
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 YGM Trading Limited (the “**Company**”), 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 the transfer was effected for transmission to the purchaser or transferee.

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YGM TRADING LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00375)

PROPOSALS RELATING TO RE-ELECTION OF RETIRING DIRECTORS AND GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening the annual general meeting (the “**AGM**”) of the Company to be held at 12:15 p.m. on Wednesday, 10 September 2008 at Yau Yat Chuen Garden City Club, 7 Cassia Road, Yau Yat Chuen, Kowloon, Hong Kong is set out on pages 11 to 14 of 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 registered office of the Company at 22 Tai Yau Street, San Po Kong, Kowloon, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof should you so wish.

31 July 2008

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at 12:15 p.m. on Wednesday, 10 September 2008 at Yau Yat Chuen Garden City Club, 7 Cassia Road, Yau Yat Chuen, Kowloon, Hong Kong, or any adjournment thereof;
“Articles of Association”	the articles of association of the Company;
“Board”	the board of Directors;
“Company”	YGM Trading Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	25 July 2008, 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;
“Retiring Directors”	the Directors who will retire from the Board by rotation at the AGM, namely, Dr. Chan Sui Kau, and Messrs Chan Wing Kee, Fu Sing Yam, William and Leung Hok Lim;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shares”	ordinary share(s) of HK\$0.50 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

LETTER FROM THE BOARD

YGM TRADING LIMITED

(Incorporated in Hong Kong with limited liability)

Executive Directors:

Chan Sui Kau (*Chairman*)
Chan Wing Fui, Peter (*Vice Chairman*)
Chan Wing Sun, Samuel (*Chief Executive Officer*)
Chan Suk Ling, Shirley (*Managing Director*)
Fu Sing Yam, William (*Deputy Managing Director*)
Chan Wing Kee
Chan Wing To

Registered Office:

22 Tai Yau Street
San Po Kong
Kowloon
Hong Kong

Independent Non-executive Directors:

Leung Hok Lim
Wong Lam
Lin Keping

31 July 2008

To the Shareholders

Dear Sir or Madam,

**PROPOSALS RELATING TO
RE-ELECTION OF RETIRING DIRECTORS AND
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information on the following matters to be proposed at the AGM: (i) the re-election of the Retiring Directors; and (ii) the grant of the Issue Mandate and the Repurchase Mandate (such terms as defined hereinafter).

RE-ELECTION OF THE RETIRING DIRECTORS

According to Article 104 of the Articles of Association, each of the Retiring Directors, namely, Dr. Chan Sui Kau, and Messrs Chan Wing Kee, Fu Sing Yam, William and Leung Hok Lim will retire from the Board by rotation and, being eligible, will offer themselves for re-election at the AGM. The re-election of each of the Retiring Directors will be individually voted on by the Shareholders.

LETTER FROM THE BOARD

Brief biographical details and interests in the Shares of the Retiring Directors, their relationship with other Directors, their positions with the Group, and their other directorships held in listed public companies are set out in Appendix II to this circular. If a valid notice from a Shareholder to propose a person to stand for election as a Director at the AGM is received in accordance with the Articles of Association after the printing of this circular, the Company will issue a supplementary circular to inform the Shareholders of the details of such additional candidate proposed.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the last annual general meeting of the Company held on 18 September 2007, ordinary resolutions were passed to grant the general mandates to the Directors to issue and repurchase Shares. These general mandates will lapse at the conclusion of the AGM.

The Directors believe that renewal of such mandates is in the interest of the Company and the Shareholders. Accordingly, ordinary resolutions will be proposed at the AGM to grant to the Directors a general mandate to (i) allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the relevant resolution; (ii) allot, issue and deal with Shares, including the aggregate nominal amount of the Shares repurchased by the Company under the Repurchase Mandate (as defined in (iii)) (the mandates referred to in (i) and (ii) are collectively referred to as the “**Issue Mandate**”); and (iii) repurchase, inter alia, Shares, the aggregate nominal amount of which does not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the relevant resolution (the “**Repurchase Mandate**”). With reference to these resolutions, the Directors wish to state that they have no immediate plan to issue any new Shares or to repurchase any Shares pursuant to the Issue Mandate and the Repurchase Mandate respectively.

As at the Latest Practicable Date, the number of Shares in issue was 153,831,792 Shares. On the basis of such figure (and assuming no further Shares are issued or repurchased after the Latest Practicable Date and up to the date of passing such resolution), the Directors would be authorised to allot, issue and deal with up to a limit of 30,766,358 Shares and repurchase up to a limit of 15,383,179 Shares.

An explanatory statement containing the particulars required by section 49BA(3)(b) of the Companies Ordinance and the Listing Rules to provide Shareholders with all the information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolutions approving the Repurchase Mandate is set out in the Appendix I to this circular.

AGM

The notice of the AGM is set out on pages 11 to 14 of this circular. Ordinary resolutions in respect of the re-election of the Retiring Directors, the Issue Mandate and the Repurchase Mandate will be proposed at the AGM.

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 registered office of the Company at 22 Tai Yau Street, San Po Kong, Kowloon, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof should you so wish.

LETTER FROM THE BOARD

Shareholders are advised to read the notice and to complete and return the accompanying form of proxy for use at the AGM in accordance with the instructions printed thereon.

Pursuant to Article 75 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 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:

- (i) by the chairman of the meeting; or
- (ii) by at least three members present in person by a duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any member or members present in person by a duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) by a member or members present in person by a duly authorised corporate 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.

RESPONSIBILITY STATEMENT

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

RECOMMENDATION

The Directors consider that the proposed resolutions for (i) the re-election of the Retiring Directors; and (ii) the grant of the Issue Mandate and the Repurchase Mandate are all in the best interests of the Company and the Shareholders as a whole and, accordingly, recommend all Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

GENERAL

Your attention is drawn to the further information contained in the Appendices to this circular. The English text of this circular shall prevail over the Chinese text.

Yours faithfully,
By order of the Board
Chan Sui Kau
Chairman

The following is the explanatory statement required to be sent to the Shareholders under the Listing Rules in connection with the Repurchase Mandate and also constitutes the memorandum required under section 49BA(3)(b) of the Companies Ordinance:

- (i) It is proposed that up to 10% of the Shares in issue as at the date of the passing of the resolution to approve the Repurchase Mandate may be repurchased. As at the Latest Practicable Date, the number of Shares in issue was 153,831,792 Shares. On the basis of such figure (and assuming no further Shares are issued or repurchased after the Latest Practicable Date and up to the date of passing such resolution), the Directors would be authorised to repurchase up to a limit of 15,383,179 Shares.
- (ii) The Directors believe that it may be to the benefit of the Company and the Shareholders to repurchase the Shares in certain circumstances. For example, depending on market conditions and funding arrangements at the time, such repurchases may enhance the net assets and/or earnings per Share. Therefore, the Directors are seeking the grant of the Repurchase Mandate to give the Company the flexibility to do so if and when appropriate.
- (iii) It is envisaged that the funds required for any repurchase would be derived from the capital paid up on the Shares being repurchased and from the distributable profits of the Company. In any event, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and Articles of Association and the laws of Hong Kong.
- (iv) As compared with the position disclosed in the audited consolidated financial statements contained in the annual report for the year ended 31 March 2008, the Directors do not consider that the exercise in full of the Repurchase Mandate would have a material adverse impact on the working capital or gearing position of the Company. In any event, the Directors do not propose to exercise the power to make purchases pursuant to the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the Company's working capital requirements or gearing levels.
- (v) 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, in the event that the Repurchase Mandate is approved by the Shareholders at the AGM, to sell Shares to the Company under the Repurchase Mandate.
- (vi) The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make purchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and the memorandum and articles of association of the Company and the laws of Hong Kong so far as the same may be applicable.

- (vii) As at the Latest Practicable Date and according to the records kept by the Company, Messrs Chan Sui Kau, Chan Wing Fui, Peter, Chan Wing Sun, Samuel, Chan Wing Kee and Chan Wing To and Madam Chan Suk Ling, Shirley (collectively the “**Chan Directors**”) and their associates (collectively, the “**Chan Family**”) are together interested in approximately 60.8% of the issued Shares. Assuming that the shareholding interests of the Chan Family remain unchanged, upon full exercise of the Repurchase Mandate to repurchase Shares by the Directors, the Chan Family will be interested in approximately 67.5% of the issued Shares. The Directors are not aware of any consequences which would arise under the Hong Kong Code on Takeovers and Mergers as a consequence of any repurchases made pursuant to the Repurchase Mandate.
- (viii) No purchase has been made by the Company of the Shares in the six months prior to the date of this circular.
- (ix) None of the connected persons (as defined in the Listing Rules) of the Company have notified it of a present intention to sell Shares to the Company or have undertaken not to sell any Shares held by them to the Company in the event that the Repurchase Mandate is granted by the Shareholders.
- (x) The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the previous twelve months prior to the Latest Practicable Date are as follows:

	Highest per Share	Lowest per Share
	<i>HK\$</i>	<i>HK\$</i>
2007		
July	6.73	6.10
August	6.60	5.76
September	6.58	5.60
October	5.70	5.20
November	5.90	5.00
December	5.80	5.19
2008		
January	5.50	5.00
February	5.40	5.01
March	5.43	4.80
April	5.40	5.13
May	5.43	5.18
June	5.55	5.25
July (up to the Latest Practicable Date)	6.20	5.05

APPENDIX II INFORMATION OF THE RETIRING DIRECTORS TO BE RE-ELECTED

Brief biographical details and interests in the Shares of the Retiring Directors, their relationship with other Directors, their positions with the Group, their other directorships held in listed public companies and other matters relating to the Retiring Directors that need to be brought to the attention of the Shareholders are as follows:

Chan Sui Kau GBM, GBS, JP

Aged 83. Dr. Chan is the founder of our Group. He established YangtzeKiang Garment Limited in 1949 and is the Executive Chairman of the Group as well as YangtzeKiang Garment Limited. Dr. Chan used to serve as a member of the 8th & 9th term of the Chinese People's Political Consultative Committee until he reached the retirement age. Having been a Justices of the Peace since 1983, Dr. Chan was awarded the Gold Bauhinia Star in 2002 and 6 years later in 2008 Dr. Chan was awarded the Grand Bauhinia Medal. Dr. Chan received a Doctoral Degree of Business Administration from Hong Kong Polytechnic University in 2001; then in 2007 an Honorary Doctoral Degree of Social Sciences from City University of Hong Kong and in the same year, an Honorary University Fellowship from University of Hong Kong. Dr. Chan is the former Chairman of Clothing Industry Training Authority (1986); former Chairman of Textile Council of Hong Kong (1988-1994) and presently its Honorary Chairman; former President of Federation of Hong Kong Garment Manufacturers (1977-1988) and currently its Life Honorary President; Honorary President of Hong Kong Woollen & Synthetic Knitting Manufacturers' Association since 1980 and former member of Textile Advisory Board of Hong Kong (1971-1989) as well as the Hong Kong Labour Advisory Board (1985-1995).

In the last three years, he was also the Chairman and executive director of YangtzeKiang Garment Limited which is listed on the Stock Exchange. Save as disclosed herein, Dr. Chan did not hold any directorship in any other listed public companies in the last three years. Dr. Chan is the father of Mr. Chan Wing Fui, Peter, Mr. Chan Wing Sun, Samuel and Madam Chan Suk Ling, Shirley, and is also the uncle of Mr. Chan Wing Kee, Mr. Chan Wing To and Mr. Fu Sing Yam, William. Save as disclosed herein, Dr. Chan is not related to any other Directors, senior management or substantial or controlling shareholders of the Company.

Chan Wing Kee GBS, OBE, JP

Aged 61. Received a Bachelor's degree in Industrial Engineering in 1970 and joined YangtzeKiang Garment Limited in 1970 as Production Manager and later became Sales Manager. Mr. Chan was appointed Director in 1977 and Managing Director of YangtzeKiang Garment Limited in 1987. He is a Director of the Company. Mr. Chan has participated in many textile negotiations with the USA and Europe for Hong Kong and Macau. He is a Standing Committee Member of The 10th and 11th of The Chinese People's Political Consultative Conference; Deputy of the 8th and 9th National People's Congress of China; Member of Commission on Strategic Development of Hong Kong Special Administrative Region; Ex-member of Economic Council of Macau Special Administrative Region; Ex-member of the Textile Advisory Board; Ex-Committee Member of the Preparatory Committee for Hong Kong Special Administrative Region and Ex-Advisor of Hong Kong Affairs.

In the last three years, he was also an executive director of YangtzeKiang Garment Limited and its subsidiaries and an independent non-executive director of Times Limited, China Travel International Investment Hong Kong Limited and China Construction Bank (Asia) Corporation Limited. These companies

APPENDIX II INFORMATION OF THE RETIRING DIRECTORS TO BE RE-ELECTED

are listed on the Stock Exchange. Save as disclosed herein, Mr. Chan did not hold any directorship in any other listed public companies in the last three years.

Mr. Chan is the nephew of Dr. Chan Sui Kau and the brother of Mr. Chan Wing To. He is also the cousin of Mr. Chan Wing Fui, Peter, Mr. Chan Wing Sun, Samuel, Madam Chan Suk Ling, Shirley and Mr. Fu Sing Yam, William. Save as disclosed herein, Mr. Chan is not related to any other Directors, senior management or substantial or controlling shareholders of the Company.

Fu Sing Yam, William

Aged 46. Received a Bachelor's degree from the University of Western Ontario, Canada in 1984 and joined the Company in 1985. Mr. Fu was appointed as a Director of the Company in 1995 and has been re-designated as the Deputy Managing Director since July 2006. He has extensive experience in fashion retailing, wholesaling, marketing and merchandising. Mr. Fu is a Committee Member of the Heilongjiang Provincial Committee of Chinese People's Political Consultative Conference.

Mr. Fu is the nephew of Dr. Chan Sui Kau and the cousin of Mr. Chan Wing Fui, Peter, Mr. Chan Wing Sun, Samuel, Madam Chan Suk Ling, Shirley, Mr. Chan Wing Kee and Mr. Chan Wing To. Save as disclosed herein, Mr. Fu did not hold any directorship in any other listed public companies in the last three years and is not related to any other Directors, senior management or substantial or controlling shareholders of the Company.

Leung Hok Lim FCPA (Aust.), CPA (Macau), FCPA (Practising)

Aged 73. An Independent Non-executive Director, Mr. Leung is the founding and senior partner of PKF, Accountants & Business Advisers. Mr. Leung obtained his fellowship with the Hong Kong Institute of Certified Public Accountants in 1973. He is a non-executive director of Beijing Hong Kong Exchange of Personnel Centre Limited and a number of listed public companies.

In the last three years, he was an independent non-executive director of a number of listed public companies, namely, YangtzeKiang Garment Limited, S E A Holdings Limited, Bright International Group Limited, Fujian Holdings Limited, High Fashion International Limited, Phoenix Satellite Television Holdings Limited and Theme International Holdings Limited. Save as disclosed herein, Mr. Leung did not hold any directorship in any other listed public companies in the last three years. Apart from being a director of the Company and the companies disclosed herein, Mr. Leung is not related to the Directors, senior management or substantial or controlling shareholders of the Company.

APPENDIX II INFORMATION OF THE RETIRING DIRECTORS TO BE RE-ELECTED

As at the Latest Practicable Date, interests in the Shares of the Retiring Directors which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, the Model Code for Securities Transactions by Directors of Listed Issuers and which were entered in the register kept by the Company under section 352 of the SFO are as follows:

<u>Name of Director</u>	<u>Number of Shares</u>			
	<u>Personal interests (i)</u>	<u>Family interests</u>	<u>Corporate interests</u>	<u>Other interests</u>
Chan Sui Kau	4,929,272	214,368	3,840,820	(ii)
Chan Wing Kee	3,692,776	819,404	–	(ii), (iii), (iv) & (v)
Fu Sing Yam, William	900,462	–	–	(ii)
Leung Hok Lim	–	–	–	–

Notes:

- (i) The Shares are registered under the names of the Directors who are the beneficial owners.
- (ii) 29,601,700 Shares were held by Chan Family Investment Corporation Limited (which is owned by Messrs Chan Sui Kau, Chan Wing Fui, Peter, Chan Wing Sun, Samuel, Chan Wing Kee, Chan Wing To and Fu Sing Yam, William, Madam Chan Suk Ling, Shirley and other members of the Chan family) and its subsidiaries.
- (iii) 24,595,908 Shares were held by Canfield Holdings Limited, a company which is indirectly owned by Messrs Chan Wing Fui, Peter, Chan Wing Sun, Samuel, Chan Wing Kee and Chan Wing To, Madam Chan Suk Ling, Shirley and other members of the Chan family.
- (iv) 2,917,480 Shares were held by Hearty Development Limited which is indirectly owned by Messrs Chan Wing Fui, Peter, Chan Wing Sun, Samuel, Chan Wing Kee and Chan Wing To, Madam Chan Suk Ling, Shirley and other members of the Chan family.
- (v) 1,597,000 Shares were held by Super Team International Limited which is indirectly owned by Messrs Chan Wing Kee and Chan Wing To and other members of the Chan family.

APPENDIX II INFORMATION OF THE RETIRING DIRECTORS TO BE RE-ELECTED

The share options granted to the Retiring Directors outstanding as at the Latest Practicable Date are as below:

<u>Name of Director</u>	<u>Number of Shares to be issued upon the exercise of share options</u>
Chan Sui Kau	1,000,000 Shares
Chan Wing Kee	800,000 Shares
Fu Sing Yam, William	1,200,000 Shares
Leung Hok Lim	100,000 Shares

As at the Latest Practicable Date, the Retiring Directors had not entered into any service contract in writing with the Company and are subject to retirement by rotation and re-election in accordance with the Articles of Association. All the Retiring Directors will receive a directors' fee to be fixed by the Board as authorised by the Shareholders at the AGM. In addition, the total emoluments for the year ended 31 March 2008 received by Dr. Chan Sui Kau, and Messrs Chan Wing Kee, Fu Sing Yam, William and Leung Hok Lim were HK\$2,693,000, HK\$30,000, HK\$3,965,000 and HK\$160,000 respectively (as disclosed in note 8 of the audited consolidated financial statements of the Company for the year ended 31 March 2008). The emoluments received by the Retiring Directors were determined with reference to the prevailing market conditions and past contributions of the Retiring Directors to the Group.

Save as disclosed herein, the Board is not aware of any other matter relating to the re-election of the Retiring Directors that needs to be brought to the attention of the Shareholders, nor is there any information in relation to Rule 13.51(2)(h) to (v) that needs to be brought to the attention of the Shareholders.

NOTICE OF ANNUAL GENERAL MEETING

YGM TRADING LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00375)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the members of YGM Trading Limited (the “**Company**”) will be held at 12:15 p.m. on Wednesday, 10 September 2008 at Yau Yat Chuen Garden City Club, 7 Cassia Road, Yau Yat Chuen, Kowloon, Hong Kong for the following purposes:

1. To receive and consider the Audited Consolidated Financial Statements, the Report of the Directors and the Independent Auditor’s Report for the year ended 31 March 2008;
2. To approve and declare special and final dividends for the year ended 31 March 2008;
3. To re-elect the retiring directors named below and to authorise the board of Directors (the “**Directors**”) to fix the remuneration of Directors and any committees of Directors:
 - Dr. Chan Sui Kau;
 - Mr. Chan Wing Kee;
 - Mr. Fu Sing Yam, William; and
 - Mr. Leung Hok Lim;
4. To re-appoint KPMG as the auditors of the Company and to authorise the board of Directors to fix their remuneration; and
5. To consider as special business and, if thought fit, pass with or without modification, the following resolutions as ordinary resolutions of the Company:
 - (A) “**THAT:**
 - (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to purchase shares in the capital of the Company (the “**Shares**”) be and is hereby generally and unconditionally approved;
 - (b) the aggregate nominal amount of Shares which may be purchased on The Stock Exchange of Hong Kong Limited or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited under the Hong Kong Code on Share Repurchases

NOTICE OF ANNUAL GENERAL MEETING

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 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 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 or the memorandum and articles of association of the Company to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders of the Company in general meeting.”

(B) “THAT:

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and otherwise deal with additional Shares and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which 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 pursuant to the approval in paragraph (a), otherwise than pursuant to (i) a Rights Issue (as defined below), (ii) the exercise of rights of subscription or conversion under the terms any warrants issued by the Company or any securities which are convertible into Shares, (iii) any option scheme or similar arrangement for the time being adopted for the grant or issue to such eligible participants recognised by the Company of shares or rights to acquire Shares, or (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles, shall not exceed the aggregate of: (aa) 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution plus (bb) (if the Directors are so authorised by a separate ordinary resolution

NOTICE OF ANNUAL GENERAL MEETING

of the shareholders of the Company) the nominal amount of 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 share capital of the Company in issue as 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 or the memorandum and articles of association of the Company to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders of the Company in general meeting;

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

(C) “**THAT** conditional upon the passing of resolutions set out in paragraphs (A) and (B) above, the Directors be and they are hereby authorised to exercise the powers of the Company referred to in paragraph (a) of the resolution set out in paragraph (B) above in the notice of this meeting in respect of the share capital of the Company referred to in sub-paragraph (bb) of paragraph (B)(c) of such resolution.”.

By Order of the Board
Leung Wing Fat
Company Secretary

Hong Kong, 31 July 2008

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (a) The Transfer Books and Register of Members of the Company will be closed from 2 September 2008 to 10 September 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the special and final dividends payable on or around 11 September 2008 to be approved at the meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30pm on 1 September 2008.*
- (b) A member entitled to attend and vote at the above meeting may appoint more than one proxy to attend and to vote in his stead. A proxy need not be a member of the Company.*
- (c) In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be deposited at the registered office of the Company at 22 Tai Yau Street, San Po Kong, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
- (d) With regard to paragraph 5 of the above notice, attention is drawn to the circular regarding the general mandate to repurchase shares and to issue shares which will be sent to shareholders in due course.*

As at the date of this notice, the board of directors of the Company consists of seven Executive Directors, namely, Chan Sui Kau, Chan Wing Fui, Peter, Chan Wing Sun, Samuel, Chan Suk Ling Shirley, Fu Sing Yam, William, Chan Wing Kee, Chan Wing To; and three Independent Non-executive Directors, namely, Leung Hok Lim, Wong Lam and Lin Keping.