
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Kenford Group Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, a licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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建福集團控股有限公司 KENFORD GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 464)

GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES AND WARRANTS, RE-ELECTION OF DIRECTORS AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening the AGM (as defined in this circular) to be held at Plaza V, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on 16 September 2005 at 10:30 a.m. is set out on pages 12 to 16 of this circular. A form of proxy for use at the AGM is also enclosed.

Whether or not you are able to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but 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 will not prevent you from attending and voting in person in the AGM or any adjournment thereof if you so wish and in such event, the form of proxy will be deemed to be revoked.

29 July 2005

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
1. Introduction	3
2. General Mandates to Issue Shares and to Repurchase Shares and Warrants	4
3. Re-election of Directors	5
4. Annual General Meeting and Proxy Arrangement	6
5. Right to Demand a Poll	7
6. Recommendation	8
7. Responsibility Statement	8
8. General Information	8
Appendix – Explanatory Statement of the Repurchase Mandate	9
Notice of Annual General Meeting	12

DEFINITIONS

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

- “AGM” an annual general meeting of the Company to be held at Plaza V, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on 16 September 2005 at 10:30 a.m..
- “Achieve Best” Achieve Best Limited, a company incorporated in the British Virgin Islands on 28 October 2004 with limited liability. It is wholly and beneficially owned by Mr. Lam Wai Ming and is currently holding 10.2% of the issued share capital of the Company and 10,200,000 Warrants.
- “associate” shall have the meaning ascribed to it in the Listing Rules.
- “Beaute” Beaute Inc., a company incorporated in the British Virgin Islands on 28 October 2004 with limited liability and owned as to 50% by Apex Prima Limited (which is wholly and beneficially owned by Mr. Lam Wai Ming) and 50% by Potentasia Holdings Inc. (which is wholly and beneficially owned by Mr. Tam Chi Sang) respectively. It is currently holding 51% of the issued share capital of the Company and 51,000,000 Warrants.
- “Board” the board of Directors (including both executive and independent non-executive Directors).
- “Company” Kenford Group Holdings Limited (建福集團控股有限公司), a company incorporated in the Cayman Islands on 10 November 2004 with limited liability, the Shares and Warrants of which are listed on the Main Board of the Stock Exchange.
- “connected person” shall have the meaning ascribed to it in the Listing Rules.
- “Directors” directors (including both executive and independent non-executive directors) of the Company.
- “Group” the Company and its subsidiaries.
- “Hong Kong” the Hong Kong Special Administrative Region of the People’s Republic of China.
- “HK\$” Hong Kong dollars, the lawful currency of Hong Kong from time to time.

DEFINITIONS

“Issuance Mandate”	as defined in paragraph 2(a) of the Letter from the Board in this circular.
“Latest Practicable Date”	26 July 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time.
“Realchamp”	Realchamp International Inc., a company incorporated in the British Virgin Islands on 28 October 2004 with limited liability. It is wholly and beneficially owned by Mr. Tam Chi Sang and is currently holding 10.2% of the issued share capital of the Company and 10,200,000 Warrants.
“Repurchase Mandate”	as defined in paragraph 2(b) of the Letter from the Board in this circular.
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
“Shareholder(s)”	holder(s) of Share(s).
“Share(s)”	share(s) of HK\$0.001 each in the share capital of the Company.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers.
“Warrants”	the 100,000,000 warrants issued by the Company by way of bonus issue to all Shareholders whose names appeared on the register of members of the Company as at completion of the Share Offer and the Capitalization Issue in the proportion of one warrant for every four Shares, in unit(s) of HK\$0.30 of the subscription rights to the warrant holders to subscribe for up to 50,000,000 Shares. The initial subscription price of the Warrants is HK\$0.60 per Share with a subscription period from 16 June 2005 to 13 June 2008. Please refer to the prospectus of the Company dated 31 May 2005 for the meanings of the capitalized terms of Share Offer and Capitalization Issue.

LETTER FROM THE BOARD



建福集團控股有限公司 KENFORD GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 464)

Executive Directors:

Mr. LAM Wai Ming, *Chairman*
Mr. TAM Chi Sang, *Managing Director*
Mr. CHAN Kwok Tung, Donny

Independent Non-executive Directors:

Mr. CHIU Fan Wa
Mr. LI Chi Chung
Mr. LI Tat Wah

Registered office:

Century Yard, Cricket Square,
Hutchins Drive, P.O. Box 2681 GT,
George Town, Grand Cayman,
British West Indies

*Principal place of business in
Hong Kong:*

Rooms 1106-8, Riley House,
88 Lei Muk Road,
Kwai Chung,
New Territories,
Hong Kong

29 July 2005

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE SHARES AND
TO REPURCHASE SHARES AND WARRANTS,
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolutions to be proposed at the AGM to approve (i) the grant and extension of the Issuance Mandate to the Directors; (ii) the grant of the Repurchase Mandate to the Directors and (iii) the re-election of retiring Directors.

LETTER FROM THE BOARD

2. GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES AND WARRANTS

It will be proposed at the AGM to approve the granting of new general mandates to the Directors:

- (a) to allot, issue and deal with new Shares of an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company on the date of passing of such resolution (“**Issuance Mandate**”), namely, up to a maximum of 80,000,000 Shares on the basis that the issued share capital of the Company comprised 400,000,000 Shares as at the date of the AGM;
- (b) to repurchase Shares on the Stock Exchange of an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company and to repurchase Warrants on the Stock Exchange by not exceeding 10% of the amount of Warrants in issue on the date of passing of such resolution (“**Repurchase Mandate**”), namely, up to a maximum of 40,000,000 Shares on the basis that the issued share capital of the Company comprised 400,000,000 Shares and up to a maximum of 10,000,000 Warrants on the basis that the 100,000,000 Warrants were issued as at the date of the AGM; and
- (c) to extend the Issuance Mandate by an amount representing the aggregate nominal amount of the Shares repurchased by the Company pursuant to and in accordance with the Repurchase Mandate.

The Issuance Mandate and Repurchase Mandate will continue in force until the conclusion of the next annual general meeting of the Company held after the AGM or any earlier date as referred to in ordinary resolutions nos. 4 and 5 set out in the notice of AGM. With reference to the Issuance Mandate and the Repurchase Mandate, the Directors wish to state that they have no immediate plan to repurchase any Shares or Warrants or issue any Shares pursuant thereto and will not, for the six-month period following the date on which the Shares and the Warrants first commenced dealing on the Stock Exchange, exercise the Issuance Mandate.

In accordance with the requirements of the Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the grant of the Repurchase Mandate. The explanatory statement as required by the Listing Rules in connection with the Repurchase Mandate is set out in the Appendix to this circular.

LETTER FROM THE BOARD

3. RE-ELECTION OF DIRECTORS

At the AGM, Mr. Lam Wai Ming (“**Mr. Lam WM**”) and Mr. Tam Chi Sang (“**Mr. Tam CS**”) will retire from office by rotation in accordance with Article 87 of the articles of association of the Company and, being eligible, offer themselves for re-election.

Pursuant to Rule 13.74 of the Listing Rules, the details of Mr. Lam WM and Mr. Tam CS are set out below:

Mr. Lam Wai Ming, aged 46, joined the Group in January 1989. Mr. Lam has over 20 years of experience in trading and manufacturing of electrical appliances. He is currently the Chairman and an Executive Director of the Company. Mr. Lam is responsible for supervision and management of the sales and marketing affairs of the Group.

Mr. Lam did not hold any directorship in any other listed companies in the last three years.

Mr. Lam is the brother of Mr. Lam Wai Hung, being the Administration Manager of the Group. Save as disclosed, Mr. Lam is not connected with any Directors or senior management of the Company.

Mr. Lam directly holds the entire issued share capital in Achieve Best and indirectly holds 50% of the issued share capital in Beaute. As at the Latest Practicable Date, Mr. Lam is interested in 275,400,000 Shares (including 61,200,000 Warrants which are convertible into 30,600,000 Shares) held via Achieve Best and Beaute within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Lam has no relationship with any substantial or controlling shareholders (as defined in the Listing Rules) of the Company.

On 29 April 2005, a director’s service agreement was entered into between the Company and Mr. Lam for an initial term of three years commencing from 16 June 2005, pursuant to which Mr. Lam is entitled to an annual salary of HK\$2,340,000 (subject to an annual review by the Board). In addition, Mr. Lam is also entitled to a discretionary performance bonus of an amount to be determined by the Board. The emoluments of Mr. Lam is determined on the basis of his role in the Group, the extent of his responsibilities, experience and performance and the prevailing market rates. The service agreement may be terminated by not less than three months’ prior notice in writing served by either party on the other. One-third of the Directors (comprising Mr. Lam for the purpose of the forthcoming AGM) is subject to retirement by rotation and re-election at each AGM pursuant to the articles of association of the Company. Save as disclosed above, there are no other matters in relation to the re-election of Mr. Lam which need to be brought to the attention of the Shareholders.

LETTER FROM THE BOARD

Mr. Tam Chi Sang, aged 45, joined the Group in July 1991. Mr. Tam has over 20 years of experience in trading of electrical appliances. He is currently an Executive Director of the Company and is responsible for supervision and management of the production, quality control, engineering and design affairs of the Group. Mr. Tam is also the marketing and promotion director of Hong Kong Electrical Appliances Manufacturers Association.

Mr. Tam did not hold any directorship in any other listed companies in the last three years.

Mr. Tam is not connected with any Directors or senior management of the Company.

Mr. Tam directly holds the entire issued share capital in Realchamp and indirectly holds 50% of the issued share capital in Beaute. As at the Latest Practicable Date, Mr. Tam is interested in 275,400,000 Shares (including 61,200,000 Warrants which are convertible into 30,600,000 Shares) held via Realchamp and Beaute within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Tam has no relationship with substantial or controlling shareholders (as defined in the Listing Rules) of the Company.

On 29 April 2005, a director's service agreement was entered into between the Company and Mr. Tam for an initial term of three years commencing from 16 June 2005, pursuant to which Mr. Tam is entitled to an annual salary of HK\$2,340,000 (subject to an annual review by the Board). In addition, Mr. Tam is also entitled to a discretionary performance bonus of an amount to be determined by the Board. The emoluments of Mr. Tam is determined on the basis of his role in the Group, the extent of his responsibilities, experience and performance and the prevailing market rates. The service agreement may be terminated by not less than three months' prior notice in writing served by either party on the other. One-third of the Directors (comprising Mr. Tam for the purpose of the forthcoming AGM) is subject to retirement by rotation and re-election at each AGM pursuant to the articles of association of the Company. Save as disclosed above, there are no other matters in relation to the re-election of Mr. Tam which need to be brought to the attention of the Shareholders.

4. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

A notice convening the AGM to be held on 16 September 2005 is set out on pages 12 to 16 of this circular. At the AGM, resolutions will be proposed to approve, inter alia, the granting of the Issuance Mandate and the Repurchase Mandate and the extension of the Issuance Mandate by the addition thereto of the aggregate nominal amount of the Shares repurchased pursuant to the Repurchase Mandate.

LETTER FROM THE BOARD

A form of proxy for use at the AGM is enclosed with this circular. You are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the AGM or any adjournment thereof, whether or not you intend to be present at the AGM. Completion and return of the form of proxy will not prevent you from attending and voting in person at the AGM or any adjournment thereof should you so wish and in such event, the form of proxy will be deemed to be revoked.

5. RIGHT TO DEMAND A POLL

The following paragraphs set out the procedures by which the Shareholders may demand a poll at a general meeting of the Company (including the AGM) pursuant to the articles of association of the Company:

Pursuant to Article 66 of the articles of association of the Company, a resolution put to the vote at every general meeting of the Company shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (i) by the chairman of the meeting; or
- (ii) by at least three members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or
- (iii) by a member or members present in person or in the case of a member being a corporation by its duly authorized representative 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 in the case of a member being a corporation by its duly authorized representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

LETTER FROM THE BOARD

6. RECOMMENDATION

The Directors believe that the granting and extension of the Issuance Mandate, the granting of the Repurchase Mandate and the re-election of retiring Directors are in the interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of all the ordinary resolutions to be proposed at the AGM.

7. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors jointly and severally accept responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable inquiries that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

8. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix (Explanatory Statement of the Repurchase Mandate) to this circular.

Yours faithfully,
For and on behalf of the Board
Lam Wai Ming
Chairman

APPENDIX EXPLANATORY STATEMENT OF THE REPURCHASE MANDATE

This is the explanatory statement required under the Listing Rules to be sent to the Shareholders to enable them to make an informed decision in relation to the granting of the Repurchase Mandate.

1. STOCK EXCHANGE RULES FOR REPURCHASES OF SECURITIES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which is summarized below.

The Listing Rules provide that all proposed repurchases of securities on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by Shareholders by an ordinary resolution, either by way of a general mandate, or by a special approval in relation to specific transactions.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 400,000,000 Shares and 100,000,000 Warrants attaching subscription rights in an aggregate amount of HK\$30,000,000 to subscribe for up to 50,000,000 Shares (at an initial subscription price of HK\$0.60 per Share). Subject to the passing of the proposed resolution in respect of the granting of the Repurchase Mandate and on the basis that no further securities of the Company are issued or no further Shares and Warrants are repurchased prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 40,000,000 Shares and 10,000,000 Warrants (representing 10% of each of the Shares and Warrants in issue as at the date of granting of the Repurchase Mandate).

3. REASONS FOR REPURCHASES

The Directors believe that the Repurchase Mandate is in the interests of the Company and the Shareholders. The Directors have no present intention to repurchase any Shares or Warrants but consider that the Repurchase Mandate will provide the Company the flexibility to do so when appropriate.

4. FUNDING OF REPURCHASES

In repurchasing Shares and Warrants, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association, the laws of the Cayman Islands, the Listing Rules and/or any other applicable laws. Repurchases pursuant to the Repurchase Mandate will be made out of the profits of the Company or the proceeds of a fresh issue of shares made for such purpose or, subject to the articles of association of the Company and the laws of the Cayman Islands, out of capital. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided from out of the profits of the Company or out of sums standing to the credit of the share premium account of the Company or, subject to the articles of association of the Company and the laws of the Cayman Islands, out of capital.

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 of the Company for the year ended 31 March 2005 in the event that the repurchase of Shares and Warrants were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the repurchase of Shares and Warrants 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 position of the Directors are from time to time appropriate for the Company.

5. UNDERTAKING OF THE DIRECTORS

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 the Cayman Islands.

6. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquires, any of their associates, has any present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell Shares or Warrants to the Company or its subsidiaries.

No connected person of the Company has notified the Company that he/she has a present intention to sell Shares or Warrants to the Company or its subsidiaries nor has he/she undertaken not to do so, in the event that the Company is authorized to make repurchases of Shares or Warrants.

APPENDIX EXPLANATORY STATEMENT OF THE REPURCHASE MANDATE

7. EFFECT OF TAKEOVERS CODE

If on the exercise of the powers 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. As a result, a shareholder or group of shareholders acting in concert, depending on the level of increase of the shareholder's interest, 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.

As at the Latest Practicable Date, Mr. Lam WM and Mr. Tam CS (via Beaute and each of Achieve Best and Realchamp) are together effectively interested in 285,600,000 Shares representing 71.4% (each 35.7%) of the issued share capital of the Company. On the basis that no Shares are issued or repurchased prior to the date of the AGM, in the event that the Directors exercise in full the power to repurchase Shares pursuant to the Repurchase Mandate, the aggregate interests of Mr. Lam WM and Mr. Tam CS in the Company would be increased to approximately 79.3% of the total issued share capital of the Company and such increase will not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. As the exercise of the Repurchase Mandate in full would result in insufficient public float of the Company, the Directors have no intention to exercise the Repurchase Mandate to such an extent that results in a public shareholding of less than the minimum public float requirement of 25% of the total issued share capital of the Company. Save as disclosed aforesaid, the Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases to be made under the Repurchase Mandate.

8. SHARE REPURCHASE MADE BY THE COMPANY

The Company has not repurchased any Shares or Warrants (whether on the Stock Exchange or otherwise) during the period from the date on which the Shares or Warrants were listed on the Stock Exchange to the Latest Practicable Date.

9. SHARE PRICE

The highest and lowest prices at which the Shares and Warrants have traded on the Stock Exchange since the date of listing of the Shares and Warrants on the Stock Exchange and up to the Latest Practicable Date were as follows:

Month	Per Share		Per Warrant	
	Highest	Lowest	Highest	Lowest
	HK\$	HK\$	HK\$	HK\$
2005				
June (from the date of listing of the Shares on the Stock Exchange)	0.550	0.460	0.094	0.05
July (up to the Latest Practicable Date)	0.485	0.430	0.08*	0.075*

Remarks: * the closing price

NOTICE OF ANNUAL GENERAL MEETING



建福集團控股有限公司 KENFORD GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 464)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of Kenford Group Holdings Limited (“**Company**”) will be held at Plaza V, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on 16 September 2005 at 10:30 a.m. (“**Meeting**”) for the following purposes:

1. To receive and adopt the Audited Consolidated Accounts and the Reports of the Directors and Auditors for the year ended 31 March 2005.
2. To re-elect Directors and to authorize the Board of Directors to fix their remuneration.
3. To re-appoint Auditors of the Company and to authorize the Board of Directors to fix their remuneration.
4. As special business, to consider and, if thought fit, pass with or without modifications the following resolution as an Ordinary Resolution:

“THAT

- (a) subject to paragraph 4(c) below, the exercise by the Directors of the Company (“**Directors**”) during the Relevant Period (as defined in paragraph 4(d) below) of all the powers of the Company to allot, issue and deal with additional shares of the Company and to make or grant offers, agreements and options, including warrants to subscribe for shares, which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph 4(a) above shall be in addition to any other authorization given to the Directors and shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options, including warrants to subscribe for shares, which might require the exercise of such powers after the end of the Relevant Period;

NOTICE OF ANNUAL GENERAL MEETING

- (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 pursuant to the approval in paragraphs 4(a) and 4(b) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph 4(d) below) or (ii) any issue of shares of the Company on the exercise of the subscription rights attaching to any warrants which may be issued by the Company from time to time or (iii) on the exercise of any options granted under the share option scheme of the Company or (iv) an issue of shares in lieu of the whole or part of a dividend on shares in accordance with the Articles of Association of the Company, shall not exceed the aggregate of 20 per cent. of the total nominal amount of the share capital of the Company in issue on the date of passing this Resolution and the said approval to the Directors in paragraphs 4(a) and 4(b) above 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 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 any applicable law or Articles of Association of the Company to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the Shareholders of the Company (“Shareholders”) in general meeting;

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

NOTICE OF ANNUAL GENERAL MEETING

5. As special business, to consider and, if thought fit, pass with or without modifications the following resolution as an Ordinary Resolution:

“**THAT**

- (a) subject to paragraph 5(b) below, the exercise by the Directors during the Relevant Period (as defined in paragraph 5(c) below) of all the powers of the Company to repurchase its shares and warrants on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) or any other stock exchange on which the securities of the Company may be listed and recognized by the Securities and Futures Commission in Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or requirements of the Rules Governing the Listing of Securities on the Stock Exchange or the listing rules 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 share capital or warrants repurchased by the Company pursuant to paragraph 5(a) above during the Relevant Period shall not exceed 10 per cent. of the total nominal amount of the share capital or the total unit(s) of the warrants of the Company in issue on the date of passing this Resolution and the said approval shall be limited accordingly;
- (c) for the purpose of this Resolution:

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

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by any applicable law or the Articles of Association of the Company to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the Shareholders in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

6. As special business, to consider and, if thought fit, pass with or without modifications the following resolution as an Ordinary Resolution:

“**THAT** conditional upon Resolution No. 5 above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the Directors as mentioned in Resolution No. 5 above shall be added to the aggregate nominal amount of share capital of the Company that may be allotted by the Directors pursuant to Resolution No. 4 above, provided that the amount of share capital of the Company repurchased by the Company shall not exceed 10 per cent. of the total nominal amount of share capital of the Company in issue on the date of passing this Resolution.”

By order of the Board
Lam Wai Ming
Chairman

Hong Kong, 29 July 2005

Registered Office:

Century Yard, Cricket Square,
Hutchins Drive, P.O. Box 2681 GT,
George Town, Grand Cayman,
British West Indies

Principal place of business in Hong Kong:

Rooms 1106-8, Riley House,
88 Lei Muk Road, Kwai Chung,
New Territories, Hong Kong

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his/her behalf. A proxy need not be a member of the Company.
2. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of attorney or authority, must be deposited at the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited at 46/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or adjourned Meeting. Completion and return of the form of proxy will not preclude any member from attending the Meeting or any adjournment thereof and voting in person if he so wishes and in such event, the form of proxy will be deemed to be revoked.
3. The Register of Members will be closed from 12 September 2005 to 15 September 2005, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the Meeting convened by the above, all share certificates with completed transfer forms must be lodged with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited at Rooms 1712-1719, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 9 September 2005.
4. In accordance with the Articles of Association of the Company, Mr. Lam Wai Ming and Mr. Tam Chi Sang will retire by rotation at the Meeting and, being eligible, offer themselves for re-election. Details of the aforesaid directors have been set out in the Circular of the Company dated 29 July 2005.

As at the date of this notice, the Board of Directors of the Company comprise six directors, of which three are executive directors, namely, Mr. Lam Wai Ming, Mr. Tam Chi Sang, Mr. Chan Kwok Tung, Donny; and three are independent non-executive directors, namely, Mr. Chiu Fan Wa, Mr. Li Chi Chung and Mr. Li Tat Wah.