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

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

If you have sold all your shares in Hong Kong Ferry (Holdings) Company Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy 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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**HONG KONG FERRY (HOLDINGS) COMPANY LIMITED**

*(Incorporated in Hong Kong under the Companies Ordinance)*

**(Stock Code: 00050)**

*Executive Directors:*

Mr. Lam Ko Yin, Colin (*Chairman*)  
Mr. Li Ning

*Non-Executive Directors:*

Mr. Au Siu Kee, Alexander  
Mr. Lau Yum Chuen, Eddie  
Dr. Lee Shau Kee  
Mr. Leung Hay Man  
Mr. Wong Man Kong, Peter

*Independent Non-Executive Directors:*

Mr. Ho Hau Chong, Norman  
Mr. Kan Yuet Loong, Michael  
Mr. Wu King Cheong

*Registered Office:*

98 Tam Kon Shan Road  
Ngau Kok Wan  
North Tsing Yi  
New Territories  
Hong Kong

10 April 2007

*To the shareholders*

Dear Sir or Madam,

**RE-ELECTION OF DIRECTORS  
AND  
GENERAL MANDATES TO PURCHASE THE COMPANY’S OWN SHARES  
AND TO ISSUE NEW SHARES  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you notice of the Annual General Meeting and information regarding the re-election of certain directors of the Company (the “Directors”) and the general mandates to purchase by the Company of its own shares and to issue new shares and to seek your approval at the annual general meeting of the Company to be held on Wednesday, 9 May 2007 at 12:00 noon on board the vessel, Harbour Cruise-Bauhinia, North Point (East) Passenger Ferry Pier, North Point, Hong Kong (the “AGM”) in connection with, inter alia, such matters.

## **RE-ELECTION OF DIRECTORS**

The board of directors of the Company (the “Board”) currently consists of 10 Directors. Mr. Li Ning, Mr. Lau Yum Chuen, Eddie, Mr. Wong Man Kong, Peter and Mr. Ho Hau Chong, Norman shall retire by rotation under Article 103(A) of the Articles of Association of the Company at the AGM and, being eligible, offer themselves for re-election as directors. Details of the retiring Directors proposed for re-election at the AGM are set out in Appendix I to this circular.

## **GENERAL MANDATE FOR REPURCHASE BY THE COMPANY OF ITS OWN SHARES**

At the annual general meeting of the Company held on 4 May 2006, a general mandate was given to the Directors to exercise the powers of the Company to repurchase shares of HK\$1.00 each in the capital of the Company (the “Shares”) up to a maximum of ten per cent of the issued share capital of the Company at the date of the ordinary resolution granting the general mandate. Such mandate will lapse at the conclusion of the AGM. Your attention is drawn to Ordinary Resolution (6) as set out in the notice convening the AGM on pages 13 to 16 of this circular. Such Ordinary Resolution proposes to give a general mandate to the Directors to exercise the powers of the Company to repurchase at any time until the conclusion of the next annual general meeting of the Company following the passing of the relevant resolution or such earlier period as stated therein, shares up to a maximum of ten per cent of the issued share capital of the Company at the date of passing of such Ordinary Resolution (the “Repurchase Mandate”) which is equivalent to repurchase a maximum of 35,627,388 Shares on the basis that no further Shares are issued or repurchased prior to the AGM.

An explanatory statement, as required under the relevant rules set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) regulating the repurchase by companies with primary listings on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) of their own shares on the Stock Exchange (the “Share Repurchase Rules”) and under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (the “Companies Ordinance”), to provide the requisite information for your consideration of the Repurchase Mandate is set out in Appendix II hereto.

## **GENERAL MANDATE TO ISSUE SHARES**

It will be proposed at the AGM to be held on 9 May 2007 Ordinary Resolutions (5) and (7) respectively as set out in the notice convening the AGM on pages 13 to 16 of this circular for granting to the Directors a general mandate to allot, issue and deal with Shares not exceeding twenty per cent of the issued share capital of the Company at the date of passing of that Ordinary Resolution (5) (the “Issue Mandate”) which is equivalent to issue a maximum of 71,254,776 Shares on the basis that no further Shares are issued or repurchased prior to the AGM and extending the Issue Mandate by adding to it the number of Shares up to ten per cent of the issued share capital of the Company as at the date of passing the Ordinary Resolution numbered (6) repurchased by the Company under the Repurchase Mandate.

The Directors wish to state that, as at the date hereof, they have no immediate plans to issue or repurchase any shares pursuant to the relevant mandates.

## **ANNUAL GENERAL MEETING**

The Board has resolved to convene the AGM to consider and, if thought fit, by the Shareholders, to approve the proposed resolutions as set out in the notice of AGM on pages 13 to 16 of this circular. Whether or not you are able to attend and vote at the AGM, you are requested to complete and return the enclosed form of proxy to the share registrars of the Company, Standard Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM. Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the AGM or any adjourned meetings should you so wish.

## **RIGHT TO DEMAND A POLL**

Pursuant to Article 74 of the Articles of Association of the Company, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the results of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (i) by the Chairman of the meeting; or
- (ii) by at least three members present in person or by proxy for the time being entitled to vote at the meeting; or
- (iii) 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
- (iv) by a 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 the 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.

## **RECOMMENDATION**

The Directors consider that the re-election of Directors and the general mandates to repurchase shares and to issue new shares are in the interests of the Company and its shareholders and accordingly recommend that all shareholders should vote in favour of the resolutions to be proposed at the AGM.

Yours faithfully,  
**Lam Ko Yin, Colin**  
*Chairman*

The following are the particulars of the directors standing for re-election at the AGM:

1. **Mr. Li Ning**, *BSc, MBA*, aged 50, appointed on 20 October 1989, is an Executive Director of the Company. He is also an Executive Director of Henderson Land Development Company Limited (“Henderson Land”) and Henderson Investment Limited (“Henderson Investment”). Both Henderson Land and Henderson Investment have discloseable interests under the provisions of Part XV of the Securities and Futures Ordinance in the Company. He is also a director of all subsidiaries of the Company. Mr. Li is the son-in-law of Dr. Lee Shau Kee, a Director of the Company.

Save as disclosed above, Mr. Li has not held any other directorships in listed public companies in the last three years.

Mr. Li was a non-executive director of Smartie Food Services Company Limited (“Smartie Food”) from June 1989 to April 1994. Smartie Food was a company incorporated in Hong Kong and engaged in the business of roasted meat. By a court order of 18 May 1994, Smartie Food was put into winding up by the court. Mr. Li had resigned as a director of Smartie Food before winding up and did not take part in any matters giving rise to the winding up of Smartie Food. The affairs of Smartie Food had been completely wound up and Smartie Food was dissolved in December 1997. Mr. Li was also a non-executive director of Ganges Apparel Limited (“Ganges”) from September 1989 to June 1996. Ganges was a company incorporated in Hong Kong and engaged in the business of the agency of, and the trading of garments. By a court order of 23 October 1996, Ganges was put into winding up by the court. Mr. Li had resigned as a director of Ganges before winding up and did not take part in any matters giving rise to the winding up of Ganges. The affairs of Ganges had been completely wound up and Ganges was dissolved in March 2000.

As at 30 March 2007, Mr. Li is currently taken to be interested in 111,732,090 shares in the Company within the meaning of Part XV of the Securities and Futures Ordinance (representing approximately 31.36% of the entire issued share capital of the Company, the same of which was disclosed in the Report of Directors of the Company for the financial year ended 31 December 2006) as Mr. Li’s spouse is one of the discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust. Save as disclosed herein, Mr. Li has no relationship with any directors, senior management, substantial or controlling shareholders of the Company.

Mr. Li has not entered into any service contracts with the Company and is subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. Mr. Li will receive an annual director’s fee of HK\$50,000 for acting as an executive director and HK\$50,000 as a member of the Remuneration Committee, which are determined by reference to his duties and responsibilities. His other remuneration (if any) shall from time to time be

determined by the board of directors of the Company by reference to his duties and responsibilities. Save as disclosed above, Mr. Li will not be receiving any bonus payments (whether fixed or discretionary in nature) from the Company.

Save as disclosed herein, there is nothing required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules, nor is there any other matter which needs to be brought to the attention of the shareholders in connection with Mr. Li's re-election.

2. **Mr. Lau Yum Chuen, Eddie**, aged 60, appointed on 5 May 1988, is a Non-Executive Director of the Company. He has over 35 years of experience in banking, finance and investment. He is also an Executive Director of Henderson Land Development Company Limited ("Henderson Land") and Henderson Investment Limited ("Henderson Investment") and a Director of Miramar Hotel and Investment Company, Limited. Both Henderson Land and Henderson Investment have discloseable interests under the provisions of Part XV of the Securities and Futures Ordinance in the Company. He is also a director of HYFCO Travel Agency Limited, a wholly owned subsidiary of the Company.

Save as disclosed above, Mr. Lau has not held any other directorships in listed public companies in the last three years.

As at 30 March 2007, Mr. Lau does not hold any shares in the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Lau has no relationship with any directors, senior management, substantial or controlling shareholders of the Company.

Mr. Lau has not entered into any service contracts with the Company. He was appointed for a specific term until 31 December 2007 but is subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. Mr. Lau will receive an annual director's fee of HK\$50,000 for acting as a non-executive director, which is determined by reference to his duties and responsibilities. His other remuneration (if any) shall from time to time be determined by the board of directors of the Company by reference to his duties and responsibilities. Save as disclosed above, Mr. Lau will not be receiving any bonus payments (whether fixed or discretionary in nature) from the Company.

Save as disclosed herein, there is nothing required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules, nor is there any other matter which needs to be brought to the attention of the shareholders in connection with Mr. Lau's re-election.

3. **Mr. Wong Man Kong, Peter**, *BBS, JP, BSc, FCILT, MRINA*, aged 58, appointed on 9 March 1992, is a Non-Executive Director of the Company. Mr. Wong was the President & Chief Executive Officer of the Company from 1992 to 1995. Mr. Wong has over 30 years of industrial, commercial and public service experience, having served as Managing Director of Chung Wah Shipbuilding & Engineering (Holdings) Company Limited, a Director of First Pacific Bank and Kowloon-Canton Railway Corporation and a member in Hong Kong Government's Transport Advisory Board, Industry Development Board and Trade Advisory Board. He was also a member of the Hong Kong Special Administrative Region Preparatory Committee in 1996/1997 and a member of the Election Committee of the Second Chief Executive of the Hong Kong Special Administrative Region in 2002. He is currently serving as a deputy to the National People's Congress of the People's Republic of China. Currently Mr. Wong holds directorship of Glorious Sun Enterprises Limited, China Travel International Investment Hong Kong Limited, Chinney Investments Limited, Sun Hung Kai & Company Limited as well as Sino Hotels (Holdings) Limited.

Save as disclosed above, Mr. Wong has not held any other directorships in listed public companies in the last three years.

As at 30 March 2007, Mr. Wong holds 1,051,000 shares in the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Wong has no relationship with any directors, senior management, substantial or controlling shareholders of the Company.

Mr. Wong has not entered into any service contracts with the Company. He was appointed for a specific term until 31 December 2007 but is subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. Mr. Wong will receive an annual director's fee of HK\$50,000 for acting as a non-executive director, which is determined by reference to his duties and responsibilities. His other remuneration (if any) shall from time to time be determined by the board of directors of the Company by reference to his duties and responsibilities. Save as disclosed above, Mr. Wong will not be receiving any bonus payments (whether fixed or discretionary in nature) from the Company.

Save as disclosed herein, there is nothing required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules, nor is there any other matter which needs to be brought to the attention of the shareholders in connection with Mr. Wong's re-election.

4. **Mr. Ho Hau Chong, Norman**, *BA, ACA, FCPA*, aged 51, appointed on 28 March 1995, is an Independent Non-Executive Director of the Company. Mr. Ho is an Executive Director of Honorway Investments Limited and Tak Hung (Holding) Company Limited and has over 20 years of experience in management and property development. He is also a Director of Lee Hing Development Limited, CITIC

Pacific Limited, Miramar Hotel and Investment Company, Limited, Starlight International Holdings Limited, Taifook Securities Group Limited, New World Mobile Holdings Limited, Shun Tak Holdings Limited and Macau Prime Properties Holdings Limited. He is also a director of HYFCO Travel Agency Limited, a wholly owned subsidiary of the Company.

Save as disclosed above, Mr. Ho has not held any other directorships in listed public companies in the last three years.

As at 30 March 2007, Mr. Ho holds 3,313,950 shares in the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Ho has no relationship with any directors, senior management, substantial or controlling shareholders of the Company.

Mr. Ho has not entered into any service contracts with the Company. He was appointed for a specific term until 31 December 2007 but is subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. Mr. Ho will receive an annual director's fee of HK\$50,000 for acting as an independent non-executive director, HK\$150,000 as a member of the Audit Committee and HK\$50,000 as a member of the Remuneration Committee, which are determined by reference to his duties and responsibilities. His other remuneration (if any) shall from time to time be determined by the board of directors of the Company by reference to his duties and responsibilities. Save as disclosed above, Mr. Ho will not be receiving any bonus payments (whether fixed or discretionary in nature) from the Company.

Save as disclosed herein, there is nothing required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules, nor is there any other matter which needs to be brought to the attention of the shareholders in connection with Mr. Ho's re-election.

This explanatory statement constitutes the memorandum required under section 49BA(3)(b) of the Companies Ordinance and contains all the information required under the Shares Repurchase Rules for you to consider the Repurchase Mandate.

### **1. SHARE CAPITAL**

As at 30 March 2007 (the latest practicable date prior to the printing of this circular), the issued paid-up share capital of the Company comprised 356,273,883 Shares. Subject to the passing of Ordinary Resolution numbered (6) as set out in the notice convening the AGM and on the basis that no further Shares are issued or repurchased prior to the date of the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 35,627,388 Shares.

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

The Directors believe that the Repurchase Mandate affords the Company the flexibility and ability in pursuing the best interests for the Company and its shareholders. Such purchases may, depending on market conditions and funding arrangements at the time, be beneficial to the shareholders by enhancing the net asset and/or earnings per Share and will only be made when the Directors believe that such a purchase will benefit the Company and its shareholders.

### **3. FUNDING OF REPURCHASE**

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 profits of the Company or the proceeds of a new issue of shares made for the purpose of the repurchase and any premium payable on repurchase shall be paid out of distributable profits of the Company. If such repurchased shares were issued at a premium, any premium payable on repurchase may be paid out of the proceeds of a fresh issue of shares made for the purpose of the repurchase to such extent allowable under the Companies Ordinance.

The Directors propose that repurchases of Shares would be appropriately financed by the Company's internal resources. No material 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 2006 Annual Report) will occur even in the event that the Repurchase Mandate is to be exercised in full at any time during the proposed repurchase period.

**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 were as follows:

	2006										2007	
	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$						
Highest	9.60	9.45	9.10	8.70	8.80	8.80	8.66	8.53	8.65	8.66	8.56	8.55
Lowest	9.20	8.80	8.30	8.15	8.50	8.50	8.50	8.26	8.30	8.40	8.25	8.30

**5. UNDERTAKING AND DISCLOSURE OF INTERESTS**

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make repurchase pursuant to the Repurchase Mandate only in accordance with the Listing Rules, the Companies Ordinance and any other 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 under the Repurchase Mandate if the same is approved by the shareholders.

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

**6. HONG KONG CODES ON TAKEOVERS AND MERGERS AND SHARE REPURCHASES**

If a shareholder's proportionate interest in the voting rights of the Company increases as a result of the Directors exercising the powers of the Company to repurchase Shares pursuant to the Repurchase Mandate, pursuant to Rule 32 of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code") such increase will be treated as an acquisition of voting rights for the purpose of the Takeovers Code. Accordingly, a shareholder or group of shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

**APPENDIX II****EXPLANATORY STATEMENT FOR  
GENERAL MANDATE TO REPURCHASE SHARES**

As at 30 March 2007, the following person and corporations (together the substantial shareholders (within the meaning of the Listing Rules)) hold interests of 10 per cent. or more of the issued share capital of the Company:

<b>Substantial Shareholders</b>	<b>No. of shares in which interested</b>	<b>Approximate percentage of total issued shares</b>
Henderson Investment Limited ( <i>Note 1</i> )	111,732,090	31.36%
Pataca Enterprises Limited ( <i>Note 1</i> )	70,200,000	19.70%
Wiselin Investment Limited ( <i>Note 2</i> )	41,532,090	11.66%
Max-mercan Investment Limited ( <i>Note 2</i> )	41,532,090	11.66%
Henderson Development Limited ( <i>Note 3</i> )	111,732,090	31.36%
Henderson Land Development Company Limited ( <i>Note 3</i> )	111,732,090	31.36%
Kingslee S.A. ( <i>Note 3</i> )	111,732,090	31.36%
Hopkins (Cayman) Limited ( <i>Note 4</i> )	111,732,090	31.36%
Rimmer (Cayman) Limited ( <i>Note 4</i> )	111,732,090	31.36%
Riddick (Cayman) Limited ( <i>Note 4</i> )	111,732,090	31.36%
Mr. Li Ning ( <i>Note 5</i> )	111,732,090	31.36%
Dr. Lee Shau Kee ( <i>Note 6</i> )	119,531,310	33.55%

*Notes:*

All shares referred to below, unless otherwise stated, form part of the same parcel of 111,732,090 shares.

1. These 111,732,090 shares were beneficially owned by some of the subsidiaries of Henderson Investment Limited (“HI”). Of these 111,732,090 shares, 70,200,000 shares were owned by some of the subsidiaries (viz., Graf Investment Limited, Mount Sherpa Limited and Paillard Investment Limited, each of which owned 23,400,000 shares) of Pataca Enterprises Limited, which was itself a subsidiary of HI.
2. These 41,532,090 shares held by Wiselin Investment Limited and in which Max-mercan Investment Limited was taken to be interested refer to the same lot of shares. Wiselin Investment Limited, a subsidiary of Max-mercan Investment Limited which was a subsidiary of HI, beneficially owned 41,532,090 shares all of which constitute part of the said 111,732,090 shares.
3. These 111,732,090 shares are duplicated in the interests described in Notes 1 and 2. Henderson Development Limited (“HD”) beneficially owned more than one-third of the issued share capital in Henderson Land Development Company Limited which was, in turn, the holding company of Kingslee S.A.. Kingslee S.A. had a controlling interest in HI.
4. These 111,732,090 shares are duplicated in the interests described in Notes 1, 2 and 3. Rimmer (Cayman) Limited and Riddick (Cayman) Limited as trustees of respective discretionary trusts held units in a unit trust (the “Unit Trust”). Hopkins (Cayman) Limited as trustee of the Unit Trust owned all the issued ordinary shares, which carry the voting rights in the share capital of HD.
5. By virtue of the Securities and Futures Ordinance (“SFO”), Mr. Li Ning was taken to be interested in these 111,732,090 shares as Mr. Li’s spouse was one of the discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust. These 111,732,090 shares are duplicated in the interests described in Notes 1, 2, 3 and 4.

6. Dr. Lee Shau Kee beneficially owned all the issued share capital of Rimmer (Cayman) Limited, Riddick (Cayman) Limited and Hopkins (Cayman) Limited. By virtue of the SFO, Dr. Lee Shau Kee was taken to be interested in 111,732,090 shares which are duplicated in the interests described in Notes 1, 2, 3 and 4. Together with his personal shareholding of 7,799,220 shares, Dr. Lee Shau Kee was taken to be interested in 119,531,310 shares (approximately 33.55 per cent. of the total issued share capital of the Company) as at 30 March 2007.

Based on the above shareholding interest of Dr. Lee Shau Kee and parties regarded as acting in concert with him, and in the event that the Repurchase Mandate is exercised in full by the Company and assuming that Dr. Lee Shau Kee and parties regarded as acting in concert with him do not dispose of any of their shares, their percentage shareholding in the Company will be increased to approximately 37.28 per cent. of the total issued share capital. Accordingly under Rule 26 of the Takeovers Code, an obligation to make a general offer to shareholders will arise as a result of an exercise of the Repurchase Mandate in full. The Directors have no present intention to repurchase Shares to such an extent as would result in takeover obligations.

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

The Company has not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the 6 months preceding the date of this circular.

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## NOTICE OF ANNUAL GENERAL MEETING

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# HONG KONG FERRY (HOLDINGS) COMPANY LIMITED

*(Incorporated in Hong Kong under the Companies Ordinance)*

**(Stock Code: 00050)**

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company will be held on board the vessel, Harbour Cruise-Bauhinia, North Point (East) Passenger Ferry Pier, North Point, Hong Kong on Wednesday, 9 May 2007 at 12:00 noon for the following purposes:

- (1) To receive and consider the audited accounts and reports of the Directors and Auditors for the year ended 31 December 2006.
- (2) To declare a final dividend.
- (3) To re-elect Directors and to authorise the Board of Directors to fix the remuneration of the Directors.
- (4) To re-appoint KPMG as Auditors and authorise the Directors to fix their remuneration.

As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

- (5) **“THAT:**
  - (a) subject to paragraph (c) of this Resolution and pursuant to section 57B of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), 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\$1 each in the capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
  - (b) the approval in paragraph (a) shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
  - (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), or (ii) an issue of shares in the Company upon the exercise of the subscription rights

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## NOTICE OF ANNUAL GENERAL MEETING

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under any securities which are convertible into shares of the Company, or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution and the said approval shall be limited accordingly; and

(d) for the purposes of this Resolution:

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

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) to be held; and
- (iii) the date upon which the authority set out in this Resolution is revoked or varied by way of ordinary resolution in any general meeting of the Company.

“Rights Issue” means an offer of shares in the capital of the Company open for a period fixed by the Directors of the Company to holders of shares of the Company whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares 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).”

(6) **“THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase its own securities subject to the conditions set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, be and is hereby approved generally and unconditionally;
- (b) the aggregate nominal amount of share capital which may be purchased by the Directors of the Company pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing this Resolution and the said approval shall be limited accordingly; 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 the Resolution until whichever is the earliest of:

- (i) the conclusion of the next Annual General Meeting of the Company;
  - (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) to be held; and
  - (iii) the date upon which the authority set out in this Resolution is revoked or varied by way of ordinary resolution in any general meeting of the Company.”
- (7) “**THAT** conditional upon the passing of Ordinary Resolutions numbered (5) and (6) as set out in the notice of this meeting of which this Resolution forms part, the aggregate nominal amount of the share capital of the Company which shall have been purchased by the Company after the date hereof pursuant to and in accordance with the said Ordinary Resolution numbered (6) shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to the general mandate to allot, issue and deal with additional shares granted to the Directors of the Company by the said Ordinary Resolution numbered (5).”

By Order of the Board  
**Yuen Wai Kuen**  
*Company Secretary*

Hong Kong, 10 April 2007

*Notes:*

1. The register of members will be closed from Monday, 30 April 2007 to Thursday, 3 May 2007, both days inclusive during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s share registrars, Standard Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 27 April 2007.
2. A member entitled to attend and vote at the meeting is entitled to appoint proxies to attend and, on a poll, vote for him. A proxy need not be a member of the Company. Proxy forms together with the power of attorney (if any) or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the Company’s share registrars, Standard Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

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## NOTICE OF ANNUAL GENERAL MEETING

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3. With respect to item (3) above regarding re-election of Directors, Mr. Li Ning, Mr. Lau Yum Chuen, Eddie, Mr. Wong Man Kong, Peter and Mr. Ho Hau Chong, Norman shall retire by rotation pursuant to Article 103(A) of the Articles of Association of the Company at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election. The biographical details and interests in the shares of the Company of the said directors to be re-elected at the Annual General Meeting are set out on pages 5 to 8 of this circular.
4. With respect to item (5) and (6) above, the Directors wish to state that they have no immediate plan to issue any new shares of the Company or to repurchase any existing shares of the Company.

**As at the date of this notice, the executive directors of the Company are Mr. Lam Ko Yin, Colin (Chairman) and Mr. Li Ning, the non-executive directors are Mr. Au Siu Kee, Alexander, Mr. Lau Yum Chuen, Eddie, Dr. Lee Shau Kee, Mr. Leung Hay Man and Mr. Wong Man Kong, Peter, and the independent non-executive directors are Mr. Ho Hau Chong, Norman, Mr. Kan Yuet Loong, Michael, and Mr. Wu King Cheong.**