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

If you have sold or transferred all your shares in AEON Credit Service (Asia) Company Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, 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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AEON CREDIT SERVICE (ASIA) COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 900)

**GENERAL MANDATES TO ISSUE SHARES AND
REPURCHASE SHARES
AMENDMENTS TO THE ARTICLES OF ASSOCIATION
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of the Company to be held at Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 14th June 2006 at 11:00 a.m. is set out on pages 13 to 17 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time fixed for holding the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

19th May 2006

LETTER FROM THE BOARD



AEON CREDIT SERVICE (ASIA) COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Executive Directors:

Masanori KOSAKA (*Managing Director*)
LAI Yuk Kwong
KOH Yik Kung

Non-executive Directors:

Yoshiki MORI (*Chairman*)
Kazuhide KAMITANI

Independent Non-executive Directors:

TSANG Wing Hong
Wong Hin Wing

Registered Office:

37th Floor
The World Trade Centre
280 Gloucester Road
Causeway Bay
Hong Kong

19th May 2006

To the Shareholders

Dear Sir or Madam

**GENERAL MANDATES TO ISSUE SHARES AND
REPURCHASE SHARES
AMENDMENTS TO THE ARTICLES OF ASSOCIATION
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to give you notice of the annual general meeting of the Company to be held on 14th June 2006 (the “**Annual General Meeting**”) and to provide you with information regarding resolutions to be proposed at the Annual General Meeting relating to (i) the granting to the Directors of general mandates to issue shares and repurchase shares; (ii) the proposed amendments to the Articles of Association of the Company (the “**Articles of Association**”); and (iii) the re-election of Directors.

2. GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES

At the last annual general meeting of the Company held on 16th June 2005, ordinary resolutions were passed giving general mandates to the Directors (i) to repurchase shares of the Company of up to 10% of the issued share capital of the Company as at 16th June

LETTER FROM THE BOARD

2005 (the “**Repurchase Mandate**”), and (ii) to allot, issue and deal with additional shares of the Company not exceeding 20% of the shares in issue as at 16th June 2005, plus the nominal amount of any shares repurchased by the Company pursuant to the mandate referred to in (i) above. No shares have been repurchased and no shares have been allotted, issued or dealt with pursuant to these mandates. These general mandates will lapse at the conclusion of the Annual General Meeting. It is therefore proposed to renew these mandates. An explanatory statement required by the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) to be sent to shareholders in connection with the proposed Repurchase Mandate is set out in Appendix I to this circular. With reference to these resolutions, the Directors wish to state that they have no immediate plans to repurchase any shares or to issue any new shares pursuant to the relevant mandates.

3. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Directors also propose to seek the approval of shareholders to amend certain provisions of the Articles of Association to, inter alia, reflect the new Code on Corporate Governance Practices (the “**Code**”) which replaced the Code of Best Practice in Appendix 14 of the Listing Rules. The Code, subject to certain transitional arrangements, took effect on 1st January 2005.

The Company has reviewed its corporate governance practices with reference to the code provisions of the Code and believes that it has complied with all requirements except for certain deviations relating to code provisions A.4.1 and A.4.2 of the Code. The code provision A.4.1 of the Code provides that non-executive directors should be appointed for a specific term, subject to re-election. The code provision A.4.2 of the Code provides that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Company’s non-executive Directors are not appointed for a specific term and Directors are not subject to retirement by rotation. However, all Directors (including executive, non-executive and independent non-executive) are subject to retirement at each annual general meeting under Article 102 of the Articles of Association. As such, the Directors consider that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the Code.

Article 86 of the Articles of Association provides that any Director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office until the next following annual general meeting, which constitutes a deviation from the first sentence of the code provision A.4.2. The Company will put forward at the Annual General Meeting a proposal to amend Article 86 to comply with the first sentence of the code provision A.4.2 of the Code.

In addition to the above amendment, certain minor amendments to the Articles of Association will also be proposed at the Annual General Meeting.

LETTER FROM THE BOARD

Summary of the major changes to the existing Articles of Association include the following:

- (a) Articles 62 and 117 – to provide for the Managing Director to take the chair when the Chairman of the Board is unable to attend any general meetings or board meetings of the Company.
- (b) Article 84 – to remove the existing restriction on the number of Directors.
- (c) Article 86 – to require that any Director appointed by the Board to fill a casual vacancy or as an addition to the Board should be subject to election at the first general meeting of the Company after such Director's appointment.

The full text of the proposed amendments to the Articles of Association is set out in the notice of Annual General Meeting on pages 15 and 16 of this circular.

4. RE-ELECTION OF DIRECTORS

In accordance with Article 102 of the Articles of Association, all Directors will retire at the Annual General Meeting and, being eligible, will offer themselves for re-election. Details of the Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix II to this circular.

5. ANNUAL GENERAL MEETING

The notice convening the Annual General Meeting is set out on pages 13 to 17 of this circular.

A form of proxy for use at the Annual General Meeting is enclosed with this circular. Whether or not you are able to attend the Annual General Meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time fixed for holding the Annual General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting should you so wish.

6. PROCEDURE BY WHICH A POLL MAY BE DEMANDED

Pursuant to Article 65 of the Articles of Association, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or the withdrawal of any other demand for a poll) a poll is demanded by:

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

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- (iii) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) by a member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which 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.

Unless a poll be so demanded and the demand is 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, shall be final and conclusive and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against such resolution.

7. RECOMMENDATION

The Directors consider that the ordinary resolutions and special resolution as set out in the notice of Annual General Meeting are in the best interests of the Company and shareholders. Accordingly, the Directors recommend shareholders to vote in favour of the proposed resolutions.

Yours faithfully
On behalf of the Board
Masanori KOSAKA
Managing Director

The following is the explanatory statement required to be sent to shareholders under the Listing Rules in connection with the proposed Repurchase Mandate and also constitutes the memorandum under section 49BA of the Companies Ordinance.

1. SHARE CAPITAL

As at 16th May 2006 (the latest practicable date prior to the printing of this circular) (the “**Latest Practicable Date**”), the issued share capital of the Company comprised 418,765,600 shares of HK\$0.10 each (the “**Shares**”).

Subject to the passing of the ordinary resolution approving the Repurchase Mandate, and on the basis that no further Shares will be issued or repurchased prior to the date of the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to purchase a maximum of 41,876,560 Shares.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and its shareholders to have a general authority from shareholders to enable the Directors to repurchase Shares in the market. 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 its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its shareholders.

3. FUNDING OF REPURCHASES

Repurchases pursuant to the Repurchase Mandate would be funded from the available cash flow and/or working capital facilities of the Company. The funds employed by the Company in connection with a repurchase of Shares would be those legally available for such purpose under the Company’s Memorandum and Articles of Association and the laws of Hong Kong.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the most recent published audited accounts for the year ended 20th February 2006) in the event the Repurchase Mandate is exercised in full at any time. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels, which in the opinion of the Directors, are from time to time appropriate for the Company.

4. GENERAL

- (a) None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates have any present intention, if the Repurchase Mandate is approved and exercised, to sell any Shares to the Company.

- (b) 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 shareholders.
- (c) If, as a result of a repurchase of Shares, 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 the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). Accordingly, a shareholder or a group of shareholders acting in concert, depending on the level of increase of the shareholders' 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.
- (d) As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, *ÆON Co., Ltd.*, *ÆON Credit Service Co., Ltd.*, Aberdeen Asset Management Plc and its Associates, and Commonwealth Bank of Australia were interested in 277,288,000 Shares, 217,514,000 Shares, 25,486,000 Shares, and 25,163,000 Shares, representing approximately 66.22%, 51.94%, 6.09%, and 6.01% of the issued share capital of the Company respectively. In the event that the Directors exercise in full the Repurchase Mandate, the interests of *ÆON Co., Ltd.*, *ÆON Credit Service Co., Ltd.*, Aberdeen Asset Management Plc and its Associates, and Commonwealth Bank of Australia would be increased to approximately 73.57%, 57.71%, 6.76%, and 6.68% respectively. The Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any repurchases pursuant to the Repurchase Mandate.

5. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Hong Kong.

6. SHARE REPURCHASES MADE BY THE COMPANY

No purchases of Shares have been made by the Company, whether on the Stock Exchange or otherwise, in the previous six months.

7. SHARE PRICES

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

	Share Price	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2005		
May	5.00	4.75
June	5.25	4.85
July	5.20	4.90
August	6.15	5.15
September	6.15	5.70
October	6.10	5.70
November	6.10	5.70
December	6.30	6.00
2006		
January	6.10	6.05
February	6.25	6.05
March	6.25	6.15
April	6.65	6.20

Details of the Directors to be re-elected at the Annual General Meeting are set out below:

Mr. Yoshiki Mori, aged 55, was appointed the Chairman of the Company on 16th June 1999. Mr. Mori has been a Non-executive Director of the Company since 1992. He is a member of the Audit Committee and Remuneration Committee of the Company. Mr. Mori graduated from Nanzan University with a Bachelor's degree in Economics.

Mr. Mori is a director of **ÆON Co., Ltd.**, which he joined in 1973. He is the president and a founder of **ÆON Credit Service Co. Ltd** established in 1981. He is also a director of **AEON Thana Sinsap (Thailand) Co., Ltd.** and **AEON Information Service (Shenzhen) Co., Ltd.**

Save as disclosed, Mr. Mori does not have any relationship with any other Directors, senior management or substantial or controlling shareholders of the Company. He has a personal interest in 280,000 shares of the Company.

There is no service contract between the Company and Mr. Mori. He has no fixed term of service with the Company but is subject to retirement and re-election at each annual general meeting of the Company in accordance with the Articles of Association. Mr. Mori does not receive any remuneration from the Company.

Save as disclosed herein, there is no information relating to Mr. Mori that is required to be disclosed pursuant to any of the requirements of paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules, and there are no other matters relating to his re-election that need to be brought to the attention of shareholders.

Mr. Masanori Kosaka, aged 49, was appointed an Executive Director of the Company on 25th April 2002 and the Managing Director of the Company on 20th June 2002. Mr. Kosaka was formerly with the Company from March 1993 to June 1996 and rejoined the Company in April 2002. He graduated from Kyoto Sangyo University with a Bachelor's degree in Law.

Mr. Kosaka joined **ÆON Credit Service Co., Ltd.** in 1981. He is a director of **AEON Information Service (Shenzhen) Co., Ltd.**

Save as disclosed, Mr. Kosaka does not have any relationship with any other Directors, senior management or substantial or controlling shareholders of the Company. He did not hold any directorship in other listed public companies in the last three years. He has a personal interest in 110,000 shares of the Company.

There is no service contract between the Company and Mr. Kosaka. He has no fixed term of service with the Company but is subject to retirement and re-election at each annual general meeting of the Company in accordance with the Articles of Association. His emoluments are determined by the Remuneration Committee with reference to his duties and responsibilities, the Company's performance and his performance, as well as remuneration benchmark in the industry and the prevailing market conditions. For the year ended 20th February 2006, the emoluments of Mr. Kosaka were HK\$1,834,000.

Save as disclosed herein, there is no information relating to Mr. Kosaka that is required to be disclosed pursuant to any of the requirements of paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules, and there are no other matters relating to his re-election that need to be brought to the attention of shareholders.

Mr. Lai Yuk Kwong, aged 43, was appointed an Executive Director of the Company on 16th June 1999. Mr. Lai is also the qualified accountant of the Company. He joined the Company in July 1996. Mr. Lai graduated from Hong Kong Polytechnic University with a Professional Diploma in Accountancy. He is a fellow of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and the ITAccountants Association, and an associate member of the Institute of Chartered Accountants in England & Wales. He had worked with an international audit firm for six years.

Mr. Lai did not hold any directorship in other listed public companies in the last three years and does not have any relationship with any other Directors, senior management or substantial or controlling shareholders of the Company. He does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

There is no service contract between the Company and Mr. Lai. He has no fixed term of service with the Company but is subject to retirement and re-election at each annual general meeting of the Company in accordance with the Articles of Association. His emoluments are determined by the Remuneration Committee with reference to his duties and responsibilities, the Company's performance and his performance, as well as remuneration benchmark in the industry and the prevailing market conditions. For the year ended 20th February 2006, the emoluments of Mr. Lai were HK\$1,320,000.

Save as disclosed herein, there is no information relating to Mr. Lai that is required to be disclosed pursuant to any of the requirements of paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules, and there are no other matters relating to his re-election that need to be brought to the attention of shareholders.

Ms. Koh Yik Kung, aged 50, was appointed an Executive Director of the Company on 21st June 2001. Ms. Koh is also the company secretary and in-house counsel. She was formerly with the Company from August 1992 to June 1994 and rejoined the Company in November 1998. Ms. Koh graduated from South Bank University with a Bachelor's degree in Law. She is a barrister.

Ms. Koh did not hold any directorship in other listed public companies in the last three years and does not have any relationship with any other Directors, senior management or substantial or controlling shareholders of the Company. She does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

There is no service contract between the Company and Ms. Koh. She has no fixed term of service with the Company but is subject to retirement and re-election at each annual general meeting of the Company in accordance with the Articles of Association. Her emoluments are determined by the Remuneration Committee with reference to her duties and responsibilities, the Company's performance and her performance, as well as remuneration benchmark in the industry and the prevailing market conditions. For year ended 20th February 2006, the emoluments of Ms. Koh were HK\$1,592,000.

Save as disclosed herein, there is no information relating to Ms. Koh that is required to be disclosed pursuant to any of the requirements of paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules, and there are no other matters relating to her re-election that need to be brought to the attention of shareholders.

Mr. Kazuhide Kamitani, aged 49, was the Managing Director of the Company from June 1990 to June 2002 and re-designated as Non-executive Director of the Company on 20th June 2002. Mr. Kamitani graduated from Ritsumeikan University with a Bachelor's degree in Management.

Mr. Kamitani is the senior managing director of *ÆON* Credit Service Co., Ltd., which he joined in 1982. He is also a director of *AEON* Thana Sinsap (Thailand) Co., Ltd.

Save as disclosed, Mr. Kamitani does not have any relationship with any other Directors, senior management or substantial or controlling shareholders of the Company. He has a personal interest in 1,045,000 shares of the Company.

There is no service contract between the Company and Mr. Kamitani. He has no fixed term of service with the Company but is subject to retirement and re-election at each annual general meeting of the Company in accordance with the Articles of Association. Mr. Kamitani does not receive any remuneration from the Company.

Save as disclosed herein, there is no information relating to Mr. Kamitani that is required to be disclosed pursuant to any of the requirements of paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules, and there are no other matters relating to his re-election that need to be brought to the attention of shareholders.

Mr. Tsang Wing Hong, aged 79, was appointed an Independent Non-executive Director on 26th June 1995. Mr. Tsang is a member of the Audit Committee and Remuneration Committee of the Company.

Prior to his appointment, Mr. Tsang held various senior positions in Wing Hang Bank until his retirement in 1995. He joined Wing Hang Bank in 1957 and was appointed director in 1960, vice chairman in 1985, chairman and chief executive in 1987. He was a member of the Banking Advisory Committee from 1991 to 1993. He is a member of the Board of Trustees of United College, Chinese University of Hong Kong.

Save as disclosed, Mr. Tsang did not hold any directorship in other listed public companies in the last three years. He does not have any relationship with any other Directors, senior management or substantial or controlling shareholders of the Company. He has a personal interest in 220,000 shares of the Company.

There is no service contract between the Company and Mr. Tsang. He has no fixed term of service with the Company but is subject to retirement and re-election at each annual general meeting of the Company in accordance with the Articles of Association. He is entitled to a Director's fee determined by the Board with reference to his responsibilities, time and effort spent on the Board and committees and market benchmark. For the year ended 20th February 2006, the Director's fee of Mr. Tsang was HK\$230,000.

Save as disclosed herein, there is no information relating to Mr. Tsang that is required to be disclosed pursuant to any of the requirements of paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules, and there are no other matters relating to his re-election that need to be brought to the attention of shareholders.

Mr. Wong Hin Wing, aged 43, was appointed as an Independent Non-executive Director on 13th October 2004. Mr. Wong is a member of the Audit Committee and Remuneration Committee of the Company. He holds a Master's degree in Executive Business Administration from Chinese University of Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Hong Kong Institute of Directors and the Association of Chartered Certified Accountants, as well as a member of the American Institute of Certified Public Accountants. He is also a fellow member of the Institute of Chartered Secretaries and Administrators and a member of the Securities Institute in the United Kingdom.

Mr. Wong has been the chief executive officer and responsible officer of Legend Capital Partners, Inc., a licensed corporation under the Securities and Futures Ordinance since 1997. He has over 22 years of experience in accounting, finance, investment management and advisory. He is currently an independent non-executive director of Guangzhou Pharmaceutical Company Limited, a public company with A shares listed on the Shanghai Stock Exchange and H shares listed on the Stock Exchange.

Mr. Wong had worked with an international audit firm for four years from 1985 to 1989. He was the chief financial officer of Asia Commercial Holdings Limited ("ACH") for seven years from 1989 to 1996 and an executive director of ACH from 1st October 1995 to 11th March 1996. ACH, which was incorporated in Bermuda and listed on the Stock Exchange, was principally engaged in the retailing and trading of watches as well as property investment. According to its annual reports, ACH was involved in a capital reorganization in October 1996 and after the restructuring, the ACH group had settled, with compromise, bank loans amounting to HK\$726 million and 80% of its convertible note amounting to HK\$242 million. As for the remaining 20% convertible note amounting to HK\$61 million, interest was waived until February 2001 and would be reduced from 1.75% p.a. to 0.875% p.a. for the period from February 2001 to February 2010.

Mr. Wong does not have any relationship with any other Directors, senior management or substantial or controlling shareholders of the Company nor any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

There is no service contract between the Company and Mr. Wong. He has no fixed term of service with the Company but is subject to retirement and re-election at each annual general meeting of the Company in accordance with the Articles of Association. He is entitled to a Director's fee determined by the Board with reference to his responsibilities, time and effort spent on the Board and committees and market benchmark. For the year ended 20th February 2006, the Director's fee of Mr. Wong was HK\$200,000.

Save as disclosed herein, there is no other information relating to Mr. Wong that is required to be disclosed pursuant to any of the requirements of paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules, and there are no other matters relating to his re-election that need to be brought to the attention of shareholders.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2006 Annual General Meeting of AEON Credit Service (Asia) Company Limited (the “Company”) will be held at Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 14th June 2006 at 11:00 a.m. for the following purposes:

1. To receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 20th February 2006.
2. To declare a final dividend for the year ended 20th February 2006.
3. To re-elect Directors and authorise the Board of Directors to fix the remuneration of the Directors.
4. To re-appoint Auditors and authorise the Board of Directors to fix their remuneration.

To consider as special business and, if thought fit, pass with or without amendments, the following resolutions as Ordinary Resolutions and Special Resolution respectively:

Ordinary Resolutions

5. “**THAT:**
 - (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period 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, options, warrants or other securities 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 authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements, options, warrants or other securities which would or might require the exercise of such powers after the end of the Relevant Period;
 - (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue, (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company, (iii) any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company of shares or rights to acquire shares of the Company, or (iv) any scrip dividend or similar arrangement

NOTICE OF ANNUAL GENERAL MEETING

pursuant to the Articles of Association of the Company from time to time, shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution and the said approval shall be limited accordingly; and

(d) for the purposes of this Resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking or varying the authority given to the Directors of the Company by this Resolution.

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

6. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period of all powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and which is recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares which the Company is authorised to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10 per cent 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

NOTICE OF ANNUAL GENERAL MEETING

(c) for the purposes of this Resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking or varying the authority given to the Directors of the Company by this Resolution.”

7. “**THAT** conditional upon the passing of Resolutions 5 and 6 set out in the notice convening this meeting, the general mandate granted to the Directors of the Company to allot, issue and deal with additional shares pursuant to Resolution 5 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution 6 set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10 per cent of the aggregate nominal amount of the issued share capital of the Company at the date of passing this Resolution.”

Special Resolution

8. “**THAT** the Articles of Association of the Company be and are hereby amended in the following manner:

(a) Article 62 be deleted in its entirety and replaced by the following:

“62. The chairman or the deputy chairman (if any) of the Board or the managing director shall take the chair at every general meeting, or, if there be no such chairman, deputy chairman or managing director or, if at any general meeting none of them is willing to take the chair or is present within fifteen minutes after the time appointed for holding the meeting, the Directors present shall choose one of their number to be chairman of the meeting, and if no Director be present, or if all the Directors present decline to take the chair, then the members present and entitled to vote on a poll shall choose one of their own number to be chairman of the meeting. Each Director shall be entitled to attend and speak at any general meeting of the Company and at any separate meeting of the holders of any class of shares in the Company.”

NOTICE OF ANNUAL GENERAL MEETING

- (b) Article 84 be deleted in its entirety and replaced by the following:

“84. Unless and until otherwise determined by ordinary resolution of the Company the number of Directors shall not be subject to any maximum but shall not be less than five.”

- (c) Article 86 be deleted in its entirety and replaced by the following:

“86. Without prejudice to the power of the Company in general meeting in pursuance of any of the provisions of these Articles to appoint any person to be a Director, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election.”

- (d) Article 95 be amended by deleting the words “by rotation” in the first line thereof and inserting the words “in these Articles” immediately after the word “contained” in the second line thereof.

- (e) The heading for Articles 102 and 103 be amended by deleting the word “Rotation” and substituting therefor the word “Retirement”.

- (f) Article 117 be deleted in its entirety and replaced by the following:

“117. The Directors may elect a chairman and one or more deputy chairmen of their meetings and determine the period for which they are respectively to hold office; but if no such chairman or deputy chairman is elected, or if at any meeting neither the chairman nor any deputy chairman is willing to take the chair or is present within fifteen minutes after the time appointed for holding the meeting, the managing director shall act as chairman of the meeting or, in his absence, the Directors present may choose one of their number to be chairman of the meeting.”

By Order of the Board
KOH Yik Kung
Company Secretary

Hong Kong, 19th May 2006

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (1) A member entitled to attend and vote at the above meeting is entitled to appoint more than one proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) In order to be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notorially certified copy of that power of attorney or authority, must be deposited at the office of the Company's Share Registrar, Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.
- (3) The register of members of the Company will be closed from Thursday, 8th June 2006 to Wednesday, 14th June 2006 (both days inclusive) during which period no transfer of shares can be registered. In order to qualify for the final dividend to be approved at the annual general meeting, all transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's Share Registrar, Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Wednesday, 7th June 2006.
- (4) The Directors wish to state that they have no immediate plans to issue any new shares or repurchase any existing shares of the Company.
- (5) The Memorandum and Articles of Association of the Company is written in English. The Chinese version of Resolution 8 on the amendments to the Articles of Association is a translation for reference only. Should there be any discrepancies, the English version shall prevail.