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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 you should take, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no 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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**YU MING INVESTMENTS LIMITED**

**禹銘投資有限公司**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 666)

**PROPOSALS FOR RE-ELECTION OF DIRECTORS,  
GENERAL MANDATES TO REPURCHASE  
SHARES AND TO ISSUE SHARES,  
BONUS ISSUE OF WARRANTS AND  
INCREASE IN AUTHORIZED SHARE CAPITAL,  
AMENDMENTS OF THE ARTICLES OF ASSOCIATION  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening an annual general meeting of Yu Ming Investments Limited to be held at Plaza V, Lower Lobby, Novotel Century Hong Kong Hotel, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 23<sup>rd</sup> May, 2008 at 3:00 p.m. is set out on pages 31 to 36 of this circular. Whether or not you propose to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the share registrars of the Company, Tricor Secretaries Limited, 26<sup>th</sup> Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting. Completion and deposit of the proxy form will not preclude you from attending and voting at the meeting if you so wish.

30<sup>th</sup> April, 2008

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## EXPECTED TIMETABLE

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*The following events are conditional on the results of the Annual General Meeting and the respective conditions of the Bonus Warrants Issue.*

**2008**

|   |  |
|---|--|
| Last day of dealings in Shares cum-entitlements<br>to the Bonus Warrants Issue . . . . .              | Wednesday, 14 <sup>th</sup> May  |
| First day of dealings in Shares ex-entitlements<br>to the Bonus Warrants Issue . . . . .              | Thursday, 15 <sup>th</sup> May   |
| Latest time for lodging transfers of Shares<br>for entitlements to the Bonus Warrants Issue . . . . . | 4:00 p.m. on Friday, 16 <sup>th</sup> May  |
| Closure of register of members of the Company . . . . .   | Monday, 19 <sup>th</sup> May to<br>Friday, 23 <sup>rd</sup> May (both dates inclusive) |
| Latest time for lodging proxy forms for the Annual General Meeting . . . . .                          | 3:00 p.m. on Wednesday, 21 <sup>st</sup> May   |
| Record Date . . . . .   | Friday, 23 <sup>rd</sup> May   |
| Annual General Meeting . . . . .  | 3:00 p.m. on Friday, 23 <sup>rd</sup> May  |
| Despatch of bonus Warrants certificates by . . . . .  | Thursday, 29 <sup>th</sup> May   |
| Commencement of dealings in the bonus Warrants . . . . .  | 9:30 a.m. on Monday, 2 <sup>nd</sup> June  |

*Further announcement will be made if there are any changes to the above timetable. All time references in this circular refer to Hong Kong time.*

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## DEFINITIONS

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

|                           |  |
|---------------------------|--|
| “Annual General Meeting”  | the annual general meeting of the Company to be held at Plaza V, Lower Lobby, Novotel Century Hong Kong Hotel, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 23 <sup>rd</sup> May, 2008 at 3:00 p.m., notice of which is set out on pages 31 to 36 of this circular  |
| “Articles of Association” | the Articles of Association of the Company   |
| “Board”                   | the board of Directors   |
| “Bonus Warrants Issue”    | the proposed bonus issue of Warrants, on the basis of one bonus Warrant for every five existing Shares held, to Shareholders (other than Excluded Shareholders) whose names appear on the register of members of the Company at the close of business on the Record Date   |
| “business day”            | any days (other than Saturday and Sunday) on which licensed banks in Hong Kong are open for business during their normal business hours  |
| “CCASS”                   | Central Clearing and Settlement System established and operated by HKSCC   |
| “Companies Ordinance”     | the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)  |
| “Company”                 | Yu Ming Investments Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the securities of which are listed on the Stock Exchange  |
| “Directors”               | the directors of the Company   |
| “Excluded Shareholder(s)” | Overseas Shareholder(s) who are excluded from the Bonus Issue of Warrants by the reason that the Directors upon making enquiry, consider such exclusion to be necessary or expedient on account either of the legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory body |
| “Group”                   | the Company and its subsidiaries   |
| “HKSCC”                   | Hong Kong Securities Clearing Company Limited  |
| “Hong Kong”               | the Hong Kong Special Administrative Region of the People’s Republic of China  |

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## DEFINITIONS

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|---------------------------|--|
| “Latest Practicable Date” | 24 <sup>th</sup> April, 2008 being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein  |
| “Listing Committee”       | the listing committee as defined under the Listing Rules   |
| “Listing Rules”           | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Overseas Shareholders”   | Shareholders whose addresses on the Company’s register of members as at the Record Date are in places outside Hong Kong  |
| “Record Date”             | Friday, 23 <sup>rd</sup> May, 2008, being the date for determination of entitlements to the Bonus Warrants Issue   |
| “Registrar(s)”            | share registrars of the Company, Tricor Secretaries Limited, situated at 26 <sup>th</sup> Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong  |
| “Repurchase Proposal”     | the proposal to give a general mandate to the Directors to exercise the powers of the Company to repurchase, during the period as set out in the Repurchase Resolution, Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the Repurchase Resolution |
| “Repurchase Resolution”   | the proposed ordinary resolution as referred to in item 4(I) of the notice of the Annual General Meeting   |
| “SFO”                     | The Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong)   |
| “Share(s)”                | share(s) of HK\$0.10 each in the share capital of the Company  |
| “Share Buy Back Rules”    | the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities   |
| “Shareholders”            | holders of Shares  |
| “Stock Exchange”          | The Stock Exchange of Hong Kong Limited  |
| “Subscription Rights”     | the rights attaching to the Warrant(s) which entitle the holder thereof to subscribe for the number of fully paid up Shares stated on the face of the certificate of the Warrants, upon and subject to the issue of the Warrants   |

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## DEFINITIONS

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|------------------|---|
| “Takeovers Code” | the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong  |
| “Warrant(s)”     | warrant(s) proposed to be issued by the Company entitling the holders thereof to subscribe for new Shares at an initial subscription price of HK\$0.33 per Share (subject to adjustments) |
| “HK\$”           | Hong Kong dollars, the lawful currency of Hong Kong   |

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## LETTER FROM THE BOARD

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### YU MING INVESTMENTS LIMITED 禹銘投資有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 666)

*Executive Directors:*

Warren LEE Wa Lun (*Managing Director*)

LEE Seng Hui

Edwin LO King Yau

*Registered Office:*

1901B, 19<sup>th</sup> Floor,

Allied Kajima Building,

138 Gloucester Road,

Wanchai,

Hong Kong

*Non-Executive Directors:*

Tony FUNG Wing Cheung (*Chairman*)

Peter FUNG Yiu Fai

Peter LEE Yip Wah

Arthur George DEW

Mark WONG Tai Chun (*Alternate director to Arthur George DEW*)

*Independent Non-Executive Directors:*

Ambrose SO Shu Fai

Alexander CHOW Yu Chun

Albert HO

30<sup>th</sup> April, 2008

Dear Shareholders,

**PROPOSALS FOR RE-ELECTION OF DIRECTORS,  
GENERAL MANDATES TO REPURCHASE  
SHARES AND TO ISSUE SHARES,  
BONUS ISSUE OF WARRANTS AND  
INCREASE IN AUTHORIZED SHARE CAPITAL,  
AMENDMENTS OF THE ARTICLES OF ASSOCIATION  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

#### **INTRODUCTION**

The Company announced on 31<sup>st</sup> March, 2008 and 1<sup>st</sup> April, 2008 the proposed Bonus Warrants Issue.

The purpose of this circular is to provide you with further information regarding the proposed Bonus Warrants Issue, increase in authorized share capital, re-election of Directors, renewal of the general mandates to repurchase Shares and to allot and issue Shares, and to seek your approval of the ordinary resolutions relating to the said matters and the special resolution relating to the proposed amendments of the Articles of Association at the Annual General Meeting.

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## LETTER FROM THE BOARD

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### RE-ELECTION OF DIRECTORS

The Board currently consists of eleven Directors, namely Mr. Warren LEE Wa Lun, Mr. LEE Seng Hui, Mr. Edwin LO King Yau, as executive Directors, Mr. Tony FUNG Wing Cheung, Mr. Peter FUNG Yiu Fai, Mr. Peter LEE Yip Wah, Mr. Arthur George DEW, Mr. Mark WONG Tai Chun (Alternate director to Mr. Arthur George DEW), as non-executive Directors, Mr. Ambrose SO Shu Fai, Mr. Alexander CHOW Yu Chun and Mr. Albert HO, as independent non-executive Directors.

In accordance with Article 101 of the Articles of Association, Mr. Tony FUNG Wing Cheung, Mr. Warren LEE Wa Lun, Mr. LEE Seng Hui and Mr. Peter LEE Yip Wah will retire by rotation at the Annual General Meeting. Other than Mr. Tony FUNG Wing Cheung, who notified the Company that he would not seek for re-election at the Annual General Meeting, all other retiring Directors, being eligible, offer themselves for re-election at the Annual General Meeting. Further announcement will be made by the Company in this respect.

In accordance with Article 92 of the Articles of Association, Mr. Edwin LO King Yau and Mr. Arthur George DEW will retire and, being eligible, offer themselves for re-election at the Annual General Meeting.

Details of the retiring Directors who are proposed to be re-elected at the Annual General Meeting are set out in the Appendix I of this circular.

### GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 23<sup>rd</sup> May, 2007, a general mandate was given to the Directors to exercise the powers of the Company to repurchase Shares. Such mandate will lapse at the conclusion of Annual General Meeting. The Directors propose to seek your approval of the Repurchase Resolution to be proposed at the Annual General Meeting. An explanatory statement as required under the Share Buy Back Rules to provide the requisite information of the Repurchase Proposal is set out in the Appendix II of this circular.

### GENERAL MANDATE TO ISSUE SHARES

It will also be proposed at the Annual General Meeting two ordinary resolutions numbered 4(II) and 4(III) of the notice of the Annual General Meeting respectively granting to the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of the resolution and adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of the Shares repurchased by the Company after the granting of the general mandate to repurchase up to 10% of the issued share capital of the Company as at the date of the Repurchase Resolution.

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,869,171,989 Shares.

Subject to the passing of the ordinary resolution numbered 4(II) of the notice of the Annual General Meeting and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed to allot, issue and deal with a maximum of 373,834,397 Shares, representing not more than 20% of the issued share capital of the Company at the Latest Practicable Date.



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## LETTER FROM THE BOARD

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### **BONUS ISSUE OF WARRANTS**

#### **Bonus Warrants Issue**

Subject to the conditions as mentioned below, the proposed Bonus Warrants Issue will be made on the basis of one bonus Warrant for every five existing Shares held by Shareholders (other than Excluded Shareholders) whose names appear on the register of members of the Company on the Record Date.

#### **Subscription price**

Each Warrant will entitle the holders thereof to subscribe in cash for one new Share at an initial subscription price of HK\$0.33 per Share (subject to adjustments). Further announcement will be made by the Company should there be any event or circumstances, such as share consolidation or subdivision or reduction of capital or otherwise, upon the occurrence of which would result in an adjustment to the subscription price of the Warrants. The initial subscription price of the Warrants represents:-

- (a) the closing price of HK\$0.33 per Share as quoted on the Stock Exchange on 31<sup>st</sup> March, 2008, being the date on which the Board resolved to propose the Bonus Warrants Issue and the Company published its result announcement;
- (b) a premium of approximately 0.3% over the average closing price of HK\$0.329 per Share as quoted on the Stock Exchange for the last five trading days immediately before and up to 31<sup>st</sup> March, 2008;
- (c) a discount of approximately 1.5% to the average closing price of HK\$0.335 per Share as quoted on the Stock Exchange for the last ten trading days immediately before and up to 31<sup>st</sup> March, 2008;
- (d) a discount of approximately 8.3% to the closing price of HK\$0.36 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (e) a discount of approximately 9.6% to the average closing price of HK\$0.365 per Share as quoted on the Stock Exchange for the last five trading days immediately before and up to the Latest Practicable Date; and
- (f) a discount of approximately 11.3% to the average closing price of HK\$0.372 per Share as quoted on the Stock Exchange for the last ten trading days immediately before and up to the Latest Practicable Date.

#### **Shares to be issued upon exercise of the Warrants**

On the basis of 1,869,171,989 Shares in issue as at the Latest Practicable Date, and assuming no further Shares are issued or purchased before the Record Date, 373,834,397 Warrants would be issued pursuant to the Bonus Warrants Issue. Full exercise of the subscription rights attaching to the 373,834,397 Warrants would result in the issue of a total of 373,834,397 new Shares. It is expected that, based on the

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## LETTER FROM THE BOARD

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initial subscription price of HK\$0.33 per Share, full exercise of the Warrants will result in the receipt of gross subscription proceeds by the Company totaling approximately HK\$123.37 million and net subscription proceeds of approximately HK\$123.13 million. Shares to be issued upon full exercise of subscription rights attaching to the Warrants under the Bonus Warrants Issue represent approximately 20% of the issued share capital of the Company as at the Latest Practicable Date and approximately 16.67% of the issued share capital of the Company as enlarged by the issue of such new Shares.

As at the Latest Practicable Date, there are no outstanding options, convertibles, warrants or rights to subscribe for any Shares.

### **Subscription period**

The term of the Warrants is one year. The Warrants may be exercised at any time between the date of issue of the Warrants and the day immediately preceding the anniversary of the date of issue, which are expected to be from 29<sup>th</sup> May, 2008 to 28<sup>th</sup> May, 2009, both dates inclusive.

### **Fractional entitlements**

Fractional entitlements to the Warrants will not be granted to Shareholders but will be aggregated and sold for the benefit of the Company.

### **Overseas Shareholders**

As set out in the announcement of the Company dated 1<sup>st</sup> April, 2008, the Bonus Warrants Issue will not be made to certain Overseas Shareholders in the event that the Directors, upon making enquiry, consider such exclusion to be necessary or expedient on account of either of the legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory body or stock exchange in those places.

On the basis of the information made available to the Directors, as at the Latest Practicable Date, there were a small number of Overseas Shareholders whose addresses as shown on the register of members of the Company were in Australia, Malaysia, Singapore and United Kingdom. The Directors have made enquiries on the legal restrictions and regulatory requirements in relation to the Bonus Warrants Issue to the Overseas Shareholders in the above jurisdictions and on the compliance with the relevant restrictions and formalities. Based on the legal opinions obtained and having regard to the number of Overseas Shareholders as at the Latest Practicable Date, the likely costs and time involved if overseas compliance were to be observed, the Bonus Warrants Issue can be made to the Overseas Shareholders except those Shareholders whose registered addresses are in Malaysia as shown on the register of members of the Company.

However, if because of changes in the number of Overseas Shareholders, changes in laws or such other circumstances, the Board considered that the likely costs and time involved if overseas compliance were to be observed, and the costs of overseas compliance would outweigh the benefits which the Company and the Shareholders as a whole would receive by including the Overseas Shareholders in the Bonus Warrants Issue, it may be necessary and expedient to exclude the Overseas Shareholders from the Bonus Warrants Issue.

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## LETTER FROM THE BOARD

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In such circumstances, no allotment of the Warrants will be made to the Overseas Shareholders pursuant to the Bonus Warrants Issue and arrangements will be made for the Warrants which would otherwise have been issued to the Excluded Shareholders to be sold in the market as soon as practicable. Any net proceeds of sale, after deduction of expenses, would be distributed in Hong Kong dollars to the Excluded Shareholders pro rata to their respective shareholdings and remittances therefor will be posted to them, at their own risk, unless the amount falling to be distributed to any such person is less than HK\$100.00, in which case it will be retained for the benefit of the Company.

For avoidance of doubt, the Excluded Shareholders have been sent a copy of this circular for their information only.

### **Conditions of Bonus Warrants Issue**

The Bonus Warrants Issue is conditional upon:

- (a) the passing by the Shareholders at the Annual General Meeting of an ordinary resolution approving the Bonus Warrants Issue and the increase in authorized share capital of the Company; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Warrants and the new Shares which may fall to be issued upon exercise of the Subscription Rights.

### **Listing**

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrants and the new Shares falling to be issued upon exercise of the Subscription Rights. All necessary arrangements have been made to enable the Warrants to be admitted into CCASS. The Warrants will not be listed or traded on any other stock exchange other than the Stock Exchange and no such listing, or permission to deal in such Warrants, is being or proposed to be sought. Subject to the granting of listing of, and permission to deal in, the Warrants and the Shares falling to be issued pursuant to the exercise of Subscription Rights on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Warrants will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Warrants on the Stock Exchange (which is expected to be 9:30 a.m. on Monday, 2<sup>nd</sup> June, 2008) or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Warrants and the Shares falling to be issued upon exercise of the Subscription Rights will be subject to the payment of stamp duty in Hong Kong.

The new Shares falling to be issued upon exercise of the Subscription Rights will rank pari passu in all respect with the then existing issued Shares.

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## LETTER FROM THE BOARD

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### **Certificates for Warrants and Board Lot**

Subject to the fulfillment of the conditions of the proposed Bonus Warrants Issue, certificates for the bonus Warrants are expected to be posted by 29<sup>th</sup> May, 2008 to Shareholders (other than Excluded Shareholders) by ordinary post to their registered address as set out in the register of members of the Company (and in the event of joint shareholders), to the registered address of the person whose name appears first in the register of members of the Company at their own risks.

Dealings in the Warrants are expected to commence on the Stock Exchange on Monday, 2<sup>nd</sup> June, 2008. The Warrants are expected to be traded on the Stock Exchange in board lots of 20,000 Warrants, carrying rights to subscribe for 20,000 shares at the initial subscription price of HK\$0.33 per Share (subject to adjustments).

### **Reasons for the Bonus Warrants Issue**

The Board is of the opinion that the Bonus Warrants Issue will provide Shareholders with a further opportunity to participate in the future growth of the Company and strengthen the Company's working capital position and enhance its capital base when the Subscription Rights are exercised.

The Company is an investment company listed under Chapter 21 of the Listing Rules, with a broad investment mandate covering investment in properties, private equity, structured financing and listed securities. The Directors intend to apply the proceeds to be received from the Bonus Warrants Issue for investment purpose in investments as permitted by its investment policy, including the type of investments mentioned above and new investment opportunities as it may arise from time to time. As at the date of this circular, the Directors have not identified any specific investment opportunity.

### **Closure of register**

The register of members of the Company will be closed from 19<sup>th</sup> May, 2008 to 23<sup>rd</sup> May, 2008, both dates inclusive, in order to determine entitlements to the Bonus Warrants Issue. No transfer of Shares may be registered during this period.

Shareholders are reminded that in order to qualify for the Bonus Warrants Issue, they must ensure that all transfers accompanied by the relevant share certificates are lodged with the Company's share registrar, Tricor Secretaries Limited, 26<sup>th</sup> Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Friday, 16<sup>th</sup> May, 2008.

### **INCREASE IN AUTHORIZED SHARE CAPITAL**

As at the Latest Practicable Date, the authorized share capital of the Company was HK\$210,000,000 divided into 2,100,000,000 Shares at par value of HK\$0.10 each, of which 1,869,171,989 Shares have been issued and fully paid up. Pursuant to the Bonus Warrants Issue, upon full exercise of the Subscription Rights, 373,834,397 new Shares would fall to be issued, upon which the existing authorized share capital would be insufficient. The Board proposes to increase the authorized share capital of the Company to HK\$300,000,000 divided into 3,000,000,000 Shares at par value HK\$0.10 each. The increase in the authorized share capital of the Company requires Shareholders' approval at the Annual General Meeting by ordinary resolution.

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## LETTER FROM THE BOARD

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### FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

| Date of announcement        | Transaction                   | Net proceeds raised (approximately) | Intended use of proceeds                                   | Actual use of proceeds  |
|-----------------------------|-------------------------------|-------------------------------------|--|-------------------------|
| 25 <sup>th</sup> July, 2007 | Placing of 338,000,000 Shares | HK\$214 million                     | As to HK\$214 million for general working capital purposes | general working capital |

### AMENDMENTS OF THE ARTICLES OF ASSOCIATION

To cater for the increasing demand from investors holding securities in listed companies through CCASS to attend the shareholders' meetings in person or appointing proxies to vote on their behalf, HKSCC Nominees Limited has requested that companies whose securities are listed on the Stock Exchange to include in their Articles of Association provisions regarding the rights to HKSCC Nominees Limited (or any successor thereto) to appoint multiple proxies/corporate representatives. In this respect, the Board is of the view that the request of the HKSCC Nominees Limited promotes Shareholders' participation in general meetings and is reasonable and in the interests of the Company and the Shareholders. Accordingly, the Board proposes that articles 78, 80, 82(a), 83 and 89(b) of the Articles of Association of the Company be amended as follows:

**The existing Article 78 of the Articles of Association reads:**

“Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a representative duly authorised under Section 115 or the Ordinance, shall have one vote, and on a poll every member present in person or by proxy or by duly authorised representative shall have one vote for every fully paid share of which he is the holder and have for every partly paid share of which he is the holder the fraction of one vote equal to the proportion which the nominal amount due and paid up thereon bears to the nominal value of the share, but no amount paid or credited as paid up on a share in advance of calls shall be treated for the purposes of this Article as paid up on the share. On a poll a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.”

**is proposed to be amended as follows:**

“Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a representative duly authorised under Section 115 or the Ordinance or by proxy, shall have one vote, and on a poll every member present in person or by proxy or by duly authorised representative shall have one vote for every fully paid share of which he is the holder and have for every partly paid share of which he is the holder the fraction of one vote equal to the proportion which the nominal amount due and paid up thereon bears to the nominal value of the share, but no amount paid or credited as paid up on a share in advance of calls shall be treated for the purposes of this Article as paid up on the share. On a poll a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.”

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## LETTER FROM THE BOARD

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**The existing Article 80 of the Articles of Association reads:**

“Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto: but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of this Article be deemed joint holders thereof.”

**is proposed to be amended as follows:**

“Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by authorised representative or by proxy, in respect of such share as if he were solely entitled thereto: but if more than one of such joint holders be present at any meeting personally or by authorised representative or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of this Article be deemed joint holders thereof.”

**The existing Article 82(a) of the Articles of Association reads:**

“Save as herein expressly provided, no person other than a member duly registered and who shall have paid everything for the time being due from him and payable to the Company in respect of his shares and is entitled to attend and vote shall be entitled to be present or to vote (save as proxy for another member) either personally or by proxy, or to be reckoned in a quorum, at any general meeting.”

**is proposed to be amended as follows:**

“Save as herein expressly provided, no person other than a member duly registered and who shall have paid everything for the time being due from him and payable to the Company in respect of his shares and is entitled to attend and vote shall be entitled to be present or to vote (save as proxy for another member) either personally or by authorised representative or by proxy, or to be reckoned in a quorum, at any general meeting.”

**The existing Article 83 of the Articles of Association reads:**

“Any member of the Company entitled to attend and vote at a meeting of the Company or a meeting of the holder of any class of shares in the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. On a poll votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.”

**is proposed to be amended as follows:**

“Any member of the Company entitled to attend and vote at a meeting of the Company or a meeting of the holder of any class of shares in the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. On a poll or a show of hands, votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.”

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## LETTER FROM THE BOARD

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**The existing Article 89(b) of the Articles of Association reads:**

“If a recognised clearing house within the meaning of the Securities and Futures Ordinance of Hong Kong (or its nominee) is a member of the Company, it may, by resolution of its directors or other governing body or by power of attorney, authorise such person or persons as it thinks fit to act as its representative or representatives at any general meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation must specify the number and class of shares in respect of which each such person is so authorised. The person so authorised will be entitled to exercise the same power on behalf of the recognised clearing house (or its nominee) which he represents as that clearing house (or its nominee) could exercise if it were an individual shareholder of the Company.”

**is proposed to be amended as follows:**

“If a recognised clearing house within the meaning of the Securities and Futures Ordinance of Hong Kong (or its nominee) is a member of the Company, it may, by resolution of its directors or other governing body or by power of attorney, authorise such person or persons as it thinks fit to act as its representative(s) or proxy(ies) at any general meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation on proxy form must specify the number and class of shares in respect of which each such person is so authorised. The person so authorised will be deemed to have been duly authorised without the need of producing any documents of title, notarized authorisation and/or further evidence for substantiating the facts that it is duly authorised and will be entitled to exercise the same power on behalf of the recognised clearing house as that clearing house or its nominee(s) could exercise as if such person were an individual member of the Company.”

The amendments proposed to be made to the Articles of Association is subject to Shareholders' approval by way of special resolution.

### **ANNUAL GENERAL MEETING**

At the Annual General Meeting, resolutions will be proposed to the Shareholders in respect of the ordinary business of the Company to be considered, including the approval and adoption of the audited financial statements, the directors' report and the independent auditors' report for the year ended 31<sup>st</sup> December, 2007, the re-election of Directors, the fixing of directors' fee for all Directors for the year ended 31<sup>st</sup> December, 2007 of HK\$363,333.33, and the re-appointment of auditors and authorisation of the Board to fix their remuneration, the special business of the Company to be considered at the Annual General Meeting, including the Repurchase Proposal and the general mandate for Directors to issue new Shares, the extension of the mandate by the number of Shares repurchased under the Repurchase Proposal, the proposed Bonus Warrants Issue, increase in authorized share capital, and amendment of the Articles of Association. The notice of Annual General Meeting is set out on pages 31 to 36 of this circular.

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## LETTER FROM THE BOARD

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### PROCEDURES OF DEMANDING A POLL

Pursuant to Article 73 of the Articles of Association, 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 taken as may from time to time, be required under the listing rules of the designated stock exchange or unless a poll is (before or on the declaration of the result of the show of hands) demanded:—

- (a) by the Chairman; or
- (b) by at least three members present in person or by proxy for the time being entitled to vote at the meeting; or
- (c) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (d) by any member or members present in person 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.

### ACTION TO BE TAKEN

A proxy form for use at the Annual General Meeting is enclosed herein. Whether or not you intend to attend the Annual General Meeting, you are requested to complete the proxy form and return it to the share registrars of the Company, Tricor Secretaries Limited, 26<sup>th</sup> Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting. Completion and return of the proxy form will not prevent the Shareholders from attending and voting at the Annual General Meeting if they so wish.

### RECOMMENDATION

The Directors believe that all resolutions set out in the notice of Annual General Meeting are all in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that all Shareholders should vote in favour of the resolutions set out in the notice of Annual General Meeting as the Directors intend to do so themselves in respect of their own holdings.

By Order of the Board  
**Warren LEE Wa Lun**  
*Managing Director*



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## APPENDIX I      DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

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The followings are the particulars of the five retiring Directors proposed to be re-elected at the Annual General Meeting of the Company:

**Mr. Warren LEE Wa Lun (“Mr. Warren Lee”)**

Mr. Warren Lee, aged 44, is a director of Yu Ming Investment Management Limited since 1996. From December, 2006 to May, 2007, he was the chief executive officer of Nam Tai Electronics, Inc., an electronics manufacturing services provider listed on the New York Stock Exchange. From March, 2004 to February, 2006, Mr. Warren Lee was an independent non-executive director of Nam Tai Electronic & Electrical Products Limited (“NTEEP”), and from February, 2006 to April, 2007, he was re-designated as a non-executive director. From January, 2007 to April, 2007, he was also a non-executive director of J.I.C. Technology Company Limited (“JIC”). Both of NTEEP and JIC are listed on the main board of The Stock Exchange of Hong Kong and subsidiaries of Nam Tai Electronics, Inc.

Mr. Warren Lee joined Sun Hung Kai International Limited in July, 1992 and became its director in 1996. Prior to joining Sun Hung Kai International Limited, he was with ABN Amro Bank N.V. in Hong Kong. He graduated from University of East Anglia in England in 1986 and obtained a distinction in Master of Science degree from The City University Business School in London in 1988.

Under Mr. Warren Lee’s service agreement with the Company, he is entitled to an annual remuneration of not less than HK\$2,500,000, comprising a basic monthly salary of HK\$150,000 and 1% of the audited net profit before tax of the Company. The package is determined with reference to his qualifications, experience, years of services with the Company and responsibilities. The term for Mr. Warren Lee’s directorship is not specified, but is terminable by either the Company or Mr. Warren Lee giving not less than three months’ notice in writing to the other party. He will also be subject to retirement by rotation and re-election pursuant to the Company’s articles of association. For the year ended 31<sup>st</sup> December, 2007, Mr. Warren Lee is proposed to entitle to a director’s fee amounting to HK\$20,000 subject to shareholders’ approval at the Annual General Meeting.

Mr. Warren Lee does not have any relationship with any directors, senior management or controlling shareholder of the Company, and, as at the date hereof, he does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

In relation to the re-election of Mr. Warren Lee as an executive director of the Company, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51 (2)(h) to 13.51 (2)(v) of the Listing Rules, and there is no other matter which needs to be brought to the attention of shareholders of the Company.

**Mr. LEE Seng Hui (“Mr. Lee”)**

Mr. Lee, aged 39, was a non-executive director of the Company since 11<sup>th</sup> June, 1996. He was re-designated as an executive director of the Company on 30<sup>th</sup> November, 2007 and is a member of the executive committee of the Company. He was a member of the audit committee and the remuneration committee of the Company from 17<sup>th</sup> April, 2000 to 29<sup>th</sup> November, 2007. He graduated from the Law School of the University of Sydney with Honours. Previously, he worked with Baker & McKenzie and N M Rothschild & Sons (Hong Kong) Limited. Mr. Lee is the chief executive and an executive director of Allied Group Limited (“AGL”), and the chairman and a non-executive director of the Tian An China Investments Company Limited (“TAC”). AGL and TAC are companies listed on the main board of the Stock Exchange. Mr. Lee is also a non-executive director of Tanami Gold NL, the shares of which are listed on the Australian Stock Exchange. Save as disclosed above, Mr. Lee did not hold any other directorship in listed public companies during the past three years.

As at the Latest Practicable Date, Mr. Lee is one of the trustees of the Lee and Lee Trust, being a discretionary trust which, as at the Latest Practicable Date, owns approximately 42.59% interest (within the meaning of Part XV of the SFO) in the issued share capital of AGL, which in turn owns 504,371,800 shares of the Company.

Mr. Lee previously entered into a letter of appointment with the Company as a non-executive director of the Company for a period of one year. Following his re-designation as an executive director, the aforesaid letter of appointment was terminated by mutual agreement without compensation. There is no service contract entered into between the Company and Mr. Lee. Mr. Lee is subject to retirement by rotation and re-election in accordance with the Company’s Articles of Association.

There is no proposed length of service of Mr. Lee with the Company. He is subject to retirement and re-election provisions in the Articles of Association. His director’s fees is discretionary to be proposed by the Board with reference to his duties and responsibilities in the Company, the Company’s performance and the prevailing market situation and to be approved by shareholders of the Company at any annual general meeting. For the year ended 31<sup>st</sup> December, 2007, Mr. Lee is proposed to entitle to a director’s fee amounting to HK\$65,833 subject to shareholders’ approval at the Annual General Meeting.

In relation to the re-election of Mr. Lee as executive director of the Company, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51 (2)(h) to 13.51 (2)(v) of the Listing Rules, and there is no other matter which needs to be brought to the attention of shareholders of the Company.

**Mr. Edwin LO King Yau (“Mr. Lo”)**

Mr. Lo, aged 47, is an executive director of the Company and a member of the executive committee. He is a chartered company secretary and holder of a Master’s Degree in Applied Finance from Macquarie University, Australia. He had served various executive roles in several companies in Hong Kong including as company secretary for public listed companies. Mr. Lo is an executive director of AGL and TAC. He was an executive director of The Hong Kong Building and Loan Agency Limited (“HKBLA”) for the period from October, 2005 to September, 2006. AGL, TAC and HKBLA are companies listed on the main board of the Stock Exchange. Save as disclosed above, Mr. Lo did not hold any other directorship in listed public companies during the past three years.

Mr. Lo did not have any other relationship with any director, senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, he had no interest in shares in the Company within the meaning of Part XV of the SFO.

There is no proposed length of service of Mr. Lo with the Company. He is subject to retirement and re-election provisions in the Articles of Association. His director’s fees is discretionary to be proposed by the Board with reference to his duties and responsibilities in the Company, the Company’s performance and the prevailing market situation and to be approved by shareholders of the Company at any annual general meeting. For the year ended 31<sup>st</sup> December, 2007, Mr. Lo is proposed to entitle to a director’s fee amounting to HK\$1,666 subject to shareholders’ approval at the Annual General Meeting.

In relation to the re-election of Mr. Lo as executive director of the Company, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51 (2)(h) to 13.51 (2)(v) of the Listing Rules, and there is no other matter which needs to be brought to the attention of shareholders of the Company.

**Mr. Arthur George DEW (“Mr. Dew”)**

Mr. Dew, aged 66, is a non-executive director of the Company and a member of the audit committee and remuneration committee since November, 2007. He graduated from the Law School of the University of Sydney, Australia, and was admitted as a solicitor and later as a barrister of the Supreme Court of New South Wales, Australia. He is currently a non-practising barrister. He has a broad range of corporate and business experience and has served as a director, and in some instances chairman of the board of directors, of a number of public companies listed in Australia, Hong Kong and elsewhere. Mr. Dew is a non-executive director and the chairman of AGL, substantial shareholder of the Company, a non-executive director and chairman of Allied Properties (H.K.) Limited (“APL”), and a non-executive director and chairman of Quality HealthCare Asia Limited (“QHA”). He was a director of Sun Hung Kai & Co. Limited (“SHK”), at the time a substantial shareholder of the Company, for the period from June 1996 to December, 2006. AGL, APL, QHA and SHK are companies listed on the main board of the Stock Exchange of Hong Kong Limited (“the Stock Exchange”). Save as disclosed above, Mr. Dew does not hold any other directorships in listed public companies during the past three years nor have any other

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## APPENDIX I            DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

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relationship with any other director, senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, he had no interest in shares in the Company within the meaning of Part XV of the SFO. Mr. Dew was previously a non-executive director of an Australian agricultural company known as New England Agricultural Corp. Ltd, which company entered into a scheme of arrangement with its creditors and shareholders in approximately 1980 at a time when Mr. Dew was a non-executive director. Insofar as Mr. Dew can recollect the approximate value involved in the scheme was approximately AUD\$2 million.

Mr. Dew has been appointed for a term of one year and subject to retirement by rotation and re-election in accordance with the Articles of Association. His director's fees are discretionary and are to be proposed by the Board with reference to his duties and responsibilities in the Company, the Company's performance and the prevailing market situation and to be approved by shareholders of the Company at any annual general meeting. For the year ended 31<sup>st</sup> December, 2007, it is proposed that Mr. Dew be entitled to a director's fee amounting to HK\$5,833 subject to shareholders' approval at the Annual General Meeting.

Save as disclosed above, in relation to the re-election of Mr. Dew as a non-executive director of the Company, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51 (2) (h) to 13.51 (2)(k) and 13.51(2)(m) to 13.51(2)(v) of the Listing Rules, and there is no other matter which needs to be brought to the attention of shareholders of the Company.

### **Mr. Peter LEE Yip Wah ("Mr. Peter Lee")**

Mr. Peter Lee, aged 66, joined the Group as an independent non-executive director of the Company in 1998 and re-designated as non-executive director of the Company in September, 2004. He is also the Secretary of the Company.

Mr. Peter Lee was a graduate of the University of Hong Kong. He is a practicing solicitor and a consultant of Messrs. Woo Kwan Lee & Lo. He was admitted as a solicitor in Hong Kong in 1971, in England in 1974 and in Singapore in 1995. He is also a China Appointed Attesting Officer, appointed in Beijing in 1993. He has over 30 years' experience in the company management and secretarial fields.

Mr. Peter Lee is an independent non-executive director of the following listed public companies in Hong Kong: namely, China Merchants Holdings (International) Company Limited and Sinotrans Shipping Limited; and a non-executive director of Shenzhen Investment Limited (a listed public company in Hong Kong). Save as aforesaid, Mr. Peter Lee had not acted as director in any other listed company in the last three years and he does not hold any other position with the Company and other members of the Group.

Mr. Peter Lee does not have any other relationship with any director, senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, he has personal interest for and the beneficial owner of 1,550,000 Shares in the Company within the meaning of Part XV of the SFO.

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**APPENDIX I            DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED**

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Mr. Peter Lee is appointed for a term of one year and subject to retirement by rotation and re-election in accordance with the Articles of Association. His director's fees is discretionary to be proposed by the Board with reference to his duties and responsibilities in the Company, the Company's performance and the prevailing market situation and to be approved by shareholders of the Company at any annual general meeting. For the year ended 31<sup>st</sup> December, 2007, Mr. Peter Lee is proposed to entitle to a director's fee amounting to HK\$20,000 subject to shareholders' approval at the Annual General Meeting.

Save as disclosed above, in relation to the re-election of Mr. Peter Lee as a non-executive director of the Company, there is no other information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51 (2)(h) to 13.51 (2)(v) of the Listing Rules, and there is no other matter which needs to be brought to the attention of shareholders of the Company.

In the opinions of the Directors, other than the above said matters, there are no other matters need to be brought to the attention of the shareholders of the Company in relation to the re-election of the above retiring directors.

This appendix serves as an explanatory statement, as required by the Share Buy Back Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the Repurchase Resolution.

This appendix also constitutes the memorandum required under Section 49BA(3) of the Companies Ordinance.

### **1. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,869,171,989 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Resolution to repurchase a maximum of 186,917,198 Shares representing not more than 10% of the issued share capital of the Company at the Latest Practicable Date.

### **2. REASONS FOR REPURCHASE**

The Directors believe that the Repurchase Proposal is in the best interests of the Company and the Shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets 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 the Shareholders.

### **3. FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum and Articles of Association and the Companies Ordinance. The Companies Ordinance provides that the amount of capital repaid in connection with a share repurchase may only be paid from the distributable profit of the Company and/or the proceeds of a new issue of Shares, made for the purpose of the repurchase to such an extent allowable under the Companies Ordinance.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31<sup>st</sup> December, 2007 in the event that the general mandate pursuant to the Repurchase Proposal was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the general mandate pursuant to the Repurchase Proposal to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

#### 4. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months before the printing of this circular were as follows:

|   | Shares      |             |
|---|-------------|-------------|
|   | Highest     | Lowest      |
|   | <i>HK\$</i> | <i>HK\$</i> |
| April, 2007                                     | 0.480       | 0.335       |
| May, 2007                                       | 0.520       | 0.410       |
| June, 2007                                      | 0.510       | 0.455       |
| July, 2007                                      | 0.710       | 0.485       |
| August, 2007                                    | 0.630       | 0.415       |
| September, 2007                                 | 0.530       | 0.430       |
| October, 2007                                   | 0.620       | 0.410       |
| November, 2007                                  | 0.730       | 0.520       |
| December, 2007                                  | 0.560       | 0.495       |
| January, 2008                                   | 0.530       | 0.360       |
| February, 2008                                  | 0.425       | 0.375       |
| March, 2008                                     | 0.400       | 0.320       |
| April, 2008 (up to the Latest Practicable Date) | 0.400       | 0.360       |

#### 5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Resolution and in accordance with the Listing Rules and the applicable laws of Hong Kong.

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

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

#### 6. TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Proposal, 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. As a result, a shareholder or group of shareholders of the Company 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. The Directors are not aware of any Shareholder or group of Shareholders acting in concert, who/which may become obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Megaland Development Limited, Bright Clear Limited, Poly (Hong Kong) Investments Limited and Sparkling Summer Limited, substantial shareholders of the Company, were respectively interested in 164,926,258 Shares, 504,371,800 Shares, 109,150,000 Shares and 102,060,000 Shares, representing approximately 8.82%, 26.98%, 5.84% and 5.46% of the issued share capital of the Company. So far as the Directors are aware, Megaland Development Limited, Bright Clear Limited, Poly (Hong Kong) Investments Limited and Sparkling Summer Limited are not parties acting in concert. Based on such shareholding, and in the event that the Directors exercise in full the power to repurchase Shares pursuant to the Repurchase Proposal, the interest of Megaland Development Limited, Bright Clear Limited, Poly (Hong Kong) Investments Limited and Sparkling Summer Limited in the issued share capital of the Company would be respectively increased to approximately 9.80%, 29.98%, 6.49% and 6.07%. Save as aforesaid, the Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases made under the Repurchase Proposal. The Directors have no present intention to exercise the power to repurchase Shares pursuant to the Repurchase Proposal to such extent as would result in such takeover obligation. In the event that the Directors exercise in full the power to repurchase Shares pursuant to the Repurchase Proposal, the number of Shares held by the public would not fall below 25%.

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

On 7<sup>th</sup> November, 2007, the Company has purchased a total of 160,000,000 Shares through an off-market agreement at a price of HK\$0.48 per share.

Save as disclosed above, the Company has not repurchased any shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.



The Warrants will be issued subject to and with the benefit of a separate instrument by way of deed poll (the “**Instrument**”) executed by the Company and they will be issued in registered form and will form one class with and rank pari passu in all respects with each other.

The principal terms and conditions of the Warrants will be set out in the Warrant certificates and will include provisions to the effect set out below. Warrantholders will be entitled to the benefit of, be bound by, and be deemed to have notice of all such terms and conditions and of the provisions of the Instrument, copies of which will be available for inspection at the Company’s registered office in Hong Kong for the time being.

## 1. EXERCISE OF SUBSCRIPTION RIGHTS

- (A) The registered holder of the Warrants represented by the Warrant certificate will have the right, which may be exercised in whole or in part (but not in respect of any fraction of a Share) at any time during the period commencing from 29<sup>th</sup> May, 2008 and ending on 28<sup>th</sup> May, 2009, both days inclusive, to subscribe for fully paid Shares at the subscription price of HK\$0.33 per Share (the “**Subscription Price**”), subject to adjustment (the “**Subscription Rights**”). After 28<sup>th</sup> May, 2009 any Subscription Rights which have not been exercised will lapse and the Warrants will cease to be valid for any purpose.

For the purpose of the Instrument, “**Shares**” shall mean shares of HK\$0.10 each in the capital of the Company existing on the date of the Instrument and all other (if any) stock or Shares from time to time and for the time being ranking pari passu therewith and all other (if any) Shares or stock in the equity share capital of the Company resulting from any sub-division, consolidation or reclassification of Shares.

- (B) In order to exercise in whole or in part the Subscription Rights represented by the Warrant certificate, the Warrantholder must deliver to the Registrars
- (i) the Warrant certificate;
  - (ii) completed and signed subscription form (the “**Subscription Form**”) printed on the overleaf of the Warrant certificate (which shall be irrevocable); and
  - (iii) a remittance for the Exercise Moneys for the Shares in respect of which the Subscription Rights are being exercised (or, in the case of a partial exercise, the relevant portion of the exercise moneys).

In each case compliance must also be made with any exchange control, fiscal or other laws or regulations for the time being applicable.

The date of receipt by the Registrars of the above documents is the “**Subscription Date**”. If such rights are exercised during a period when the register of holders of Shares is closed the “**Subscription Date**” will be the next following business day on which such register is open.

“**Exercise Moneys**” shall mean in relation to any Warrant or Warrants, the amount in cash which the Warrantholder of such Warrant or Warrants is entitled to subscribe upon the exercise of the Subscription Rights represented thereby.

- (C) The Company has undertaken in the Instrument that Shares falling to be issued upon the exercise of the Subscription Rights represented by the Warrant certificate will be issued and allotted not later than 21 days after the relevant Subscription Date and (unless adjustment thereof has been made as provided in the Instrument) will rank pari passu with the fully paid Shares in issue on the relevant Subscription Date and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made after the relevant Subscription Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the relevant Subscription Date and notice of the amount and record date for which shall have been given to the Stock Exchange prior to the relevant Subscription Date.
- (D) As soon as practicable after the relevant allotment of Shares (and not later than 21 days after the relevant Subscription Date) there will be issued free of charge to the Warrantholder(s) of the Warrant represented by the Warrant certificate:
  - (i) a certificate (or certificates) for the relevant Shares in the name(s) of such Warrantholder(s); and
  - (ii) (if applicable) a balancing Warrant certificate in registered form in the name(s) of such Warrantholder(s) in respect of any Subscription Rights represented by the Warrant certificate and remaining unexercised.

The certificate(s) for Shares arising on the exercise of Subscription Rights and the balancing Warrant certificate (if any) will be sent by post at the risk of such Warrantholder(s) to the address of such Warrantholder(s) or (in the case of a joint holding) to that one of them whose name stands first on the Register. If the Company agrees, such certificates may by prior arrangement be retained by the Registrars to await collection by the relevant Warrantholder(s).

## **2. ADJUSTMENTS OF SUBSCRIPTION RIGHTS AND/OR SUBSCRIPTION PRICE**

The Instrument contains detailed provisions relating to the adjustment of the Subscription Rights and/or the Subscription Price. The following is a summary of, and is subject to, the provisions of the Instrument:

- (A) The Subscription Rights shall be adjusted if and whenever there is an alteration of the nominal amount of the Shares by reason of any consolidation or subdivision and the Subscription Price at which the Warrantholder is entitled to subscribe for each Share shall be proportionately adjusted;

- (B) The Subscription Price shall (except as mentioned in paragraphs (C) and (D) below) be adjusted as provided in the Instrument in each of the following cases :
- (i) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
  - (ii) Capital Distribution (as defined in the Instrument) being made by the Company, whether on a reduction of capital or otherwise, to holders of its Shares in their capacity as such;
  - (iii) a grant by the Company to the holders of Shares (in their capacity as such) of rights to acquire cash assets of the Company or any of its Subsidiaries;
  - (iv) an offer or grant being made by the Company to holders of its Shares of Shares by way of rights or of options or warrants to subscribe for Shares at a price which is less than 90 per cent of the market price (calculated as provided in the Instrument);
  - (v) an issue wholly for cash being made by the Company or any other company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total Effective Consideration (as defined in the Instrument) per Share is less than 90 per cent of the market price (calculated as provided in the Instrument), or the terms of any such issue being altered so that the said total Effective Consideration is less than 90 per cent of the market price;
  - (vi) an issue being made wholly for cash of Shares (other than pursuant to a share option scheme) at a price less than 90 per cent of the market price (calculated as provided in the Instrument); and
  - (vii) the purchase of Shares by the Company in circumstances where the total Effective Consideration per Share (as defined in the Instrument) is more than 110 per cent of the closing price of one Share on the Stock Exchange (calculated as provided in the Instrument).
- (C) Except as mentioned in paragraph (D) below, no such adjustment as is referred to in paragraph (B) above shall be made in respect of:
- (i) an issue of fully paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares or upon the exercise of any rights (including the Subscription Rights) to acquire Shares;
  - (ii) an issue of Shares or other securities of the Company or any Subsidiary or a grant of rights to acquire Shares to directors or employees of the Company or any Subsidiary pursuant to a Share Option Scheme;

- (iii) an issue by the Company of Shares or by the Company or any Subsidiary of securities convertible into or a grant of rights to acquire Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;
  - (iv) an issue of fully paid Shares by way of capitalisation of all or part of the Subscription Right Reserve (as defined in the Instrument) to be established in certain circumstances pursuant to the terms and conditions contained in the Instrument (or any similar reserve which has been or may be established pursuant to the terms of any other securities convertible into or rights to acquire Shares); or
  - (v) an issue of Shares in lieu of a cash dividend where an amount not less than the nominal amount of the Shares so issued is capitalised and the market value (calculated as provided in the Instrument) of such Shares is not more than 110 per cent of the amount of dividend which holders of Shares could elect to or would otherwise receive in cash.
- (D) Notwithstanding the provisions referred to in paragraphs (B) and (C) above, in any circumstance where the Company shall consider that an adjustment to the Subscription Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Subscription Price should be made notwithstanding that no such adjustment is required under the said provisions, the Company may appoint an approved merchant bank to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would not or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if such approved merchant bank shall consider this to be the case, the adjustment shall be modified or nullified or an adjustment made instead of no adjustment in such manner (including, without limitation, making an adjustment calculated on a different basis) as shall be certified by such approved merchant bank to be in its opinion appropriate.
- (E) Any adjustment to the Subscription Price shall be made to the nearest one cent so that any amount under half a cent shall be rounded down and any amount of half a cent or more shall be rounded up. No adjustment shall be made to the Subscription Price in any case in which the amount by which the same would be reduced would be less than one cent and any adjustment which would otherwise then be required shall not be carried forward. No adjustment may be made (except on a consolidation of Shares into Shares of a larger nominal amount) which would increase the Subscription Price.
- (F) Every adjustment to the Subscription Price will be certified to be fair and appropriate by the Auditors or an approved merchant bank and notice of each adjustment (giving the relevant particulars) will be given to the Warrantholders. Any such certificates of the Auditors or approved merchant bank will be available in Hong Kong for the time being of the Company, where copies may be obtained.

**3. REGISTERED WARRANTS**

The Warrants are issued in registered form. The Company shall be entitled to treat the registered holder of any Warrant as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction or required by law, be bound to recognise any equitable or other claim to or interest in such Warrant on the part of any other person, whether or not it shall have express or other notice thereof.

**4. TRANSFER, TRANSMISSION AND REGISTER**

- (A) The Subscription Rights represented by the Warrant certificate are transferable, in multiples of one whole Share, by instrument of transfer in any usual or common form or in any other form which may be approved by the Directors. The Company shall maintain a register of Warrantheolders accordingly. Transfers of Warrants must be executed by both the transferor and the transferee. Where the transferor or the transferee is HKSCC Nominees Limited or its successor thereto (or such other company as may be approved by the board of Directors for this purpose), the transfer may be executed under the hands of authorized person(s) or by machine imprinted signatures on its behalf or of such person(s), as the case maybe. The provisions of the Company's Articles of Association relating to the registration, transmission and transfer of Shares shall, mutatis mutandis, apply to the registration, transmission and transfer of the Warrants and shall have full effect as if the same had been incorporated herein.
- (B) Since the Warrants will be admitted to CCASS, so far all applicable laws or regulations of relevant regulatory authorities, terms of the instrument and circumstances permit, the Company may determine the last trading day of the Warrants to be a date at least 3 trading days before the last day of subscription being 28<sup>th</sup> May, 2009. Persons who own Warrants and have not registered the Warrants in their own names and wish to exercise the Subscription Rights should note that they may incur additional costs and expenses in connection with any expedited re-registration of the Warrants prior to the transfer or exercise of the Subscription Rights, in particular during the period commencing 10 business days, or any period from time to time fixed by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or other rules or regulations of other relevant regulatory authorities for standard securities registration service, prior to and including the last day of subscription being 28<sup>th</sup> May, 2009.
- (C) The register of Warrantheolders may be closed from time to time, subject to the same restrictions, mutatis mutandis, as apply to the closure of the register of members of the Company in accordance with the Companies Ordinance. Any exercise of Subscription Rights during the period for which the Register is closed shall be deemed to be and shall be effective upon the first day upon which the register of Warrantheolders reopens and such date shall be deemed to be the relevant Subscription Date for all purposes in respect of such exercise of Subscription Rights.

**5. PURCHASE AND CANCELLATION**

The Company or any of the Subsidiaries may at any time purchase Warrants:

- (i) in the open market or by tender (available to all Warrantheolders alike) at any price; or
- (ii) by private treaty at a price, exclusive of expenses, not exceeding 110 per cent of the closing price on the Stock Exchange per Warrant for one or more board lots of Warrants prior to the date of purchase of the Warrants on the Stock Exchange,

but not otherwise. All Warrants purchased as aforesaid shall be cancelled forthwith and may not be reissued or re-sold.

**6. MEETINGS OF WARRANTHOLDERS AND MODIFICATION OF RIGHTS**

- (A) The Instrument contains provisions for convening meetings of Warrantheolders to consider any matter affecting the interests of Warrantheolders, including the modification by Special Resolution of the provisions of the Instrument and/or these Conditions. A Special Resolution duly passed at any such meeting shall be binding on the Warrantheolders, whether present or not.
- (B) All or any of the rights for the time being attached to the Warrants (including any of the provisions of the Instrument) may from time to time (whether or not the Company is being wound up) be altered or abrogated (including but without prejudice to that generality by waiving compliance with, or by waiving or authorising any past or proposed breach of, any of the provisions of these Conditions and/or the Instrument) and the sanction of a Special Resolution shall be necessary and sufficient to effect such alteration or abrogation.
- (C) Where the Warrantheolder is a recognised clearing house (within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) or its nominee(s), it may authorise such person or persons as it thinks fit to act as its representative (or representatives) or proxy (or proxies) at any Warrantheolders' meeting provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number of Warrants in respect of which each such person is so authorised. The person so authorised will be deemed to have been duly authorised without the need of producing any documents of title, notarized authorization and/or further evidence for substantiating the facts that it is duly authorised and will be entitled to exercise the same power on behalf of the recognised clearing house as that clearing house or its nominee(s) could exercise as if such person were an individual Warrantheolder.
- (D) On a poll or a show of hands, votes may be given either personally or by proxy or by authorised representative.

**7. REPLACEMENT OF WARRANT CERTIFICATES**

In the case of lost Warrant certificates, Section 71A of the Company Ordinance (Chapter 32 of the Laws of Hong Kong) shall apply as if "shares" referred to therein included Warrants.

If a Warrant certificate is mutilated, defaced, lost or destroyed, it may, at the discretion of the Company, be replaced at the office of the Registrars on payment of such costs as may be incurred in connection therewith and on such terms as to evidence, indemnity and/or security as the Company may require and on payment of such fee not exceeding HK\$2.50 (or such higher fee as may from time to time be permitted by the Stock Exchange) as the Company may determine. Mutilated or defaced Warrant certificates must be surrendered before replacements will be issued.

#### **8. PROTECTION OF SUBSCRIPTION RIGHTS**

The Instrument contains certain undertakings by and restrictions on the Company designed to protect the Subscription Rights.

#### **9. CALL**

If at any time the aggregate number of Shares which would fall to be issued on the exercise of outstanding Warrants is equal to or less than 10 per cent of the aggregate number of Shares which would fall to be issued on the exercise of all the Warrants issued under the Instrument then the Company may, on giving not less than 1 month's notice, require Warrantheolders either to exercise their Subscription Rights or to allow them to lapse. On expiry of such notice, all unexercised Warrants will be automatically cancelled without compensation to Warrantheolders.

#### **10. FURTHER ISSUES**

The Company shall be at liberty to issue further subscription warrants.

#### **11. UNDERTAKINGS BY THE COMPANY**

In addition to the undertakings given by it in relation to the grant and exercise of the Subscription Rights and the protection thereof the Company has undertaken in the Instrument that:

- (i) it will use its best endeavours to ensure that all Shares allotted on the exercise of Subscription Rights shall be admitted to listing on the Stock Exchange;
- (ii) it will send to each Warrantheolder, at the same time as the same are sent to the holders of Shares, its audited accounts and all other notices, reports and communications despatched by it to the holders of the Shares generally; and
- (iii) it will pay all Hong Kong stamp duties, registration fees or similar charges in respect of the execution of the Instrument, the creation and initial issue of the Warrants in registered form, the exercise of the Subscription Rights and the issue of Shares upon exercise of the Subscription Rights.

#### **12. NOTICES**

The Instrument contains provisions relating to notices to be given to Warrantheolders.

Every Warrantholder shall register with the Company an address either in Hong Kong or elsewhere to which notices can be sent.

The provisions of the Company's Articles of Association relating to service of notices on members of the Company shall apply, mutatis mutandis, to service of notices on Warrantholders and shall have full effect as if the same had been incorporated herein.

### **13. OVERSEAS WARRANTHOLDERS**

If a Warrantholder has a registered address in any territory other than Hong Kong where, in the opinion of the Directors (after making enquiry regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange), the allotment of Shares to such Warrantholder upon the exercise of any Subscription Rights would or may in the absence of compliance with registration or any other special formalities in such territory be unlawful or impracticable under the laws of such territory or Hong Kong, then the Company will as soon as practicable after the exercise by such Warrantholder of any Subscription Rights allot such Shares to such Warrantholder and then, on his behalf, sell them to one or more third parties selected by the Company for the best consideration then reasonably obtainable by the Company. As soon as reasonably practicable following such allotment and sale, the Company will pay such Warrantholder an amount equal to the consideration received (less expenses and duties) by it by posting the remittance to him as his risk.

### **14. WINDING UP OF THE COMPANY**

- (A) In the event a notice is given by the Company to its shareholders to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to wind-up the Company voluntarily, every Warrantholder shall be entitled by irrevocable surrender of his Warrant certificate(s) to the Company with the Subscription Form(s) duly completed, together with payment of the Exercise Moneys or the relative portion thereof (such Subscription Form(s) and Exercise Moneys to be received by the Company not less than 5 business days prior to the proposed shareholders' meeting) to be allotted and issued, as soon as possible and in any event no later than the day immediately prior to the date of the proposed shareholder's meeting, the Shares which fall to be issued pursuant to the exercise of the relevant Subscription Rights.
- (B) If an effective resolution is passed during the Subscription Period for the voluntary winding-up of the Company for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantholders, or some persons designated by them for such purpose by Special Resolution, shall be a party or in conjunction with which a proposal is made to the Warrantholders and is approved by Special Resolution, the terms of such scheme of arrangement or (as the case may be) proposal shall be binding on all the Warrantholders.
- (C) Subject to the foregoing, if the Company is wound up, all Subscription Rights which have not been exercised at the date of the passing of such resolution shall lapse and each Warrant certificate shall cease to be valid for any purpose.



**15. GOVERNING LAW**

The Instrument and the Warrants are governed by and shall be construed in accordance with the laws of Hong Kong.

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## NOTICE OF ANNUAL GENERAL MEETING

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### YU MING INVESTMENTS LIMITED 禹銘投資有限公司

*(Incorporated in Hong Kong with limited liability)*  
(Stock Code: 666)

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “AGM”) of Yu Ming Investments Limited (“the Company”) will be held at Plaza V, Lower Lobby, Novotel Century Hong Kong Hotel, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 23<sup>rd</sup> May, 2008 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and independent auditors for the year ended 31<sup>st</sup> December, 2007.
2. To re-elect directors and to fix directors’ fee for all directors for the year ended 31<sup>st</sup> December, 2007 at HK\$363,333.33 such sum to be divided among the directors in such proportion and in such manner as the board of directors of the Company may approve.
3. To re-appoint auditors and authorise the board of directors of the Company to fix their remuneration.
4. As special business, to consider and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions and special resolution of the Company:

#### ORDINARY RESOLUTIONS

(I) “**THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company 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 on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (a) above 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

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## NOTICE OF ANNUAL GENERAL MEETING

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- (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 law 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 of the Company in general meeting.”

(II) **“THAT:**

- (a) subject to paragraph (c) below and pursuant to Section 57B of the Companies Ordinance, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible or exchangeable into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible or exchangeable into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital 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) above, otherwise than pursuant to (i) a Rights Issue; (ii) 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 its subsidiaries of shares or rights to acquire shares of the Company; (iii) an issue of shares as scrip dividends pursuant to the Articles of Association of the Company from time to time, or (iv) an issue of shares upon the exercise of rights of subscription or conversion under the terms of warrants of the Company or any securities of the Company which carry rights to subscribe for or are convertible into shares of the Company, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing this Resolution, or (v) upon the exercise of the subscription rights attaching to any warrants issued by the Company and the said approval shall be limited accordingly; and

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## NOTICE OF ANNUAL GENERAL MEETING

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(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 law 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 of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to the holders of shares of the Company on the register 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 of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

(III) “**THAT** subject to the passing of the Ordinary Resolutions 4(I) and 4(II) of the notice convening this meeting, the general mandate granted to the directors of the Company to allot, issue and deal with additional shares pursuant to Ordinary Resolution 4(II) of the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to the Ordinary Resolution referred to in item 4(I) of the notice convening this meeting.”

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## NOTICE OF ANNUAL GENERAL MEETING

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(IV) “**THAT**, subject to the passing of the Ordinary Resolution 4(V) of this notice, and conditional on the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting listing of, and permission to deal in, the bonus issue of warrants (the “Bonus Warrants”) and any new shares of the Company (the “Shares”) to be issued upon any exercise of the subscription rights attaching to the Bonus Warrants, the directors of the Company be and are hereby authorised:–

- (a) to create the Bonus Warrants, which shall be in registered form, to subscribe, at the initial exercise price of HK\$0.33 per Share, subject to adjustments and the terms and conditions set out in the warrant instrument (the “Bonus Warrant Instrument”, a copy of a draft of which has been produced to the meeting and signed for the purpose of identification by the Chairman) and such Bonus Warrants could be exercised during the period from 29<sup>th</sup> May, 2008 to 28<sup>th</sup> May, 2009 (both dates inclusive) and to issue the same by way of bonus to and among the persons who were registered as shareholders of the Company (the “Shareholders”) on 23<sup>rd</sup> May, 2008 in the proportion of one Bonus Warrant carrying the right to subscribe at HK\$0.33 for one Share in the capital of the Company for every five Shares held, provided that:–
  - (i) in the case of persons having registered addresses not in Hong Kong, the relevant Bonus Warrants shall at the discretion of the directors of the Company not be issued to such persons but be aggregated and sold in the market and the net proceeds of sale, after deduction of expenses, distributed pro rata to such persons unless such amount falling to be distributed to any such persons is less than HK\$100 in which case such amount will be retained for the benefit of the Company; and
  - (ii) no fractional entitlements to Bonus Warrants shall be issued aforesaid, but the fractional entitlements shall be aggregated and sold for the benefit of the Company.

The net proceeds of the sale will be retained for the benefit of the Company. The directors of the Company shall do all such acts and things as they consider necessary or expedient to give effect to the foregoing arrangements;

- (b) as a specific mandate to the directors of the Company, to allot and issue shares in the capital of the Company arising from the exercise of subscription rights under such Bonus Warrants or any of them;
- (c) to affix the common seal of the Company to and to sign the Bonus Warrant Instrument in accordance with the articles of association of the Company; and
- (d) to do all such acts and things as the directors of the Company consider necessary or expedient to give effect to the transactions contemplated by the Bonus Warrant Instrument.”

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## NOTICE OF ANNUAL GENERAL MEETING

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- (V) “**THAT** the authorised capital of the Company be increased to HK\$300,000,000 by the creation of an additional 900,000,000 shares of HK\$0.10 each.”

### SPECIAL RESOLUTION

- (VI) “**THAT**

- (a) the existing Article 78 of the Articles of Association be and is hereby deleted in its entirety and be replaced by the following new Article 78:

“Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a representative duly authorised under Section 115 or the Ordinance or by proxy, shall have one vote, and on a poll every member present in person or by proxy or by duly authorised representative shall have one vote for every fully paid share of which he is the holder and have for every partly paid share of which he is the holder the fraction of one vote equal to the proportion which the nominal amount due and paid up thereon bears to the nominal value of the share, but no amount paid or credited as paid up on a share in advance of calls shall be treated for the purposes of this Article as paid up on the share. On a poll a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.”;

- (b) The existing Article 80 of the Articles of Association be and is hereby deleted in its entirety and be replaced by the following new Article 80:

“Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by authorised representative or by proxy, in respect of such share as if he were solely entitled thereto: but if more than one of such joint holders be present at any meeting personally or by authorised representative or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of this Article be deemed joint holders thereof.”;

- (c) The existing Article 82(a) of the Articles of Association be and is hereby deleted in its entirety and be replaced by the following new Article 82(a):

“Save as herein expressly provided, no person other than a member duly registered and who shall have paid everything for the time being due from him and payable to the Company in respect of his shares and is entitled to attend and vote shall be entitled to be present or to vote (save as proxy for another member) either personally or by authorised representative or by proxy, or to be reckoned in a quorum, at any general meeting.”;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (d) The existing Article 83 of the Articles of Association be and is hereby deleted in its entirety and be replaced by the following new Article 83:

Any member of the Company entitled to attend and vote at a meeting of the Company or a meeting of the holder of any class of shares in the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. On a poll or a show of hands, votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion,”; and

- (e) the existing Article 89(b) of the Articles of Association be and is hereby deleted in its entirety and be replaced by the following new Article 89(b):

“If a recognised clearing house within the meaning of the Securities and Futures Ordinance of Hong Kong (or its nominee) is a member of the Company, it may, by resolution of its directors or other governing body or by power of attorney, authorise such person or persons as it thinks fit to act as its representative(s) or proxy(ies) at any general meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number and class of shares in respect of which each such person is so authorised. The person so authorised will be deemed to have been duly authorised without the need of producing any documents of title, notarized authorisation and/or further evidence for substantiating the facts that it is duly authorised and will be entitled to exercise the same power on behalf of the recognised clearing house as that clearing house or its nominee(s) could exercise as if such person were an individual member of the Company.”

By Order of the Board  
**Peter LEE Yip Wah**  
*Company Secretary*

Hong Kong, 30<sup>th</sup> April, 2008

*Notes:*

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and on a poll, vote in his stead. A proxy need not be a member of the Company.
2. To be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the share registrars of the Company, Tricor Secretaries Limited, 26<sup>th</sup> Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof.
3. With regard to item no. 2 in this notice, the board of directors of the Company proposes that the retiring directors, namely Messrs. Warren LEE Wa Lun, LEE Seng Hui, Peter LEE Yip Wah, Edwin LO King Yau and Arthur George DEW be re-elected as directors of the Company. Details of such retiring directors are set out in Appendix I to the circular dated 30<sup>th</sup> April, 2008 to which this notice forms part.

Mr. Tony FUNG Wing Cheung notified to the Company that he will retire at the AGM and will not seek for re-election.