
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 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 all your shares in China Rare Earth Holdings Limited, you should at once hand this circular together with the enclosed 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.

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CHINA RARE EARTH HOLDINGS LIMITED
中國稀土控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 769)

**PROPOSED GRANT OF GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES AND RE-ELECTION OF DIRECTORS
AT ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of the Company to be held at Basement II, The Boardroom, The Wharney Guang Dong Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong on Thursday, 16 June 2005 at 10:30 a.m. is set out on pages 12 to 15 of this circular.

Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same as soon as possible and in any event no later than 48 hours before the time of the meeting or any adjournment thereof to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1901-1905, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof should you so wish.

21 April 2005

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
– Introduction	3
– Issue Mandate	3
– Repurchase Mandate and Extension Mandate	4
– Actions to be taken	4
– Recommendation	5
– Re-election of Directors	5
– General Information	5
Appendix I – Explanatory statement	6
Appendix II – Procedure for demanding a poll	10
Appendix III – Details of Directors standing for re-election	11
Notice of Annual General Meeting	12

DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at Basement II, The Boardroom, The Wharney Guang Dong Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong on Thursday 16 June 2005 at 10:30 a.m., the notice of which is set out on pages 12 to 15 of this circular, and at any adjournment thereof
“Articles”	the articles of association of the Company as amended from time to time
“Board”	the board of Directors
“Company”	China Rare Earth Holdings Limited 中國稀土控股有限公司, a company incorporated in the Cayman Islands and the issued Shares of which are listed on the Stock Exchange
“Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Director(s)”	the director(s) of the Company
“Extension Mandate”	a general and unconditional mandate to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Issue Mandate
“Group”	the Company and its subsidiaries, and the expression “member(s) of the Group” shall be construed accordingly
“Issue Mandate”	a general and unconditional mandate to the Directors to exercise the power of the Company to allot, issue or otherwise deal with Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution at the Annual General Meeting
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	19 April 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Repurchase Mandate”	a general and unconditional mandate to the Directors to enable them to repurchase the Shares the aggregate nominal amount of which shall not exceed 10% of the aggregate nominal amount of the share capital in issue as at the date of passing the relevant resolution at the Annual General Meeting
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD



CHINA RARE EARTH HOLDINGS LIMITED

中國稀土控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 769)

Executive Directors:

Jiang Quanlong
Qian Yuanying
Fan Yajun

Registered office:

Century Yard, Cricket Square
Hutchins Drive, George Town
Grand Cayman
British West Indies

Independent Non-executive Directors:

Liu Yujiu
Huang Chunhua, Charles
Jin Zhong

Principal place of business

in Hong Kong:
15/F, Club Lusitano
16 Ice House Street
Central
Hong Kong

21 April 2005

*To the Shareholders, and for information only,
the holders of options of the Company*

Dear Sir or Madam

PROPOSED GRANT OF GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES AND RE-ELECTION OF DIRECTORS AT ANNUAL GENERAL MEETING

INTRODUCTION

The primary purpose of this circular is to provide you with information regarding the resolutions to be proposed at the Annual General Meeting and to give you notice of the Annual General Meeting. Resolutions to be proposed at the Annual General Meeting include ordinary resolutions relating to the proposed grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate.

ISSUE MANDATE

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be given the Issue Mandate, i.e. a general and unconditional mandate to allot, issue and deal with new Shares up to 20% of the aggregate nominal share capital of the Company in issue as at the date of passing of the relevant resolution. As at the Latest Practicable Date, a total of 986,953,059 Shares were

LETTER FROM THE BOARD

in issue. Subject to the passing of the proposed resolution granting the Issue Mandate to the Directors and on the basis that no Shares will be issued or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed under the Issue Mandate to issue a maximum of 197,390,611 Shares.

REPURCHASE MANDATE AND EXTENSION MANDATE

An ordinary resolution will also be proposed at the Annual General Meeting to give the Directors the Repurchase Mandate, i.e. a general and unconditional mandate to exercise all powers of the Company to repurchase, on the Stock Exchange, or on any other stock exchange on which the Shares may be listed, Shares up to a maximum of 10% of the nominal share capital of the Company in issue as at the date of passing of the relevant resolution. Based on the 986,953,059 Shares in issue as at the Latest Practicable Date and assuming no Share is issued or repurchased before the Annual General Meeting, the Company would therefore be allowed under this mandate to repurchase a maximum of 98,695,305 Shares.

In addition, an ordinary resolution regarding the Extension Mandate will be proposed at the Annual General Meeting providing that any Shares repurchased under the Repurchase Mandate (up to a maximum of 10% of the issued Shares as at the date of the grant of the Repurchase Mandate) will be added to the total number of Shares which may be allotted and issued under the Issue Mandate.

The Issue Mandate and the Repurchase Mandate would expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; or (b) the end of the period within which the Company is required by the Companies Law or the Articles to hold its next annual general meeting; or (c) when revoked or varied by ordinary resolution(s) of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

Under the Listing Rules, the Company is required to give to all Shareholders all information which is reasonably necessary to enable Shareholders to make an informed decision as to whether to vote for or against the resolution in respect of the Repurchase Mandate at the Annual General Meeting. An explanatory statement for such purpose is set out in Appendix I to this circular.

ACTIONS TO BE TAKEN

At the Annual General Meeting, ordinary resolutions will be proposed to approve, among other matters, the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate.

Whether or not you are able to attend the Annual General Meeting in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and, in any event no later than 48 hours before the time appointed for the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors believe that the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate are beneficial to the Company and the Shareholders as a whole.

The Directors believe that an exercise of the Issue Mandate will enable the Company to take advantage of market conditions to raise additional capital for the Company.

The Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be exercised when the Directors believe that repurchases of Shares will benefit the Company and the Shareholders.

An exercise of the Repurchase Mandate in full may have a material adverse impact on the working capital and gearing position of the Company compared with that as at 31 December 2004, being the date of its latest audited consolidated financial statements. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

Accordingly, the Directors recommend Shareholders to vote in favour of the ordinary resolutions approving the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate at the Annual General Meeting.

RE-ELECTION OF DIRECTORS

In accordance with Article 108(A) of the Articles, Mr Fan Yajun will retire as Director by rotation and, being eligible, offer himself for re-election at the Annual General Meeting. In accordance with Article 112 of the Articles, Mr Jin Zhong, being a Director appointed by the Board after the last annual general meeting of the Company, will retire as Director and, being eligible, offer himself for re-election at the Annual General Meeting.

The particulars of these two Directors which are required to be disclosed by the Listing Rules are set out in Appendix III to this circular.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully
For and on behalf of the Board of
CHINA RARE EARTH HOLDINGS LIMITED
Jiang Quanlong
Chairman

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Repurchase Mandate.

1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their shares on the Stock Exchange and any other stock exchange on which the securities of the company are listed and such exchange is recognized by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchase of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general repurchase mandate or by specific approval of a particular transaction.

2. SHARE CAPITAL

As at the Latest Practicable Date, there were a total of 986,953,059 Shares in issue.

Subject to the passing of the proposed resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 98,695,305 Shares, representing not more than 10% of the issued share capital of the Company as at the Latest Practicable Date.

3. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares are listed. Share repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

4. FUNDING OF REPURCHASES

Repurchases made pursuant to the Repurchase Mandate would be funded out of funds legally available for the purpose in accordance with the Company's memorandum of association, the Articles, the Companies Law and other applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under the Companies Law, repurchases by the Company may only be made out of profits of the Company or out of the proceeds of a fresh issue of Shares made for the purpose, or, if so authorized by the Articles and subject to the provisions of the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the Shares to be purchased must be provided for out of profits of the Company or out of the Company's share premium account, or, if so authorized by the Articles and subject to the provisions of the Companies Law, out of capital.

Taking into account the current working capital or gearing position of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or gearing position of the Company (as compared with the position as at 31 December 2004, being the date of its latest audited consolidated financial statements). However, the Directors do not intend to make any repurchases to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

5. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the twelve calendar months preceding the Latest Practicable Date are as follows:-

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
April 2004	1.36	1.00
May 2004	1.14	0.80
June 2004	1.12	0.84
July 2004	0.99	0.86
August 2004	1.08	0.88
September 2004	1.32	0.92
October 2004	1.26	1.09
November 2004	1.16	0.99
December 2004	1.10	0.98
January 2005	1.04	0.93
February 2005	1.12	0.92
March 2005	1.12	0.97
April 2005 (up to the Latest Practicable Date)	1.07	0.97

6. UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to make repurchases under the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands and in accordance with the regulations set out in the memorandum and articles of association of the Company.

7. DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company under the Repurchase Mandate if such is approved by the Shareholders.

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

8. THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

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 Hong Kong Code on Takeovers and Mergers ("Takeovers Code"). As a result, a Shareholder or group of Shareholders acting in concert (as defined in the Takeovers Code) 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, according to the register of members kept by the Company pursuant to section 336 of the Securities and Futures Ordinance ("SFO") (Chapter 571 of the Laws of Hong Kong) and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following persons were directly or indirectly interested in 5% or more of the issued capital of the Company:

Name	Number of Shares	Approximate percentage of shareholding
YY Holdings Limited	592,550,000 (<i>Note 1</i>)	60.04%
YYT Limited	592,550,000 (<i>Note 1</i>)	60.04%
Qian Yuanying	592,550,000 (<i>Note 1</i>)	60.04%
Jiang Quanlong	592,550,000 (<i>Note 1</i>)	60.04%
Martin Currie China Hedge Fund Limited	56,778,000 (<i>Note 2</i>)	5.75%
Martin Currie Investment Management Limited	65,683,000 (<i>Note 2</i>)	6.65%

Note 1: These 592,550,000 Shares are held and beneficially owned by YY Holdings Limited, the entire issued share capital of which is held by YYT Limited, the trustee of YY Trust, the discretionary object of which is a company wholly owned by Ms Qian Yuanying and her children. Mr Jiang Quanlong is the spouse of Ms Qian Yuanying. Accordingly, Mr Jiang Quanlong is taken to be interested in these Shares by virtue of the provisions of Divisions 2 and 3 of Part XV of the SFO.

Note 2: Martin Currie China Hedge Fund Limited and Martin Currie Investment Management Limited were holding 56,778,000 and 65,683,000 Shares as investment manager.

Assuming that each of the aforesaid substantial Shareholders did not dispose of their respective Shares nor acquire additional Shares, if the Repurchase Mandate were exercised in full, the percentage shareholding of each of the aforesaid substantial Shareholders in the Company would be increased to:

Name	Approximate percentage of shareholding
YY Holdings Limited	66.71%
YYT Limited	66.71%
Qian Yuanying	66.71%
Jiang Quanlong	66.71%
Martin Currie China Hedge Fund Limited	6.39%
Martin Currie Investment Management Limited	7.39%

On the basis of the shareholding held by each of the substantial Shareholders set out above, none of them will be obligated to make a mandatory offer under Rule 26 of the Takeovers Code if the Repurchase Mandate were exercised in full. The Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in the number of Shares in the hands of public falling below the prescribed minimum percentage of 25%.

9. SHARE REPURCHASE MADE BY THE COMPANY

The Company has not repurchased any of the Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

Pursuant to Article 72 of the Articles, 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 result of the show of hands or on the withdrawal of any other demand for a poll) demanded by:

- (a) the Chairman of the meeting; or
- (b) 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
- (c) any 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 attend and vote at the meeting; or
- (d) any member or members present in person (or, in the case of a member being a corporation by its duly authorized representative) or 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.

Pursuant to Article 73 of the Articles, unless a poll is so demanded and not withdrawn, a declaration by the Chairman of the meeting that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect made in the book containing the minutes of the proceedings of meetings of the Company shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

APPENDIX III DETAILS OF DIRECTORS STANDING FOR RE-ELECTION

The biographical details of the Directors eligible for re-election at the Annual General Meeting are set out below:

Executive Director

Mr Fan Yajun, aged 37, joined the Group in 1988. Mr Fan is mainly responsible for research of those state policies related to the business of the Group and liaising with government officials and specialists committees. Mr Fan completed a research course in business administration in Southeast University in the People's Republic of China. Mr Fan has over 15 years of experience in corporate operation management. Mr Fan has social responsibility such as the Vice President of Yixing Youth Federation. Mr Fan had not held any directorship in other listed public companies in the last three years.

Mr Fan has entered into a service contract with the Company that renewed automatically for successive terms of one year and is subject to the rotational retirement and re-election requirements at annual general meetings of the Company pursuant to the Articles. In the year ended 31 December 2004, he received a total emolument of HK\$260,000. The emolument is determined by the Board with reference to his relevant duties and responsibilities within the Company.

Apart from being an executive Director, Mr Fan does not hold any position in the Company or in any member of the Group, and is not related to any Directors, senior management or substantial and controlling Shareholders of the Company. As at the Latest Practicable Date, Mr Fan has personal interest in share options to subscribe for 5,000,000 Shares within the meaning of Part XV of the SFO. Save as disclosed, he did not have any interests in the Shares of the Company within the meaning of Part XV of the SFO.

There are no other matters concerning Mr Fan that need to be brought to the attention of the Shareholders.

Independent Non-Executive Director

Mr Jin Zhong, aged 53, joined the Group in September 2004 as an independent non-executive director of the Company. Mr Jin graduated from the Faculty of Material Engineering of Wuhan Steel College in the People's Republic of China, specializing in refractory studies. Mr Jin was previously the deputy chief engineer of the head factory of Guiyang City Refractory Materials Factory. In the past three years, Mr Jin had not held any directorship in other listed companies.

There is no service contract between the Company and Mr Jin. Mr Jin has been appointed for an initial term of two years with the Company since 28 September 2004 and is subject to the rotational retirement and re-election requirements at annual general meetings of the Company pursuant to the Articles. In the year ended 31 December 2004, he received a director fee of about HK\$7,000. Mr Jin's emoluments are to be determined by the Board and approved by the shareholders at the Company's annual general meetings.

Apart from being an independent non-executive Director, Mr Jin does not hold any position in the Company or in any member of the Group, and is not related to any Directors, senior management or substantial and controlling Shareholders of the Company. As at the Latest Practicable Date, Mr Jin did not have any interests in the Shares of the Company within the meaning of Part XV of the SFO.

There are no other matters concerning Mr Jin that need to be brought to the attention of the Shareholders.

NOTICE OF ANNUAL GENERAL MEETING



CHINA RARE EARTH HOLDINGS LIMITED

中國稀土控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 769)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of China Rare Earth Holdings Limited (“the Company”) will be held at Basement II, The Boardroom, The Wharney Guang Dong Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong on Thursday, 16 June 2005 at 10:30 a.m. to consider and, if thought fit, transact the following ordinary business:

- (1) to receive and consider the audited financial statements and the reports of the Directors and the Auditors for the year ended 31 December 2004;
- (2) to declare a final dividend for the year ended 31 December 2004;
- (3) to re-elect Directors and to authorize the Directors to fix their remuneration;
- (4) to re-appoint Auditors and to authorize the Directors to fix their remuneration;

and as special business, to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions (with or without modifications):

- (5) **“THAT:**
 - (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”), 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 and deal with the unissued shares of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for shares, which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) above shall authorize the Directors of the Company during the Relevant Period 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;

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) and issued by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to:-
- (i) a Rights Issue (as hereinafter defined); or
 - (ii) any share option scheme of the Company; or
 - (iii) any 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 and other relevant regulations; or
 - (iv) any issue of shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares,

shall not exceed twenty per cent (20%) of the aggregate nominal amount of the share capital of the Company in issue at the date of 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 earliest of:

- (1) the conclusion of the next annual general meeting of the Company;
- (2) 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; and
- (3) the revocation or variation of the mandate granted under this Resolution by an Ordinary Resolution of the members of the Company in general meeting.

“Rights Issue” means an offer of shares, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors of the Company to holders of shares of the Company whose names appear on the Company’s Register of Members 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 any stock exchange in, any territory applicable to the Company).”

NOTICE OF ANNUAL GENERAL MEETING

(6) **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as defined in paragraph (c) below) of all powers of the Company to purchase shares of HK\$0.10 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”), or any other stock exchange on which the shares of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and subject to and in accordance with the rules and regulations of the Securities and Futures Commission of Hong Kong, the Stock Exchange, the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and all other applicable laws in this regard, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company which may be purchased or agreed to be purchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed ten per cent (10%) 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
- (c) for the purpose of this Resolution:

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

- (1) the conclusion of the next annual general meeting of the Company;
 - (2) 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; and
 - (3) the revocation or variation of the mandate granted under this Resolution by an Ordinary Resolution of the members of the Company in general meeting.”
- (7) **“THAT** conditional on the passing of Resolutions Nos. 5 and 6 as set out above, the general mandate granted to the Directors to allot, issue and deal with additional shares of the Company pursuant to Resolution No. 5 above be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company purchased or agreed to be purchased by the Company under the authority granted

NOTICE OF ANNUAL GENERAL MEETING

pursuant to Resolution No. 6 above, provided that such amount shall not exceed ten per cent (10%) of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution.”

By Order of the Board
LAW Lap Tak
Company Secretary

Hong Kong, 21 April 2005

Principal Place of Business in Hong Kong:

15/F, Club Lusitano
16 Ice House Street
Central
Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting mentioned above is entitled to appoint in written form one or more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
2. To be valid, the proxy form together with the certified power of attorney or authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the offices of the Company's Hong Kong Branch Share Registrar ("Branch Registrar"), Computershare Hong Kong Investor Services Limited, Shops 1901-1905, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time of the above meeting or adjourned meeting.
3. The Register of Members of the Company will be closed from 13 June 2005 to 16 June 2005 (both days inclusive), during which period no transfer of the Company's shares will be effected. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Branch Registrar at the above address by no later than 4:00 p.m. on 10 June 2005.
4. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. In relation to Resolution No. 3 above, details of directors standing for re-election are set out in Appendix III to the circular of the Company dated 21 April 2005.
6. In relation to Resolution No. 5 above, approval is being sought from the shareholders for the grant to the Directors of a general mandate to authorize the allotment and issue of shares under the Listing Rules. The Directors have no immediate plans to issue any new shares of the Company other than shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme which may be approved by shareholders.
7. In relation to Resolution No. 6 above, the Directors wish to state that they will exercise the powers conferred thereby to purchase shares of the Company in circumstances, which they deem appropriate for the benefit of the shareholders.
8. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto but if more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the Register of Members of the Company in respect of the joint holding.