
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 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 Founder Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale 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.



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

A notice convening an annual general meeting of the shareholders of Founder Holdings Limited to be held at 11:15 a.m. on Monday, 22 May 2006 at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong is set out in Appendix III to this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's principal place of business in Hong Kong at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting.

28 April 2006

* For identification purpose only

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
I. Introduction	2
II. Re-election of Directors	3
III. General mandates	3
1. General mandate to repurchase Shares	
2. General mandate to issue Shares	
IV. General information	4
V. Responsibility statement	4
VI. Recommendations	4
Appendix I — Details of Directors proposed for re-election	5
Appendix II — Explanatory statement	7
Appendix III — Notice of AGM	10
Appendix IV — Right to demand a poll	14

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at 11:15 a.m. on Monday, 22 May 2006 at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong or any adjournment thereof;
“Board”	the board of Directors;
“Bye-laws”	the bye-laws of the Company;
“Company”	Founder Holdings Limited (方正控股有限公司*), an exempted company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange;
“Directors”	the directors 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”	25 April 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as modified from time to time;
“Peking Founder”	Peking University Founder Group Company Limited, the controlling shareholder of the Company;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary shares of HK\$0.10 each of the Company;
“Shareholder(s)”	registered holder(s) of Share(s) of the Company;
“Share Repurchase Rules”	the applicable provisions under the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers.

* For identification purpose only

LETTER FROM THE BOARD



(Incorporated in Bermuda with limited liability)

(Stock code: 0418)

Executive Directors:

Mr Cheung Shuen Lung (*Chairman*)
Professor Xiao Jian Guo (*Deputy Chairman*)
Professor Wei Xin
Mr Zhang Zhao Dong
Mr Xia Yang Jun (*President*)

Independent Non-executive Directors:

Dr Hu Hung Lick, Henry
Mr Li Fat Chung
Ms Wong Lam Kit Yee

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

*Principal place of business
in Hong Kong:*

Unit 1408
14th Floor
Cable TV Tower
9 Hoi Shing Road
Tsuen Wan
New Territories
Hong Kong

28 April 2006

To the Shareholders

Dear Sir or Madam,

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

I. INTRODUCTION

The purpose of this circular is to provide you with information, among other matters, relating to (i) the re-election of Directors; and (ii) the granting of general mandates to repurchase Shares and issue Shares, so as to give you all information reasonably necessary to enable you to make an informed decision on whether to vote for or against the relevant resolutions to be proposed at the AGM.

* For identification purpose only

LETTER FROM THE BOARD

II. RE-ELECTION OF DIRECTORS

Pursuant to Bye-law 99 of the Bye-laws which were amended with the approval of the Shareholders at the special general meeting of the Company held on 4 January 2006, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, 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 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 shall (unless they otherwise agree between themselves) be determined by lot.

In accordance with Bye-law 99 of the Bye-laws, the Directors retiring by rotation at the AGM are Mr Cheung Shuen Lung, Professor Wei Xin and Mr Zhang Zhao Dong, who, being eligible, offer themselves for re-election at the AGM.

Relevant details, as at the Latest Practicable Date, of each of the Directors proposed for re-election at the AGM are set out in Appendix I to this circular.

III. GENERAL MANDATES

At the annual general meeting of the Company held on 27 May 2005, resolutions were passed by the then Shareholders giving general mandates to the Directors to issue Shares and to exercise the powers of the Company to repurchase its own Shares. Such general mandates will lapse at the conclusion of the forthcoming AGM. Resolutions will therefore be proposed by the Directors to the Shareholders at the AGM to renew the grant of these general mandates.

1. General mandate to repurchase Shares

At the AGM, an ordinary resolution will be proposed to grant the Board a general and unconditional mandate to exercise all the powers of the Company to purchase Shares not exceeding 10 per cent. of the Company's issued share capital as at the date of such resolution, for the period until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution) ("**Share Repurchase Mandate**").

An explanatory statement required under the Share Repurchase Rules providing the requisite information in respect of the Share Repurchase Mandate is set out in Appendix II to this circular.

2. General mandate to issue Shares

At the AGM, an ordinary resolution will also be proposed to grant the Board a general and unconditional mandate to allot, issue, grant, distribute and otherwise deal with additional Shares, not exceeding 20 per cent. of the Company's issued share capital as at the date of such resolution (as adjusted in accordance with the resolution), for the period until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution) ("**Share Issue Mandate**").

LETTER FROM THE BOARD

As at the Latest Practicable Date, the authorised share capital of the Company comprised of 2,100,000,000 Shares and the number of Shares in issue was 1,123,799,893. Subject to the passing of the relevant ordinary resolution at the AGM and on the basis that no further Shares will be issued or repurchased prior to the AGM, the Company would be allowed under the Share Issue Mandate to issue a maximum of 224,759,978 new Shares during the period in which the Share Issue Mandate remains in force.

Conditional upon the passing of the above resolutions to grant the Share Repurchase Mandate and the Share Issue Mandate, a separate ordinary resolution will be further proposed at the AGM granting authorisation to the Board to exercise all powers to allot, issue, grant, distribute and otherwise deal with additional Shares under the Share Issue Mandate in respect of the aggregate nominal amount of share capital in the Company repurchased by the Company.

IV. GENERAL INFORMATION

A notice convening the AGM is set out in Appendix III to this circular at which resolutions will be proposed to approve, among other matters, the re-election of the retiring Directors, and the grant of the Share Repurchase Mandate and the Share Issue Mandate. Whether or not you are able to attend the AGM in person, you are requested to complete and return the enclosed form of proxy for the AGM in accordance with the instructions printed thereon to the Company's principal place of business in Hong Kong as soon as possible, but in any event not later than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting.

Your right to demand a poll on the resolutions proposed at the AGM is set out in Appendix IV to this circular.

V. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

VI. RECOMMENDATIONS

The Directors believe that the re-election of the retiring Directors, and the grant of the Share Repurchase Mandate and the Share Issue Mandate are all in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of all the relevant resolutions to be proposed at the AGM.

Yours faithfully,
For and on behalf of the Board
Cheung Shuen Lung
Chairman

The following are the relevant details of those Directors proposed for re-election at the AGM.

1. **Mr Cheung Shuen Lung**, aged 49, is the Chairman and an executive director of the Company. Mr Cheung joined the Group in 1992 and is one of the founders of the Group. He is an executive director of Peking Founder and EC-Founder (Holdings) Company Limited, a subsidiary of the Company and a public company listed on the Stock Exchange. He is the executive Chairman of PUC Founder (MSC) Berhad, an associated company of the Company and a public company listed on the MESDAQ of the Bursa Malaysia Securities Berhad. He is also a director of China Hi-Tech Group Co., Ltd., a public company listed on the Shanghai Stock Exchange. He is a research fellow of the Enterprise Research Institute at Peking University and has extensive experience in the information technology industry.

Save as disclosed above, Mr Cheung did not hold any directorship in other listed companies in the last three years.

Save as disclosed above, Mr Cheung does not have any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr Cheung had a personal interest of share options to subscribe for 8,000,000 Shares. Save as disclosed above, he does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Mr Cheung has entered into a service agreement with the Company for an initial term of two years commenced on 30 June 2005 and shall continue thereafter unless and until terminated by either the Company or Mr Cheung in accordance with the service agreement. Mr Cheung is entitled to a director's fee of HK\$120,000 per annum and a salary of HK\$1,200,000 per annum, which was determined by the Board by reference to the prevailing market conditions. Mr Cheung is entitled to participate in any profit-related bonus scheme as may be established by the Company and his entitlement thereunder shall be determined at the absolute discretion of the Board and the total amount of bonus payable to all executive directors of the Company shall not exceed 15 per cent. of the audited consolidated net profit of the Group (after payment of all bonuses) after taxation and minority interests but before extraordinary items of the Group for that financial year.

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

2. **Professor Wei Xin**, aged 50, is an executive director of the Company. Professor Wei joined the Group in October 1999. He is the Chairman of Peking Founder, an executive director of EC-Founder (Holdings) Company Limited, an executive director of Founder Technology Group Corp., a public company listed on the Shanghai Stock Exchange, and a non-executive director of PUC Founder (MSC) Berhad. Professor Wei obtained a master degree from the College of Economics at Peking University. He is also the Executive Dean of College of Education at Peking University.

Save as disclosed above, Professor Wei did not hold any directorship in other listed companies in the last three years.

Save as disclosed above, Professor Wei does not have any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Professor Wei had a personal interest of share options to subscribe for 8,000,000 Shares. Save as disclosed above, he does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Professor Wei has entered into a service agreement with the Company for an initial term of two years commenced on 30 June 2005 and shall continue thereafter unless and until terminated by either the Company or Professor Wei in accordance with the service agreement. Professor Wei is entitled to a director's fee of HK\$120,000 per annum, which was determined by the Board by reference to the prevailing market conditions. Professor Wei is entitled to participate in any profit-related bonus scheme as may be established by the Company and his entitlement thereunder shall be determined at the absolute discretion of the Board and the total amount of bonus payable to all executive directors of the Company shall not exceed 15 per cent. of the audited consolidated net profit of the Group (after payment of all bonuses) after taxation and minority interests but before extraordinary items of the Group for that financial year.

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

3. **Mr Zhang Zhao Dong**, aged 56, is an executive director of the Company. Mr Zhang joined the Group in 1989. He is the Chairman and an executive director of EC-Founder (Holdings) Company Limited. He is also the President and a director of Peking Founder and an executive director of Founder Technology Group Corp.. Mr Zhang was also a director of Beijing Centergate Technologies (Holding) Co., Ltd., a public company listed on the Shanghai Stock Exchange, but resigned on 31 December 2005. Mr Zhang graduated from the Department of Geophysics at Peking University in 1977 and is a research fellow at Peking University.

Save as disclosed above, Mr Zhang did not hold any directorship in other listed companies in the last three years.

Save as disclosed above, Mr Zhang does not have any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr Zhang had a personal interest of share options to subscribe for 8,000,000 Shares. Save as disclosed above, he does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Mr Zhang has entered into a service agreement with the Company for an initial term of two years commenced on 30 June 2005 and shall continue thereafter unless and until terminated by either the Company or Mr Zhang in accordance with the service agreement. Mr Zhang is entitled to a director's fee of HK\$120,000 per annum, which was determined by the Board by reference to the prevailing market conditions. Mr Zhang is entitled to participate in any profit-related bonus scheme as may be established by the Company and his entitlement thereunder shall be determined at the absolute discretion of the Board and the total amount of bonus payable to all executive directors of the Company shall not exceed 15 per cent. of the audited consolidated net profit of the Group (after payment of all bonuses) after taxation and minority interests but before extraordinary items of the Group for that financial year.

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

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 Share Repurchase Mandate.

SHARE REPURCHASE RULES

The Share Repurchase Rules provide that all proposed repurchases of securities by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of its shareholders in general meeting, either by way of a general mandate or by a specific approval of a particular transaction. A maximum of 10 per cent. of the fully paid-up securities of a company as at the date of the passing of the relevant resolution may be repurchased on the Stock Exchange.

SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company comprised of 2,100,000,000 Shares and the number of Shares in issue was 1,123,799,893.

Subject to the passing of the relevant ordinary resolution at the AGM and on the basis that no further Shares will be issued or repurchased prior to the AGM, the Company would be allowed under the Share Repurchase Mandate to repurchase a maximum of 112,379,989 Shares during the period in which the Share Repurchase Mandate remains in force. Any Shares repurchased pursuant to the Share Repurchase Mandate must be fully paid-up.

SHARE PRICES

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

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2005		
April	0.590	0.510
May	0.560	0.480
June	0.550	0.480
July	0.500	0.455
August	0.500	0.435
September	0.465	0.395
October	0.440	0.260
November	0.350	0.305
December	0.405	0.320
2006		
January	0.610	0.350
February	0.630	0.495
March	0.550	0.440
April (up to the Latest Practicable Date)	0.600	0.490

REASONS FOR REPURCHASE

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to have a general authority from the Shareholders to enable the Directors to purchase Shares in the market. Such repurchases 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 earnings per Share and will only be made when the Board believes that such repurchases will benefit the Company and the Shareholders as a whole.

FUNDING OF REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association, the Bye-laws and the applicable 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 financial statements of the Company for the year ended 31 December 2005) in the event that the Share Repurchase Mandate was to be exercised in full at any time during the repurchase period. However, the Board does 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 or the gearing level of the Company.

UNDERTAKING

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

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) has any present intention to sell Shares to the Company or its subsidiaries under the Share Repurchase Mandate, if such is approved by the Shareholders.

No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company or its subsidiaries, or has undertaken not to do so, in the event that the Share Repurchase Mandate is approved by the Shareholders.

EFFECT OF THE TAKEOVERS CODE

If, as a result of a share repurchase by the Company, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase may be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, could obtain or consolidate control of the Company or become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Peking Founder, being the only controlling shareholder of the Company, was interested in 367,179,610 Shares, representing approximately 32.67% of the issued share capital of the Company. In the event that the

Directors exercised in full the power to repurchase Shares in accordance with the Share Repurchase Mandate, the shareholding of Peking Founder in the Company will be increased to approximately 36.30% of the issued share capital of the Company. As a result, Peking Founder would be required under Rule 26 of the Takeovers Code to make a mandatory offer pursuant to such increase. The Directors have no present intention to exercise in full the power to repurchase Shares pursuant to the Share Repurchase Mandate so as to trigger the Takeovers Code.

SHARE REPURCHASE MADE BY THE COMPANY

There have been no repurchases of Shares by the Company made in the six months prior to the date of this circular (whether on the Stock Exchange or otherwise).



(Incorporated in Bermuda with limited liability)

(Stock code: 0418)

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Founder Holdings Limited (the “Company”) will be held at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong on Monday, 22 May 2006 at 11:15 a.m. for the following purposes:

1. To receive and consider the audited Financial Statements and the Reports of Directors and Auditors of the Company for the year ended 31 December 2005.
2. To re-elect directors of the Company and authorise the board of directors of the Company to fix their remuneration.
3. To re-appoint Ernst & Young as auditors of the Company and to authorise the board of directors of the Company to fix their remuneration.

ORDINARY RESOLUTIONS

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

4. **“THAT:**
 - (A) subject to paragraph (B) of this Resolution no. 4 below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as defined in paragraph (C) of this Resolution no. 4 below) of all the powers of the Company to purchase Shares (as defined in paragraph (C) of this Resolution no. 4 below) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the Shares may be listed and which is recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange, subject to and in accordance with all applicable laws, including the Hong Kong Code on Share Repurchases and 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 which may be purchased or agreed conditionally or unconditionally to be purchased pursuant to the approval in paragraph (A) of this Resolution no. 4 above shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution no. 4, and the said approval be limited accordingly; and

* For identification purpose only

- (C) for the purposes of this Resolution no. 4:
- (i) “Relevant Period” means the period from (and including) the passing of this Resolution no. 4 until whichever is the earliest of:
 - (a) the conclusion of the next annual general meeting of the Company;
 - (b) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law to be held; or
 - (c) the revocation or variation of this Resolution no. 4 by an ordinary resolution of the shareholders of the Company in general meeting; and
 - (ii) “Shares” means shares of all classes in the capital of the Company and warrants and other securities which carry a right to subscribe or purchase shares in the Company.”

5. **“THAT:**

- (A) subject to paragraph (B) of this Resolution no. 5 below, the exercise by the Directors during the Relevant Period (as defined in paragraph (C) of this Resolution no. 5 below) of all the powers of the Company to allot, issue, grant, distribute and otherwise deal with additional Shares (as defined in paragraph (C) of this Resolution no. 5 below) and to make, issue or grant offers, agreements, options, warrants and other securities which might require Shares to be allotted, issued, granted, or distributed or otherwise dealt with during or after the end of the Relevant Period, be and is hereby generally and unconditionally approved;
- (B) the aggregate nominal amount of share capital allotted, issued, granted, distributed or otherwise dealt with or agreed conditionally or unconditionally to be allotted, issued, granted, distributed or otherwise dealt with (whether pursuant to an option, conversion or otherwise) by the Directors pursuant to the approval in paragraph (A) of this Resolution no. 5 above, otherwise than pursuant to:
 - (i) a Rights Issue (as defined in paragraph (C) of this Resolution no. 5 below); or
 - (ii) the grant of options under the share option scheme of the Company or the exercise of any of the subscription rights attaching to any options that have been or may be granted thereunder; or
 - (iii) the exercise of rights of subscription or conversion under the terms of any warrant issued by the Company or any securities which are convertible into Shares; or
 - (iv) any scrip dividend scheme or similar arrangement providing for allotment of Shares in lieu of the whole or part of any dividend on Shares in accordance with the bye-laws of the Company

shall not exceed the aggregate of:

- (a) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution no. 5; and
- (b) (if the Directors are so authorised by a separate resolution of the shareholders of the Company) the aggregate nominal amount of the share capital of the Company purchased by the Company subsequent to the passing of this Resolution no. 5 (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution no. 5),

and the said approval shall be limited accordingly; and

(C) for the purposes of this Resolution no. 5:

- (i) “Relevant Period” means the period from the passing of this Resolution no. 5 until whichever is the earliest of:
 - (a) the conclusion of the next annual general meeting of the Company;
 - (b) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law to be held; and
 - (c) the revocation or variation of this Resolution no. 5 by an ordinary resolution of the shareholders of the Company in general meeting;
- (ii) “Shares” means shares of all classes in the capital of the Company and warrants and other securities which carry a right to subscribe or purchase shares in the Company; and
- (iii) “Rights Issue” means an offer of Shares open for a period fixed by the Directors to holders of Shares on the register of members (and, if appropriate, to the holders of warrants and other securities which carry a right to subscribe or purchase shares in the Company on the relevant register) on a fixed record date in proportion to their then holdings of such Shares (and, if appropriate, such warrants and other securities) (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any legal or practical restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any jurisdiction or territory applicable to the Company).”

6. “**THAT** conditional on the passing of Resolutions nos. 4 and 5 set out in this Notice, the exercise by the Directors of the powers referred to in paragraph (A) of Resolution no. 5 in respect of the share capital of the Company referred to in sub-paragraph (b) of paragraph (B) of Resolution no. 5, be and is hereby approved and authorised.”

By Order of the Board
Tang Yuk Bo, Yvonne
Company Secretary

Hong Kong, 28 April 2006

Notes:

1. Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a shareholder of the Company.
2. Where there are joint holders of any share, any one of such joint holders may vote at the meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders are present at the meeting, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. Concerning the Resolution no. 2 above, Mr Cheung Shuen Lung, Professor Wei Xin and Mr Zhang Zhao Dong will retire by rotation and, being eligible, offer themselves for re-election at the meeting. Details of the above directors are set out in Appendix I to the circular of the Company dated 28 April 2006.

Bye-law 70 of the Bye-Laws sets out the procedure by which Shareholders may demand a poll:

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the Designated Stock Exchange or a poll is demanded (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) by:

- (a) the Chairman of the meeting; or
- (b) at least three Shareholders present in person or by a duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or
- (c) any Shareholder or Shareholders present in person or by a duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (d) any Shareholder or Shareholders present in person or by a duly authorised corporate 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 the shares conferring that right; or
- (e) by any Director or Directors (including the chairman of a general meeting of the Company) who, individually or collectively, hold proxies in respect of shares representing 5 per cent. or more of the total voting rights at such meeting and if on a show of hands such meeting votes in the opposite manner to that instructed in those proxies.

Unless a poll be so demanded and the demand is not withdrawn, a declaration by the Chairman of the meeting that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.