
IMPORTANT

If you are in any doubt as to any aspect of this document or as to the action you should take, 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 Arts Optical International Holdings Limited, you should hand this document and the accompanying form of proxy at once to the purchaser or the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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ARTS OPTICAL INTERNATIONAL HOLDINGS LIMITED

雅視光學集團有限公司 *

(Stock Code: 1120)

(Incorporated in Bermuda with limited liability)

NOTICE OF ANNUAL GENERAL MEETING PROPOSALS FOR RE-ELECTION OF THE RETIRING DIRECTORS, AND GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

The notice convening the Annual General Meeting of Arts Optical International Holdings Limited to be held in Hong Kong on 25th May, 2006 at 3:00 p.m. at which the above proposals will be considered is set out on pages 11 to 14. Whether or not you are able to attend the meeting, please complete and return the accompanying form of proxy in accordance with the instructions printed on it as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting.

* For identification purpose only

24th April, 2006

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DEFINITIONS

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

“Annual General Meeting”	the Annual General Meeting of the Company to be held on 25th May, 2006 at 3:00 p.m., notice of which is set out on pages 11 to 14 of this document
“associates”	shall have the meaning ascribed to it under the Listing Rules
“Bye-laws”	the bye-laws of the Company
“Company”	Arts Optical International Holdings Limited
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Latest Practicable Date”	19th April, 2006, being the latest practicable date prior to the printing of this document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ordinance”	Companies Ordinance (Cap. 32 of the Laws of Hong Kong)
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Shareholders”	holders of Shares
“Shares”	shares of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM CHAIRMAN



ARTS OPTICAL INTERNATIONAL HOLDINGS LIMITED

雅視光學集團有限公司*

(Stock Code: 1120)

(Incorporated in Bermuda with limited liability)

Directors:

Mr. NG Hoi Ying, Michael (*Chairman*)
Ms. HUI Pui Woon
Mr. NG Kim Ying
Mr. LEE Wai Chung
Mr. Francis George MARTIN[#]
Mr. WONG Chi Wai[#]
Mr. CHUNG Hil Lan Eric[#]

([#] independent non-executive directors)

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head Office and Principal Place
of Business in Hong Kong:*

Unit 308, 3rd Floor
Sunbeam Centre
27 Shing Yip Street
Kwun Tong
Kowloon
Hong Kong

24th April, 2006

To the Shareholders

Dear Sir or Madam,

1. INTRODUCTION

The purpose of this document is to give you notice of the Annual General Meeting to be convened for the purpose of considering, and if thought fit, passing resolutions to approve, inter alia, the re-election of the retiring Directors and the general mandates granted to Directors to issue Shares and repurchase Shares.

2. RE-ELECTION OF THE RETIRING DIRECTORS

According to Bye-law 87(1) of the Bye-laws, at each annual general meeting of the Company, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. Bye-law 87(2) of the Bye-laws further provides that the Director(s) to retire by rotation shall be those who have been longest in office since their last re-election or appointment, and as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

* For identification purpose only

LETTER FROM CHAIRMAN

Mr. Ng Hoi Ying, Michael, Ms. Hui Pui Woon and Mr. Lee Wai Chung are the Directors who have been longest in office since their last re-election or appointment. The details and brief biography of Mr. Ng Hoi Ying, Michael, Ms. Hui Pui Woon and Mr. Lee Wai Chung are set out below:

Ng Hoi Ying, Michael (“Mr. Ng”), aged 51, is the founder of the Group. He was appointed a Director and the Chairman of the Company in 1996. Mr. Ng is responsible for the corporate policy making and strategic planning of the Group. He has 38 years of experience in the optical products industry. Mr. Ng won the Young Industrialist Award of Hong Kong organised by the Federation of Hong Kong Industries in 1995. Mr. Ng was admitted as Honorary Fellow of The Professional Validation Council of Hong Kong Industries in 2004. Mr. Ng is currently the President of the Hong Kong Optical Manufacturers Association Ltd., a Director of Hong Kong Commerce and Industry Associations Limited and a Life President of the Hong Kong Wong Tai Sin Industry And Commerce Association Limited. He is also a member of The People’s Political Consultative Committee of Haizhu District, Guangzhou City. Mr. Ng did not hold any directorship in other listed companies in the last three years. The proposed term of office for Mr. Ng shall not be more than 3 years and is subject to retirement by rotation in accordance with the Company’s Bye-laws. Mr. Ng is the brother of Mr. Ng Kim Ying, a director of the Company. Save as disclosed herein, Mr. Ng has no relationship with any director, senior management or substantial or controlling shareholder of the Company. Mr. Ng’s interests in the Shares within the meaning of Part XV of the SFO are more particularly set out in the explanatory statement in the Appendix to this document. There is no service contract between the Company and Mr. Ng. There is no agreement on the amount of emoluments payable to Mr. Ng. Director’s fee and other emoluments payable to Mr. Ng are determined by the remuneration committee of the Company. No Director’s fee was paid to Mr. Ng for the year ended 31st December, 2005. The emoluments paid by the Group to Mr. Ng for the year ended 31st December, 2005 amounted to HK\$141,430, being the difference between HK\$1,425,680 that Mr. Ng was entitled and HK\$1,284,250 that Mr. Ng had waived and the amount of the emoluments was determined by the remuneration committee benchmarked against comparable companies in Hong Kong. There is no other information relating to Mr. Ng that is required to be disclosed pursuant to rules 13.51(2)(h) to (v) of the Listing Rules. Save as disclosed herein, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders.

Hui Pui Woon, aged 35, is the general manager (China business) of the Group. Ms. Hui joined the Group in 2001 and was appointed a Director in 2003. She is responsible for the formation of business strategy and management of operations of the Group’s distribution and retailing businesses in China. She has 17 years of experience in conducting business in China, including 8 years in the optical products industry. Ms. Hui did not hold any directorship in other listed companies in the last three years. The proposed term of office for Ms. Hui shall not be more than 3 years and is subject to retirement by rotation in accordance with the Company’s Bye-laws. Ms. Hui has no relationship with any director, senior management or substantial or controlling shareholder of the Company. Ms. Hui’s interests in the Shares within the meaning of Part XV of the SFO are more particularly set out in the explanatory statement in the Appendix to this document. There is no service contract between the Company and Ms. Hui. There is no agreement on the amount of emoluments payable to Ms. Hui. Director’s fee and other emoluments payable to Ms. Hui are determined by the remuneration committee of the Company. No Director’s fee was paid to Ms. Hui for the year ended 31st December, 2005. The emoluments paid by the Group to Ms. Hui for the year ended 31st December, 2005 amounted to HK\$795,600, and was determined by the remuneration committee benchmarked against comparable companies in Hong Kong. There is no

LETTER FROM CHAIRMAN

other information relating to Ms. Hui that is required to be disclosed pursuant to rules 13.51(2)(h) to (v) of the Listing Rules. Save as disclosed herein, there are no other matters relating to her re-election that need to be brought to the attention of the Shareholders.

Lee Wai Chung, aged 39, is the financial controller of the Group and company secretary of the Company. Mr. Lee joined the Group in 1995 and was appointed a Director in 1996. He is responsible for the Group's finance, accounting and company secretarial matters. He holds a Bachelor degree in Social Sciences from the University of Hong Kong and is a certified public accountant in both Hong Kong and the United States and a non-practising member of the Chinese Institute of Certified Public Accountants. He has 18 years of experience in accounting and auditing. Mr. Lee did not hold any directorship in other listed companies in the last three years. The proposed term of office for Mr. Lee shall not be more than 3 years and is subject to retirement by rotation in accordance with the Company's Bye-laws. Mr. Lee has no relationship with any director, senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Lee was interested in 1,750,000 Shares (representing 0.46% of the issued share capital of the company) within the meaning of Part XV of the SFO. There is no service contract between the Company and Mr. Lee. There is no agreement on the amount of emoluments payable to Mr. Lee. Director's fee and other emoluments payable to Mr. Lee are determined by the remuneration committee of the Company. No Director's fee was paid to Mr. Lee for the year ended 31st December, 2005. The emoluments paid by the Group to Mr. Lee for the year ended 31st December, 2005 amounted to HK\$1,059,360, and was determined by the remuneration committee benchmarked against comparable companies in Hong Kong. There is no other information relating to Mr. Lee that is required to be disclosed pursuant to rules 13.51(2)(h) to (v) of the Listing Rules. Save as disclosed herein, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders.

3. GENERAL MANDATES

At the annual general meeting of the Company held on 27th May, 2005, ordinary resolutions were passed to give general mandates to the Directors to issue and repurchase Shares. Under the terms of the Ordinance and the Listing Rules, these general mandates lapse at the conclusion of the Annual General Meeting.

Resolutions set out as Resolutions no. 7 and no. 8 in the notice of the Annual General Meeting will be proposed at the Annual General Meeting to grant to Directors general mandates:

- (i) to repurchase Shares the aggregate amount of which do not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of such resolution; and
- (ii) to allot, issue and deal with Shares not exceeding:
 - (a) in the case of an allotment and issue of Shares for cash (other than an allotment and issue of Shares pursuant to a rights issue), 5% of the aggregate nominal amount of the share capital in issue as at the date of such resolution; and

LETTER FROM CHAIRMAN

- (b) in the case of an allotment and issue of Shares other than for cash, 20% of the aggregate nominal amount of the share capital in issue as at the date of such resolution (less Shares (if any) issued pursuant to the general mandate granted pursuant to subparagraph (a) above),

provided that, in any event, no Shares shall be allotted and issued pursuant to this general mandate if the relevant price represents a discount of 5% or more to the Benchmarked Price of the Shares.

For the avoidance of doubt, the total number of Shares to be issued pursuant to the general mandate granted to the Directors under Resolution no. 8 shall not exceed 20% of the aggregate nominal amount of the share capital in issue as at the date of such resolution.

For the purposes of these resolutions, the “**Benchmarked Price**” shall be a price which is the higher of:

- (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of signing of the agreement to which the transaction relates; and
- (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet in the five trading days immediately prior to the earlier of:
 - (a) the date of signing of the agreement to which the transaction relates; or
 - (b) the date on which the relevant transaction is announced; and
 - (c) the date on which the price of the Shares to be issued pursuant to the transaction is fixed.

With reference to these resolutions, the Directors wish to state that they have no immediate plans to repurchase any Shares or to issue any new Shares pursuant to the relevant mandates.

The explanatory statement required by the Listing Rules to be sent to Shareholders in connection with the proposed repurchase resolution is set out in the Appendix to this document. This contains all the information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the resolution.

4. ANNUAL GENERAL MEETING

The notice convening the Annual General Meeting proposed to be held at Function Room – Cypress, Hotel InterContinental Hong Kong, 18 Salisbury Road, Kowloon, Hong Kong on 25th May, 2006 at 3:00 p.m. is set out on pages 11 to 14. At the Annual General Meeting:

- (i) Resolution no. 3 will be proposed as an ordinary resolution to re-elect Mr. Ng Hoi Ying, Michael, Ms. Hui Pui Woon and Mr. Lee Wai Chung as Directors.

LETTER FROM CHAIRMAN

- (ii) Resolution no. 7 will be proposed as an ordinary resolution to give a general mandate to the Directors for the repurchase of Shares.
- (iii) Resolution no. 8 will be proposed as an ordinary resolution to give a general mandate to the Directors to allot, issue and deal with Shares.

A form of proxy for use at the Annual General Meeting is enclosed. Whether or not you are able to attend the meeting, please complete the accompanying form of proxy in accordance with the instructions printed on it and return the same to the Company's share registrars in Hong Kong, Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event so as to be received not less than 48 hours before the time appointed for holding the meeting. Completion and delivery of the form of proxy will not prevent you from attending and voting at the Annual General Meeting if you so wish.

5. RIGHT TO DEMAND A POLL

Pursuant to Bye-law 66 of the Bye-laws, a resolution put to the 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:

- (i) by the chairman of such meeting; or
- (ii) by 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
- (iii) by a 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
- (iv) by a 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 shares conferring that right.

The Group places a high priority on corporate governance. The board of Directors wishes to enhance the policy of one-share-one-vote and therefore the Chairman of the meeting will demand that all resolutions shall be decided by way of poll at the forthcoming Annual General Meeting.

The Company will publish an announcement of the results of the proposed resolutions on the next business day following the Annual General Meeting.

LETTER FROM CHAIRMAN

6. RECOMMENDATIONS

The Directors believe that the re-election of the retiring Directors and the general mandates to repurchase Shares and to allot, issue and deal with Shares are in the interests of the Company and the Shareholders and accordingly recommend you to vote in favour of all the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
Ng Hoi Ying, Michael
Chairman

This is the explanatory statement, as required by the relevant rules set out in the Listing Rules to be sent to the Shareholders in connection with the proposed general mandate for the repurchase of Shares.

SHARE REPURCHASE PROPOSAL

The resolution set out as Resolution no. 7 in the notice convening the Annual General Meeting which will be proposed as an ordinary resolution at the Annual General Meeting relates to the granting of a general mandate to the Directors to repurchase on the Stock Exchange Shares representing up to 10% of the Shares in issue at the date of such resolution. As at the Latest Practicable Date, the issued share capital of the Company comprised 383,650,000 Shares. On the basis that no further Shares are issued and no Shares to be repurchased by the Company prior to the date of such resolution the Directors would be authorised to repurchase up to a maximum of 38,365,000 Shares.

REASONS FOR REPURCHASES

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

FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum of Association and Bye-laws and the laws of Bermuda. The laws of Bermuda provide that the amount of capital repaid in connection with a share repurchase may only be paid out of either the paid-up share capital, or the profits that would otherwise be available for dividends or the proceeds of a fresh issue of shares made for that purpose. The premium payable on a repurchase may only be paid out of either the profits that would otherwise be available for dividends or out of the share premium or contributed surplus accounts of the Company. It is envisaged that any such repurchase of Shares would be appropriately financed by the Company's distributable profits.

In the event that the proposed Share repurchases were to be carried out in full at any time during the proposed repurchase period, there could be a material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited consolidated accounts contained in the annual report for the year ended 31st December, 2005 which is despatched to the Shareholders together with this document. However, the Directors do not propose to exercise the repurchase mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing levels which in the opinion of the Directors is from time to time appropriate for the Company.

GENERAL

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, the exercise of the power of the Company to make repurchases pursuant to the general mandate will be in accordance with the Listing Rules and the applicable laws of Bermuda.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates have a present intention, in the event that the general mandate is granted by the Shareholders, to sell Shares to the Company.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that it has a present intention to sell Shares held by it to the Company, or has undertaken not to do so, in the event that the general mandate is granted by the Shareholders.

At the Latest Practicable Date, the following parties were recorded in the register required to be kept by the Company under Section 336 of the SFO as being directly or indirectly interested in 5% or more of the issued share capital of the Company:

Shares in the Company (Long Position)

Name	Personal interests	Number of shares held		Total	Percentage of issued share capital	Percentage of issued share capital if Share repurchases were carried out in full
		Other interests	Corporate interests			
Ng Hoi Ying, Michael	2,856,000	151,000,000 (Note a)	–	153,856,000	40.10%	44.56%
Hui Pui Woon	–	36,682,000 (Note b)	–	36,682,000	9.56%	10.62%
Veer Palthe Voûte NV	–	–	26,929,990 (Note c)	26,929,990	7.02%	7.80%
David Michael Webb	1,570,000	–	18,078,000	19,648,000	5.12%	5.69%
Ng Kim Ying	950,000	18,500,000 (Note d)	–	19,450,000	5.07%	5.63%

Notes:

- (a) These shares are held by Ratagan International Company Limited (“Ratagan”). The entire issued share capital of Ratagan is held by Trustcorp Limited as trustee of The Arts 1996 Trust, a discretionary trust, the beneficiaries of which include Mr. Ng Hoi Ying, Michael and his family members. The parent company of Trustcorp Limited, Newcorp Limited, its ultimate parent company Newcorp Holdings Limited, Mr. David Henry Christopher Hill, Ms. Rebecca Ann Hill and Mr. David William Roberts are also deemed to be interested in the issued share capital of Ratagan by virtue of their interests and deemed interests in Trustcorp Limited.
- (b) These shares are held by Forever Up Group Limited (“Forever Up”). The entire issued share capital Forever Up is owned by Fortune Smiles Limited which is wholly owned by HSBC International Trustee Limited as trustee for The Saying’s Trust, a discretionary trust, the beneficiaries of which include Ms. Hui Pui Woon and her family members.

- (c) Allianz Aktiengesellschaft, Allianz Finanzbeteiligungs GmbH, Dresdner Bank Aktiengesellschaft and Dresdner Bank Luxembourg S. A., being the parent companies of Veer Palthe Voûte NV, are also deemed to be interested in the same parcel of 26,929,990 Shares held by Veer Palthe Voûte NV under Part XV of the SFO.
- (d) These shares are held by Universal Honour Developments Limited (“Universal Honour”). The entire issued share capital of Universal Honour is held by Trustcorp Limited as trustee for The Optical 2000 Trust, a discretionary trust, the beneficiaries of which include Mr. Ng Kim Ying and his family members. The parent company of Trustcorp Limited, Newcorp Limited, its ultimate parent company Newcorp Holdings Limited, Mr. David Henry Christopher Hill, Ms. Rebecca Ann Hill and Mr. David William Roberts are also deemed to be interested in the issued share capital of Universal Honour by virtue of their interests and deemed interests in Trustcorp Limited.

If as a result of a Share repurchase 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 Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”). As a result, a Shareholder, or a group of Shareholders acting in concert (depending on the level of increase of the Shareholders’ interests) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. The Directors are not aware of any Shareholders, or group of Shareholders acting in concert, who may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code in the event that the Directors exercise the powers to repurchase Shares pursuant to the repurchase mandate.

SECURITIES PURCHASES MADE BY THE COMPANY

No purchase has been made by the Company of its Shares on the Stock Exchange in the six months prior to the Latest Practicable Date.

SHARE PRICES

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

Month	Highest HK\$	Lowest HK\$
April 2005	3.000	2.725
May 2005	2.875	2.725
June 2005	2.975	2.750
July 2005	2.950	2.550
August 2005	2.625	2.425
September 2005	2.525	2.425
October 2005	2.425	2.100
November 2005	2.150	1.990
December 2005	2.425	2.075
January 2006	2.500	2.375
February 2006	2.650	2.400
March 2006	2.400	2.300
April 2006 (up to Latest Practicable Date)	2.425	2.275

NOTICE OF ANNUAL GENERAL MEETING



ARTS OPTICAL INTERNATIONAL HOLDINGS LIMITED

雅視光學集團有限公司 *

(Stock Code: 1120)

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Arts Optical International Holdings Limited (the “**Company**”) will be held at Function Room – Cypress, Hotel InterContinental Hong Kong, 18 Salisbury Road, Kowloon, Hong Kong on 25th May, 2006 at 3:00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31st December, 2005.
2. To declare a final dividend for the year ended 31st December, 2005.
3. To re-elect Mr. Ng Hoi Ying, Michael, Ms. Hui Pui Woon and Mr. Lee Wai Chung as Directors for a term of not more than 3 years and subject to their retirement by rotation in accordance with the Company’s Bye-laws.
4. To authorise the Remuneration Committee to fix the remuneration of the executive Directors.
5. To approve a remuneration of HK\$144,000 be paid to each of the non-executive Directors for the period from the conclusion of this meeting to the conclusion of the next annual general meeting, provided that such remuneration will be paid in proportion to the period of service in the case of a Director who has not served the entire period.
6. To re-appoint Deloitte Touche Tohmatsu as Auditors and to authorise the Board of Directors to fix their remuneration.

AS SPECIAL BUSINESS

7. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to paragraph (b) below of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time, be and is hereby generally and unconditionally approved;

- (b) the aggregate nominal amount of shares to be repurchased by the Company pursuant to the approval in paragraph (a) above of this resolution shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of 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 laws of Bermuda or the Bye-laws of the Company to be held; or
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

8. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (c) below of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options which would or might require the allotment of such shares, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above of this resolution shall authorise the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements or options which would or might require the allotment of such shares after the end of the Relevant Period (as hereinafter defined);
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) above of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares as scrip dividends pursuant to the Bye-laws of the Company from time to time; (iii) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of

NOTICE OF ANNUAL GENERAL MEETING

its subsidiaries of shares or rights to subscribe for shares in the Company, shall not exceed:

- (A) in the case of an allotment and issue of shares for cash, 5% of the aggregate nominal amount of the share capital in issue at the date of this resolution; and
- (B) in the case of an allotment and issue of shares other than for cash, 20% of the aggregate nominal amount of the share capital in issue at the date of this resolution (less shares (if any) issued pursuant to the general mandate granted pursuant to sub-paragraph (A) of this resolution),

provided that, in any event, no shares shall be allotted and issued by the Directors pursuant to the approval granted under this resolution if the total number of Shares allotted and issued (for cash or otherwise) exceeds 20% of the aggregate amount of the share capital in issue at the date of this resolution or if the relevant price represents a discount of 5% or more to the Benchmarked Price (as hereinafter defined) of the shares, and the said approval shall be limited accordingly; and

- (d) for the purposes of this resolution,

“**Benchmarked Price**” shall be a price which is the higher of:

- (i) the closing price of the shares of the Company as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited on the date of signing of the agreement to which the transaction relates; and
- (ii) the average closing price of the shares of the Company as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited in the five trading days immediately prior to the earlier of:
 - (A) the date of signing of the agreement to which the transaction relates; or
 - (B) the date on which the relevant transaction is announced; or
 - (C) the date on which the price of the shares of the Company to be issued pursuant to the transaction is fixed.

“**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 laws of Bermuda or the Bye-laws of the Company to be held; or

NOTICE OF ANNUAL GENERAL MEETING

- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

“**Rights Issue**” means an offer of shares open for a period fixed by the Directors to the holders of shares on the register of members on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any applicable stock exchange).”

By order of the Board
Lee Wai Chung
Company Secretary

Hong Kong, 24th April, 2006

Notes:

- (1) At the Annual General Meeting, the Chairman of the meeting will exercise his power under Bye-law 66 of the Company's Bye-laws to put all of the above resolutions to the vote by way of poll.
- (2) Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
- (3) To be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof must be lodged with the Company's share registrars in Hong Kong, Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting, or any adjournment thereof.
- (4) The register of members of the Company will be closed from 22nd May, 2006 to 25th May, 2006 (both days inclusive), during which period no transfers of shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars in Hong Kong, Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 19th May, 2006 in Hong Kong.
- (5) An explanatory statement containing further details regarding resolution no. 7 above will be sent to Shareholders together with the annual report of the Company for the year ended 31st December, 2005.