
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in China Electronics Corporation Holdings Company Limited (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the 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 the transferee.

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CHINA ELECTRONICS CORPORATION HOLDINGS COMPANY LIMITED

中國電子集團控股有限公司*

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 00085)

**PROPOSED GRANT OF GENERAL MANDATES
TO REPURCHASE AND TO ISSUE SHARES**

PROPOSED RE-ELECTION OF DIRECTORS

NOTICE OF ANNUAL GENERAL MEETING

A notice convening the annual general meeting of the Company to be held at Plaza I-III, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 30 May 2008 at 3:30 p.m. is set out on pages 12 to 15 of this circular. Whether or not you are able to attend the annual general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding 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 adjourned meeting should you so wish.

30 April 2008

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Plaza I-III, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 30 May 2008 at 3:30 p.m.
“AGM Notice”	the notice for convening the AGM as set out on pages 12 to 15 of this circular
“Annual Report”	the annual report of the Company for the year ended 31 December 2007
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company as may be amended from time to time
“CEC”	China Electronics Corporation (中國電子信息產業集團公司), a state-owned enterprise established under the laws of the PRC and the ultimate controlling shareholder of the Company
“Company”	China Electronics Corporation Holdings Company Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	24 April 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Ordinary Resolution(s)”	the proposed ordinary resolution(s) as referred to in the AGM Notice
“PRC”	the People’s Republic of China

DEFINITIONS

“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise the powers of the Company to repurchase Shares, details of which are set out in Ordinary Resolution no. 4(A)
“Sang Fei”	Shenzhen Sang Fei Consumer Communications Company Limited (深圳桑菲消費通信有限公司), the principal operating subsidiary of the Company
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Share Buyback Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies listed on the main board of the Stock Exchange of their own securities
“Share Issue Mandate”	a general mandate proposed to be granted to the Directors to exercise the powers of the Company to allot, issue and deal with further Shares, details of which are set out in Ordinary Resolution no. 4(B)
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE BOARD



CHINA ELECTRONICS CORPORATION HOLDINGS COMPANY LIMITED

中國電子集團控股有限公司*

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 00085)

Non-executive Directors:

Xiong Qunli (*Chairman*)

Tong Baoan (*Vice Chairman*)

Executive Directors:

Fan Qingwu (*Managing Director*)

Hua Longxing

Independent Non-executive Directors:

Chan Kay Cheung

Wong Po Yan

Yin Yongli

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Principal place of business
in Hong Kong:*

Room 3503, 35th Floor

China Resources Building

26 Harbour Road

Wanchai

Hong Kong

30 April 2008

To the Shareholders

Dear Sir or Madam,

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

NOTICE OF ANNUAL GENERAL MEETING

INTRODUCTION

At the forthcoming AGM, Ordinary Resolutions will be proposed to seek Shareholders' approval for, among other things, (i) the granting of the Repurchase Mandate and the Share Issue Mandate to the Directors; and (ii) the re-election of the retiring Directors.

The purpose of this circular is to provide you with information regarding the proposed grant of the Repurchase Mandate and the Share Issue Mandate, the proposed re-election of the retiring Directors, and the notice of AGM.

* For identification purpose only

LETTER FROM THE BOARD

REPURCHASE MANDATE AND SHARE ISSUE MANDATE

At the AGM, the Directors propose to seek the approval of the Shareholders for the granting to the Directors of the Repurchase Mandate and the Share Issue Mandate.

Repurchase Mandate

At the AGM, an Ordinary Resolution will be proposed that the Directors be given an unconditional general mandate to repurchase Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and which is recognised by the SFC and the Stock Exchange for such purpose, of an aggregate nominal amount of up to 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of approval of the Repurchase Mandate. Details of the Repurchase Mandate are set out in Ordinary Resolution no. 4(A) of the AGM Notice.

As at the Latest Practicable Date, the Company had an aggregate of 1,083,560,000 Shares in issue. Subject to the passing of the Ordinary Resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 108,356,000 Shares.

An explanatory statement as required under the Share Buyback Rules, giving certain information regarding the Repurchase mandate, is set out in the appendix to this circular.

Share Issue Mandate

At the AGM, an Ordinary Resolution will also be proposed that the Directors be given an unconditional general mandate to allot, issue and deal with additional Shares of up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of approval of the Share Issue Mandate.

An Ordinary Resolution will also be proposed to authorise the extension of the Share Issue Mandate by an addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the Repurchase Mandate (if granted).

Subject to the passing of the Ordinary Resolution for the approval of the Share Issue Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the Share Issue Mandate to allot, issue and deal with a maximum of 216,712,000 Shares.

Details of the Share Issue Mandate and the extension of the Share Issue Mandate are set out in Ordinary Resolution nos. 4(B) and 4(C) of the AGM Notice respectively.

LETTER FROM THE BOARD

The Repurchase Mandate and the Share Issue Mandate shall continue to be in force during the period from the date of passing of the Ordinary Resolutions for the approval of the Repurchase Mandate and the Share Issue Mandate up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws, the Companies Act 1981 of Bermuda or any other applicable laws to be held; or (iii) the revocation or variation of the Repurchase Mandate or the Share Issue Mandate (as the case may be) by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

RE-ELECTION OF DIRECTORS

In accordance with Bye-law 86(2), Mr. Xiong Qunli shall retire and in accordance with Bye-law 87(1), Messrs. Hua Longxing and Yin Yongli shall retire by rotation at the AGM and, being eligible, Messrs. Xiong Qunli, Hua Longxing and Yin Yongli offer themselves for re-election at the AGM.

The biographical details of Messrs. Xiong Qunli, Hua Longxing and Yin Yongli are set out below:

Mr. Xiong Qunli, aged 51, the Chairman of the Company and a non-executive Director, joined the Company in January 2008. Mr. Xiong graduated from the Faculty of Electromagnetic Engineering of Northwest Institute of Telecommunication Engineering and holds a research degree in economic administration from the Party School of the Central Committee of the Communist Party of China, and is a senior engineer at researcher level. Mr. Xiong is the chairman of CEC, the controlling shareholder of the Company, and was previously the director of Research Institute No. 36 of the Ministry of Information Industry (“MII”), the vice president of China Academy of Electronics and Information Technology of MII, and the vice president of China Electronics Technology Group Corporation from 1995 to 2005. Mr. Xiong is also the vice president of Chinese Institute of Electronics, an executive committee member of China Institute of Communications and a member of the expert committee of the State Plan 863. Mr. Xiong has been deeply involved in the information technology industry and has extensive experience in strategic planning, research and development and corporate management.

Mr. Hua Longxing, aged 66, an executive Director, joined the Company in September 2004. Mr. Hua is also the chairman of Sang Fei since 1996. Mr. Hua graduated from the Faculty of Wireless Engineering of Southeast University in the PRC. From 1993 to 2000, Mr. Hua was the vice-chairman of the board of directors and the general manager of Shenzhen SED Industry Co., Ltd. Before that, he was the deputy general manager of Shenzhen Sang Da Electronics Corporation. From 1983 to 1987, he was the director of the Liaison Division of the office of Ministry of Electronics Industry in Shenzhen Economic Zone.

LETTER FROM THE BOARD

Mr. Yin Yongli, aged 68, an independent non-executive Director, joined the Company in September 2004. Mr. Yin graduated from Shandong Finance Institute, the PRC. Mr. Yin is the chairman of China Rightson Certified Public Accountants/Tianhua Certified Public Accountants since September 2001. He was the chairman of another audit firm in the PRC during the period from 1998 to 2001. Before that, he spent over 35 years in the petrochemical industry in the PRC as an accountant of Sinopec Corporation. From 1985 to 1988, he was the chief accountant of the financial planning department, and was the deputy department head of the finance department from 1988 to 1998.

Each of Messrs. Xiong Qunli, Hua Longxing and Yin Yongli has not entered into any service contract with the Company which provides for a specified length of service. All of Messrs. Xiong Qunli, Hua Longxing and Yin Yongli will be subject to retirement by rotation and re-election at annual general meetings of the Company every three years. Messrs. Xiong Qunli and Yin Yongli will be entitled to an annual fee of HK\$600,000 and HK\$180,000 respectively. Mr. Hua Longxing received an annual salary of HK\$526,380 as a director of Sang Fei for the financial year ended 31 December 2007, and he is not entitled to any separate fee for his office as Director. All of Messrs. Xiong Qunli, Hua Longxing and Yin Yongli will also be entitled to a discretionary bonus and a discretionary award of share options as may be recommended by the remuneration committee of the Board and determined by the Board with respect to their performance. The remuneration of Messrs. Xiong Qunli, Hua Longxing and Yin Yongli has been determined with reference to their duties, responsibilities and experience, and to the prevailing market conditions.

Save as disclosed above, none of Messrs. Xiong Qunli, Hua Longxing and Yin Yongli is connected with any directors, senior management or substantial or controlling shareholders of the Company. As of the Latest Practicable Date, Mr. Hua Longxing held share options involving 3,600,000 Shares. Save for such share options, none of Messrs. Xiong Qunli, Hua Longxing and Yin Yongli has any interests in the shares of the Company within the meaning of Part XV of the SFO.

Except as disclosed in the biographical details above, none of Messrs. Xiong Qunli, Hua Longxing and Yin Yongli held any other directorships in any listed public companies in the last three years.

None of Messrs. Xiong Qunli, Hua Longxing and Yin Yongli has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than under normal statutory obligations.

Save as disclosed herein, there are no other matters relating to the re-election of the Directors that need to be brought to the attention of the shareholders of the Company nor is there any information to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules.

AGM

A notice convening the AGM to be held at Plaza I-III, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 30 May 2008 at 3:30 p.m. is set out on pages 12 to 15 of this circular. At the AGM, Ordinary Resolutions will be proposed to approve, among other things, the proposed grant of the Repurchase Mandate and the Share Issue Mandate and the proposed re-election of the retiring Directors.

LETTER FROM THE BOARD

ACTIONS TO BE TAKEN

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

PROCEDURES FOR DEMANDING A POLL AT THE AGM

According to Bye-law 66, a resolution put to the vote of a meeting 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 such meeting; or
- (ii) by at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (iv) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised 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.

A poll shall be taken in such manner (including the use of ballot or voting papers or tickets) and either forthwith or at such time (being not later than thirty (30) days after the date of the demand) and place as the chairman of the AGM directs. On a poll, votes may be given either personally or by proxy and every Shareholder present in person or by proxy (or, in the case of a Shareholder being a corporation, by its duly authorised representative) shall have one vote for every fully paid Share of which he is the holder. The result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider the proposed grant of the Repurchase Mandate and the Share Issue Mandate and the proposed re-election of the retiring Directors are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant Ordinary Resolutions to be proposed at the AGM.

FURTHER INFORMATION

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

Yours faithfully

For and on behalf of the Board

China Electronics Corporation Holdings Company Limited

Xiong Qunli

Chairman

1. LISTING RULES

The Listing Rules permit listed companies to repurchase their own shares on the Stock Exchange or any other stock exchange on which their shares may be listed and which is recognised by the SFC and the Stock Exchange for such purpose, subject to certain restrictions. This appendix serves as an explanatory statement, as required by the Share Buyback Rules to be sent to Shareholders in connection with the proposed grant of the Repurchase Mandate, to provide the requisite information to Shareholders for their consideration of the Repurchase Mandate.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and its Shareholders as a whole for the Directors to have a general authority from Shareholders to enable the Company 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 per Share and/or earnings per Share. Repurchases of Shares will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders as a whole.

3. SHARE CAPITAL

As at the Latest Practicable Date, the Company had an aggregate of 1,083,560,000 Shares in issue. Subject to the passing of the Ordinary Resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 108,356,000 Shares, representing not more than 10% of the issued share capital of the Company as at the date of the AGM.

4. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of continuance and the Bye-laws, the Listing Rules and the applicable laws of Bermuda. It is proposed that repurchases of Shares under the Repurchase Mandate in these circumstances would be financed by available cash flow or working capital facilities of the Group. The Company may not repurchase its own Shares 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 from time to time.

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 audited consolidated financial statements of the Group for the year ended 31 December 2007 contained in the Annual Report) in the event that the Repurchase Mandate is exercised in full at any time during the period within which the Repurchase Mandate can be exercised. 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.

5. SHARE PRICES

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

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2007		
April	1.44	1.15
May	1.50	1.15
June	3.15	1.25
July	4.30	2.40
August	5.00	2.80
September	4.19	2.84
October	3.80	2.60
November	4.30	3.45
December	3.93	2.95
2008		
January	3.55	1.84
February	2.59	2.08
March	2.45	1.60
April (<i>up to and including the Latest Practicable Date</i>)	2.45	1.84

6. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the Repurchase Mandate in accordance with the memorandum of continuance of the Company and the Bye-laws, the Listing Rules and the applicable laws of Bermuda.

7. TAKEOVERS CODE IMPLICATION

If as a result of a repurchase of 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 purpose of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase in the Shareholders' interest, could obtain or consolidate control of the Company and become(s) 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 maintained by the Company under section 336 of the SFO, China Electronics Corporation (BVI) Holdings Company Limited (“CEC BVI”) was interested in 812,500,000 Shares, representing approximately 74.98% of the issued share capital of the Company. Based on such interest and in the event that the Directors exercised in full the power to repurchase Shares under the Repurchase Mandate, the interest of CEC BVI and parties acting in concert with it would be increased to approximately 83.32% of the reduced issued share capital of the Company immediately after the exercise in full of the Repurchase Mandate. The public float for the Shares will then be 16.68%, which is below the minimum public float of 25% as required under Rule 8.08 of the Listing Rules.

Although exercise in full of the Repurchase Mandate will not result in CEC BVI becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code, the Company will not repurchase Shares which would result in the amount of Shares held by the public being reduced to less than 25%. In exercising the Repurchase Mandate (whether in full or otherwise), the Directors will ensure the Company shall comply with the requirements of the Listing Rules, including the minimum percentage of public float.

The Directors are not aware of any consequences which may arise under the Takeovers Code if the Repurchase Mandate is exercised in full.

8. GENERAL

No connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell Shares to the Company, nor have any undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders at the AGM and exercised.

None of the Directors and, to the best of their knowledge having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules) have any present intention to sell Shares to the Company if the Repurchase Mandate is approved by the Shareholders and exercised.

9. SHARE PURCHASES MADE BY THE COMPANY

The Company had not purchased any Shares (whether on the Stock Exchange or otherwise) during the last six months immediately preceding the Latest Practicable Date.

NOTICE OF AGM



CHINA ELECTRONICS CORPORATION HOLDINGS COMPANY LIMITED

中國電子集團控股有限公司*

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 00085)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of China Electronics Corporation Holdings Company Limited (the “Company”) will be held at Plaza I-III, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 30 May 2008 at 3:30 p.m. for the following purposes:

1. to receive and consider the audited consolidated financial statements for the year ended 31 December 2007 and the reports of the directors and of the auditors;
2. to re-elect directors and to authorise the board of directors to fix their remuneration;
3. to re-appoint auditors and to authorise the board of directors to fix their remuneration;
4. to consider as special business and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

(A) “**THAT:**—

- (a) subject to paragraph (b) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares 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 of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable rules and regulations of the Securities and Futures Commission of Hong Kong and the Stock Exchange or of any other stock exchange, the memorandum of continuance and bye-laws of the Company, the Companies Act 1981 of Bermuda and all other applicable laws in this regard as amended from time to time, be and is hereby generally and unconditionally approved;

* For identification purpose only

NOTICE OF AGM

- (b) the aggregate nominal amount of shares of the Company which may be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and the said approval shall be limited accordingly; and

- (c) for the purposes of this resolution:

“Relevant Period” means the period from the date of 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 the bye-laws of the Company, the Companies Act 1981 of Bermuda or any other applicable laws to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution.”

(B) **“THAT:–**

- (a) subject to paragraph (b) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such powers during or after the end of the Relevant Period be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of share capital allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined) or (ii) an issue of shares pursuant to the exercise of rights of subscription or conversion under the terms of any existing warrants, bonds, debentures, notes or other securities of the Company which carry rights to subscribe for or are convertible into shares of the Company or (iii) an issue of shares upon the exercise of subscription rights of any options granted under any option scheme or similar arrangement of shares or rights to acquire shares of the Company or (iv) an issue of

NOTICE OF AGM

shares pursuant to any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the memorandum of continuance and the bye-laws of the Company, shall not exceed the aggregate of:

- (aa) 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution; and
- (bb) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution up to a maximum equivalent to 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of ordinary resolution No. 4(C) in the notice convening this meeting,

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

- (c) for the purposes of this resolution:

“Relevant Period” means the period from the date of 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 the bye-laws of the Company, the Companies Act 1981 of Bermuda or any other applicable laws to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution; and

“Rights Issue” means an offer of shares or issue of options, warrants or other securities giving the rights to subscribe for shares of the Company, open for a period fixed by the directors of the Company to holders of shares of the Company, or any class of securities of the Company, whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company who are entitled to the offer) on a fixed record date in proportion to their holdings of such shares (or, where appropriate, such other securities) as at that date (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory applicable to the Company).”

NOTICE OF AGM

- (C) “**THAT** subject to the ordinary resolutions Nos. 4(A) and 4(B) in the notice convening this meeting being duly passed, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and deal with additional shares in the Company pursuant to ordinary resolution No. 4(B) 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 ordinary resolution No. 4(A) in the notice convening this meeting, provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution.”

By Order of the Board
Yam Pui Hung, Robert
Company Secretary

Hong Kong, 30 April 2008

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Principal place of business
in Hong Kong:*
Room 3503, 35th Floor
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

Notes:

1. Any shareholder of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person as his proxy to attend and vote instead of him. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the meeting. A proxy need not be a shareholder of the Company but must be present in person at the meeting to represent the shareholder. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the meeting is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and returned together with the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, to the Company's branch share registrar in Hong Kong, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a shareholder from attending and voting in person at the meeting or any adjournment thereof, should he so wish.
3. In the case of joint holders of shares, any one of such holders may vote at the meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint holders are present at the meeting personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.