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

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**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 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 in **Deson Development International Holdings Limited**, you should at once hand this circular 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.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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**DESON DEVELOPMENT INTERNATIONAL HOLDINGS LIMITED**

**迪臣發展國際集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 262)**

**PROPOSED GENERAL MANDATES  
TO ISSUE AND REPURCHASE SHARES  
AND  
RE-ELECTION OF RETIRING DIRECTORS**

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A notice convening the annual general meeting of the Company to be held at 10:30 a.m. on Friday, 31 August 2007 at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong is set out in Appendix III of this circular.

Whether or not you are able to attend the AGM, you are requested to complete and return the enclosed form of proxy to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the AGM or any adjourned meeting should you so wish.

\* *For identification only*

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## DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at 10:30 a.m. on Friday, 31 August 2007 at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong, or any adjournment thereof;
“Board”	the board of Directors or a duly authorised committee of the board of Directors;
“Business Day”	a day upon which the Stock Exchange is open for securities trading;
“Bye-Laws”	the bye-laws of the Company (as amended from time to time);
“Company”	Deson Development International Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	HK dollars, the lawful currency in Hong Kong;
“Issue Mandate”	the general and unconditional mandate proposed to be granted to the Directors at the AGM to exercise all the power to allot, issue and otherwise deal with Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of the resolution granting such mandate;
“Latest Practicable Date”	6 August 2007, being the latest practicable date for ascertaining certain information included in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;

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## DEFINITIONS

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“Repurchase Mandate”	the general and unconditional mandate proposed to be granted to the Directors at the AGM to repurchase Shares on the Stock Exchange with an aggregate nominal amount up to 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of the resolution granting such mandate;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	Share(s) in the capital of the Company;
“Shareholders”	holders of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers.

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**LETTER FROM THE BOARD**

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**DESON DEVELOPMENT INTERNATIONAL HOLDINGS LIMITED**

**迪臣發展國際集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 262)**

*Executive Directors:*

Mr. Wang Ke Duan (*Chairman*)

Mr. Tjia Boen Sien

*(Managing Director & Deputy Chairman)*

Mr. Wang Jing Ning

Mr. Keung Kwok Cheung

Mr. Ong Chi King

*Independent non-executive Directors:*

Dr. Ho Chung Tai, Raymond

Mr. Siu Man Po

Mr. Wong Shing Kay, Oliver

*Registered Office:*

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

*Principal Place of Business:*

11th Floor, Nanyang Plaza

57 Hung To Road, Kwun Tong

Kowloon

Hong Kong

9 August 2007

*To the Shareholders and for information only,  
holders of outstanding Share Options*

Dear Sirs,

**PROPOSED GENERAL MANDATES  
TO ISSUE AND REPURCHASE SHARES  
AND  
RE-ELECTION OF RETIRING DIRECTORS**

**1. INTRODUCTION**

The purpose of this circular is to provide you with information on the above matters which include, inter alia, (i) the grant of the Issue Mandate and Repurchase Mandate; and the renewal of a general mandate enabling the Directors to issue and allot Shares representing the aggregate nominal amount of the Shares repurchased by the Company under the Repurchase Mandate and (ii) the re-election of retiring Directors.

\* For identification only

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## LETTER FROM THE BOARD

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### 2. GENERAL MANDATE TO ISSUE SHARES

In order to ensure flexibility and discretion be given to the Directors in the event that it becomes desirable to allot, issue and deal with Shares of the Company, approval is being sought from the Shareholders of the Company for the granting of a general mandate to the Directors to allot, issue and deal with Shares of the Company up to a maximum of 20 per cent. of the total nominal amount of the share capital of the Company in issue as at the date of the passing of the ordinary resolution set out as resolution numbered 5(A) in the notice convening the AGM and adding to such general mandate any Shares representing the aggregate nominal amount of the Shares repurchased by the Company after granting of the general mandate under the resolution for the Repurchase Mandate.

### 3. GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 22 August 2006, a general mandate was given by the Company to the Directors to exercise the powers of the Company to repurchase Shares. Such mandate will lapse until the conclusion of the forthcoming annual general meeting of the Company (unless previously revoked or varied by ordinary resolution of the Shareholders). The Repurchase Mandate will be proposed at the AGM to enable the Directors to exercise the powers of the Company to repurchase its own issued and fully paid Shares up to a maximum of 10 per cent. of the share capital of the Company in issue as at the date of the passing of the ordinary resolution set out as resolution numbered 5(B) in the notice convening the AGM. The authority granted under the Repurchase Mandate to the Directors will be valid until the conclusion of the next annual general meeting of the Company, or the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws of the Company or any applicable law to be held or the date on which the authority given under the Repurchase Mandate is revoked or varied by an ordinary resolution of the Shareholders of the Company in general meeting (whichever is the earlier). The notice convening the AGM is set out in the Appendix III of this circular. The Company at present has no immediate plan to exercise the Repurchase Mandate.

An explanatory statement as required by the Listing Rules to provide the requisite information on the Repurchase Mandate is set out in Appendix I to this circular.

### 4. PROPOSED RE-ELECTION OF RETIRING DIRECTORS

The Company has stated in the annual report of the Company for the year ended 31 March 2007 that the Directors to be retired by rotation for re-election at the AGM shall be Mr. Wang Jing Ning, Mr. Keung Kwok Cheung and Mr. Wong Shing Kay, Oliver. Relevant details of each of the Directors proposed to be re-elected at the AGM are set out in Appendix II to this circular.

Bye-law 89 of the Bye-Laws provides that no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director, signed by a Shareholder (other than the person to be proposed for election as a Director) duly qualified to attend and vote at the meeting for

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## LETTER FROM THE BOARD

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which such notice is given, and a notice in writing signed by that person of his willingness to be elected shall have been lodged to the Company. The minimum length of the period during which such notices are given shall be at least seven days and the period for lodgment of such notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such meeting.

Accordingly, if a Shareholder wishes to nominate a person to stand for election as a Director at the AGM, notice of his intention to propose such person for election as a Director and the notice executed by the nominee of his willingness to be elected must be validly served at the principal place of business of the Company at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong on or before 10:30 a.m. of 22 August 2007.

If a valid notice from a Shareholder to propose a person to stand for election as a Director at the AGM is received after the publication of the notice of the AGM, the Company will publish an announcement to inform Shareholders of the biographical details of the additional candidate proposed.

Details of the biographies of each of the Directors who have offered themselves for re-election are set out in Appendix II of this Circular.

### 5. AGM

A notice of the AGM is set out in Appendix III of this circular. A form of proxy for the AGM is also enclosed. Whether or not you are able to attend the AGM, you are requested to complete and return the enclosed form of proxy to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the AGM or any adjourned meeting should you so wish.

Pursuant to Bye-law 69 of the Bye-Laws, a poll may be demanded in relation to any resolution put to the vote at the annual general meeting (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 may be demanded by:

- (i) the chairman of the meeting;
- (ii) at least three Shareholders present in person or by proxy or by a duly authorized corporate representative or by proxy for the time being entitled to vote at the meeting;
- (iii) any Shareholders or Shareholders present in person or by proxy or by a duly authorized corporate representative and holding between them not less than one-tenth of the total voting rights of all the Shareholders having the right to attend and vote at the meeting; or

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## LETTER FROM THE BOARD

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- (iv) any Shareholders or Shareholders present in person or by proxy or by a duly authorized corporate representative and holding Shares in the Company conferring a right to attend and 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.

### 6. RECOMMENDATION

The Directors consider that the proposed resolutions for approving the grant of the Issue Mandate and the Repurchase Mandate, and to add the aggregate nominal amount of Shares which have been repurchased to the aggregate nominal amount of the Shares that may be allotted pursuant to the Issue Mandate and the proposed re-election of retiring Directors are each in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends all Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

By Order of the Board  
**Tjia Boen Sien**  
*Managing Director and Deputy Chairman*

The Listing Rules permit companies with primary listing on the Stock Exchange to repurchase their fully paid-up Shares on the Stock Exchange subject to certain restrictions.

The following is the explanatory statement required to be sent to the Shareholders under the Listing Rules to enable them to make an informed decision on whether to vote for or against the ordinary resolution in relation to the grant of the Repurchase Mandate.

### **1. REASONS FOR REPURCHASES**

The Directors believe that the granting of the Repurchase Mandate is in the best interests of the Company and the Shareholders. 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 the earnings per Share of the Company and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders. The Directors have no present intention to repurchase any of the securities of the Company.

### **2. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 572,683,017 Shares of HK\$0.10 each.

Subject to the passing of the resolution approving the Repurchase Mandate, and assuming no Shares will be issued or repurchased by the Company during the period between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 57,268,301 Shares.

### **3. 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 applicable laws of Bermuda. Bermuda law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of the capital paid up on the relevant Shares, or out of funds of the Company otherwise available for dividend or distribution or the proceeds of a new issue of Shares made for such purpose. The amount of premium payable on repurchase may only be paid out of either the funds of the Company otherwise available for dividend or distribution or out of the share premium or contributed surplus accounts of the Company.

If the Repurchase Mandate were exercised in full, there might be a material adverse effect on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the annual report of the Company for the year ended 31 March 2007). However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

#### 4. DIRECTORS DEALINGS AND CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, their associates, have any present intention to sell to the Company or its subsidiaries any Shares under the Repurchase Mandate if such is approved by the Shareholders.

No connected persons of the Company (as defined in the Listing Rules) have notified the Company that they have a present intention to sell to the Company or its subsidiaries Shares or have undertaken not to do so in the event that the Repurchase Mandate is approved by the Shareholders.

#### 5. SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months prior to the Latest Practicable Date were as follows:-

	Trading price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2006</b>		
July	0.52	0.40
August	0.50	0.43
September	0.475	0.435
October	0.52	0.445
November	0.56	0.44
December	0.64	0.50
<b>2007</b>		
January	0.63	0.52
February	0.63	0.54
March	0.57	0.49
April	0.52	0.47
May	0.61	0.46
June	0.65	0.51
July	0.62	0.51
August up to the Latest Practicable Date	0.57	0.47

**6. SHARE REPURCHASES MADE BY THE COMPANY**

No purchase of Shares has been made by the Company during the last six months prior to the date of this circular (whether on the Stock Exchange or otherwise).

**7. DIRECTORS' UNDERTAKING**

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 and in accordance with the Listing Rules and the applicable laws of Bermuda.

**8. HONG KONG CODE ON TAKEOVERS AND MERGERS**

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 purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (as defined under the Takeovers Code) could, depending on the level of increase of the Shareholder's interest, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Sparta Assets Limited ("Sparta Assets"), being the single largest shareholder of the Company, was wholly owned by Mr. Tjia Boen Sien ("Mr. Tjia"). Sparta Assets was interested in 226,250,000 Shares representing approximately 39.51% of the issued share capital in the Company as at the Latest Practicable Date. Apart from the above shareholding interests in the Company through Sparta Assets, Mr. Tjia is also interested in 35,984,400 Shares, representing approximately 6.28% of the issued share capital in the Company as at the Latest Practicable Date.

As at the Latest Practicable Date, another substantial shareholder (as defined in the SFO), Penta Investment Advisers Limited ("Penta") was interested in 132,260,000 Shares, representing approximately 23.09% of the issued share capital of the Company.

In the event that the Repurchase Mandate was exercised in full by the Company, the aggregate percentage shareholding of Sparta Assets and Mr. Tjia in the Company would increase from approximately 45.79% to approximately 50.88%. The percentage shareholding of Penta would increase from approximately 23.09% to approximately 25.66%. The respective increases would require Sparta Assets, Mr. Tjia and Penta to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors have no intention to exercise the Repurchase Mandate to repurchase shares to such an extent that would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

The following are the biographies of each of the retiring Directors proposed to be re-elected at the AGM:

**WANG Jing Ning** (“Mr. Wang”), aged 51, is an executive Director of the Group. Mr. Wang has over 27 years’ experience in hotel management and construction engineering in the Mainland China and Hong Kong. He is responsible for managing the Group’s projects in the Mainland China. Mr. Wang was also an executive director of Chinese People Gas Holdings Company Limited, a company listed on the Stock Exchange (Stock Code: 681) from 2000 to 2005.

As at the Latest Practicable Date, Mr. Wang was interested in 12,839,600 Shares representing approximately 2.24% of the existing issued share capital of the Company. Save as disclosed, Mr. Wang does not have any relationship with any other Directors, senior management, substantial or controlling Shareholders (as defined in the Listing Rules) of the Company or any other interest in the Shares within the meaning of Part XV of the SFO.

As at the Latest Practicable Date, no service contract had been entered into between the Company and Mr. Wang. No term has been fixed or proposed for his length of service with the Company. Mr. Wang will be subject to retirement by rotation at least once every three years. Mr. Wang will be entitled to an annual salary of HK\$480,000.00 which is determined by the Board with reference to his duties and responsibilities with the Company and an annual discretionary bonus of such an amount to be determined by the Board from time to time with reference to the financial results of the Company and on his performance. Save as disclosed above, Mr. Wang is not entitled to any other emoluments.

Save as disclosed, Mr. Wang did not have any other directorship held in listed public companies in the last three years.

**KEUNG Kwok Cheung** (“Mr. Keung”), aged 49, is an executive Director of the Group and is in charge of the Group’s engineering and contracts departments. He has over 25 years’ experience in the fields of civil, structural and building engineering and in the management of large-scale projects. He also holds an Associateship in Civil and Structural Engineering from the Hong Kong Polytechnic University and a Master degree in Business Administration. He is a fellow member of the Hong Kong Institute of Directors. He is also a member of the China Civil Engineering Society, the People’s Republic of China. Mr. Keung was also an executive director of Chinese People Gas Holdings Company Limited, a company listed on the Stock Exchange (Stock Code: 681) from 2000 to 2005.

As at the Latest Practicable Date, Mr. Keung does not hold any Share of the Company. Save as disclosed above, Mr. Keung does not have any relationship with any other Directors, senior management, substantial or controlling Shareholders (as defined in the Listing Rules) of the Company or any other interest in the Shares within the meaning of SFO.

As at the Latest Practicable Date, no service contract had been entered into between the Company and Mr. Keung. No term has been fixed or proposed for his length of service with the Company. Mr. Keung will be subject to retirement by rotation at least once every three years. Mr. Keung will be entitled to an annual salary of HK\$900,000.00 which is determined by the Board with reference to his duties and responsibilities with the Company and an annual discretionary bonus of such an amount to be determined by the Board from time to time with reference to the financial results of the Company and on his performance. Save as disclosed above, Mr. Keung is not entitled to any other emoluments.

Save as disclosed, Mr. Keung did not have any other directorship held in listed public companies in the last three years.

**Mr. Wong Shing Kay, Oliver**, (“Mr. Wong”), aged 55, obtained his professional accounting qualifications in both Hong Kong and Canada. Mr. Wong is an associate member of the Institute of Chartered Accountants in England and Wales and a fellow member of the Association of Chartered Certified Accountants of the United Kingdom. Mr. Wong is also a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate member of Certified General Accountants of Canada. Mr. Wong had worked in various renowned auditing firms in Hong Kong with over 16 years of experience in handling auditing, financial accounting and taxation matters. Mr. Wong is currently appointed as an independent non-executive director and a member of Auditing Committee of several listed companies in Hong Kong. He also assumed the duty of Financial Controller for several listed companies in both Hong Kong and Canada for over ten years. Mr. Wong is presently practicing as a Certified Public Accountant in Hong Kong. He is knowledgeable with expertise in financial accounting, taxation, import-export business and company management. Mr. Wong was also an independent non-executive executive director of Chinese People Gas Holdings Company Limited, a company listed on the Stock Exchange (Stock Code: 681) from 2004 to 2005.

As at the Latest Practicable Date, Mr. Wong does not hold any Share of the Company. Save as disclosed, Mr. Wong does not have any relationship with any other Directors, senior management, substantial or controlling Shareholders (as defined in the Listing Rules) of the Company or any other interest in the Shares within the meaning of SFO.

As at the Latest Practicable Date, no service contract had been entered into between the Company and Mr. Wong. No term has been fixed or proposed for his length of service with the Company. Mr. Wong will be subject to retirement by rotation at least once every three years. Mr. Wong will be entitled to an annual salary of HK\$96,000.00 which is determined by the Board with reference to his duties and responsibilities with the Company and an annual discretionary bonus of such an amount to be determined by the Board from time to time with reference to the financial results of the Company and on his performance. Save as disclosed above, Mr. Wong is not entitled to any other emoluments.

Save as disclosed, Mr. Wong has been an independent non-executive director of the following listed public companies in the last three years:

- (a) Hopson Development Holdings Limited (Stock Code: 754)
- (b) New City (China) Development Limited (Stock Code: 456)

Save as disclosed above, there is no other matter in relation to the re-election of the above Directors that needs to be brought to the attention of the Shareholders or any information that is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

**DESON DEVELOPMENT INTERNATIONAL HOLDINGS LIMITED****迪臣發展國際集團有限公司\****(Incorporated in Bermuda with limited liability)***(Stock Code: 262)**

**NOTICE IS HEREBY GIVEN** that an annual general meeting (“AGM”) of Deson Development International Holdings Limited (the “Company”) will be held at 10:30 a.m. on Friday, 31 August 2007 at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong for the following purposes:

- (1) To receive and consider the audited consolidated financial statements and the reports of directors and auditors of the Company for the year ended 31 March 2007;
- (2) To re-elect directors of the Company;
- (3) To authorize the board of directors of the Company to fix the remuneration of the directors;
- (4) To re-appoint auditors of the Company and to authorize the board of directors of the Company to fix their remuneration;
- (5) To consider and, if thought fit, to pass, with or without modification, the following resolutions as an ordinary resolutions:

(A) **“THAT:**

- (a) subject to paragraph (c) of this resolution, the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue or deal with additional shares in the share capital of the Company or securities convertible into such shares or options, warrants or similar rights to subscribe for any such shares or such convertible securities and to make or grant offers, agreements and options which 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 authorize the directors of the Company during the Relevant Period (as defined in paragraph (d) below) to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;

\* For identification only

- (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 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) below), (ii) the exercise of the subscription rights or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company and from time to time outstanding, (iii) the exercise of any options granted under the share option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, or (iv) any scrip dividend or similar arrangement providing for the allotment of shares of the Company in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws of the Company in force from time to time, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares of the Company open for a period fixed by the directors of the Company to holders of shares of the Company 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 recognized regulatory body or stock exchange in any territory outside Hong Kong 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 paragraph (c) below) of all the powers of the Company to purchase its own shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other exchange on which the securities of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose (“Recognised Stock Exchange”), subject to and in accordance with all applicable laws and regulations of Bermuda, the bye-laws of the Company and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or any other Recognised Stock Exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares which the Company may be purchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period (as defined in paragraph (c) below) shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and the said approval shall be limited accordingly; and
- (c) for the purposes of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

(C) “**THAT**

subject to the passing of the resolutions set out in items 5 (A) and 5 (B) in the notice convening this meeting, the aggregate nominal amount of the share capital of the Company which has been purchased by the Company pursuant to the authority granted to the directors of the Company pursuant to the resolution set out in item 5 (B) of the said notice shall be added to the aggregate nominal amount of share capital of the Company that may be allotted, issued and dealt with by the directors of the Company pursuant to the resolution set out in item 5 (A) of the said notice, 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 of this resolution.”

(6) To determine the minimum and maximum numbers of Directors for the financial year ended 31 March 2008.

(7) To transact any other business.

By Order of the Board  
**Ong Chi King**  
*Company Secretary*

Hong Kong, 9 August 2007

*Notes:*

1. A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is appointed. A proxy need not be a shareholder of the Company.
2. In order to be valid, the proxy form together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting thereof.
3. The Register of Members will be closed from 24 August 2007 to 30 August 2007, both days inclusive, during which period no transfer of shares will be affected. All transfers accompanied by the relevant share certificates must be lodged with Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 23 August 2007.
4. As at the date of this notice, the executive directors of the Company are Mr. Wang Ke Duan, Mr. Tjia Boen Sien, Mr. Wang Jing Ning, Mr. Keung Kwok Cheung and Mr. Ong Chi King and the independent non-executive directors of the Company are Dr. Ho Chung Tai, Raymond, Mr. Siu Man Po and Mr. Wong Shing Kay, Oliver.