
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in Tai Ping Carpets International Limited, you should at once hand this circular and the enclosed form of proxy to the purchaser or to the bank, licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser.

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TAI PING CARPETS INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00146)



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

A copy of the notice of the annual general meeting of Tai Ping Carpets International Limited (the "Annual General Meeting") to be held at 21st Floor, St. George's Building, 2 Ice House Street, Central, Hong Kong on Friday, 15 June 2007 at 9:30 a.m. is set out on pages 12 to 14 of this circular. Whether or not you are able to attend the Annual General Meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Branch Registrars and Registration Office in Hong Kong, Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the Annual General Meeting. Completion and delivery of the form of proxy will not preclude you from voting at the Annual General Meeting should you so wish.

LETTER FROM THE BOARD

TAI PING CARPETS INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00146)



Chairman and Non-executive Director:

Nicholas T. J. COLFER

Chief Executive Officer and Executive Director:

James H. KAPLAN

Non-executive Directors:

Ian D. BOYCE

Lincoln K. K. LEONG

David C. L. TONG

John J. YING

Nelson K. F. LEONG

(Alternate Director to Lincoln K. K. LEONG)

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Principal Office in Hong Kong:

26/F, Tower A
Regent Centre
63 Wo Yi Hop Road
Kwai Chung
Hong Kong

Independent Non-executive Directors:

Yvette Y. H. FUNG

Michael T. H. LEE

Roderic N. A. SAGE

Lincoln C. K. YUNG

22 May 2007

To the Shareholders

Dear Sir or Madam,

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

1. INTRODUCTION

At the Annual General Meeting of Tai Ping Carpets International Limited (the "Company") held on 16 June 2006, ordinary resolutions were passed giving general mandates to the directors of the Company ("Directors"): (i) to repurchase fully paid-up shares of HK\$0.10 each ("Shares") in the share capital of the Company on The Stock Exchange of Hong Kong

LETTER FROM THE BOARD

Limited (the “Stock Exchange”) up to 10% of the Shares in issue as at 16 June 2006; and (ii) to allot Shares or to grant rights or make agreements pursuant to which Shares might be allotted, up to 20% of the Shares in issue as at 16 June 2006. No Shares have been repurchased or allotted and no rights have been granted to subscribe for Shares pursuant to these mandates.

These general mandates will lapse on 15 June 2007 upon the conclusion of the forthcoming Annual General Meeting to be held on that date, unless renewed at the Annual General Meeting. Resolutions will be proposed to renew these mandates at the Annual General Meeting.

Notice of the Annual General Meeting is set out in this circular. A form of proxy for use at the Annual General Meeting is also attached.

Details of the retiring Directors who are proposed to be re-elected at the Annual General Meeting are set out in Appendix I to this circular.

2. GENERAL MANDATE TO ISSUE SHARES

At the Annual General Meeting, ordinary resolutions will be proposed to: (a) give the Directors a general and unconditional mandate to issue during the Relevant Period (as defined in ordinary resolution no. 5 set out in the notice of the Annual General Meeting) Shares representing up to 20% of the issued share capital of the Company on the date of passing ordinary resolution no. 5; plus (b) (authorised by a separate ordinary resolution as set out in ordinary resolution no. 7) the number of Shares repurchased by the Company pursuant to the repurchase mandate (see (3) below).

Based on 212,187,488 Shares in issue as at 18 May 2007 (the “Latest Practicable Date”, being the latest practicable date prior to the printing of this circular) and assuming that no Shares are issued or repurchased thereafter until the Annual General Meeting, the Company will be allowed under this general mandate to issue up to 42,437,497 Shares (representing 20% of the Shares in issue as at the date of the Annual General Meeting based on the above assumptions) should ordinary resolution no. 5 be passed at the Annual General Meeting, plus the number of Shares repurchased by the Company pursuant to the repurchase mandate (see (3) below).

3. GENERAL MANDATE TO REPURCHASE SHARES

At the Annual General Meeting, an ordinary resolution will be proposed to give the Directors a general and unconditional mandate to exercise the powers of the Company to repurchase, at any time until the conclusion of the next annual general meeting of the Company following the passing of ordinary resolution no. 6 (set out in the notice of the Annual General Meeting) or such earlier period as stated therein, Shares representing up to 10% of the issued share capital of the Company on the date of passing ordinary resolution no. 6.

LETTER FROM THE BOARD

The Explanatory Statement required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) to be sent to Shareholders in connection with the proposed general mandate for the repurchase of Shares is set out in Appendix II to this circular.

4. RE-ELECTION OF RETIRING DIRECTORS

Mr. Michael T. H. Lee, Mr. Lincoln K. K. Leong and Mr. David C. L. Tong shall retire by rotation pursuant to Bye-law 189 (ix)(A), while Mr. Nicholas T. J. Colfer and Mr. James H. Kaplan shall retire voluntarily from office at the Annual General Meeting in order to comply with code provision A.4.2 of the Code of Corporate Governance Practices (Appendix 14 of the Listing Rules). All retiring Directors, being eligible, have offered themselves for re-election at the Annual General Meeting.

Details of the Directors who are proposed to be re-elected at the Annual General Meeting are set out in Appendix I to this circular.

5. PROCEDURES FOR DEMANDING A POLL

Bye-law 78 sets out the procedures 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 required by the Listing Rules or 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 representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all 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 representative) or by proxy and holding Shares 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

LETTER FROM THE BOARD

- (v) if required by the Listing Rules, by the Chairman of the meeting and/or Directors who individually or collectively hold proxies in respect of Shares holding 5% or more of the total voting rights at such meeting.

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 or against such resolution.

In addition, pursuant to Rule 13.39(3) of the Listing Rules, if the Chairman of the Annual General Meeting and/or the Directors individually or collectively hold proxies in respect of Shares holding 5% or more of the total voting rights at the Annual General Meeting, and if on a show of hands the Annual General Meeting votes in the opposite manner to that instructed in those proxies, the Chairman of the Annual General Meeting and/or the Directors and the Chairman holding proxies as aforesaid collectively shall demand a poll. Notwithstanding the aforesaid, 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% or 75%, as the case may be, of the total issued Shares entitled to vote on the resolution in question), then the Directors and/or the Chairman of the Annual General Meeting shall not be required to demand a poll.

6. RECOMMENDATION

The Directors wish to state that they have no immediate plans to issue or repurchase any Shares. Approval is being sought from the Shareholders to approve the general mandates in order to give flexibility and discretion to the Directors in the event that it becomes desirable for the Company to issue and/or repurchase Shares. The obtaining of such mandates is in accordance with the Listing Rules.

The Directors consider that: (a) the general mandates to issue new Shares and repurchase Shares; and (b) the re-election of the Directors to be proposed at the Annual General Meeting, are in the best interests of the Company and its Shareholders and recommend that Shareholders vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
On behalf of the Board
Nicholas T. J. COLFER
Chairman

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Nicholas T. J. COLFER: aged 47; has been a Non-executive Director since 2003 and Chairman since 2005.

Mr. Colfer is a Director of Sir Elly Kadoorie & Sons Limited, overseeing a number of the Kadoorie Family's interests in Hong Kong and overseas and, as such, is associated with certain substantial shareholders of the Company. Mr. Colfer is also a Non-executive Director of The Hongkong and Shanghai Hotels, Limited. Save as disclosed above, Mr. Colfer does not have any other relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Colfer does not have any interests in the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO").

There is no service contract between the Company and Mr. Colfer. The term of office for Mr. Colfer is the period up to his retirement by rotation, which is once in at least three years in order to comply with code provision A.4.2 of the Code of Corporate Governance Practices (Appendix 14 of the Listing Rules). As disclosed in note 9 to the audited accounts of the Company's 2006 Annual Report, the Director's fee received by Mr. Colfer for the year ended 31 December 2006 amounted to HK\$30,000, the same as other Non-executive Directors and Independent Non-executive Directors who were not members of the Audit and Remuneration Committees. His annual fee is revised to HK\$50,000 for financial year 2007 (subject to review by the Board from time to time by reference to the market), the same as other Non-executive Directors who are not members of Audit Committee and Remuneration Committee. Save for the Director's fees as disclosed above, Mr. Colfer is not entitled to any other emoluments.

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

CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

James H. KAPLAN: aged 51; has been Chief Executive Officer and an Executive Director since 2003.

Prior to joining the Company, Mr. Kaplan was Divisional Vice-President of the high-end global furniture manufacturer Knoll International. He holds a Bachelor of Arts Degree from Lafayette College.

Mr. Kaplan does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company. Mr. Kaplan does not currently hold any directorships in any other listed companies and did not hold any such directorships in the last three years. As at the Latest Practicable Date, Mr. Kaplan has a

personal interest of 522,000 Shares within the meaning of Part XV of SFO and 500,000 share options under the existing share options scheme, which are only exercisable from 31 December 2007 to 31 January 2008 (both dates inclusive), with an exercise price of HK\$1.21.

As disclosed in note 9 to the audit accounts of the Company's 2006 Annual Report, the total emoluments received and receivable by Mr. Kaplan for the year ended 31 December 2006 amounted to HK\$6,635,000. Mr. Kaplan entered into a service contract with Tai Ping Carpets Americas, Inc., a wholly-owned subsidiary of the Company, on 15 October 2003 (subsequently amended by a letter agreement dated 14 December 2006 setting out the new terms of employment with effect from 1 January 2006). This contract has no fixed term and may be terminated by either party by 3 months' written notice. Mr. Kaplan is entitled to an annual base salary of US\$500,000 (approximately HK\$3,900,000) together with a potential annual incentive bonus of up to US\$250,000 (approximately HK\$1,950,000) upon achieving certain targets. Mr. Kaplan is also entitled to participate in a profit-sharing scheme and other benefits and allowances. If this service contract is terminated due to a change of control of the Company, in addition to the statutory compensation, Mr. Kaplan is also entitled to a severance payment of US\$500,000 (approximately HK\$3,900,000) subject to certain conditions.

Save as disclosed above, there is no information relating to Mr. Kaplan that is required to be disclosed pursuant to Rule 13.51(2)(h) to (w) of the Listing Rules.

NON-EXECUTIVE DIRECTORS

Lincoln K. K. LEONG: aged 46; has been a Non-executive Director since 1997.

Mr. Leong is the Finance Director of MTR Corporation Limited and a Non-executive Director of Hong Kong Aircraft Engineering Company Limited. He is a Chartered Accountant and graduated from Cambridge University.

Mr. Leong is the elder brother of his alternate, Mr. Nelson K. F. Leong. Save as disclosed above, Mr. Leong does not have any other relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Leong has a corporate interest of 2,000,000 Shares within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mr. Leong. The term of office for Mr. Leong is the period up to his retirement by rotation in accordance with the Company's Bye-laws. As disclosed in note 9 to the audited accounts of the Company's 2006 Annual Report, Mr. Leong's Director's fee for the year ended 31 December 2006 amounted to HK\$30,000 (which was paid to his alternate Mr. Nelson K. F. Leong), the same as other Non-executive Directors and Independent Non-executive Directors who were not members of the Audit and Remuneration Committees. His annual fee is revised to HK\$50,000 for financial

year 2007 (subject to review by the Board from time to time by reference to the market), the same as other Non-executive Directors and Independent Non-executive Directors who are not members of Audit Committee and Remuneration Committee. Save for the Director's fees as disclosed above, Mr. Leong will not be entitled to any other emoluments.

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

David C. L. TONG: aged 36; has been a Non-executive Director since 1997 and is a member of the Remuneration Committee of the Company.

Mr. Tong is a Director of Sir Elly Kadoorie & Sons Limited, overseeing a number of the Kadoorie Family's interests in Hong Kong and overseas and, as such, is associated with certain substantial shareholders of the Company. He is also a Non-executive Director of Hong Kong Aircraft Engineering Company Limited. He is a Chartered Engineer and holds a Bachelor of Engineering Degree from the University of London. Save as disclosed above, Mr. Tong does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Tong has a personal interest of 431,910 Shares within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mr. Tong. The term of office for Mr. Tong is the period up to his retirement by rotation in accordance with the Company's Bye-laws. As disclosed in note 9 to the audited accounts of the Company's 2006 Annual Report, Mr. Tong, as a member of the Remuneration Committee of the Company, received a Director's fee of HK\$50,000 for the year ended 31 December 2006, same as other Directors who were members of the Remuneration Committee. His annual fee is revised, subject to review by the Board from time to time by reference to the market, to HK\$70,000 for the financial year 2007, comprising a base fee of HK\$50,000 in respect of his capacity as a Non-executive member of the Board, and an additional \$20,000 for being a member of the Remuneration Committee. Save for the fees as disclosed above, Mr. Tong will not be entitled to any other emoluments.

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

INDEPENDENT NON-EXECUTIVE DIRECTOR

Michael T. H. LEE: aged 45; has been an Independent Non-executive Director since 1998. He is a member of the Audit Committee of the Company.

Mr. Lee is a Steward of The Hong Kong Jockey Club, a director of Equestrian Events (Hong Kong) of the Games of the XXIX Olympiad Limited, a member of the Securities and Futures Commission (HKEC Listing) Committee and a member of the Executive Committee of Hong Kong Housing Society. He holds a Bachelor of Arts Degree from Bowdoin College and a Master of Business Administration Degree from Boston University.

As at the Latest Practicable Date, Mr. Lee does not have any interests in the Company within the meaning of Part XV of the SFO.

Mr. Lee does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company. Mr. Lee was previously the Managing Director of Hysan Development Company Limited. Save as disclosed above, Mr. Lee does not currently hold any directorships in any listed companies and did not hold such directorships in the last three years.

There is no service contract between the Company and Mr. Lee. The term of office for Mr. Lee is the period up to his retirement by rotation in accordance with the Company's By-laws. As disclosed in note 9 to the audited accounts of the Company's 2006 Annual Report, the Director's fee received by Mr. Lee for the year ended 31 December 2006 was HK\$50,000, at the same rate as other Non-executive Directors and Independent Non-executive Directors who were also members of the Audit Committee. His annual fee is revised, subject to review by the Board from time to time by reference to the market, to HK\$70,000 for the financial year 2007, comprising a base fee of HK\$50,000 in respect of his capacity as a Non-executive member of the Board, and an additional \$20,000 for being a member of the Audit Committee. Save for the fees as disclosed above, Mr. Lee will not be entitled to any other emoluments.

The Company considers Mr. Lee to be independent with due regard to the guidelines as set out in Rule 3.13 of the Listing Rules.

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

SHARE REPURCHASE RULES

The following is the Explanatory Statement required to be sent to Shareholders under the Listing Rules relating to the repurchase of shares on the Stock Exchange by a company whose primary listing is on the Stock Exchange. References in this Explanatory Statement to “Shares” means fully paid-up shares of HK\$0.10 each in the share capital of the Company.

1. Trading restrictions

A maximum of 10% of the Shares in issue as at the date of passing the resolution authorising the Company to repurchase Shares may be repurchased on the Stock Exchange.

2. Share capital

Based on 212,187,488 Shares in issue as at 18 May 2007 (the Latest Practicable Date) and assuming that no Shares are issued or repurchased thereafter until the Company’s forthcoming Annual General Meeting to be held on 15 June 2007, the Company will be allowed under the repurchase mandate to repurchase up to 10% of the Shares in issue as at the date of the Annual General Meeting, i.e. 21,218,748 Shares (subject to the passing of ordinary resolution no. 6 set out in the notice of the Annual General Meeting).

3. Reason for repurchase

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

4. Source of funds

Repurchases must be funded out of funds legally available for the purpose under Bermudan law and the Bye-laws.

It is presently proposed that any repurchase of Shares would be made out of capital paid up on the repurchased Shares and the profits of the Company which would otherwise be available for dividend and, in the case of any premium payable on such repurchase, from the Company’s share premium account and/or its contributed surplus account in accordance with Bermudan law and the Bye-laws.

5. Impact on the working capital or gearing position of the Company

The Directors expect there may be an adverse impact on the working capital or gearing position of the Company, as compared with the position disclosed in the Company's audited accounts for the year ended 31 December 2006, if the mandate to repurchase Shares is exercised in full. However, the Directors do not propose to exercise the repurchase mandate to such extent as would have a material adverse effect on the working capital or gearing position of the Company which in the opinion of the Directors is from time to time appropriate for the Company.

6. General

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to repurchase Shares in accordance with the Listing Rules and Bermudan law.

If a shareholder's proportionate interest in the voting rights of the Company increases as a result of a Share repurchase, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Hong Kong Code on Takeovers and Mergers ("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, Bermuda Trust Company Limited, together with its parties acting in concert (collectively known as the "Controlling Shareholders"), owned a total of approximately 55.47% of the issued share capital of the Company. If the repurchase mandate is exercised in full, the Controlling Shareholders will increase their shareholding in the Company to approximately 61.63%. An obligation to make a general offer to Shareholders under Rules 26 and 32 of the Takeovers Code would not arise in such circumstances because the Controlling Shareholders already own in excess of 50% of the voting rights of the Company. The Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any purchases pursuant to the general mandate.

The Directors are of the intention that they will only repurchase Shares to the extent that the minimum public float requirement (i.e. that at least 25% of the issued share capital be held by the public) will be maintained.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of the associates (as defined in the Listing Rules) of the Directors presently intend to sell Shares to the Company in the event that the repurchase mandate is approved by Shareholders of the Company.

The Company has not been notified by any connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares or that they have undertaken not to sell any Shares held by them to the Company in the event that the repurchase mandate is approved by Shareholders of the Company.

7. Market prices

The highest and lowest traded prices for Shares recorded on the Stock Exchange during each of the previous twelve months were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2006:		
May	1.15	1.08
June	1.13	1.00
July	1.28	1.10
August	1.40	1.15
September	1.25	1.15
October	1.21	1.16
November	1.20	1.16
December	1.20	1.16
2007:		
January	1.25	1.19
February	1.50	1.25
March	1.40	1.10
April	1.27	1.12
May (Up to 18 May 2007)	1.50	1.21

8. Repurchases of Shares made by the Company

No repurchases of Shares have been made by the Company during the last six months (whether on the Stock Exchange or otherwise).

NOTICE OF ANNUAL GENERAL MEETING

TAI PING CARPETS INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00146)



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Members of Tai Ping Carpets International Limited (the “Company”) will be held at 21st Floor, St. George’s Building, 2 Ice House Street, Central, Hong Kong, on Friday, 15 June 2007 at 9:30 a.m. for the following purposes:

1. To receive and consider the audited Accounts and the Reports of Directors and Auditors for the year ended 31 December 2006.
2. To declare a final dividend for the year ended 31 December 2006.
3. To re-elect retiring Directors and authorise the Board to fix their remuneration.
4. To re-appoint auditors and to authorise the Board to fix their remuneration.

Special Business

To consider and, if thought fit, pass the following resolutions shown as items 5, 6 and 7 as ordinary resolutions:

5. **“THAT:**
 - (a) the exercise by the Directors of the Company during the Relevant Period (as defined below) of all powers of the Company to allot shares of HK\$0.10 each (“Shares”) in the share capital of the Company and to make and grant offers, agreements and options which would or might require Shares to be allotted be and is hereby generally and unconditionally approved provided that the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors otherwise than Shares issued as a result of a Rights Issue (as defined below) 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;
 - (b) the approval in paragraph (a) shall authorise the Directors of the Company during the Relevant Period to make and grant offers, agreements and options which would or might require Shares to be allotted after the end of the Relevant Period; 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 earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the revocation or variation of the authority given under this resolution by ordinary resolution of the Shareholders of the Company in general meeting;
or
- (iii) 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 of Bermuda to be held.

“Rights Issue” means an offer of Shares open for a period fixed by the Directors of the Company to holders of Shares on the register on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

6. **“THAT:**

(a) the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to purchase shares of HK\$0.10 each in the share capital of the Company (“Shares”), subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved provided that the aggregate nominal amount of Shares to be purchased by the Company shall not exceed 10 per cent of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution; and

(b) 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 revocation or variation of the authority given under this resolution by ordinary resolution of the Shareholders of the Company in general meeting;
or

NOTICE OF ANNUAL GENERAL MEETING

(iii) 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 of Bermuda to be held.”

7. “**THAT**, subject to the passing of Resolutions 5 and 6 set out in the notice of this meeting, the aggregate number of the Shares in the capital of the Company which are repurchased or otherwise acquired by the Company pursuant to Resolution 6 shall be added to the aggregate number of the Shares in the capital of the Company which may be issued pursuant to Resolution 5.”

By Order of the Board
Raymond W. M. Mak
Company Secretary

Hong Kong, 22 May 2007

Notes:

1. A Shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a shareholder of the Company.
2. The Register of Members of the Company will be closed from Wednesday, 13 June 2007 to Friday, 15 June 2007, both days inclusive, during which period no transfer of Shares will be registered.
3. To be entitled to receive the final dividend, Shareholders must ensure that all transfer documents accompanied by the relevant Share certificates are lodged with the Company’s Branch Registrars and Registration Office in Hong Kong, Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 12 June 2007.
4. Subject to the passing of the necessary resolution at the forthcoming Annual General Meeting, the final dividend will be payable on or about 3 July 2007 to Shareholders whose name appear on the Register of Members of the Company at the close of business on 15 June 2007.
5. With reference to item 3 above regarding the re-election of Directors, Mr. Michael T. H. Lee, Mr. Lincoln K. K. Leong and Mr. David C. L. Tong shall retire by rotation pursuant to Bye-law 189 (ix)(A), while Mr. Nicholas T. J. Colfer and Mr. James H. Kaplan shall retire voluntarily from office at the Annual General Meeting in order to comply with code provision A.4.2 of the Code of Corporate Governance Practices (Appendix 14 of the Listing Rules). All retiring Directors, being eligible, have offered themselves for re-election at the Annual General Meeting. The re-election of these retiring Directors will be individually voted upon by Shareholders by way of separate resolutions. Details regarding each of these Directors is set out in Appendix I of this circular.
6. Concerning items 5, 6 and 7 above, the Directors wish to state that they have no immediate plans to issue and repurchase any Shares. Approval is being sought from the Shareholders to approve the general mandates in order to give flexibility and discretion to the Directors in the event that it becomes desirable for the Company to issue and/or repurchase Shares. The obtaining of such mandates is in accordance with the Listing Rules.