

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 or transferred all your shares of HK\$0.01 each in the capital of Wah Yuen Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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WAH YUEN HOLDINGS LIMITED

華園控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2349)

- (1) PROPOSED GRANT OF GENERAL MANDATES TO ISSUE NEW SHARES AND REPURCHASE BY THE COMPANY OF ITS OWN SHARES;**
 - (2) PROPOSED RE-ELECTION OF DIRECTOR; AND**
 - (3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY; AND**
 - (4) NOTICE OF ANNUAL GENERAL MEETING**
-

A notice convening an annual general meeting of the Company to be held at 2nd Floor, On Shing Industrial Building, Nos. 2-16 Wo Liu Hang Road, Fo Tan, Shatin, New Territories, Hong Kong on Friday, 30 June 2006 at 9:30 a.m. is set out on pages 13 to 19 of this circular. A form of proxy for use at the annual general meeting is enclosed with this circular. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk.

Whether or not you are able to attend the annual general meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and deposit the same at the offices of the Company's branch share registrar and transfer office in Hong Kong, Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the annual general 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 annual general meeting or any adjournment thereof should you so wish.

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened and held to consider and, if thought fit, to approve, among other things, the proposed grant of the General Mandate and the Repurchase Mandate, the proposed re-election of Director and the proposed amendments to the Articles of Association
“Articles of Association”	the articles of association of the Company, and “Article” shall mean an Article of the Articles of Association
“associate”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“CG Code”	the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules
“Company”	Wah Yuen Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“General Mandate”	the general mandate proposed to be granted to the Directors at the AGM to issue further new Shares not exceeding 20% of the issued share capital of the Company at the date of the passing of such resolution
“Group”	the Company and all of its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	24 April 2006, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	the repurchase mandate proposed to be granted to the Directors at the AGM to repurchase up to 10% of the issued share capital of the Company at the date of the passing of such resolution

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.



WAH YUEN HOLDINGS LIMITED
華園控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2349)

Executive Directors:

Mr But Ching Pui (*Honorary Chairman*)
Mr But Ka Wai (*Chairman*)
Mr But Chai Tong (*Vice Chairman*)
Mr Chu Kin Wah

Non-executive Directors:

Ms Leung Wai Ling
Mr Ngai Chun Kong, Stephen

Independent non-executive Directors:

Mr Cheung Yu Yan, Tommy
Mr Ip Shing Tong, Francis
Mr Ku Siu Fung, Stephen

Registered office:

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman
British West Indies

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

2nd Floor, On Shing Industrial Building
Nos. 2-16 Wo Liu Hang Road
Fo Tan, Shatin
New Territories
Hong Kong

29 April 2006

To the Shareholders

Dear Sir or Madam

- (1) PROPOSED GRANT OF GENERAL MANDATES TO ISSUE NEW SHARES
AND REPURCHASE OF ITS OWN SHARES;**
(2) PROPOSED RE-ELECTION OF DIRECTOR;
**(3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
OF THE COMPANY; AND**
(4) NOTICE OF THE ANNUAL GENERAL MEETING

INTRODUCTION

At the AGM to be held at 2nd Floor, On Shing Industrial Building, Nos. 2-16 Wo Liu Hang Road, Fo Tan, Shatin, New Territories, Hong Kong on Friday, 30 June 2006 at 9:30 a.m., resolutions will be proposed, among other matters:

LETTER FROM THE BOARD

- (a) to re-elect the Director;
- (b) to amend the Articles of Association.
- (c) to grant the General Mandate to the Directors;
- (d) to grant the Repurchase Mandate to the Directors; and
- (e) to increase the number of Shares to be allotted and issued under the General Mandate by an additional number representing such number of Shares repurchased under the Repurchase Mandate.

The purpose of this circular is to provide you with information in relation to the resolutions to be proposed at the AGM for the grant of the General Mandate and the Repurchase Mandate, the re-election of Director and the amendments to the Articles of Association, and to give you the notice of the AGM.

GENERAL MANDATE AND REPURCHASE MANDATE

The General Mandate and the Repurchase Mandate shall be effective until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company; or
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association, or any other applicable law of the Cayman Islands to be held; or
- (c) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors.

Under the Listing Rules, the Company is required to give to the Shareholders all information which is reasonably necessary to enable Shareholders to make an informed decision as to whether to vote for or against the resolution to renew the grant to the Directors of the Repurchase Mandate. The explanatory statement required by the Listing Rules to be included in this circular is set out in Appendix I.

General Mandate

The Company has in issue an aggregate of 214,000,000 Shares as at 24 April 2006, being the Latest Practicable Date. Subject to the passing of the proposed resolution for the approval of the General Mandate and in accordance with the terms therein, the Company would be allowed to allot and issue up to a maximum of 42,800,000 Shares, representing 20% of the aggregate nominal amount of the issued Shares at the time of the passing of the resolution approving the General Mandate on the basis that no further Shares will be issued or repurchased by the Company prior to the AGM.

LETTER FROM THE BOARD

The Directors have no immediate plans to issue any new Shares other than the proposed rights issue as announced by the Company dated 7 April 2006, any Shares which may fall to be issued under the share option scheme or any scrip dividend scheme which may be approved by the Shareholders.

Repurchase Mandate

On pages 13 to 19 of this circular is the notice of the AGM. At the AGM, and as part of the special business of the AGM, an ordinary resolution will be proposed to grant the Repurchase Mandate to the Directors.

RE-ELECTION OF DIRECTOR

According to Article 108, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation at every annual general meeting of the Company. A retiring Director shall be eligible for re-election.

In accordance with Article 108, Mr. But Ching Pui and Mr. Chu Kin Wah shall retire from office by rotation at the AGM. Being eligible, Mr. But Ching Pui will offer himself for re-election as executive Director. However, Mr. Chu Kin Wah will not offer himself for re-election at the AGM. At the AGM, an ordinary resolution will be proposed to re-elect Mr. But Ching Pui as executive Director.

Particulars relating to Mr. But Ching Pui are set out in Appendix III to this circular.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Listing Rules have been amended by the Stock Exchange by replacing the Code of Best Practicable in Appendix 14 with the new CG Code and adding a new Appendix 23 on the requirements for a Corporate Governance Report to be included in annual reports of listed issuers. Subject to certain transitional arrangements, the amendments took effect on 1 January 2005. Further amendments have been made to the Listing Rules with effect from 1 March 2006 requiring that, among other matters, the Articles of Association shall provide that Directors may be removed at any time by ordinary resolution of the Shareholders.

The Directors therefore propose to put forward to the Shareholders for approval of a special resolution to amend the Articles of Association at the AGM. The amendments are to bring the current Articles of Association in line with, including but not limited to, (i) paragraph A.4.2 of the CG Code which requires that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years and all Directors appointed to fill a casual vacancy should be subject to election by the Shareholders at the first general meeting after their appointment; (ii) paragraph E.2.1 of the CG Code which provides, among other things, that if the aggregate proxies held by the chairman of a particular general meeting and/or the Directors account for 5% or more of the total voting rights at the meeting, and if on a show of hands in respect of any resolution, the meeting votes in the opposite manner to that instructed in those proxies, the chairman of the general meeting and/or any Director holding proxies as aforesaid shall demand a poll, unless it is apparent from the total proxies held by those persons that a vote taken on a poll will not reverse the vote taken on a show of hands; and (iii)

LETTER FROM THE BOARD

paragraph 4(3) of Appendix 3 to the Listing Rules which provides that any Directors may be removed by ordinary resolution in general meeting before the expiration of his period of office.

The proposed amendments to Articles of Association are stated in the proposed special resolution no. 4 in the notice convening the AGM as set out on pages 13 to 19 of this circular.

ACTION TO BE TAKEN

Whether or not you intend to attend the AGM, you are requested to complete and return the form of proxy accompanying the annual report of the Company in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. The completion and return of a form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof in person if you so wish.

RECOMMENDATION

The Directors believe that the proposed grant of the General Mandate and the Repurchase Mandate, the proposed re-election of Director and the proposed amendments to the Articles of Association are in the best interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the above resolutions to be proposed at the AGM.

The Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value of the Company and its net assets and/or earnings per Share and will only be made when the Directors believe that a repurchase of Shares will benefit the Company and the Shareholders as a whole.

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and gearing position of the Company compared with that as at 31 December 2005, being the date of its latest published audited consolidated accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

The Directors believe that an exercise of the General Mandate to allot and issue new Shares will enable the Company to take advantage of market conditions to raise additional capital for and/or as a means of payment by the Company.

GENERAL

Your attention is drawn to the information set out in the appendices to this Circular.

Yours faithfully
For and on behalf of
the board of Directors of
Wah Yuen Holdings Limited
But Ka Wai
Chairman

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Mandate.

1. Repurchase of securities from connected parties

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a “connected person”, that is, a director, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective associates and a connected person is prohibited from knowingly selling his/her/its securities to the Company.

No connected person of the Company has notified the Company that he/she/it has a present intention to sell any Shares to the Company nor has any such connected person undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Repurchase Mandate is passed.

2. Share capital

As at the Latest Practicable Date, the issued share capital of the Company comprised 214,000,000 fully paid Shares.

Subject to the passing of the proposed resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 21,400,000 Shares.

3. Reasons for the repurchase

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders as a whole. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets per Share and/or earnings per Share and will only be made when the Directors believe that a repurchase will benefit the Company and the Shareholders as a whole.

4. Funding of repurchases

Pursuant to the Repurchase Mandate, repurchases would be funded entirely from the Company’s available cash flow or working capital facilities which will be funds legally available under the Cayman Islands law and the memorandum and articles of association of the Company for such purpose.

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and gearing position of the Company compared with that as at 31 December 2005, being the date of its latest published audited consolidated accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

5. Share prices

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the previous twelve calendar months were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2005		
April	0.3800	0.3100
May	0.3500	0.3000
June	0.3100	0.2600
July	0.3100	0.2550
August	0.2950	0.2290
September	0.2500	0.2150
October	0.2800	0.2230
November	0.2600	0.1880
December	0.2120	0.1860
2006		
January	0.2210	0.1630
February	0.2140	0.1750
March	0.2200	0.1860
April (up to the Latest Practicable Date)	0.2200	0.1610

6. Disclosure of interests and minimum public holding

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell to the Company or its subsidiaries any of the Shares in the Company if the Repurchase Mandate is approved at the AGM and exercised.

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 and applicable laws of the Cayman Islands.

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 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, the following Shareholders are interested in more than 10% of the Shares then in issue:

Name	Number of Shares	Percentage holding
Able Success Group Limited (<i>Note 1</i>)	60,500,000	28.27%
Mr. But Ka Wai (<i>Note 1</i>)	60,500,000	28.27%
Ms. Chan Yuk Ha (<i>Note 1</i>)	60,500,000	28.27%
National Chain International Limited (<i>Note 2</i>)	57,000,000	26.64%
Mr. But Chai Tong (<i>Note 2</i>)	57,000,000	26.64%
Ms. Chang Tei Wah, Teresa (<i>Note 2</i>)	57,000,000	26.64%

Notes:

- These 60,500,000 Shares are owned by Able Success Group Limited and the entire issued share capital of which is directly held by Mr. But Ka Wai. Ms. Chan Yuk Ha is the wife of Mr. But Ka Wai and is deemed to be interested in the Shares in which Mr. But Ka Wai is interested under the provisions of Divisions 2 and 3 of Part XV of the SFO.
- These 57,000,000 Shares are owned by National Chain International Limited and the entire issued share capital of which is directly held by Mr. But Chai Tong. Ms. Chang Tei Wah, Teresa is the wife of Mr. But Chai Tong and is deemed to be interested in the Shares in which Mr. But Chai Tong is interested under the provisions of Divisions 2 and 3 of Part XV of the SFO.

In the event that the Directors exercise in full the power to repurchase Shares in accordance with the Repurchase Mandate, the total interests of the above Shareholders in the Shares would be increased to:

Name	Percentage holding
Able Success Group Limited	31.41%
Mr. But Ka Wai	31.41%
Ms. Chan Yuk Ha	31.41%
National Chain International Limited	29.60%
Mr. But Chai Tong	29.60%
Ms. Chang Tei Wah, Teresa	29.60%

As Mr. But Ka Wai and Mr. But Chai Tong, both being executive Directors, are brothers, they are therefore presumed to be “persons acting in concert” under the Takeovers Code. As the collective shareholding of Mr. But Ka Wai and Mr. But Chai Tong and the parties acting in concert with them in aggregate is more than 50% of the voting rights of the Company as at the Latest Practicable Date, the exercise of the Repurchase Mandate in full will not result in them becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

Accordingly, save as disclosed above, 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. In addition, the Company may not repurchase Shares which would result in the amount of Shares held by the public being reduced to less than 25%.

7. Shares repurchase made by the Company

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

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

According to Article 72, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded. A poll may be demanded by:

- (a) the chairman of the meeting; or
- (b) at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) any Shareholder or Shareholders present in person (or, in the case of a Shareholder 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 Shareholders having the right to vote at the meeting; or
- (d) any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised 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.

The details of the Director who will retire from office by rotation at the AGM and being eligible, will offer himself for re-election at the AGM, are set out below:

Mr. But Ching Pui

Mr. But Ching Pui, aged 80, is an executive Director and a director of certain subsidiaries of the Company. Mr. But is also the honorary chairman and the founder of the Group. He is responsible for the overall strategic planning and product development of the Group. Mr. But has over 45 years of experience in the snack food manufacturing business since the founding the Group in 1958. He was named as an honorary citizen of Huagu District, Guangzhou, Guangdong Province, the PRC by the local authority in 1996 for his contribution to the Huadu District.

Mr. But did not hold any directorships in other listed company in the last three years. Mr. But has entered into a service agreement with the Company for a term of three years commencing 1 June 2003 with an amount of emoluments of HK\$360,000 per annum, which is determined by the Board with reference to his duties and responsibility but he is not entitled to any bonus payments. Mr. But is the husband of Ms. Leung Wai Ling, a non-executive Director, and the father of Mr. But Ka Wai and Mr. But Chai Tong, both being executive Directors. Save as disclosed above, Mr. But does not have any relationship with any other Directors, senior management of the Company, substantial Shareholders or controlling Shareholders.

Mr. But does not have any interest in the Shares within the meaning of Part XV of the SFO.

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

Save as disclosed herein, there is no other matter that needs to be brought to the attention of the Shareholders.



WAH YUEN HOLDINGS LIMITED

華園控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2349)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Wah Yuen Holdings Limited (the “Company”) will be held at 2nd Floor, On Shing Industrial Building, Nos. 2-16 Wo Liu Hang Road, Fo Tan, Shatin, New Territories, Hong Kong on Friday, 30 June 2006 at 9:30 a.m. to transact the following ordinary business:

1. to receive and consider the audited consolidated financial statements and reports of the directors (the “**Directors**”) and auditors of the Company for the year ended 31 December 2005;
2. to re-elect Director and to authorise the board of Directors to fix the Directors’ remuneration;
3. to re-appoint auditors and to authorise the board of Directors to fix their remuneration;
4. to consider, as special business and, if thought fit, pass with or without amendments, the following resolution as a special resolution:

“**THAT** the articles of association (the “**Articles**”) of the Company be and are hereby amended in the following manner:

(a) Article 73

By adding the following new Article 73A immediately after the existing Article 73:

“73A. Notwithstanding any other provisions in these Articles, if the aggregate proxies held individually or collectively by (i) the Chairman of a particular meeting, and/or (ii) the Directors, account for five (5) per cent or more of the total voting rights at that meeting, and if on a show of hands in respect of any resolution, the meeting votes in the opposition manner to that instructed in those proxies, the Chairman of the meeting and/or any Director holding proxies as aforesaid shall demand a poll.”

NOTICE OF AGM

(b) Article 105

By deleting the existing Article 105(vii) in its entirety and substituting therefor the following new Article 105(vii):

“105. (vii) if he shall be removed from office by an Ordinary Resolution of the Company under Article 114.”

(c) Article 108

By deleting the existing Article 108(A) in its entirety and substituting therefor the following new Article 108(A):

“108. (A) At each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation. A retiring Director shall be eligible for re-election. The Company at general meeting at which a Director retires may fill the vacated office. Every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.”

(d) Article 111

By deleting the existing Article 111 in its entirety and substituting therefor the following new Article 111:

“111. The Company may from time to time in general meeting by Ordinary Resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at the meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.”

(e) Article 112

By deleting the existing Article 112 in its entirety and substituting therefor the following new Article 112:

“112. The Directors shall have power from time to time and at any time to appoint any person as a Director either to fill a causal vacancy or as an additional Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the shareholders in general meeting. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at the meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.”

NOTICE OF AGM

(f) **Article 114**

- (i) By deleting the existing Article 114 in its entirety and substituting therefor the following new Article 114:

“114. The Company may by Ordinary Resolution remove any Director (including a Managing Director or other Executive Director) before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may elect another person in his stead. Any person so elected shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.”

- (ii) By deleting the summary note to the existing Article 114 in its entirety and substituting therefor the following new summary note:

“Power to remove Director by Ordinary Resolution”

(g) **Index to Articles**

By deleting the “Removal by Special Resolution” under the title “Directors” and substituting therefor the “Removal by Ordinary Resolution” in the section “Index to Articles” in the Articles.”

and, as special business and, if thought fit, passing the following resolutions as ordinary resolutions:

5. **“THAT:**

- (a) subject to paragraph (c) below, pursuant to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period of all the powers of the Company to allot, issue and deal with unissued Shares and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

NOTICE OF AGM

- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise), issued or dealt with by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue; or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or (iv) any 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, shall not exceed the aggregate of:
- (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
 - (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

- (d) for the purposes of this resolution:

“Relevant Period” means the period from the date of 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, the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the **“Companies Law”**) or any other applicable law of the Cayman Islands to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

NOTICE OF AGM

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (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, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

6. “**THAT:**

- (a) the exercise by the Directors of the Company during the Relevant Period of all powers of the Company to purchase the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange, the Companies Law and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution, “**Relevant Period**” means the period from the date of 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, the Companies Law or any other applicable law of the Cayman Islands to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors of the Company by this resolution.”

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7. “**THAT** the Directors be and they are hereby authorised to exercise the authority referred to in paragraph (a) of resolution no. 5 above in respect of the share capital of the Company referred to in sub-paragraph (bb) of paragraph (c) of such resolution.”

Yours faithfully
For and on behalf of
the board of Directors of
Wah Yuen Holdings Limited
But Ka Wai
Chairman

Hong Kong, 29 April 2006

<i>Registered office:</i>	<i>Head office and principal place of</i>
Century Yard	<i>business in Hong Kong:</i>
Cricket Square	2nd Floor
Hutchins Drive	On Shing Industrial Building
P.O. Box 2681 GT	Nos. 2-16 Wo Liu Hang Road
George Town	Fo Tan, Shatin
Grand Cayman	New Territories
British West Indies	Hong Kong

Notes:

- 1 A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
- 2 In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the offices of the Company's branch share registrar and transfer office in Hong Kong, Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting.
- 3 In relation to proposed resolution no. 2 above, Mr. But Ching Pui and Mr. Chu Kin Wah will retire from their offices of Directors at the above meeting pursuant to article 108 of the articles of association of the Company. However, only Mr. But Ching Pui will offer himself for re-election.
- 4 The articles of association of the Company are written in English. There is no official Chinese translation in respect thereof. Therefore, the Chinese version of proposed resolution no. 4 above on amendments of the articles of association of the Company is purely a translation only. Should there be any discrepancy, the English version shall prevail.
- 5 In relation to proposed resolutions nos. 5 and 7 above, approval is being sought from the shareholders for the grant to the Directors of a general mandate to authorise the allotment and issue of shares under the Listing Rules. The Directors have no immediate plans to issue any new Shares other than the proposed rights issue as announced by the Company dated 7 April 2006, and Shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme which may be approved by shareholders.

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6. In relation to proposed resolution no. 6 above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase Shares in circumstances which they deem appropriate for the benefit of the shareholders. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision to vote on the proposed resolution as required by the Listing Rules is set out in Appendix I to this circular.