

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 all your shares in CHINA HAIDIAN HOLDINGS LIMITED you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, 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 circular.



CHINA HAIDIAN HOLDINGS LIMITED

中國海澱集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 256)

PROPOSALS FOR GENERAL MANDATES

TO REPURCHASE AND ISSUE SHARES OF THE COMPANY,

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

AND RE-ELECTION OF DIRECTORS

A notice convening an annual general meeting of China Haidian Holdings Limited (“the Company”) to be held at Marina Room II, 2nd Floor, The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong, on Thursday, the 25th day of May, 2006 at 3:00 p.m. is set out on pages 11 to 15 of this circular. Whether or not you propose 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 Suites 2701-2705 & 2715-2716, 27th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting (or adjourned meeting as the case may be).

Hong Kong, 28th April, 2006

DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held on Thursday, the 25th day of May, 2006 at 3:00 p.m., notice of which is set out on pages 11 to 15 of this circular
“Articles of Association”	the articles of association of the Company
“Companies Law”	the Companies Law of the Cayman Islands for the time being in force
“Company”	China Haidian Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange
“Directors”	directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	26th April, 2006, being the latest practicable date prior to the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Proposal”	the proposal to give a general mandate to the Directors to exercise the powers of the Company to repurchase during the period as set out in the Repurchase Resolution Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution
“Repurchase Resolution”	the proposed ordinary resolution as referred to in resolution no.4 in the notice of the Annual General Meeting
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“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

LETTER FROM THE CHAIRMAN



CHINA HAIDIAN HOLDINGS LIMITED

中國海澱集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 256)

Executive Directors:

Hon Kwok Lung (*Chairman*)
Wang Shaolan (*Vice Chairman*)
Shang Jianguang (*Chief Executive Officer*)
Shi Tao
Lam Toi Man

Registered Office:

P.O. Box 309
Ugland House
South Church Street
Grand Cayman
The Cayman Islands

Non-executive Director:

Sit Lai Hei

Principal Place of Business:

Suites 2701-2705 & 2715-2716
27th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

Independent Non-executive Directors:

Fung Tze Wa
Kwong Chun Wai, Michael
Li Qiang

Hong Kong, 28th April, 2006

To the shareholders,

Dear Sir or Madam,

**PROPOSALS FOR GENERAL MANDATES
TO REPURCHASE AND ISSUE SHARES,
AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND RE-ELECTION OF DIRECTORS**

1. INTRODUCTION

The purpose of this circular is to notify shareholders of the Company the convening of the Annual General Meeting and to provide you with information in connection with the proposals: (i) to grant the general mandates to repurchase shares and to issue new shares of the Company; (ii) to amend the Articles of Association; and (iii) to re-elect Directors.

LETTER FROM THE CHAIRMAN

2. GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 27th May, 2005, a general mandate was given by the Company to the Directors to exercise the powers of the Company to repurchase Shares of the Company. Such mandate will lapse at the conclusion of the forthcoming Annual General Meeting of the Company to be held on 25th May, 2006. The Directors will propose the Repurchase Resolution at the Annual General Meeting to give a general mandate to the Directors to exercise all powers of the Company to repurchase on the Stock Exchange up to 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution. An explanatory statement as required under the Share Repurchase Rules to provide the requisite information of the Repurchase Proposal is set out in Appendix I hereto.

3. GENERAL MANDATE TO ISSUE SHARES

There will also be proposed at the Annual General Meeting two ordinary resolutions respectively granting to the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the resolution and adding to such general mandate so granted to the Directors of the Shares repurchased by the Company after the granting of the general mandate to repurchase up to 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution.

4. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In order to bring the Articles of Association in alignment with the Code on Corporate Governance Practice set out in Appendix 14 to the Listing Rules, the Directors propose to seek approval from the shareholders of the Company at the Annual General Meeting on amendments to Articles 99 and 116 so that any Director elected to fill a casual vacancy shall hold office only until the next following general meeting of the Company.

Besides, to align the Articles of Association with the minor and housekeeping amendments to the Listing Rules that came into effect on 1st March, 2006, the Directors propose to seek approval from the shareholders of the Company at the Annual General Meeting on the amendment to Article 122 of the current Articles of Association. Article 122 shall be amended to provide that a Director may be removed by an ordinary resolution in general meeting instead of a special resolution.

The full text of the special resolution containing details of the proposed amendments to the Articles of Association is set out as Resolution no. 7 in the notice of the Annual General Meeting set out on pages 13 and 14 of this circular.

LETTER FROM THE CHAIRMAN

5. RE-ELECTION OF DIRECTORS

In accordance with Article 116 of the Articles of Association, Mr. Shi Tao, Mr. Fung Tze Wa and Dr. Kwong Chun Wai, Michael will retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election. Details of the Directors who are proposed to be re-elected at the Annual General Meeting are set out in Appendix II hereto.

6. ANNUAL GENERAL MEETING

On pages 11 to 15 of this circular, you will find a notice convening the Annual General Meeting which contains, inter alia, the proposed resolution to re-elect directors and the following proposed resolutions:

- an ordinary resolution to grant to the Directors a general mandate to exercise all powers of the Company to repurchase on the Stock Exchange Shares representing up to a maximum of 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution;
- an ordinary resolution to grant to the Directors a general mandate to authorise the Directors to issue, allot and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing such resolution; and
- an ordinary resolution to extend the general mandate which will be granted to the Directors to issue, allot and deal with additional Shares by adding to it the number of Shares repurchased under the Repurchase Proposal after the granting of the general mandate.

At the Annual General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is required to be taken under the Listing Rules or unless a poll is (before or on the declaration of the result of the show of hands) demanded (a) by the chairman; or (b) by at least three members present in person or by proxy for the time being entitled to vote at the meeting; or (c) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or (d) by any member or members present in person 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 all the shares conferring that right.

On a show of hands, every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative shall have one vote, and on a poll every member present in person or by proxy shall have one vote for every fully-paid share of which he is the holder. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

LETTER FROM THE CHAIRMAN

7. ACTION TO BE TAKEN

A form of proxy for use at the Annual General Meeting is enclosed herein. Whether or not you intend to attend the Annual General Meeting, you are requested to complete the form of proxy and return it to the principal place of business of the Company at Suites 2701-2705 & 2715-2716, 27th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the Annual General Meeting if they so wish.

8. RECOMMENDATION

The Directors believe that the proposed resolution to re-elect directors, the Repurchase Proposal and the general mandate for Directors to issue new Shares to be put forward at the Annual General Meeting are all in the best interests of the Company and its shareholders. Accordingly, the Directors recommend that all shareholders of the Company should vote in favour of such resolutions to be proposed at the Annual General Meeting.

By Order of the Board
HON KWOK LUNG
Chairman

This appendix serves as an explanatory statement, as required by the Share Repurchase Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,544,830,669 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Resolution to repurchase a maximum of 154,483,066 Shares (representing 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution).

2. REASONS FOR REPURCHASE

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

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association and the Companies Law. The Companies Law provides that the amount of capital repaid in connection with a share repurchase may be paid out of the profits of the Company or the proceeds of a fresh issue of shares made for the purposes of the repurchase or in the manner provided for in section 37(5) of the Companies Law. The amount of premium payable on repurchase may only be paid out of either the profits of the Company or out of the share premium account before or at the time the Company's shares are repurchased or in the manner provided for in section 37(5) of the Companies Law.

There might be an 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 for the year ended 31st December, 2005 in the event that the power to repurchase Shares pursuant to the Repurchase Proposal is to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the power to repurchase Shares pursuant to the Repurchase Proposal 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. SHARE PRICES

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

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
April 2005	0.350	0.300
May 2005	0.320	0.280
June 2005	0.325	0.265
July 2005	0.300	0.250
August 2005	0.330	0.235
September 2005	0.300	0.255
October 2005	0.265	0.225
November 2005	0.270	0.229
December 2005	0.249	0.212
January 2006	0.275	0.220
February 2006	0.265	0.240
March 2006	0.315	0.234
April 2006 (up to Latest Practicable Date)	0.320	0.265

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Resolution and in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

None of the Directors nor, to the best of their knowledge and belief and having made all reasonable enquiries, their associates, have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Resolution if such is approved by the shareholders of the Company.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Proposal is approved by the shareholders of the Company.

6. TAKEOVERS CODE

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

As at the Latest Practicable Date, the register maintained by the Company pursuant to section 336 of Part XV of the Securities and Futures Ordinance shows the following interests in Shares being 5% or more of the issued share capital of the Company:

	No. of Shares	Percentage of existing issued capital	Percentage of issued capital if Repurchase Proposal is exercised in full
Sincere View International Limited	625,393,515	40.48%	44.98%
Hon Kwok Lung	625,393,515	40.48%	44.98%
Lam Suk Ying	625,393,515	40.48%	44.98%

Note:

Mr. Hon Kwok Lung holds 50% and his wife, Ms. Lam Suk Ying holds 20% interests in Sincere View International Limited ("Sincere View") which is the controlling shareholder of the Company holding 625,393,515 shares of the Company.

Mr. Hon Kwok Lung and Ms. Lam Suk Ying are deemed to have an interest in the same parcel of shares of 625,393,515 held by Sincere View.

Based on the above shareholding and in the event the Directors exercised in full the power to repurchase Shares pursuant to the Repurchase Proposal, an obligation to make a general offer to shareholders under Rules 26 and 32 of the Takeovers Code may arise. The Directors have no present intention to exercise the power to repurchase Shares pursuant to the Repurchase Proposal to such extent as would result in takeover obligations. In the event that the Repurchase Proposal is exercised in full, the number of Shares held by the public would not fall below 25%.

7. SHARES REPURCHASE MADE BY THE COMPANY

The Company had not repurchased any Share (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

APPENDIX II DETAILS (INCLUDING BIOGRAPHIES) OF DIRECTORS OFFERING THEMSELVES FOR RE-ELECTION
--

Mr. Shi Tao

Mr. Shi, aged 42, has been appointed as an Executive Director of the Company since 8th April, 2004. He holds a Bachelor degree in Engineering from Tsinghua University and a Master degree in Engineering. Mr. Shi has years of business experience in the PRC.

Mr. Shi has entered into a service agreement with the Company for a term of 2 years commencing from 1st July, 2004. Under the terms of the service agreement, Mr. Shi is entitled to a monthly salary of HK\$130,000 payable on a 13-month basis, a monthly housing allowance of HK\$29,500 (up to December, 2005) and a discretionary bonus for each completed year of service to be determined by the Board with reference to the Company's performance and profitability. The basic salary was determined with reference to the remuneration benchmark in the industry and the prevailing market conditions. Mr. Shi does not have any relationship with any directors, senior management or substantial shareholder or controlling shareholder of the Company and does not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. Shi neither have any positions held with the Company and other members of the Company's group nor have other directorships held in listed public companies in the last three years and other major appointments and qualifications. Besides, there is no other information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules. There are no other matters with respect to the above that need to be brought to the attention of the shareholders of the Company.

Mr. Fung Tze Wa

Mr. Fung, aged 49, has been appointed as an Independent Non-executive Director of the Company since 8th April, 2004 and a member of the audit committee of the Company since 14th May, 2004. He is a Certified Public Accountant and a Director of an accounting firm in Hong Kong. Mr. Fung has various years of experience in auditing, taxation and company secretarial practice in Hong Kong. He obtained a Master degree in professional accounting from the Hong Kong Polytechnic University in 2000. He is a member of the Hong Kong Institute of Certified Public Accountants, the Chartered Association of Certified Accountants, the Taxation Institute of Hong Kong and the Society of Chinese Accountants and Auditors.

Mr. Fung has entered into a service agreement with the Company for a term of 2 years commencing from 3rd May, 2004 and shall continue thereafter for successive terms of one year commencing from the date next after the expiry of the then current term. Under the terms of the service agreement, Mr. Fung is entitled to a director's fee of HK\$100,000 per annum which is determined with reference to the estimated time to be spent by him on the Company's matters. Mr. Fung does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company

APPENDIX II	DETAILS (INCLUDING BIOGRAPHIES) OF DIRECTORS OFFERING THEMSELVES FOR RE-ELECTION
--------------------	---

and does not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. Fung neither have any positions held with the Company and other members of the Company's group nor have other directorships held in listed public companies in the last three years and other major appointments and qualifications. Besides, there is no other information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules. There are no other matters with respect to the above that need to be brought to the attention of the shareholders of the Company.

Dr. Kwong Chun Wai, Michael

Dr. Kwong Chun Wai, Michael, aged 41, has been appointed as an Independent Non-executive Director of the Company since 8th April, 2004 and a member of the audit committee of the Company since 14th May, 2004. He is a fellow of the International Institute of Management, a member of the Hong Kong Institute of Marketing and a member of the Hong Kong Logistics Association. Dr. Kwong obtained a Bachelor of arts degree with honours in philosophy from the University of Nottingham in the United Kingdom in 1987 and a Doctorate degree in business administration from Newport University in the United States in 2001. Dr. Kwong is also a certified professional marketer of the Hong Kong Institute of Marketing.

Dr. Kwong has entered into a service agreement with the Company for a term of 2 years commencing from 3rd May, 2004 and shall continue thereafter for successive terms of one year commencing from the date next after the expiry of the then current term. Under the terms of the service agreement, Dr. Kwong is entitled to a director's fee of HK\$100,000 per annum which is determined with reference to the estimated time to be spent by him on the Company's matters. Dr. Kwong does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company and does not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Dr. Kwong neither have any positions held with the Company and other members of the Company's group nor have other directorships held in listed public companies in the last three years and other major appointments and qualifications. Besides, there is no other information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules. There are no other matters with respect to the above that need to be brought to the attention of the shareholders of the Company.

NOTICE OF ANNUAL GENERAL MEETING



CHINA HAIDIAN HOLDINGS LIMITED

中國海澱集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 256)

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held at Marina Room II, 2nd Floor, The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong, on Thursday, the 25th day of May, 2006 at 3:00 p.m. for the following purposes:

1. To receive and consider the financial statements and the reports of the directors and auditors for the year ended 31st December, 2005.
2. To re-elect directors and to authorize the directors to fix the remuneration of directors.
3. To re-appoint auditors and to authorize the directors to fix their remuneration.
4. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“THAT:

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) or on any other stock 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 this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of 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 which the Directors of the Company is authorised to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution; and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

- (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 law or the articles of association of the Company 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 of the Company in general meeting.”
5. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“THAT:

- (a) subject to paragraph (c) below, 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 of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or 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 issued by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than (i) a Rights Issue (as defined below); (ii) an issue of shares as scrip dividends pursuant to the articles of association of the Company from time to time; or (iii) an issue of shares under any option scheme or similar arrangement for the time being adopted for grant or issue of shares or rights to acquire shares in the capital of the Company, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution, and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(d) for the purpose of this Resolution,

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the articles of association of the Company 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 of the Company in general meeting; and

“Rights Issue” means an offer of shares of the Company open for a period fixed by the Directors of the Company to the holders of shares of the Company on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions 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 any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

6. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“**THAT** subject to the passing of Resolutions No.4 and No.5 set out in the notice convening this meeting, the general mandate granted to the Directors of the Company to allot, issue and deal with additional shares pursuant to Resolution No.5 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to Resolution No.4 set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the said Resolution.”

7. As special business, to consider and, if thought fit, pass (with or without modifications) the following resolution as a special resolution of the Company:

NOTICE OF ANNUAL GENERAL MEETING

“**THAT** the Articles of Association of the Company be and are hereby amended in the following manner:

(a) by substituting the existing Article 99 with the following new Article 99:

“99 The Directors 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 additional Director. Any Director so appointed shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election at the meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.”;

(b) by deleting the following words from the existing Article 116:

“Any Director of the Company appointed to fill a casual vacancy or as an addition to the Board shall (and retiring in accordance with the provisions of Article 99) be eligible for re-election at the annual general meeting, and any Director who so retires shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.”; and

(c) by replacing the word “special” with “ordinary” and deleting the words “provided that no such resolution shall be deemed to have been duly passed unless passed by members holding three quarters of the shares carrying the right to vote on such resolution who are present in person or by proxy and vote in respect thereof” in the existing Article 122; and

(d) by replacing the word “special” with “ordinary” immediately after the words “power to remove Director by” in the margin heading adjacent to Article 122,

and **THAT** any director of the Company be and is hereby authorised to take such further actions as he/she thinks fit for and on behalf of the Company to implement the aforesaid amendments to the existing Articles of Association of the Company.”

By Order of the Board
LAM CHE WAH DANNY
Company Secretary

Hong Kong, 28th April, 2006

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of such member. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof must be deposited at the principal place of business of the Company at Suites 2701-2705 & 2715-2716, 27th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting (or adjourned meeting as the case may be).
3. The register of members will be closed from Monday, 22nd May, 2006 to Thursday, 25th May, 2006, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attendance of the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrars, Secretaries Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:00 p.m. on Friday, 19th May, 2006.
4. A circular containing the information regarding, inter alia, the directors proposed to be re-elected, the general mandates to repurchase shares and to issue shares of the Company will be sent to members of the Company together with the Company's 2005 Annual Report.