
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Peace Mark (Holdings) Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Peace Mark (Holdings) Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 304)

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
AMENDMENTS TO THE BYE-LAWS,
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of Peace Mark (Holdings) Limited (the “Company”) to be held at 4:00 p.m. on Friday, 26th August, 2005 at Boardroom, World Trade Centre Club, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong is set out on pages 13 to 17 of this circular. You are advised to read the notice and, if you do not intend to attend and vote at the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company’s branch share registrar in Hong Kong, Secretaries Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and, in any event, not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting in person should you so wish.

28th July, 2005

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RESPONSIBILITY STATEMENT

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

DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at 4:00 p.m. on Friday, 26th August, 2005 at the Boardroom, World Trade Centre Club, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong
“AGM Notice”	the notice dated 28th July, 2005 convening the Annual General Meeting as set out in pages 13 to 17 of this circular
“associates”	has the meaning ascribed to it under the Listing Rules
“Bye-laws”	the Bye-laws of the Company as may be amended from time to time
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Peace Mark (Holdings) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) (including independent non-executive directors) of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	a general mandate to the Directors to exercise the powers of the Company to allot, issue and deal with Shares during the period as set out in the Ordinary Resolution no. 6(A) of the AGM Notice up to 20% of the issued share capital of the Company as at the date of passing this resolution
“Latest Practicable Date”	25th July, 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Option Holder(s)”	holder(s) of the outstanding share options granted by the Company under the Share Option Scheme
“Repurchase Mandate”	a general mandate to the Directors to exercise the powers of the Company to repurchase Shares during the period as set out in the Ordinary Resolution no. 6(B) of AGM Notice up to 10% of the issued share capital of the Company as at the date of passing this resolution
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 24th January, 2002
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers
“Warrants”	warrants issued by the Company in units of subscription rights of HK\$0.65 each entitling the holders thereof to subscribe in cash for Shares at an initial subscription price of HK\$0.65 per Share (subject to adjustment) at any time between 5th August, 2003 and 4th August, 2005 (both dates inclusive)
“Warrant Holder(s)”	holder(s) of the outstanding Warrant granted by the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



Peace Mark (Holdings) Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 304)

Executive Directors:

Mr. Chau Cham Wong, Patrick (*Chairman*)
Mr. Leung Yung (*Chief Executive Officer*)
Mr. Tsang Kwong Chiu, Kevin
Mr. Man Kwok Keung
Mr. Cheng Kwan Ling

Independent non-executive Directors:

Mr. Mak Siu Wing, Clifford
Mr. Kwok Ping Ki, Albert
Mr. Tang Yat Kan
Mr. Wong Yee Shui, Andrew
Ms. Susan So

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

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

Unit 3, 12th Floor
Cheung Fung Industrial Building
23-39 Pak Tin Par Street
Tsuen Wan
Hong Kong

28th July, 2005

*To the Shareholders and, for information only,
the Option Holders and Warrant Holders*

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
AMENDMENTS TO THE BYE-LAWS,
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding the resolutions to be proposed for the Shareholders to consider, and if thought fit, to approve at the Annual General Meeting:

- (i) the ordinary resolutions granting the Directors general mandates to issue and repurchase shares;

LETTER FROM THE BOARD

- (ii) the ordinary resolutions proposing re-election of Directors who are due to retire at the Annual General Meeting; and
- (iii) the special resolution amending the Bye-laws.

The AGM Notice at which resolutions will be proposed for the Shareholders to, amongst other things, consider and, if thought fit, approve the amendments to the Bye-laws, the general mandates to issue and repurchase shares and re-election of retiring directors is set out on pages 13 to 17 to this circular.

2. ISSUE MANDATE

At the annual general meeting of the Company held on 20th August, 2004, resolutions were passed by the Shareholders giving general mandates to the Directors to allot, issue and deal with the new Shares. Such general mandate will lapse at the conclusion of the forthcoming Annual General Meeting.

It will be proposed at the Annual General Meeting the ordinary resolution nos. 6(A) and 6(C) in the AGM Notice for granting to the Directors a general mandate to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of the passing of the Ordinary Resolution no. 6(A) in the AGM Notice and adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of the Shares repurchased by the Company after the granting of the general mandate to repurchase Shares up to 10% of the issued share capital of the Company as at the date of passing the Ordinary Resolution no. 6(B) in the AGM Notice. Such general mandate to allot, issue and deal with new Shares shall be exercisable during the period from the passing of the Ordinary Resolutions nos. 6(A) and 6(C) in the AGM Notice 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 Bye-laws or any applicable law to be held;
- (iii) the date on which the authority set out in such Ordinary Resolutions are revoked or varied by an ordinary resolution in general meeting of the Company.

3. REPURCHASE MANDATE

It will also be proposed at the Annual General Meeting the Ordinary Resolution no. 6(B) in the AGM Notice for granting to the Directors to exercise the powers of the Company to repurchase Shares up to 10% of the issued share capital of the Company as at the date of passing the Ordinary Resolution no. 6(B) in the AGM Notice.

In accordance with the requirements of the Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision as to whether to vote for or against the grant of the Repurchase Mandate. Such explanatory statement is set out in Appendix I to this circular.

LETTER FROM THE BOARD

4. AMENDMENTS TO THE BYE-LAWS

The Stock Exchange has recently amended the Listing Rules in relation the Code on Corporate Governance Practices (the “Code”) which replaced the Code of Best Practice in Appendix 14 to the Listing Rules and came into effect on 1st January, 2005. To ensure compliance with the code provisions of the Code, a special resolution will be proposed at the Annual General Meeting to amend the Bye-laws. The amendments have the effect of requiring every director, including those appointed for a specific term, to be subject to retirement by rotation at least once every three years, and director(s) to demand a poll in certain circumstances. Details relating to the proposed amendments are set out in AGM Notice.

5. RE-ELECTION OF RETIRING DIRECTORS

In accordance with Bye-law 86(2) of the Bye-Laws, Mr. Mak Siu Wing, Clifford who was appointed by the board of Directors on 17th December, 2004, shall hold office until the forthcoming Annual General Meeting and, being eligible, offer himself for re-election. Pursuant to Bye-laws 87(1) and 87(2), Mr. Cheng Kwan Ling and Ms. Susan So shall retire and offer themselves for re-election at the forthcoming Annual General Meeting. Details of the Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix II to this circular.

6. ANNUAL GENERAL MEETING

Set out on pages 13 to 17 of this circular is a notice convening the Annual General Meeting to be held at 4:00 p.m. on Friday, 26th August, 2005 at Boardroom, World Trade Centre Club, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong at which resolutions will be proposed to approve, amongst other things, (i) general mandates to issue and repurchase share; the (ii) amendments to the Bye-laws; and (iii) the proposed Directors for re-election.

If you are not able to attend the Annual General Meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar in Hong Kong, Secretaries Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting if you so wish.

7. PROCEDURE FOR DEMANDING A POLL

Pursuant to the Bye-law 66, at any general meeting a resolution put to the vote of the 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:

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

LETTER FROM THE BOARD

- (iii) by a member or members of the Company present in person or in the case of a member of the Company 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 the members of the Company having the right to vote at the meeting; or
- (iv) by member or members of the Company present in person or, in the case of a member of the Company being a corporation by its duly authorized corporate representative or by proxy, and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

A demand by a person as proxy for a member of the Company or in the case of a member of the Company being a corporation by its duly authorized representative shall be deemed to be the same as a demand by a member of the Company.

8. RECOMMENDATION

The Directors consider that the proposed resolutions listed in the notice convening the AGM Notice set out on pages 13 to 17 of this circular are in the interests of the Company and the Shareholders and, accordingly, recommend the Shareholders to vote in favour of all the resolutions set out in the AGM Notice.

9. ADDITIONAL INFORMATION

Your attention is drawn to the appendices to this circular.

Yours faithfully,
for and on behalf of the Board
Chau Cham Wong, Patrick
Chairman

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide the requisite information to the Shareholders for their consideration of the Repurchase Mandate.

1. LISTING RULES RELATING TO THE REPURCHASE OF SECURITIES

The Listing Rules permit a company whose primary listing is on the Stock Exchange to repurchase its securities (including warrants) on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(a) Shareholders' Approval

The Listing Rules provide that all on-market securities repurchases by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a general mandate or by specific approval in relation to specific transactions.

(b) Sources of Funds

Repurchases must be funded out of funds which are legally available for the purpose and in accordance with the constitutional documents of the Company and the laws of the jurisdiction in which the company is incorporated.

2. SHARE CAPITAL AND TOTAL NUMBER OF SHARES SUBJECT TO REPURCHASE MANDATE

As at the Latest Practicable Date, the Company has an aggregate of 886,133,832 Shares in issue and aggregate of 21,931,463 Warrants and 20,000 Share Options outstanding. The Warrants will be expired on 4th August, 2005.

On the basis of this figure and assuming that no outstanding Share Options and Warrants are exercised or converted and no Shares nor Warrants are issued or repurchased by the Company prior to the date of the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 88,613,383 Shares subject to the passing of the ordinary resolution to approve the Repurchase Mandate.

3. REASONS FOR REPURCHASES

The Directors believe that the proposed Repurchase Mandate is in the interests of the Company and the Shareholders. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such a purchase will benefit the Company and the Shareholders. The Directors have no present intention of repurchasing any Shares under the Repurchase Mandate.

4. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the memorandum of association and the Bye-laws and the applicable laws and regulations of Bermuda. Bermuda laws provide 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 out of the funds of the company otherwise available for dividend or distribution or out of a fresh issue of shares made for the purpose. The amount of premium payable on a repurchase may only be paid out of the funds of the Company otherwise be available for dividend or distribution or out of the share premium account of the Company.

There may be a material adverse impact on the working capital or gearing position of the Group in the event that repurchases of Shares pursuant to the Repurchase Mandate were to be carried out in full. However, the Directors do not intend to make any repurchase in the circumstances that would have a material adverse effect on the working capital or gearing position of the Group unless the Directors determine that such repurchases would, taking account of all relevant factors, be in the best interests of the Group.

5. SHARE PRICES

The higher and lowest traded prices for the Shares on the Stock Exchange during each of the twelve calendar months ended 30th June, 2005 were as follows:

	Per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2004		
July	1.650	1.400
August	1.510	1.200
September	1.470	1.320
October	1.580	1.440
November	1.540	1.410
December	1.630	1.460
2005		
January	1.670	1.530
February	2.025	1.620
March	2.375	1.940
April	2.325	2.025
May	2.150	2.025
June	2.175	2.025

6. DIRECTORS' PARTICIPATION IN ANY REPURCHASE

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their associates has any present intention to sell to the Company or its subsidiaries any of the Shares or Warrants if the Repurchase Mandate is approved by the Shareholders at the Annual General Meeting and exercised.

7. 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 powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules, applicable laws and regulations of Bermuda and the memorandum of association and Bye-laws of the Company.

8. IMPLICATIONS UNDER THE 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 purpose of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, A-ONE INVESTMENT LIMITED ("A-ONE"), a company owned as to 50.45% and 49.55% by Mr. Chau Cham Wong, Patrick ("Mr. Chau") and Mr. Leung Yung ("Mr. Leung") respectively was interested in 296,840,459 Shares representing approximately 33.50% of the issued share capital of the Company. Mr. Chau and United Success Enterprise Limited ("United Success"), a company 100% owned by Mr. Leung, are beneficially interested in 65,631,077 Shares (7.41%) and 28,416,795 Shares (3.21%) respectively. A-ONE, Mr. Chau and United Success are regarded as concert parties for the purpose of the Takeovers Code. If on the exercise of the power in full to repurchase Shares pursuant to the Repurchase Mandate, the shareholding of A-ONE would be increased to approximately 37.22% and together with Mr. Chau and United Success, their collective shareholdings would be increased to 49.01% of the issued share capital of the Company. A general offer would therefore be required to be made to the Shareholders under the Takeovers Code. The Company has no present intention to exercise the Repurchase Mandate to the extent that would give rise to an obligation to make a general offer under the Takeovers Code.

Save as above, the Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases made under the Repurchase Mandate.

9. PUBLIC FLOAT

In the event that the power to repurchase securities pursuant to the Repurchase Mandate is exercised in full, the number of Shares held by the public would not fall below 25%.

10. CONNECTED PERSONS

No connected person has notified that Company that he has a present intention to sell Shares and/or Warrants (subject to approval) to the Company, or has undertaken not to do so in the event that the granting of the Repurchase Mandate is approved by the Shareholders at the Special General Meeting.

11. SECURITIES REPURCHASES MADE BY THE COMPANY

No share repurchases have been made by the Company (whether on the Stock Exchange or otherwise) during the six months immediately preceding the Latest Practicable Date.

The details of the Directors who will retire from office by rotation at the Annual General Meeting and begin eligible, will offer themselves for re-election at the Annual General Meeting, are set out below:

Mr. Cheng Kwan Ling, aged 54, is an executive Director of the Company and is responsible for the general management and finance of the Group's operations in the PRC. Mr. Cheng holds a diploma in Management Association and is a member of the British Institute of Management. He has over 31 years experience in accountancy and general management and has been with Group since 1st October, 1987.

Mr. Cheng also acts a directors of the followings subsidiaries of the Company: Fit Bright Development Limited, Mei Ching Products Limited, New Art Manufacturers Limited, Peace Mark Limited, Capricon Industrial (Shenzhen) Co., Limited and Guangzhou Goldsmith Timepieces Co., Ltd.

Mr. Cheng does not hold any directorships in other listed public companies in the past three years. He does not have any relationships with any other directors, senior management or substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Cheng beneficially holds 293,904 Shares of the Company (representing 0.03% of the existing issued share capital of the Company). During the financial year ended 31st March, 2005, he was paid salary and other benefits totally approximately HK\$390,000, which is determined by reference to the directors' duties, responsibilities and performance and the results of the Group.

Ms. Susan So, aged 52, has been an Independent Non-executive Director of the Company since 14th November, 2001 and she is the member of Nomination Committee and Remuneration Committee of the Company. Ms. So has extensive management experience in relation to trade and investment projects (including technology, sales and marketing) in the PRC. She does not hold any directorships in other listed public companies in the past three years.

Ms. So does not hold any directorships in any member of the Group nor does she has any relationships with any other directors, senior management or substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Ms. So does not have any interests in the securities of the Company or any of its associated corporation within the meaning of Part XV of the SFO. Ms. So is appointed for a term of 3 years and subject to retirement by rotation and re-election in accordance with the Company's Bye-laws. The director's fee of Ms. So for the year ended 31st March, 2005 was HK\$50,000, which is determined based on the prevailing market rate and her anticipated time and expertise to be exercised on the Group's affairs and is subject to review by the board from time to time.

Mr. Mak Siu Wing, Clifford, aged 63, has been an Independent Non-executive Director of the Company since 17th December, 2004 and he is the member of Audit Committee and Risk Management Committee of the Company. He is the Managing Director of TCW Asia Limited, the Asian subsidiary of the TCW Group (Trust Company of The West), which is a Los Angeles based investment management company. Mr. Mak holds a Master of Business Administration degree from New York University. He has extensive experience in investment management. Mr. Mak also serves as an advisor to SG Asset Management (Hong Kong) Limited, the asset management arm of the Societe Generale.

Mr. Mak does not hold any directorships in other listed public companies in the past three years nor does he hold any directorships in any member of the Group. Moreover, he does not has any relationships with any other directors, senior management or substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Mak does not have any interests in the securities of the Company or any of its associated corporation within the meaning of Part XV of the SFO. Mr. Mak is appointed for a term of 3 years and subject to retirement by rotation and re-election in accordance with the Company's Bye-laws. The director's fee of Mr. Mak for the year ended 31st March, 2005 was HK\$ nil.



Peace Mark (Holdings) Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 304)

NOTICE IS HEREBY GIVEN THAT the annual general meeting of Peace Mark (Holdings) Limited (the “Company”) will be held at 4:00 p.m. on 26th August, 2005 at Boardroom, World Trade Centre Club, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong for the following purposes:

1. To receive and consider the audited financial statements of the Company, the reports of the directors (the “Directors”) and auditors (the “Auditors”) of the Company for the year ended 31st March, 2005;
2. To declare a final dividend for the year ended 31st March, 2005;
3. To re-elect the following retiring Directors as Directors:
 - i. Mr. Mak Siu Wing, Clifford who was appointed as an independent non-executive director during the year;
 - ii. Ms. Susan So who was appointed as an independent non-executive director retiring by rotation;
 - iii. Mr. Cheng Kwan Ling who was appointed an executive director retiring by rotation;
4. To authorize the board of Directors to fix the remuneration of directors;
5. To re-appoint the Auditors and to authorize the board of Directors to fix their remuneration;
6. As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONSA. **“THAT:**

- (a) subject to paragraph (c) of this resolution, pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”), the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional share(s) in the share capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements or options (including warrants, bonds and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and to be issued by the directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) of this resolution); (ii) an issue of shares of the Company as scrip dividend or similar arrangements providing for the allotment of Shares in lieu of the whole or part of a dividend on the shares in accordance with the bye-laws of the Company; (iii) an issue of shares under the Company’s share option scheme or any similar arrangements for the time being adopted by the Company and/or any of its subsidiaries for the grant or issue of shares or rights to acquire shares of the Company or (iv) an issue of shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares of the Company, shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution, and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company; 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 the Companies Act 1981 of Bermuda or any other applicable laws to be held; or

- (iii) the date on which the authority set out in this resolution is revoked or varied by way of ordinary resolution in general meeting of the Company; and

“Rights Issue” means an offer of Shares or issue of options to subscribe for Shares open for a period fixed by the directors of the Company to holders of Shares whose names appear on the register of members of the Company 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 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 applicable to the Company).”

B. “THAT:

- (a) subject to paragraph (b) of this resolution, the exercise by the directors of the Company during the Relevant Period (as defined in resolution 6A(d) above) of all powers of the Company to purchase Shares or warrants of the Company on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the Shares or warrants of the Company may be listed and is recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws, and in accordance with the provisions of, and in the manner specified in, the Rules Governing the Listing of Securities on the Stock Exchange or of any stock exchange (as amended from time to time), be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares or warrants of the Company to be repurchased or agreed conditionally or unconditionally to be repurchased by the directors of the Company 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.”

- C. “THAT** conditional upon the passing of the resolutions 6A and 6B above, the general mandate granted to the directors of the Company for the time being in force to exercise the powers of the Company to allot, issue and deal with new shares pursuant to the resolution 6A be and is hereby extended by the addition to the aggregate nominal amount of share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to such general mandate of an amount representing the aggregate nominal amount of shares repurchased by the Company under the authority granted pursuant to the resolution 6B above, provided that such amount 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.”

7. As special business, to consider and, if thought fit, pass the following resolution as a special resolution:

SPECIAL RESOLUTION

“**THAT** the existing bye-laws of the Company (“Bye-laws”) be and are hereby amended in the following manner:

- (a) by inserting the words “voting by way of a poll is required by the rules of the Designated Stock Exchange or” after the words “A resolution put to the vote of a meeting shall be decided on a show of hands unless” in Bye-law 66;
- (b) by deleting the existing Bye-law 68 in its entirety and substituting the following bye-law 68 therefor:
- (2) “68. If a poll is duly demanded the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.”

- (c) by deleting the existing Bye-law 87(1) in its entirety and substituting the following bye-law 87(1) therefor:

“87. (1) Notwithstanding any other provisions in the Bye-laws, at each annual general meeting one third of the Directors for the time being (or, if their number is not multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement at least once every three years.”

- (d) by inserting the words “and shall continue to act as Director throughout the meeting at which he retires” at the end of the first sentence of Bye-law 87(2).”

By Order of the Board

Fong Ho Yan

Company Secretary

Hong Kong, 28th July, 2005

Head office and principal place of business:

Unit 3, 12th Floor

Cheung Fung Industrial Building

23-39 Pak Tin Par Street

Tsuen Wan

Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxy to attend and, in the event of the poll and, subject to the provisions of the bye-laws of the Company, vote on his behalf. A proxy need not be a member of the Company but must be present in person to represent the member.
2. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of such power or authority, must be deposited with the Company's share registrar in Hong Kong, Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you wish.
3. The register of members of the Company will be closed from Wednesday, 24th August, 2005 to Friday, 26th August, 2005, both dates inclusive, during which period no transfer of shares can be registered. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:00 p.m. on Tuesday, 23rd August, 2005.
4. The Bye-laws of the Company are written in English. There is no official Chinese translation in respect thereof. Therefore, the Chinese version of resolution 7 above on the amendments to the bye-laws is purely a translation only. Should there be any discrepancies, the English version shall prevail.
5. As at the date of this AGM Notice, the board of Directors of the Company comprises five executive Directors, namely Mr. Chau Cham Wong, Patrick (Chairman), Mr. Leung Yung (Chief Executive Officer), Mr. Tsang Kwong Chiu, Kevin, Mr. Cheng Kwan Ling and Mr. Man Kwok Keung; and five independent non-executive Directors, namely Mr. Kwok Ping Ki, Albert, Mr. Mak Siu Wing, Clifford, Mr. Tang Yat Kan, Mr. Wong Yee Sui, Andrew and Ms. Susan So.