
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 you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares and/or warrants in **Zhongda International Holdings Limited**, you should at once hand this circular with the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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Zhongda International Holdings Limited

中大國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 909)

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

A notice convening the Annual General Meeting of Zhongda International Holdings Limited to be held at Longchamp Room 1, 3/F, Regal Kowloon Hotel, 71 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Friday, 24 June 2005 at 2:30p.m. is set out on pages 11 to 13 of this circular. A proxy form for your use at the Annual General Meeting is enclosed with this circular. If you do not propose to attend the Annual General Meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's branch registrar in Hong Kong, Standard Registrars Limited at G/F., BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting should you so wish.

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DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at Longchamp Room 1, 3/F, Regal Kowloon Hotel, 71 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Friday, 24 June 2005 at 2:30p.m.
“Bye-laws”	the existing bye-laws of the Company
“Companies Act”	the Companies Act 1981 of Bermuda
“Company”	Zhongda International Holdings Limited, a company incorporated in Bermuda with limited liability, with its Shares listed on the Stock Exchange
“Directors”	the directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Latest Practicable Date”	23 May, 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Xu”	Mr. Xu Lian Guo, chairman of the Board of Directors of the Company
“Ordinary Resolution(s)”	the proposal ordinary resolution(s) as referred to in the notice of Annual General Meeting
“Repurchase Resolution”	the proposed ordinary resolution as referred to in resolution no.4B of the notice of the Annual General Meeting
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise the power of the Company to repurchase during the period as set out in the Repurchase Resolution, Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution and Warrants up to a maximum of 10% of the aggregate nominal amount of the Warrants of the Company outstanding as at the date of passing the Repurchase Resolution

DEFINITIONS

“Share(s)”	share(s) of \$0.10 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of Shares
“Share Issue Mandate”	a general mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue and deal with Shares during the period as set out in the Ordinary Resolution no. 4A up to a maximum of 20 per cent. of the issued share capital of the Company as at the date of passing of the resolution approving the Share Issue Mandate
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers
“Warrants”	warrants issued by the Company entitling the holders thereof to subscribe for shares at an initial subscription price of HK\$0.675 per share (subject to adjustment) at any time on or before 31 October, 2006
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE CHAIRMAN



Zhongda International Holdings Limited

中大國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 909)

Executive Directors:

Xu Lian Guo (*Chairman*)

Xu Lian Kuan

Zhang Yuqing

Independent Non-executive Director

Gu Yao Tian

Chan Wai Dune

Li Xin Zhong

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head Office and Principal Place
of Business in Hong Kong:*

Unit 702

7th Floor

Concordia Plaza

1 Science Museum Road

Tsim Sha Tsui East

Kowloon

Hong Kong

Hong Kong, 27 May, 2005

*To the shareholders and for information only,
to warrant holders,*

Dear Sir or Madam,

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

INTRODUCTION

The purpose of this circular is to provide you with information regarding the proposed Share Issue Mandate, Repurchase Mandate and the extension of the Share Issue Mandate and to seek your approval of the ordinary resolutions relating to these matters at the Annual General Meeting.

* For identification purposes only

LETTER FROM THE CHAIRMAN

GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting of the Company held on 24 June 2004, a general mandate was given to the Directors to exercise the powers of the Company to issue and allot Shares. Such mandate will lapse at the conclusion of the Annual General Meeting. It is therefore proposed to seek your approval of the Share Issue Mandate at the Annual General Meeting to give a fresh general mandate to the Directors to exercise the powers of the Company to issue and allot Shares.

It will be proposed at the Annual General Meeting two ordinary resolutions respectively (i) granting to the Directors the Share Issue Mandate, and (ii) authorizing an extension of the limit of the Share Issue Mandate so granted by adding to it the number of Shares repurchased by the Company under the Repurchase Mandate, if granted.

Details of the Share Issue Mandate and the extension of the Share Issue Mandate are set out in Ordinary Resolutions no. 4A and 4C respectively in the notice of Annual General Meeting.

GENERAL MANDATE TO REPURCHASE SHARES AND WARRANTS

At the annual general meeting of the Company held on 24 June 2004, a general mandate was given to the Directors to exercise the powers of the Company to repurchase Shares and warrants. Such mandate will lapse at the conclusion of the Annual General Meeting. It is therefore proposed to seek your approval of the Repurchase Resolution at the Annual General Meeting to give a fresh general mandate to the Directors to exercise the powers of the Company to repurchase Shares and warrants.

An ordinary resolution will be proposed at the Annual General Meeting to grant to the Directors the Repurchase Mandate, details of which are set out in Ordinary Resolution no. 4B in the notice of Annual General Meeting.

As at the Latest Practicable Date, the issued share capital of the Company comprised 400,004,000 Shares. There are 49,996,000 Warrants in issue on the basis of subscription price of HK\$0.675 per Share (subject to adjustment). Assuming that there is no change in the issued share capital and the Warrants in issue between the period from the Latest Practicable Date and the date of passing the Repurchase Resolution, the maximum number of Shares and Warrants which may be repurchased pursuant to the Repurchase Mandate as at the date of passing the Repurchase Resolution will be 40,000,400 Shares and 4,999,600 Warrants respectively.

An explanatory statement as required under the Share Repurchase Rules to provide the requisite information of the Repurchase Mandate is set out in the Appendix I to this circular.

LETTER FROM THE CHAIRMAN

RE-ELECTION OF THE RETIRING DIRECTORS

As at the Latest Practicable Date, the executive Directors of the Company are Mr. XU Lian Guo, Mr. XU Lian Kuan, Mr. ZHANG Yuqing, and the independent non-executive Directors of the Company are Mr. GU Yao Tian, Mr. CHAN Wai Dune and Mr. LI Xin Zhong.

Pursuant to Bye-laws 87(1) and 87(2) of the Company, Mr. XU Lian Guo and Mr. GU Yao Tian will be retiring from their respective offices at the Annual General Meeting and being eligible 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.

ANNUAL GENERAL MEETING

At the Annual General Meeting, ordinary resolutions will be proposed to approve the Share Issue Mandate, the Repurchase Mandate and the extension of the Share Issue Mandate. The notice of Annual General Meeting is set out on pages 11 to 13 of this circular.

ACTION TO BE TAKEN

A form of proxy for use at the Annual General Meeting is enclosed with this circular. If you are not able to attend the Annual General Meeting, you are requested to complete the form of proxy and return it to the Company's branch registrar in Hong Kong, Standard Registrars Limited at G/F., BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong 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 at the Annual General Meeting or any adjourned meeting if you so desire.

RIGHT TO DEMAND A POLL

Pursuant to existing Bye-law 66 of the Company, 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 taken as may from time to time be required under the rules of any Designated Stock Exchange or unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:—

- (i) by the chairman of the meeting;
- (ii) by at least three shareholders present in person (or in the case of a shareholder being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting;
- (iii) by a shareholder or shareholders present in person (or in the case of a shareholder being a corporation by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all the shareholders having the right to vote at the meeting; or

LETTER FROM THE CHAIRMAN

- (iv) by a shareholder or shareholders present in person (or in the case of a shareholder being a corporation by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

On a show of hands, every shareholder present in person (or being a corporation, is present by a representative duly authorized under Section 78 of the Companies Act), or by proxy shall have one vote. On a poll, 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 up Share of which he is the holder. Notwithstanding anything contained in the Bye-laws, where more than one proxy is appointed by a shareholder which is a clearing house (or its nominee), each such proxy shall have one vote on a show of hands. Pursuant to existing Bye-law 72, a shareholder entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses the same way.

RECOMMENDATION

The Directors are pleased to recommend the retiring Directors, details of whom are set out in Appendix II to this circular, for re-election in the Annual General Meeting. The Directors consider that the Share Issue Mandate, the Repurchase Mandate and the extension of the Share Issue Mandate are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the resolutions to be proposed at the Annual General Meeting to give effect to them.

Yours faithfully
By Order of the Board
Xu Lian Guo
Chairman

This appendix serves as an explanatory statement, as required by the Share Repurchase Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution and Warrants up to a maximum of 10% of the outstanding Warrants as at the date of the Repurchase Resolution.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 400,004,000 Shares. There are 49,996,000 Warrants in issue on the basis of subscription price of HK\$0.675 per Share (subject to adjustment).

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased or no Warrants are exercised or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Resolution to repurchase a maximum of 40,000,400 Shares and 4,999,600 Warrants representing not more than 10% of the issued share capital and not more than 10% of the outstanding Warrants of the Company at the Latest Practicable date.

2. REASONS FOR REPURCHASE

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its shareholders and warrant-holders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders.

3. FUNDING OF REPURCHASES

In repurchasing Shares and Warrants, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and bye-laws and the applicable laws of Bermuda. The laws of Bermuda provide that any repurchase by the Company may be made out of the capital paid up on the purchased Shares or out of the funds of the Company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purpose. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided out of funds of the Company which would otherwise be available for dividend or distribution or out of the Company's share premium accounts.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited accounts contained in the Company's annual report for the year ended 31 December 2004 in the event that the Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase 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. SHARES AND WARRANT PRICES

The highest and lowest prices at which the Shares and Warrants of the Company have traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date were as follows:—

	Shares Price		Warrants	
	Highest HK\$	Lowest HK\$	Highest HK\$	Lowest HK\$
2004				
May	0.37	0.28	0.034	0.021
June	0.37	0.26	0.040	0.025
July	0.33	0.25	0.022	0.022
August	0.30	0.25	—*	—*
September	0.30	0.23	0.026	0.026
October	0.30	0.225	—*	—*
November	0.39	0.212	0.044	0.026
December	0.39	0.28	0.048	0.035
2005				
January	0.40	0.285	0.033	0.032
February	0.35	0.28	—*	—*
March	0.36	0.245	0.034	0.010
April	0.30	0.23	0.028	0.012
May (up to Latest Practicable Date)	0.30	0.25	0.017	0.015

* *There were no trading during the month*

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate and in accordance with the Listing Rules, the memorandum of association and bye-laws of the Company and any applicable laws of Bermuda.

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

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

6. TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, the register of interests in shares and short positions maintained by the Company pursuant to Section 336 of the SFO showed that the Company has been notified of the following interests, being 5% or more of the Company's issued share capital:

Name of shareholder	Number of Shares held	Approximate percentage of existing shareholding	Approximate percentage of shareholding if the Buyback Mandate is exercised in full
Mr. Xu Lian Guo (<i>Note 1</i>)	234,720,000	58.68%	65.20%
Mr. Xu Lian Kuan (<i>Note 1</i>)	234,720,000	58.68%	65.20%
Zhong Da (BVI) Limited (<i>Note 2</i>)	234,720,000	58.68%	65.20%
Shum Yip Holdings Company Limited (<i>Note 3</i>)	39,576,000	9.90%	11.00%

Notes:

- (1) This interest represents the number of Shares held by Zhong Da (BVI) Limited where Mr. Xu Lian Guo and Mr. Xu Lian Kuan are taken to be interested in such Shares under SFO. The entire issued share capital of Zhong Da (BVI) Limited is beneficially owned as to 57.22% and 42.78% by Mr. Xu Lian Guo and Mr. Xu Lian Kuan respectively.
- (2) This interest of Zhong Da (BVI) Limited is duplicated in the interest of Mr. Xu Lian Guo and Mr. Xu Lian Kuan.
- (3) This interest of Shum Yip (Holdings) Company Limited is held indirectly through Gainful Outcome Holdings Limited and Outstanding Management Limited both of which are wholly-owned subsidiaries of Shum Yip (Holdings) Company Limited.

The Directors are not aware of any consequences which may arise under Rule 26 of the Takeovers Code as a result of any repurchases made under the Repurchase Mandate. The Company has no present intention to repurchase Shares to such extent as to result in the number of Shares held by the public being reduced to less than 25%. The Directors will use their best endeavours to ensure that the Repurchase Mandate will not be exercised to the extent that the number of shares held by public would be reduced to less than 25% of the issued share capital of the Company.

7. SHARES AND WARRANTS REPURCHASE MADE BY THE COMPANY

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

APPENDIX II DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

The following are the particulars of the Directors proposed to be elected at the Annual General Meeting in accordance with the Bye-laws:

Mr. XU Lian Guo, aged 43, is the chairman of the Company and the founder of the Group. He is also director of various subsidiaries of the Group. Mr. Xu has more than 20 years of experience in the automobile maintenance and repair industry and has established Zhongda Machinery in 1993. Mr. Xu was appointed as a consultant in the professional service centre of the Ministry of Personnel (國家人事部專家服務中心) and the academic society. Mr. Xu is responsible for the management of the board as well as the formulation of the Group's strategic objectives and corresponding policies. Mr. Xu is the brother of Mr. Xu Lian Kuan. Save as disclosed above, Mr. Xu does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company and has not held any positions with any members of the Group. In the past three years, Mr. Xu has not held any other directorship in any listed public companies.

As at the Latest Practicable Date, Mr. Xu is interested in 234,720,000 shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Xu entered into a service contract with the company for a term of three years starting from 24 June 2004 and ending on 23 June 2007 or the date of the re-election of directors at the Annual General Meeting to be held in 2007, whichever is earlier. Pursuant to the service contract, he received emolument to a total value of HK\$947,889 in 2004. He has also received a sum of RMB90,000 as allowance for his service provided to a subsidiary of the Company. He did not receive any fixed or discretionary bonus during the year. His emoluments are determined by the Board of Directors with reference to the Company's performance and profitability as well as remuneration benchmark in the industry and the prevailing market conditions.

Save as disclosed above, Mr. Xu has confirmed that there are no other matters in connection with his re-election that need to be brought to the attention of the shareholders.

Mr. GU Yao Tian, aged 72, was appointed as an independent non-executive Director of the Group on 8 October 2001. He is the former general manager of the China National Automotive Industry Corporation prior to joining the Company. During the period between 1988 and 1994, he was the general manager of Nanjing Automotive Manufacturing Factory. Save as disclosed above, Mr. Gu does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company and has not held any positions with any members of the Group. In the past three years, Mr. Gu has not held any other directorship in any listed public companies.

As at the Latest Practicable Date, Mr. Gu is not interested in any shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Gu entered into a service contract with the company for a term of three years starting from 24 June 2004 and ending on 23 June 2007 or the date of the re-election of directors at the Annual General Meeting to be held in 2007, whichever is earlier. Pursuant to the service contract, he received emolument to a total value of HK\$100,000 in 2004. He did not receive any fixed or discretionary bonus during the year. His emoluments are determined by the Board of Directors with reference to the Company's performance and profitability as well as remuneration benchmark in the industry and the prevailing market conditions.

Save as disclosed above, Mr. Gu has confirmed that there are no other matters in connection with his re-election that need to be brought to the attention of the shareholders.

NOTICE OF ANNUAL GENERAL MEETING



Zhongda International Holdings Limited

中大國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 909)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held at Longchamp Room 1, 3/F, Regal Kowloon Hotel, 71 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Friday, 24 June 2005 at 2:30 p.m. for the following purposes:

1. To receive and consider the financial statements and the reports of the Directors and Auditors for the year ended 31 December, 2004.
2. To re-elect Directors and to authorise the Board of Directors to fix the remuneration of Directors.
3. To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration.
4. As special business to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

A. **“THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures, notes and any securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures, notes and any 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 after the end of the Relevant Period;

* For identification purposes only

NOTICE OF ANNUAL GENERAL MEETING

- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares as scrip dividends in accordance with the bye-laws of the Company from time to time; or (iii) an issue of shares upon the exercise of rights of subscription or conversion under the terms of any bonds, warrants, debenture, notes and any securities which carry rights to subscribe for or are convertible into shares of the Company; or (iv) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of :-
 - (i) the conclusion of the next annual general meeting of the Company; or
 - (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 or any applicable law to be held; or
 - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

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

B. “ THAT:–

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company and warrants issued by the Company to subscribe for shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and 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 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;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the aggregate nominal amount of the shares of the Company which the Directors are authorised to repurchase pursuant to the approval in paragraph (a) above during the Relevant Period (as hereinafter defined) shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution; and the warrants issued by the Company which the Directors are authorized to repurchase pursuant to the approval in paragraph (a) above during the Relevant Period (as hereinafter defined) shall not exceed 10% of the aggregate nominal amount of warrants of the Company outstanding as at the date of 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 passing of this Resolution until whichever is the earlier of:–
 - (i) the conclusion of the next annual general meeting of the Company; or
 - (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 or any applicable law to be held; or
 - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”
- C. “**THAT** subject to the passing of Ordinary Resolutions Nos. 4A and 4B set out in the notice convening this meeting, the aggregate nominal amount of Shares and warrants in the capital of the Company which are repurchased by the Company under the authority granted pursuant to Ordinary Resolution No. 4B set out in the notice convening this meeting shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to Ordinary Resolution No. 4A set out in the notice convening this meeting, provided that such amount of shares shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the said Resolution.”

By Order of the Board
Xu Lian Guo
Chairman

Hong Kong, 27 May 2005

Notes :

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. To be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be deposited with the Company’s branch registrar in Hong Kong, Standard Registrars Limited at G/F., BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude any member from attending and voting in person at the meeting if the member so wishes.
3. With regard to item no.2 in this notice, the Board of Directors of the Company proposes that the retiring Directors, namely Mr. XU Lian Guo and Mr. GU Yao Tian, be re-elected as Directors of the Company. Details of the said retiring Directors are set out in the Appendix II to the circular to shareholders dated 27 May, 2005.