
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Deson Development International Holdings Limited (the “Company”), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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

**DESON DEVELOPMENT INTERNATIONAL HOLDINGS LIMITED****迪臣發展國際集團有限公司****(Incorporated in Bermuda with limited liability)***(Stock Code: 262)****PROPOSED GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES, RE-ELECTION OF RETIRING
DIRECTORS AND AMENDMENTS TO BYE-LAWS**

A notice convening the annual general meeting of the Company to be held at 10:30 a.m. on Tuesday, 22 August 2006 at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong is set out in Appendix III of this circular.

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

* *For identification purposes only*

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at 10:30 a.m. on Tuesday, 22 August 2006 at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong, or any adjournment thereof;
“Board”	the board of Directors or a duly authorised committee of the board of Directors;
“Business Day”	a day upon which the Stock Exchange is open for securities trading;
“Bye-Laws”	the bye-laws of the Company (as amended from time to time);
“Company”	Deson Development International Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange;
“Directors”	the directors of the Company;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	HK dollars, the lawful currency in Hong Kong;
“Issue Mandate”	the general and unconditional mandate proposed to be granted to the Directors at the AGM to exercise all the power to allot, issue and otherwise deal with Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of the resolution granting such mandate;
“Latest Practicable Date”	25 July 2006, being the latest practicable date for ascertaining certain information included in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;

DEFINITIONS

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

LETTER FROM THE BOARD



DESON DEVELOPMENT INTERNATIONAL HOLDINGS LIMITED

迪臣發展國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 262)

Executive Directors:

Mr. Wang Ke Duan (Chairman)

Mr. Tjia Boen Sien

(Managing Director & Deputy Chairman)

Mr. Wang Jing Ning

Mr. Keung Kwok Cheung

Mr. Ong Chi King

Independent non-executive Directors:

Dr. Ho Chung Tai, Raymond

Mr. Siu Man Po

Mr. Wong Shing Kay, Oliver

Registered Office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

Principal Place of Business:

11th Floor, Nanyang Plaza

57 Hung To Road, Kwun Tong

Kowloon

Hong Kong

31 July 2006

To the Shareholders

Dear Sirs,

PROPOSED GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES, RE-ELECTION OF RETIRING DIRECTORS AND AMENDMENTS TO BYE-LAWS

1. INTRODUCTION

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

2. GENERAL MANDATE TO ISSUE SHARES

In order to ensure flexibility and discretion be given to the Directors in the event that it becomes desirable to allot, issue and deal with shares of the Company, approval is being sought from the Shareholders of the Company for the granting of a general mandate to the

* For identification purpose only

LETTER FROM THE BOARD

Directors to allot, issue and deal with shares of the Company up to a maximum of 20 per cent. of the total nominal amount of the share capital of the Company in issue as at the date of the passing of the ordinary resolution set out as resolution numbered 5(A) in the notice convening the AGM and adding to such general mandate any Shares representing the aggregate nominal amount of the Shares repurchased by the Company after granting of the general mandate under the resolution for the Repurchase Mandate.

3. GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 31 August 2005, a general mandate was given by the Company to the Directors to exercise the powers of the Company to repurchase Shares. Such mandate will lapse until the conclusion of the forthcoming annual general meeting of the Company (unless previously revoked or varied by ordinary resolution of the Shareholders). The Repurchase Mandate will be proposed at the AGM to enable the Directors to exercise the powers of the Company to repurchase its own issued and fully paid shares up to a maximum of 10 per cent. of the share capital of the Company in issue as at the date of the passing of the ordinary resolution set out as resolution numbered 5(B) in the notice convening the AGM. The authority granted under the Repurchase Mandate to the Directors will be valid until the conclusion of the next annual general meeting of the Company, or the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws of the Company or any applicable law to be held or the date on which the authority given under the Repurchase Mandate is revoked or varied by an ordinary resolution of the Shareholders of the Company in general meeting (whichever is the earlier). The notice convening the AGM is set out in the Appendix III of this circular. The Company at present has no immediate plan to exercise the Repurchase Mandate.

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

4. PROPOSED RE-ELECTION OF RETIRING DIRECTORS

The Company has stated in the annual report of the Company for the year ended 31 March 2006 that the Directors to be retired by rotation for re-election at the AGM shall be Mr. Wang Ke Duan, Mr. Tjia Boen Sien and Mr. Siu Man Po. Relevant details of each of the Directors proposed to be re-elected at the AGM are set out in Appendix II to this circular.

Bye-law 89 of the Bye-Laws provides that no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director, signed by a Shareholder (other than the person to be proposed for election as a Director) duly qualified to attend and vote at the meeting for which such notice is given, and a notice in writing signed by that person of his willingness to be elected shall have been lodged to the Company. The minimum length of the period during which such notices are given shall be at least seven days and the period for lodgment of such notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such meeting.

LETTER FROM THE BOARD

Accordingly, if a Shareholder wishes to nominate a person to stand for election as a Director at the AGM, notice of his intention to propose such person for election as a Director and the notice executed by the nominee of his willingness to be elected must be validly served at the principal place of business of the Company at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong on or before 10:30 a.m. of 15 August 2006.

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

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

5. PROPOSED AMENDMENTS TO THE BYE-LAWS

The Stock Exchange made certain amendments to the Listing Rules which came into effect on 1 March 2006 whereby paragraph 4(3) of Appendix 3 of the Listing Rules were amended to provide that a director may be removed by an ordinary resolution in general meeting instead of a special resolution. The existing Bye-Law 90 provide that the Company may, at a special general meeting called for that purpose, by special resolution remove a director.

Accordingly, the Directors propose to pass a special resolution at the AGM to amend Bye-Law 90 of the existing Bye-Laws so that the Bye-Laws are consistent with the Listing Rules. The details of the proposed amendment to the Bye-Laws are set out in special resolution numbered 7 in the notice of the AGM.

6. AGM

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

LETTER FROM THE BOARD

Pursuant to Bye-law 69 of the Bye-Laws, a poll may be demanded in relation to any resolution put to the vote at the annual general meeting (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll). A poll may be demanded by:

- (i) the chairman of the meeting;
- (ii) at least three Shareholders present in person or by proxy or by a duly authorized corporate representative or by proxy for the time being entitled to vote at the meeting;
- (iii) any Shareholders or Shareholders present in person or by proxy or by a duly authorized corporate representative and holding between them not less than one-tenth of the total voting rights of all the Shareholders having the right to attend and vote at the meeting; or
- (iv) any Shareholders or Shareholders present in person or by proxy or by a duly authorized corporate representative and holding Shares in the Company conferring a right to attend and vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

7. RECOMMENDATION

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

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

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

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

1. REASONS FOR REPURCHASES

The Directors believe that the granting of the Repurchase Mandate is in the best interests of the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or the earnings per Share of the Company and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders. The Directors have no present intention to repurchase any of the securities of the Company.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 522,683,017 Shares of HK\$0.10 each.

Subject to the passing of the resolution approving the Repurchase Mandate, and assuming no Shares will be issued or repurchased by the Company during the period between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 52,268,301 Shares.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and bye-laws and the applicable laws of Bermuda. Bermuda law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of the capital paid up on the relevant Shares, or out of funds of the Company otherwise available for dividend or distribution or the proceeds of a new issue of Shares made for such purpose. The amount of premium payable on repurchase may only be paid out of either the funds of the Company otherwise available for dividend or distribution or out of the share premium or contributed surplus account of the Company.

If the Repurchase Mandate were exercised in full, there might be a material adverse effect on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the annual report of the Company for the year ended 31 March 2006). However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

4. DIRECTORS DEALINGS AND CONNECTED PERSONS

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

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

5. SHARE PRICES

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

	Trading price per Share	
	Highest HK\$	Lowest HK\$
2005		
July	0.480	0.300
August	0.400	0.330
September	0.385	0.335
October	0.370	0.275
November	0.345	0.285
December	0.325	0.245
2006		
January	0.290	0.248
February	0.360	0.260
March	0.470	0.305
April	0.650	0.450
May	0.600	0.455
June	0.560	0.425
July up to the Latest Practicable Date	0.520	0.400

6. SHARE REPURCHASES MADE BY THE COMPANY

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

7. DIRECTORS' UNDERTAKING

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

8. HONG KONG CODE ON TAKEOVERS AND MERGERS

If, on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (as defined under the Takeovers Code) could, depending on the level of increase of the Shareholder's interest, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Sparta Assets Limited ("Sparta Assets"), being the single largest shareholder of the Company, was wholly owned by Mr. Tjia Boen Sien ("Mr. Tjia"). Sparta Assets was interested in 226,250,000 Shares representing approximately 43.29% of the issued share capital in the Company as at the Latest Practicable Date. Apart from their respective shareholding interests in the Company through Sparta Assets, Mr. Tjia is interested in 35,984,400 Shares, representing approximately 6.88% of the issued share capital in the Company as at the Latest Practicable Date.

As at the Latest Practicable Date, other substantial shareholders (as defined in the SFO), Penta Investment Advisers Limited ("Penta") and Okabe Company Limited ("Okabe") were interested in 66,880,000 Shares and 28,125,000 Shares, respectively, representing approximately 12.80% and 5.38%, respectively, of the issued share capital of the Company.

In the event that the Repurchase Mandate was exercised in full by the Company, the aggregate percentage shareholding of Sparta Assets and Mr. Tjia in the Company would increase from approximately 50.17% to approximately 55.74%. The percentage shareholding of Penta would increase from approximately 12.80% to approximately 14.22% and the percentage shareholding of Okabe would increase from approximately 5.38% to approximately 5.98%. The respective increases would not require Sparta Assets, Mr. Tjia, Penta and Okabe to make a mandatory offer under Rule 26 of the Takeovers Code.

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

Mr. Wang Ke Duan (“Mr. Wang”), aged 75, being the chairman of the Company and an executive Director, has over 51 years’ experience in the construction engineering industry in the PRC and Hong Kong. Mr. Wang is responsible for the daily operations of the Company. Mr. Wang was also an executive director of Chinese People Gas Holdings Company Limited, a company listed on the Stock Exchange (Stock Code: 681) from 2000 to 2005.

As at Latest Practicable Date, Mr. Wang was interested in 268,960 Shares representing approximately 0.051% of the existing issued share capital of the Company. Save as disclosed, Mr. Wang does not have any relationship with any other Directors, senior management, substantial or controlling Shareholders (as defined in the Listing Rules) of the Company or any other interest in the Shares within the meaning of Part XV of the SFO.

As at the Latest Practicable Date, no service contract had been entered into between the Company and Mr. Wang. No term has been fixed or proposed for his length of service with the Company. Mr. Wang will be subject to retirement by rotation at least once every three years. Mr. Wang will be entitled to an annual salary of HK\$540,000 which is determined by the Board with reference to his duties and responsibilities with the Company and an annual discretionary bonus of such an amount to be determined by the Board from time to time with reference to the financial results of the Company and on his performance. Save as disclosed above, Mr. Wang is not entitled to any other emoluments.

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

Mr. Tjia Boen Sien (“Mr. Tjia”), aged 62, is the deputy chairman and managing director of the Company. Mr. Tjia is also the chairman of Remuneration Committee of the Company, he is responsible for the overall corporate strategy and the daily operation of the Company, including business development and overall management. Mr. Tjia graduated from the Fujian Overseas Chinese University in the PRC. Mr. Tjia is well respected and has established connections in the PRC construction industry through his extensive experience. Mr. Tjia has over 23 years’ experience in the construction industry in the PRC and Hong Kong. Mr. Tjia is the Vice Chairman and a committee member of Zhan Tian You Civil Engineering Development for Science and Technology; a member of China Civil Engineering Society in the PRC; a corporate member of the Chartered Institute of Building and a professional member of The Royal Institute of Chartered Surveyors in the United Kingdom. Mr. Tjia was also an executive director of Chinese People Gas Holdings Company Limited, a company listed on the Stock Exchange (Stock Code: 681) from 2000 to 2005.

As at Latest Practicable Date, Mr. Tjia was interested in 35,984,400 Shares representing approximately 6.88% of the existing issued share capital of the Company. Sparta Assets, the single largest shareholder of the Company, was wholly-owned by Mr. Tjia. Sparta Assets was interested in 226,250,000 Shares representing approximately 43.29% of the issued share capital in the Company as at the Latest Practicable Date. Save as disclosed

above, Mr. Tjia does not have any relationship with any other Directors, senior management, substantial or controlling Shareholders (as defined in the Listing Rules) of the Company or any other interest in the Shares within the meaning of SFO.

As at the Latest Practicable Date, no service contract had been entered into between the Company and Mr. Tjia. No term has been fixed or proposed for his length of service with the Company. Mr. Tjia will be subject to retirement by rotation at least once every three years. Mr. Tjia will be entitled to an annual salary of HK\$1,561,200 which is determined by the Board with reference to his duties and responsibilities with the Company and an annual discretionary bonus of such an amount to be determined by the Board from time to time with reference to the financial results of the Company and on his performance. Save as disclosed above, Mr. Tjia is not entitled to any other emoluments.

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

Mr. Siu Man Po (“Mr. Siu”), aged 68, was awarded the Medal of Honour by the Chief Executive of the Government of the Hong Kong Special Administrative Region in July 2004 for his dedication and meritorious services to the engineering profession and the community. Mr. Siu, being an independent non-executive Director, member of the audit committee and member of the remuneration committee of the Company, has obtained his Master of Science in Civil Engineering in 1963 from Auburn University in Auburn, Alabama, U.S.A. Mr. Siu has extensive experience in the construction field including the construction of Tsing Yi Power Stations from 1966 to 1977, MTR stations from 1977 to 1987, and Hong Kong Baptist University campus development from 1989 to 1999. Mr. Siu is a Fellow Member of the Hong Kong Institution of Engineers, American Society of Civil Engineers, the Hong Kong Institute of Facility Management and the Hong Kong Institute of Directors. Mr. Siu is currently the Managing Director of Ho Wang Siu Mak Management Ltd. Mr. Siu was also an independent non-executive director of Chinese People Gas Holdings Company Limited, a company listed on the Stock Exchange (Stock Code: 681) from 2000 to 2005.

As at Latest Practicable Date, Mr. Siu was interested in 580,000 Shares representing approximately 0.11% of the existing issued share capital of the Company. Save as disclosed, Mr. Siu does not have any relationship with any other Directors, senior management, substantial or controlling Shareholders (as defined in the Listing Rules) of the Company or any other interest in the Shares within the meaning of SFO.

As at the Latest Practicable Date, no service contract had been entered into between the Company and Mr. Siu. No term has been fixed or proposed for his length of service with the Company. Mr. Siu will be subject to retirement by rotation at least once every three years. Mr. Siu will be entitled to an annual salary of HK\$96,000 which is determined by the Board with reference to his duties and responsibilities with the Company and an annual discretionary bonus of such an amount to be determined by the Board from time to time with reference to the financial results of the Company and on his performance. Save as disclosed above, Mr. Siu is not entitled to any other emoluments.

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

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

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

NOTICE IS HEREBY GIVEN that an annual general meeting (“AGM”) of Deson Development International Holdings Limited (the “Company”) will be held at 10:30 a.m. on Tuesday, 22 August 2006 at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of directors and auditors of the Company for the year ended 31 March 2006;
2. To re-elect directors of the Company;
3. To authorize the board of directors of the Company to fix the remuneration of the directors;
4. To appoint auditors of the Company and to authorize the board of directors to fix their remuneration;
5. To consider and, if thought fit, to pass, with or without modification, the following resolutions as an ordinary resolutions:

(A) “THAT:

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

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

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

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

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

(B) “THAT:

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

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

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

(C) “THAT

subject to the passing of the resolutions set out in items 5 (A) and 5 (B) in the notice convening this meeting, the aggregate nominal amount of the share capital of the Company which has been purchased by the Company pursuant to the authority granted to the directors of the Company pursuant to the resolution set out in item 5 (B) of the said notice shall be added to the aggregate nominal amount of share capital of the Company that may be allotted, issued and dealt with by the directors of the Company pursuant to the resolution set out in item 5 (A) of the said notice, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution.”

6. To determine the minimum and maximum numbers of Directors for the financial year ended 31 March 2007.
7. As special business, to consider and, if thought fit, to pass, with or without modification, the following resolution as a special resolution:

“THAT

the existing Bye-Laws of the Company be and are hereby amended in the following manner:

Bye-Law 90

- (i) by deleting the word “special” in the phrase “special general meeting” in the first line of Bye-Law 90; and
 - (ii) by deleting the words “special resolution” at the end of the first line of Bye-Law 90 and replacing them with the words “ordinary resolution”.
8. To transact any other business.

By Order of the Board
Ong Chi King
Company Secretary

Hong Kong, 31 July 2006

Notes:

1. A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is appointed. A proxy need not be a shareholder of the Company.
2. In order to be valid, the proxy form together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the Company branch share registrar in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting thereof.
3. The Register of Members will be closed from 17 August 2006 to 22 August 2006, both days inclusive, during which period no transfer of shares will be affected. All transfers accompanied by the relevant share certificates must be lodged with Company branch share registrar in Hong Kong, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong not later than 4:30 p.m. on 16 August 2006.
4. As at the date of this notice, the executive directors of the Company are Mr. Wang Ke Duan, Mr. Tjia Boen Sien, Mr. Wang Jing Ning, Mr. Keung Kwok Cheung and Mr. Ong Chi King and the independent non-executive directors of the Company are Dr. Ho Chung Tai, Raymond, Mr. Siu Man Po and Mr. Wong Shing Kay, Oliver.