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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares in Kiu Hung International Holdings Limited, you should at once hand this circular and accompanying proxy form to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representations 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.

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**僑雄國際控股有限公司**

**Kiu Hung International Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 00381)

**PROPOSAL FOR RE-ELECTION OF DIRECTORS,  
GENERAL MANDATES TO ISSUE NEW SHARES,  
REPURCHASE EXISTING SHARES  
AND  
INCREASE IN AUTHORISED SHARE CAPITAL**

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A notice convening the annual general meeting of Kiu Hung International Holdings Limited to be held at 14th Floor, Yale Industrial Centre, 61-63 Au Pui Wan Street, Fotan, Hong Kong at 10:00 a.m. on Wednesday, 28 May 2008 to approve the matters referred to therein as set out in Appendix III of this circular. Whether or not you are able to attend the annual general meeting in person, you are requested to complete and return the form of proxy enclosed with this circular in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time appointed for holding the meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting at the meeting if you so wish.

30 April 2008

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## DEFINITIONS

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

“AGM”	the annual general meeting of the Company for the year ended 31 December 2007 to be held at 10:00 a.m. on Wednesday, 28 May 2008
“Articles”	the Articles of Association of the Company
“Board”	the board of Directors
“Business Day”	a day other than Saturday on which banks in Hong Kong are generally open for business
“Company”	Kiu Hung International Holdings Limited
“Convertible Notes”	convertible notes issued to Gold Dynasty Investments Limited in the amount of HK\$254,064,835 which can be convertible into 362,949,764 Shares on or before 28 March 2010 in relation to the Group’s acquisition of Lucky Dragon Resources Limited as disclosed in the Company’s circular dated 31 January 2008
“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
“HK\$”	Hong Kong dollars
“Increase in Authorised Share Capital”	the proposed increase in authorised share capital of the Company from HK\$100,000,000 divided into 5,000,000,000 Shares to HK\$200,000,000 divided into 10,000,000,000 Shares by creating an additional 5,000,000,000 unissued Shares
“Issue of Shares Mandate”	the general and conditional mandate granted to the Directors to allot, issue and deal with Shares as referred to in the paragraph headed “General mandates” to this circular
“Latest Practicable Date”	25 April 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“Repurchase Mandate”	the general and unconditional mandate granted to the Directors to repurchase securities of the Company as referred to in the paragraph headed “General mandates” to this circular
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.02 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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LETTER FROM THE BOARD

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僑雄國際控股有限公司

**Kiu Hung International Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 00381)

*Executive Directors:*

Mr. Hui Kee Fung (*Chairman*)

Mr. Hui Ki Yau (*Chief Executive Officer*)

Madam Hui Hung Tan, Teresa

*Independent Non-executive Directors:*

Mr. Peng Guanghui

Mr. Kung King Ching, Conrad

Mr. Tang Rongzu

*Registered office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

*Head office and principal place  
of business in Hong Kong:*

14th Floor

Yale Industrial Centre

61-63 Au Pui Wan Street

Fo Tan, Shatin

Hong Kong

30 April 2008

*To the Shareholders*

Dear Sir or Madam,

**PROPOSAL FOR RE-ELECTION OF DIRECTORS,  
GENERAL MANDATES TO ISSUE NEW SHARES,  
REPURCHASE EXISTING SHARES  
AND  
INCREASE IN AUTHORISED SHARE CAPITAL**

**INTRODUCTION**

The purpose of this circular is to provide you with information regarding the proposals relating to (i) the re-election of Directors who are due to be retired at the AGM; (ii) the granting of the Issue of Shares Mandate; (iii) the granting of the Repurchase Mandate; (iv) the granting of a general mandate to the effect that the total number of Shares of the Company which may be allotted and issued under the Issue of Shares Mandate may be increased by an additional number representing such number of Shares actually repurchased by the Company under the Repurchase Mandate; AND (v) the Increase in Authorised Share Capital.

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## LETTER FROM THE BOARD

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### GENERAL MANDATES

At the AGM, separate ordinary resolutions will be proposed to give the Directors a general and unconditional mandate to (i) exercise all powers of the Company to repurchase issued and fully paid Shares on the Stock Exchange up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of the resolution; and (ii) allot and issue and otherwise deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of the resolution. Such mandates will expire on the earliest of (a) the date of the next annual general meeting, (b) the date by which the next annual general meeting of the Company is required to be held by law or by its articles of association; or (c) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

Conditional upon the passing of the resolution with respect to the Repurchase Mandate and the Issue of Shares Mandate at the AGM, the aggregate nominal amount of the number of Shares which are repurchased by the Company under the authority granted to the Directors under the Repurchase Mandate shall be added to the aggregate nominal amount of the issued share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the Issue of Shares Mandate.

Based on 4,008,119,800 Shares in issue as at the Latest Practicable Date, assuming no Shares are repurchased or issued prior to the AGM, the Company would upon the Repurchase Mandate and the Issue of Shares Mandate being approved, be allowed to repurchase up to 400,811,980 Shares and to issue up to 801,623,960 Shares, respectively.

An explanatory statement containing all relevant information relating to the proposed Repurchase Mandate is set out in Appendix I to this circular. The explanatory statement is to provide you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution to grant to the Directors the Repurchase Mandate.

### RE-ELECTION OF DIRECTORS

In accordance with Article 87 of the Articles, Madam Hui Hung Tan, Teresa and Mr. Peng Guanghui will retire from directorship by rotation and will be eligible for re-election as executive Directors at the AGM.

Biographical details of the above Directors are set out in Appendix II to this circular.

### INCREASE IN AUTHORISED SHARE CAPITAL

As at the Latest Practicable Date, the existing authorised share capital of the Company is HK\$100,000,000 divided into 5,000,000,000 Shares, out of which 4,008,119,800 Shares have been issued and fully paid or credited as fully paid. In order to accommodate future expansion and growth of the Group, the Directors propose to increase the authorised share capital of the Company from HK\$100,000,000 divided into 5,000,000,000 Shares to HK\$200,000,000 divided into 10,000,000,000

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## LETTER FROM THE BOARD

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Shares by creating an additional 5,000,000,000 unissued Shares. The proposed increase in authorised share capital of the Company is conditional upon the passing of an ordinary resolution by the Shareholders at the AGM. As at the Latest Practicable Date, other than the Convertible Notes that can be convertible into 362,949,764 Shares on or before 28 March 2010, the Company does not have any concrete plan to issue any new Share.

### RECOMMENDATION

The Directors consider that the re-election of Directors who are due to be retired at the AGM, the granting of the Repurchase Mandate, the Issue of Shares Mandate, the extension of the Issue of Shares Mandate and the Increase in Authorised Share Capital are in the best interest of the Company and its Shareholders. The Directors therefore recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the AGM. The Directors will vote in favour of such resolution in respect of their shareholdings (if any) in the Company.

### GENERAL INFORMATION

The notice of AGM is set out in Appendix III to this circular.

The procedures pursuant to the Articles by which Shareholders may demand a poll on the resolutions proposed at the AGM is set out in Appendix IV to this circular.

Whether or not you intend to attend the AGM in person, you are requested to complete and return the accompanying proxy form to the share registrar of the Company, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the AGM. The return of the proxy form will not preclude you from attending and voting at the AGM in person if you so wish.

Yours faithfully  
By order of the Board  
**Kiu Hung International Holdings Limited**  
**Hui Kee Fung**  
*Chairman*

This is an explanatory statement given to all Shareholders of the Company, as required by the Listing Rules, to provide requisite information of the Repurchase Mandate.

**(a) Share capital**

Under the Repurchase Mandate, the number of Shares that the Company may repurchase shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of the relevant resolution. The Company authority is restricted to purchases made on the Stock Exchange in accordance with the Listing Rules. On the Latest Practicable Date, there were in issue an aggregate of 4,008,119,800 Shares. Exercise in full of the Repurchase Mandate, on the basis that no further Shares would be issued or repurchased prior to the date of the AGM, would accordingly result in up to 400,811,980 Shares being repurchased by the Company.

**(b) Reasons for repurchase**

The Directors have no present intention to repurchase any Shares but consider that the Repurchase Mandate will provide the Company with the flexibility to make such repurchase as and when appropriate and is beneficial to the Company. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and its assets and/or its earnings per Share. As compared with the financial position of the Company as at 31 December 2007 (being the date of its latest audited accounts), the Directors consider that there would not be any material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed repurchases were to be made in full during the proposed repurchase period. However, the Directors will 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 on its gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

**(c) Funding of repurchases**

Repurchase of the Shares will be funded out of funds legally available for such purpose in accordance with the memorandum and articles of association of the Company and the applicable laws of the Cayman Islands.

The Company is empowered by its memorandum and articles of association to repurchase its securities. The Cayman Islands law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the profits that would otherwise be available for distribution by way of dividend or the proceeds of a new issue of shares made for such purpose. The amount of premium payable on redemption may only be paid out of either the profits that would otherwise be available for distribution by way of dividend or out of the share premium of the Company. Under the Cayman Islands law, the repurchased securities will remain part of the authorised but unissued share capital.



**(d) Connected persons**

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, any of the associates (as defined in the Listing Rules) of any of the Directors has any present intention, in the event that the proposed Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company.

At the Latest Practicable Date, no connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company in the event that the Company is authorised to make repurchases of the Shares.

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

**(e) Effect of takeovers code and minimum public float**

If as a result of a repurchase of Shares, a shareholder proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Hong Kong Code on Takeovers and Mergers (“Code”). As a result, a shareholder, or a group of shareholders acting in concert (within the meaning under the Code), depending on the level of increase in the shareholder interests, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Code.

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, the persons or companies (other than a Director or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

	Number of Shares or underlying shares	Beneficial owner	Capacity Interest of controlled corporation	Interest of child under 18 or spouse	Approximate shareholding	Approximate shareholding if the Repurchase Mandate is exercised in full
Legend Win Profits Limited (Note 1)	1,567,500,000 (L)	1,567,500,000	-	-	39.11%	43.45%
Yu Won Kong, Dennis (Note 2)	1,307,449,764 (L)	330,000,000	962,949,764	14,500,000	32.63%	36.25%
Ho Siu Lan, Sandy (Note 3)	1,307,449,764 (L)	14,500,000	-	1,292,949,764	32.63%	36.25%
Kau Man Wai, Leslie (Note 2)	1,089,819,764 (L)	126,870,000	962,949,764	-	27.19%	30.22%
Gold Dynasty Investments Limited (Note 4)	962,949,764 (L)	962,949,764	-	-	24.03%	26.87%
Top Advance Group Limited (Notes 2 & 4)	962,949,764 (L)	-	962,949,764	-	24.03%	26.87%
Chung Chi Shing (Note 4)	962,949,764	-	962,949,764	-	24.03%	26.87%

*L: Long Position*

*Notes:*

1. The Shares are held by Legend Win Profits Limited, a company incorporated in the British Virgin Islands. The issued share capital of Legend Win Profits Limited is beneficially owned by Hui Kee Fung, Hui Ki Yau, Hui Hung Tan, Teresa and Hui's K. K. Foundation Limited as to 38.95%, 32.63%, 23.16% and 5.26%, respectively. Hui's K. K. Foundation Limited is a company incorporated in Hong Kong, limited by guarantee and does not have a share capital. Hui Kee Fung, Hui Ki Yau and Hui Hung Tan, Teresa are the registered members and directors of Hui's K. K. Foundation Limited.
2. The entire issued share capital of Top Advance Group Limited is beneficially owned as to (i) 50% by Strong Choice Investments (Holdings) Ltd., the entire issued share capital of which is beneficially owned by Yu Won Kong, Dennis; and (ii) 50% by Kau Man Wai Leslie.

3. Ho Siu Lan Sandy is the spouse of Yu Wong Kong, Dennis.
4. The entire issued share capital of Gold Dynasty Investments Limited is beneficially owned as to (i) 55% by Uniview Holdings Limited, the entire issued share capital of which is beneficially owned by Mr. Chung Chi Shing; and (ii) 45% by Top Advance Group Limited.

In the event that the Directors shall exercise in full the Repurchase Mandate, the total interests of the above substantial shareholder would be increased to approximately the respective percentages shown in the last column above. Based on the current shareholdings of Legend Win Profits Limited, Yu Won Kong, Dennis and Ho Siu Lan, Sandy, an exercise of the Repurchase Mandate in full will result in them or any party acting in concert with them becoming obliged to make a mandatory general offer under Rule 26 of the Code. However, the Directors have no intention to exercise any of the Repurchase Mandate to such an extent that will result in Legend Win Profits Limited, Yu Won Kong, Dennis, Ho Siu Lan, Sandy or any party acting in concert with them to make a mandatory general offer under the Code.

Based on the current shareholding structure of the Company, an exercise of the Repurchase Mandate in full will result in the amount of Shares held by the public being reduced to less than 25%. However, the Directors have no intention to exercise any of the Repurchase Mandate to such an extent that will result in the amount of Shares held by the public being reduced to less than 25%.

Save as disclosed, the Directors are not aware of any consequences which may arise under the Takeovers Code as consequences of any purchase made under the Repurchase Mandate.

#### **SHARE REPURCHASE MADE BY THE COMPANY**

The Company had not repurchased any of the Shares during the previous six months immediately preceding the Latest Practicable Date.

**SHARE PRICES**

During each of the previous 12 months to 31 March 2008, the highest and lowest traded prices for the Shares on the Stock Exchange were as follows:

<b>Month</b>	<b>Per Share</b>	
	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
2007		
April	0.84	0.69
May	0.74	0.65
June	0.81	0.68
July	1.94	0.72
August	1.72	1.10
September	1.72	1.28
October	1.56	1.13
November	1.51	1.00
December	1.27	1.04
2008		
January	1.23	0.85
February	1.06	0.92
March	1.01	0.74

The biographical details of the Directors eligible for re-election at the AGM are set out below:–

**Madam Hui Hung Tan, Teresa, Executive Director**

*Experience*

Madam Hui Hung Tan, Teresa, aged 39, is an executive director of the Company and is responsible for the financial affairs, overall management and purchasing affairs of the Group. She joined the Group in January 1992 and has over fifteen years of experience in the toy and decorative gift industries. Madam Hui is a director of The Fujian Putian University and an honorary citizen of Putian, Fujian, the PRC.

*Length of service and remuneration*

Madam Hui Hung Tan, Teresa has entered into a service contract with the Company for an initial term of three years commencing from 19 December 2000 and shall continue thereafter for successive terms of one year, which may be terminated by either party thereto by giving to the other six months' prior notice in writing. The current remuneration payable to Madam Hui Hung Tan, Teresa is HK\$792,000 per annum which is determined by the Board with reference to her duties and responsibilities with the Company. At the sole and absolute discretion of the Board, the annual remuneration payable to Madam Hui Hung Tan, Teresa after each completed year of service may be increased provided that such increase shall not exceed 15% of the then current annual remuneration. In addition, a discretionary bonus as the Board may in its absolute discretion determine having regard to the performance of Madam Hui Hung Tan, Teresa and the operating results of the Group which, in respect of any financial year of the Company, shall not be more than 10% of the audited consolidated net profit after taxation and minority interests but before extraordinary and exceptional items of the Group for that financial year. The discretionary bonus shall only be payable when the audited consolidated net profit after taxation and minority interests but before extraordinary and exceptional items of the Group and before payment of the total discretionary bonuses payable to all the executive directors shall exceed \$45 million.

*Relationships and Interest in Shares*

Madam Hui Hung Tan, Teresa is the sister of Mr. Hui Kee Fung and Mr. Hui Ki Yau, which are both executive Directors. In addition, as at the date of this circular, Legend Win Profits Limited is interested in 1,567,500,000 Shares. The issued share capital of Legend Win Profits Limited is beneficially owned by Mr. Hui Kee Fung, Mr. Hui Ki Yau, Madam Hui Hung Tan, Teresa and Hui's K.K. Foundation Limited as to 38.95%, 32.63%, 23.16% and 5.26%, respectively. Hui's K.K. Foundation Limited is a company incorporated in Hong Kong, limited by guarantee and does not have a share capital. Mr. Hui Kee Fung, Mr. Hui Ki Yau and Madam Hui Hung Tan, Teresa are the registered member and directors of Hui's K. K. Foundation Limited. Save as disclosed above, Madam Hui Hung Tan, Teresa has no other interests in the Shares within the meaning of Part XV of the SFO.

*Others*

Save as disclosed above, the Directors are not aware of any other matters that need to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules or brought to the attention of the Shareholders in relation to the re-election of Madam Hui Hung Tan, Teresa as an executive Director.

**Mr. Peng Guanghui, Independent Non-Executive Director***Experience*

Mr. Peng Guanghui, aged 44, is a partner and the chief accountant of Xiamen Yong He Certified Public Accountants Co., Ltd. in the People's Republic of China (the "PRC"). Mr. Peng graduated from the Fujian Financial Institution of the PRC and has over twenty years of experience in the fields of auditing, accounting and finance. Mr. Peng is also a Certified Public Accountant in the PRC and a member of The Chinese Institute of Certified Public Accountants.

*Length of service and remuneration*

There is no service contract being entered into between Mr. Peng and the Company. Mr. Peng is appointed for a term of one year commencing from 23 September 2004 and he is subject to retirement by rotation and re-election in accordance with the Articles. Mr. Peng will be entitled to an annual emolument of HK\$50,000, which is determined by the Board with reference to his duties and responsibilities with the Company.

*Relationships and Interest in Shares*

Mr. Peng Guanghui is independent of and not connected with any of the directors, senior management, substantial shareholders or controlling shareholders of the Company other than the relationship arising from being an independent non-executive Director. As at the Latest Practicable Date, Mr. Peng Guanghui was not beneficially interested in any Shares pursuant to Part XV of the Securities and Futures Ordinance.

*Others*

Save as disclosed above, the Directors are not aware of any other matters that need to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules or brought to the attention of the Shareholders in relation to the re-election of Mr. Peng Guanghui as an independent non-executive Director.



僑雄國際控股有限公司

**Kiu Hung International Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 00381)

**NOTICE IS HEREBY GIVEN THAT** the annual general meeting of KIU HUNG INTERNATIONAL HOLDINGS LIMITED (the “Company”) will be held at 14th Floor, Yale Industrial Centre, 61-63 Au Pui Wan Street, Fotan, Hong Kong on Wednesday, 28 May 2008 at 10:00 a.m. for the following purposes:–

### **ORDINARY RESOLUTIONS**

1. To receive and consider the audited consolidated financial statements and the reports of the directors and auditors for the year ended 31 December 2007.
2. To re-elect directors and to authorise the board of directors of the Company (the “Board of Directors”) to fix the directors remuneration.
3. To re-appoint Grant Thornton as the auditors and to authorise the Board of Directors to fix their remuneration.
4. As special business, to consider and if thought fit, pass the following resolutions as ordinary resolutions:

A. **“THAT**

- (a) subject to paragraph (c) of this Resolution, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as defined below) of all powers to allot, issue and deal with the new additional shares in the capital of the Company, and to make or grant offers, agreements and options which would or might require the exercise of such powers, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue (as defined below), (ii) the exercise of any option scheme or similar arrangement for

the time being adopted for the grant or issue to officers and/or employees of the Company and its subsidiaries and/or other eligible persons of shares or rights to acquire shares of the Company or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of the cash payment for a dividend on shares of the Company in accordance with the articles of association of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this Resolution and the said approval shall be limited accordingly;

- (d) for the purpose of this Resolution, “**Relevant Period**” means the period from the passing of this Resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; and
  - (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

“**Rights Issue**” means an offer of shares or other securities of the Company open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside the Hong Kong Special Administrative Region of the People’s Republic of China).”

B. “**THAT**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to purchase its own shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange, be and is hereby generally and unconditionally approved and authorised;



- (b) the aggregate nominal amount of the shares of the Company to be purchased by the Company pursuant to the approval in paragraph (a) of this Resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution and the said approval shall be limited accordingly; and
- (c) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; and
  - (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

C. “**THAT** conditional upon Resolutions 4A and 4B being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the Directors as mentioned in Resolution 4B shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to Resolution 4A above.”

5. “**THAT**

- (a) the authorised share capital of the Company be and is hereby increased from HK\$100,000,000 divided into 5,000,000,000 shares of HK\$0.02 each (each a “**Share**”) to HK\$200,000,000 divided into 10,000,000,000 Shares by the creation of an additional 5,000,000,000 Shares (the “**Increase in Authorised Share Capital**”); and
- (b) any one or more of the Directors be and is/are hereby authorised for and on behalf of the Company to execute all such documents, instruments and agreements and to do all such acts or things deemed by him/them to be incidental to, ancillary to or in connection with the matters contemplated in and for completion of the Increase in Authorised Share Capital.”

On behalf of the board  
**Chan Kwok Yuen, Elvis**  
*Company Secretary*

Hong Kong, 30 April 2008

*Notes:*

- (1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, in the event of, a poll, vote instead of him. A proxy needs not be a member of the Company.
- (2) In order to be valid, the form of proxy must be deposited with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, together with any power of attorney or other authority, under which it is signed, or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting.
- (3) Where there are joint holders of any shares in the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.

The procedures by which the Shareholders may demand a poll at the AGM are set out in this Appendix.

Pursuant to Article 66 of the Articles, a resolution put to vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of the meeting; or
- (b) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person or in the case of a Member being a corporation by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized 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 Shares conferring that right.

Pursuant to Article 67, unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution.