and also become a member of the Institute of Chartered Accountants in Scotland. He has extensive experience in investment banking and finance, having previously been the Managing Director of NM Rothschild & Sons (Hong Kong) Limited. He was also a Director of Shanghai Chlor-Alkali Chemical Company Limited which is listed on Shanghai Stock Exchange in The People's Republic of China and retired as a director on 12 December 2006. He was appointed as an Independent Non-executive Director of the Company in May 2000. Save as disclosed above, Mr. Blackett does not hold any directorships in any other listed public companies currently or in the last three years.

Mr. Blackett does not have any interests in any shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). He has not entered into any service contract with the Company, nor been appointed for a specific term. He is subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. Mr. Blackett received a director's fee of HK\$100,000 for the year ended 31 December 2006 which was determined by reference to his skills, knowledge, involvement and performance in the Company, with reference also to the Company's performance and profitability, as well as industry practice. Mr. Blackett does not have any other relationships with any directors, senior management, substantial shareholders or controlling shareholders of the Company. Currently, Mr. Blackett is a member of the Audit Committee and the Remuneration Committee of the Company.

Other than those disclosed above, there is no information to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h)-(v) of the Listing Rules.

Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders of the Company in connection with their re-election.

NOTICE OF ANNUAL GENERAL MEETING



SOUTH CHINA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 265)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of South China Holdings Limited (the “Company”) will be held at 28th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong on Tuesday, 22 May 2007 at 12:00 noon for the following purposes:

ORDINARY BUSINESS

1. To consider and adopt the audited financial statements together with the Directors’ Report and the Independent Auditors’ Report for the year ended 31 December 2006.
2. To re-elect 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.

SPECIAL BUSINESS

4. To consider and, if thought fit, pass (with or without modification) the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

(A) “THAT:

- (a) subject to sub-paragraph (c) of this Resolution, and pursuant to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares or securities convertible into shares, or options, warrants or similar rights to subscribe for any shares and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in sub-paragraph (a) of this Resolution shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

NOTICE OF ANNUAL GENERAL MEETING

(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 of the Company pursuant to the approval in sub-paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue as hereinafter defined, or (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by Company or any securities which are convertible into shares of the Company, or (iii) the exercise of options granted under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, or (iv) any scrip dividend or similar arrangement 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, shall not exceed 20% 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

(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 of the Cayman Islands to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

“Rights Issue” means an offer of shares in the share capital of the Company or an offer or issue of warrants or options or similar instruments to subscribe for shares in the share capital of the Company open for a period fixed by the Directors of the Company to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (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 laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognised regulatory body or any stock exchange applicable to the Company).”

NOTICE OF ANNUAL GENERAL MEETING

(B) “THAT:

- (a) subject to sub-paragraph (b) of this Resolution, the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to repurchase shares in the capital of the Company on the Stock Exchange or on any other exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission of Hong Kong, the Stock Exchange or of any other stock exchange as amended from time to time and all applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares which may be purchased pursuant to the approval in sub-paragraph (a) of this Resolution shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing this Resolution and the said approval shall be limited accordingly; and
- (c) for the purposes of this Resolution, “Relevant Period” shall have the same meaning as ascribed to it under sub-paragraph (d) of Resolution No. 4(A) set out in the notice convening this Meeting.”

- (C) **“THAT** conditional upon Resolutions Nos. 4(A) and 4(B) set out in the notice convening this Meeting being passed, the aggregate nominal amount of the number of shares which are repurchased by the Company after the date of the passing of this Resolution (up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this Resolution) shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to Resolution No. 4(A) set out in the notice convening this Meeting.”

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL RESOLUTION

5. To consider and, if thought fit, pass (with or without modification) the following resolution as a special resolution:

“THAT the Articles of Association of the Company (the “Articles of Association”) be amended as follows:

(a) Article 2

by deleting the words “in the Companies Ordinance” and replacing therewith the words “under the Listing Rules” in the definition of “subsidiary and holding company”.

(b) Article 80

(1) by inserting the words “voting by way of poll is required by the Listing Rules or” after the words “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)” in the first paragraph; and

(2) by deleting the full stop at the end of sub-paragraph (c), replacing therewith a semicolon and the word “or” and inserting the following new sub-paragraph (d):

“(d) if required by the Listing Rules, any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.”

(c) Article 99

by deleting the paragraph in its entirety and substituting therefor the following:

“The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting provided that, if such general meeting is an annual general meeting of the Company, any Director who so retires shall not be taken into account in determining the number of Directors who are to retire at such meeting by rotation pursuant to Article 116.”

(d) Article 106(vii)

by deleting the words “a special” and substituting therewith the words “an ordinary” after the words “if he shall be removed from office by”.

(e) Article 110

by inserting the words “rotation, resignation and” after the words “shall be subject to the same provisions as to”.

NOTICE OF ANNUAL GENERAL MEETING

(f) Article 116

by deleting the paragraph in its entirety and substituting therefor the following:

“At each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. A retiring Director shall retain office until the close of the meeting at which he retires, and shall be eligible for re-election thereat.”

(g) Article 122(a)

by deleting the word “special” and substituting therewith the word “ordinary” after the words “The Company may by” in the first sentence.

(h) Article 169

by adding a sub-paragraph (e):

“(e) Any notice or other document may be given to a member either in the English language or the Chinese language only or in both English language and Chinese language, subject to due compliance with all applicable statutes, rules and regulations.”

(i) Article 170

by deleting the paragraph in its entirety and substituting therefor the following:

“Any notice or document may be given by the Company to the person entitled to a share in consequence of the death, mental disorder or bankruptcy of a member in such manner as provided in these Articles in which the same might have been given if the death, mental disorder or bankruptcy had not occurred.”

6. To transact any other ordinary business.

By Order of the Board
Cheung Siu Lan
Company Secretary

Hong Kong, 26 April 2007

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and on a poll vote instead of him. A proxy need not be a member of the Company.
2. In order to be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of authority, must be deposited at the Company's share registrar, Union Registrars Limited at Room 1803, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding the Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude any member from attending and voting in person at the Meeting or any adjourned Meeting should he so wishes.
3. In case of joint shareholdings, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose seniority will be determined by the order in which the names stand in the Register of Members of the Company in respect of the joint shareholding.
4. With regard to the resolution set out in item 5 of this notice, the Directors wish to state that the proposed amendments to Articles of Association are to bring the Articles of Association in line with certain changes brought about by the amendments to the Listing Rules and the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, inter alia, as follows:
 - a. to provide for circumstances under which voting by way of poll is required under the Listing Rules;
 - b. to require that any Director appointed by the Board to fill a casual vacancy or as an addition to the Board should be subject to election by the Shareholders at the next following general meeting of the Company;
 - c. to specify that every Director shall be subject to retirement by rotation at least once every three years; and
 - d. to specify that Directors can be removed by ordinary resolutions.