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If you have sold all your shares in **Daisho Microline Holdings Limited**, you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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DAISHO MICROLINE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0567)

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

A notice convening an annual general meeting of Daisho Microline Holdings Limited to be held at Garden Room A-B, 2nd Floor, Hotel Nikko Hongkong, 72 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Friday, 7 September 2007 at 10:00 a.m. is set out on pages 11 to 14 of this circular. Whether or not you are able to attend the annual general meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tengis Limited (to be renamed as Tricor Tengis Limited with effect from 1 August 2007) at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the annual general meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof, should you so wish.

27 July 2007

CONTENTS

	<i>Pages</i>
DEFINITIONS	1
LETTER FROM THE BOARD	
INTRODUCTION	2
GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES	2
RE-ELECTION OF DIRECTORS	3
2007 AGM	3
RECOMMENDATION	4
APPENDIX I – EXPLANATORY STATEMENT FOR REPURCHASE MANDATE ...	5
APPENDIX II – DETAILS (INCLUDING BIOGRAPHIES) OF DIRECTORS OFFERING THEMSELVES FOR RE-ELECTION	8
NOTICE OF ANNUAL GENERAL MEETING	11

DEFINITIONS

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

“2007 AGM”	the annual general meeting of the Company to be held at Garden Room A-B, 2nd Floor, Hotel Nikko Hongkong, 72 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Friday, 7 September 2007 at 10:00 a.m. notice of which is set out on pages 11 to 14 of this circular
“Bye-Law(s)”	bye-law(s) of the Company
“Company”	Daisho Microline Holdings Limited, a limited company incorporated in Bermuda with its shares listed on the Stock Exchange
“Board”	the board of Directors of the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Latest Practicable Date”	20 July 2007, 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
“Option(s)”	Share option(s) to subscribe for Shares granted pursuant to the share option scheme adopted by the Company
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise all the powers of the Company to repurchase Shares listed on the Stock Exchange of up to 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of the resolution to grant such mandate at the 2007 AGM
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



DAISHO MICROLINE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0567)

Directors:

Executive Directors:

Chan Sik Ming, Harry (*Chairman and
Chief Executive Officer*)

Motofumi Tsumura

Hiroto Sasaki

Hiroyuki Kikuchi

Au-Yeung Wai Hung

Independent Non-Executive Directors:

Kohu Kashiwagi

Chan Yuk Tong

Li Chi Kwong

Registered Offices:

Canon's Court
22 Victoria Street
Hamilton, HM12
Bermuda

**Principal Place of Business
in Hong Kong:**

Units B12-16, 3rd Floor, Block B
Hoplite Industrial Centre
3-5 Wang Tai Road
Kowloon Bay
Hong Kong

27 July 2007

To the Shareholders

Dear Sir/Madam,

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

INTRODUCTION

The purpose of this circular is to provide you with information reasonably necessary to enable you to make a decision on whether to vote for or against the ordinary resolutions to be proposed at the 2007 AGM of the Company to be held on 7 September 2007 for the purpose of considering and if thought fit, passing resolutions to approve the general mandates granted to the Directors to issue and repurchase Shares of the Company and the re-election of the Directors.

GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES

Ordinary resolutions set out as resolutions numbered 5 to numbered 7 in the notice of 2007 AGM will be proposed to grant general mandates to the Directors (i) to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company in

LETTER FROM THE BOARD

issue on the date of passing the resolution and the nominal amount (up to a maximum of 10% of the aggregate nominal amount of the Company's then issued share capital) of any Shares repurchased by the Company; and (ii) to repurchase Shares up to 10% of the aggregate nominal amount of the issued share capital of the Company in issue on the date of passing the resolution.

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 Appendix I to this circular.

RE-ELECTION OF DIRECTORS

According to the Company's private act known as "The Juko Laboratories Holdings Limited Company Act 1990", which is an Act of the Company's former name of Juko Laboratories Holdings Limited when it was first established, the Chairman of the Company is not required to be subject to rotation in accordance with the Bye-Laws. However, in the spirit of good corporate governance practice, the existing Chairman of the Company, Mr. Chan Sik Ming, Harry has agreed to retire on a voluntary basis at least once every three years. He will also retire and, being eligible, will offer himself for re-election at the 2007 AGM.

In accordance with Bye-Law 99(A), Mr. Hiroto Sasaki, Mr. Au-Yeung Wai Hung and Mr. Chan Yuk Tong will retire by rotation and, being eligible, will offer themselves for re-election at the 2007 AGM.

The biographical details in respect of Mr. Chan Sik Ming, Harry, Mr. Hiroto Sasaki, Mr. Au-Yeung Wai Hung and Mr. Chan Yuk Tong are set out in Appendix II to this circular.

2007 AGM

The notice convening the 2007 AGM to be held at Garden Room A-B, 2/F, Hotel Nikko Hongkong, 72 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on 7 September 2007 at 10:00 a.m. is set out on pages 11 to 14 of this circular.

The register of members of the Company will be closed from 5 September 2007 to 7 September 2007, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2007 AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited, (to be renamed as Tricor Tengis Limited with effect from 1 August 2007) at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 4 September 2007.

According to Bye-Law 70, at any general meeting a resolution put to vote at the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:—

- (i) by the chairman of the meeting; or
- (ii) by at least three members present in person (or, in the case of a member being a corporation, by its duly authorised corporate representative) or by proxy for the time being entitled to vote at the meeting; or

LETTER FROM THE BOARD

- (iii) by any member or members present in person (or, in the case of a member being a corporation, by its duly authorised corporate representative) 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
- (iv) by a member or members present in person (or, in the case of a member being a corporation, by its duly authorised corporate representative) or by proxy and holding Shares conferred 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.

Unless a poll be so demanded and not withdrawn, a declaration by the chairman 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 of or against such resolution.

Rule 13.39(3) of the Listing Rules also provides that, if the chairman of the meeting and/or the Directors individually or collectively hold proxies in respect of shares holding 5% or more of the total voting rights at a particular meeting, and if on a show of hands a meeting votes in the opposite manner to that instructed in those proxies, the chairman and/or the Directors and the chairman holding proxies as aforesaid collectively shall demand a poll; provided that if it is apparent from the total proxies held that a vote taken on a poll will not reverse the vote taken on a show of hands (because the votes represented by those proxies exceed 50%, 75% or any other relevant percentage, as the case may be, of the total issued share entitled to vote on the resolution in question,) then the Directors and/or the chairman shall not be required to demand a poll. If a poll is required under such circumstances, the chairman of the meeting should disclose to the meeting the total number of votes represented by all proxies held by Directors indicating an opposite vote to the votes cast at the meeting on a show of hands.

RECOMMENDATION

The Directors believe that the granting of the general mandates and the re-election of Directors are in the interests of the Company and its shareholders and accordingly recommend you to vote in favour of all the resolutions relating to the general mandates to issue Shares and repurchase Shares and the re-election of Directors to be proposed at the 2007 AGM.

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By Order of the Board
Au-Yeung Wai Hung
Company Secretary

The following serves as an explanatory statement in compliance with the Listing Rules to give all the information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the resolution to approve the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company was HK\$48,061,378.50 comprising 480,613,785 Shares. There were also outstanding Options carrying the rights to subscribe for 1,650,000 Shares and all the outstanding Options were exercisable before the 2007 AGM to subscribe for 1,650,000 Shares.

Subject to the passing of the relevant ordinary resolution to approve the Repurchase Mandate (as set out in resolution numbered 6 of the notice of the 2007 AGM) and on the basis that no further Shares are issued and no subscription rights of the Options are exercised prior to the 2007 AGM, exercise in full of the Repurchase Mandate would result in the repurchase by the Company of a maximum of 48,061,378 Shares during the period ending on the earliest of the date of the next annual general meeting following the 2007 AGM, the date by which the next annual general meeting following the 2007 AGM of the Company is required by the Bye-Laws or any applicable laws of Bermuda to be held or the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

2. REASONS FOR REPURCHASES

The Directors have no present intention to repurchase any Shares but consider 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 assets and/or earnings per share of the Company and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

There might be material adverse impact on the working capital or gearing position of the Company as compared with the financial position of the Company as at 31 March 2007 (being the date to which the latest audited financial statements of the Company were made up) in the event that the Repurchase Mandate is carried out in full during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply its retained earnings or funds which are legally available for such purpose in accordance with its Memorandum of Association and Bye-Laws and all applicable laws of Bermuda.

4. MARKET PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the twelve months from 1 July 2006 up to the Latest Practicable Date were as follows:

	Highest Per Share	Lowest Per Share
	<i>HK\$</i>	<i>HK\$</i>
2006		
July	2.52	0.84
August	2.70	2.14
September	2.95	2.22
October	2.95	2.52
November	3.49	2.64
December	3.60	1.82
2007		
January	2.31	1.47
February	2.07	1.70
March	1.83	1.53
April	1.63	1.32
May	2.25	1.36
June	2.50	1.89
July (up to the Latest Practicable Date)	2.81	1.66

5. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSON

None of the Directors nor, to the best of their knowledge and having made all reasonable enquiries, any of their respective associates, have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Mandate in the event that such mandate is approved by Shareholders.

No connected person, as defined in the Listing Rules, has notified the Company that he/she has a present intention to sell any Shares to the Company, nor has he/she undertaken not to do so in the event that the Repurchase Mandate is approved by Shareholders.

6. UNDERTAKING OF THE DIRECTORS

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, all applicable laws of Bermuda and in accordance with the Memorandum of Association and Bye-Laws of the Company.

7. EFFECT OF TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, 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 the Rule 32 of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code for all Shares not already owned by such Shareholder or group of Shareholders.

As at the Latest Practicable Date, Mr. Chan Sik Ming, Harry was interested in 143,301,417 Shares representing approximately 29.82% of the issued share capital of the Company. On the basis of 480,613,785 Shares in issue and in the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Repurchase Mandate, the shareholding of Mr. Chan Sik Ming, Harry in the Company would increase to approximately 33.13% of the issued share capital of the Company. Such increase in shareholding will give rise to an obligation for Mr. Chan Sik Ming, Harry to make a mandatory offer under Rule 26 of the Takeovers Code. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent. Save as aforesaid, the Directors are not aware of any other consequences which would arise under the Takeovers Code resulting from any repurchase of Shares pursuant to the Repurchase Mandate.

8. SHARES REPURCHASES MADE BY THE COMPANY

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

CHAN Sik Ming, Harry, aged 53, has been an Executive Director of the Company since 1990. Mr. Chan is now the Chairman and the Chief Executive Officer of the Company responsible for overall strategic planning of the Group. He is also a director of all the subsidiaries of the Company. Mr. Chan graduated from the University of Hitotsubashi in Japan with a Bachelor of Arts degree in Commerce in 1978. He has over 26 years' experience in the electronics industry. Mr. Chan is not related to any directors, senior management or substantial shareholders or controlling shareholders of the Company. Save as disclosed above, Mr. Chan has not held any other positions with other members of the Group as at the Latest Practicable Date nor did he hold any other positions in other listed public companies during the past three years.

According to the service contract entered into between Mr. Chan and the Company, Mr. Chan have no fixed term of service. Under the service contract, he received a monthly salary of HK\$347,073 at present and his monthly salary will increase at annual rate of 10% on 1 April yearly. He is also entitled to a management bonus calculated as a percentage of the consolidated net profit after taxation and extraordinary items of the Group which percentage shall be determined by the Board and in any event not exceeding 5% of such profit.

Pursuant to "The Juko Laboratories Holdings Limited Company Act 1990", an Act of the Company's former name of Juko Laboratories Holdings Limited when it was first established, the Chairman of the Company is not required to be subject to rotation in accordance with the Bye-laws. However, in the spirit of good corporate governance practice, the existing Chairman of the Company, Mr. Chan has agreed to retire on a voluntary basis at least once every three years at the annual general meeting. Hence, Mr. Chan shall be re-elected for a term of not more than approximately three years expiring at the conclusion of the third annual general meeting held in the third year following the year of re-election and on expiration of his term he shall be deemed a retiring director voluntarily and eligible for re-appointment.

As at the Latest Practicable Date, within the meaning of Part XV of the SFO, Mr. Chan had personal interests in 39,680,000 Shares representing approximately 8.26 per cent. of the total issued share capital of the Company. Mr. Chan is also one of the beneficiaries of 103,621,417 Shares held by a trustee representing 21.56 per cent. of the total issued share capital of the Company.

There is no information relating to Mr. Chan that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed above, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders.

Hiroto SASAKI, aged 67, has been Executive Director of the Company since October 2001. He is also a director of Daisho Microline Limited, a wholly-owned subsidiary of the Company. He has over 40 years' experience in the manufacture of printed circuit boards. Mr. Sasaki is also the President and shareholder of Daisho Denshi Co., Ltd., a substantial shareholder of the Company, which is also involved in manufacturing and trading of printed circuit boards. Save as disclosed above, he is not related to any director, senior management or substantial shareholders or controlling shareholders of the Company. Save as disclosed above, he did not hold any other positions with other members of the Group as at the Latest Practicable Date nor did he hold any other positions in other listed companies during the past three years.

There is no service contract entered into between Mr. Sasaki and the Company. Mr. Sasaki has no fixed term of service but will be subject to retirement by rotation and re-election at annual general meetings in accordance with the Bye-laws. He will be entitled to an emolument as determined by the Board from time to time with reference to his performance and duties, the Company's performance and profitability and the prevailing market conditions such as salaries paid by comparable companies, time commitment and responsibilities of the respective Directors as mentioned in the latest published annual report of the Company.

As at the Latest Practicable Date, within the meaning of Part XV of the SFO, Mr. Sasaki had personal interests in 2,950,000 Shares and share options to subscribe for 1,650,000 Shares representing approximately 0.61 per cent. and 0.34 per cent respectively of the total issued share capital of the Company.

There is no information relating to Mr. Sasaki that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed above, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders.

AU-YEUNG Wai Hung, aged 40, has been an Executive Director of the Company since November 2003. He has been the Company Secretary and the Financial Controller of the Company since July 1996. He is also a director of all the subsidiaries of the Company. Mr. Au-Yeung graduated from the Hong Kong Polytechnic in 1988 with a Professional Diploma in Accountancy. He also obtained a Bachelor of Arts degree in Accountancy from the Hong Kong Polytechnic University in 1996 and a Master of Business degree in E-Commerce from the Curtin University of Technology in Australia in 2002. He is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has over 19 years' experience in areas related to accounting, auditing, taxation, company secretarial, financial management, personnel management and information technology management. Mr. Au-Yeung is not related to any directors, senior management or substantial shareholders or controlling shareholders of the Company. Save as disclosed above, Mr. Au-Yeung has not held any other positions with other members of the Group as at the Latest Practicable Date nor did he hold any other positions in other listed public companies during the past three years.

There is no service contract entered into between Mr. Au-Yeung and the Company. Mr. Au-Yeung has no fixed term of service but will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws. He will be entitled to an emolument as determined by the Board from time to time with reference to his performance and duties, the Company's performance and profitability and the prevailing market conditions such as salaries paid by comparable companies, time commitment and responsibilities of the respective Directors as mentioned in the latest published annual report of the Company.

As at the Latest Practicable Date, within the meaning of Part XV of the SFO, Mr. Au-Yeung had personal interests in 4,200,000 Shares representing 0.87 per cent of the total issued share capital of the Company.

There is no information relating to Mr. Au-Yeung that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed above, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders.

CHAN Yuk Tong, aged 45, has been an independent non-executive Director of the Company since September 2004. He obtained a bachelor degree in Commerce from the University of Newcastle in Australia and a master degree of Business Administration from the Chinese University of Hong Kong. He is a practising fellow member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. Mr. Chan has over 21 years of experience in corporate finance, financial advisory and management, professional accounting and auditing. He is currently a shareholder and a director of a CPA firm and a financial consulting firm in Hong Kong. He is also an executive director of Vitop Bioenergy Holdings Limited and an independent non-executive director of Anhui Conch Cement Company Limited, Carico Holdings Limited, Kam Hing International Holdings Limited and Sichuan Xinhua Winshare Chainstore Co., Ltd., all of which are listed companies in Hong Kong. Mr. Chan was also an independent non-executive director of two listed companies in Hong Kong, namely, Luks Industrial (Group) Limited and World Trade Bun Kee Limited during the periods from 30 September 2004 to 1 December 2005 and from 1 January 2007 to 3 July 2007 respectively. He is not related to any Director, senior management, substantial shareholder or controlling shareholder of the Company. He is the chairman of both the audit committee and the remuneration committee of the Company. Save as disclosed above, he did not hold any other positions with other members of the Group as at the Latest Practicable Date nor did he hold any other positions in other listed public companies during the past three years.

Mr. Chan has no fixed term of service but will be subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-Laws. According to his service contract with the Company, he is entitled to a fixed monthly director's fee of HK\$9,000.

As at the Latest Practicable Date, Mr. Chan has no interests within the meaning of Part XV of the SFO.

There is no information relating to Mr. Chan that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed above, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders.



DAISHO MICROLINE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0567)

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held at Garden Room A-B, 2/F, Hotel Nikko Hongkong, 72 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Friday, 7 September 2007 at 10:00 a.m. for the following purposes:

1. To receive and adopt the Audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31 March 2007.
2. To approve the proposed final dividend for the year ended 31 March 2007.
3. To re-elect four directors, to fix the number of directors to twelve and to authorise the Board of Directors to fix the remuneration of the directors.
4. To appoint Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.
5. As special business to consider and, if thought fit, pass the following resolution as an ordinary resolution with or without modifications:

“THAT:

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue shares of HK\$0.10 each in the capital of the Company and to make and grant offers, agreements and options (including bonds, warrants and debentures, notes and any securities which carry rights to subscribe for or are convertible into share of the Company) which would or might require exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant period (as hereinafter defined) to make or grant offers, arrangements and options (including bonds, warrants and debentures, notes and any securities which carry rights to subscribe for or are convertible into shares of the Company) which would or 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 shares capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue; (as hereinafter defined); (ii) an issue of shares as scrip dividends in accordance with the bye-laws of the Company from time to time, or (iii) an issue of shares upon the exercise of rights of subscription or conversion under the terms of any bonds, warrants, debenture, notes and any securities which carry rights to subscribe for or are convertible into shares of the Company; or (iv) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to the grantees as specified in such scheme or arrangement or rights to acquire shares of the Company, shall not exceed 20 per cent. 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
- (d) for the propose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company; or
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law(s) of Bermuda to be held; or
 - (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.

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to 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 this date (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory applicable to the Company).”

NOTICE OF ANNUAL GENERAL MEETING

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

“THAT:

- (a) subject to paragraph (b) of this resolution, the exercise by the directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase issued shares in the capital of the Company subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) The aggregate nominal amount of the share capital of the Company to be purchased or agreed conditionally or unconditionally to be purchased by the directors pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of passing this resolution, and the said approval shall be limited accordingly; and
- (c) For the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda 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.”

NOTICE OF ANNUAL GENERAL MEETING

7. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution with or without modifications:

“**THAT** the exercise by the directors of all powers of the Company to allot, issue and deal with additional shares in the capital of the Company in accordance with the general mandate granted pursuant to the resolution numbered 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 of the Company purchased by the Company under the authority granted pursuant to the resolution numbered 6 set out in the notice convening this meeting provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of passing this resolution.”

By Order of the Board
Au-Yeung Wai Hung
Company Secretary

Hong Kong, 27 July 2007

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 in his stead. A proxy need not be a member of the Company.
2. To be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited with the Company's branch share registrar in Hong Kong, Tengis Limited (to be renamed as Tricor Tengis Limited with effect from 1 August 2007) at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed 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 if the member so wishes.
3. The register of members will be closed from 5 September 2007 to 7 September 2007, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited (to be renamed as Tricor Tengis Limited with effect from 1 August 2007), at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 4 September 2007.
4. An explanatory statement containing further details in respect of the resolution numbered 6 is set out in Appendix I of this Circular dated 27 July 2007.
5. With regard to the resolution numbered 3 in this notice, the Board of Directors recommends to the members of the Company to vote for the re-election of the four retiring directors, namely, Mr. Chan Sik Ming, Harry, Mr. Hiroto Sasaki, Mr. Au-Yeung Wai Hung and Mr. Chan Yuk Tong who have all agreed to stand for the re-election. The biographical information of the four retiring directors are set out in the Appendix II to this Circular dated 27 July 2007.