
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 a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold all your shares in Phoenix Satellite Television Holdings Limited, you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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鳳凰衛視

PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED

鳳凰衛視控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8002)

PROPOSED GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES, PROPOSED RE-ELECTION OF DIRECTORS AND NOTICE OF ANNUAL GENERAL MEETING

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (1) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (2) there are no other matters the omission of which would make any statement in this circular misleading; and
- (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

A notice convening the annual general meeting of the Company to be held at 9/F, One Harbourfront, 18-22 Tak Fung Street, Hunghom, Kowloon, Hong Kong on 23 June 2005 at 3:00 p.m. is set out on pages 10 to 13 of this circular. A form of proxy is also enclosed. Whether or not you are able to attend and vote at the annual general meeting, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time of the meeting or any adjourned meetings. Completion and return of the proxy form will not preclude you from subsequently attending and voting at the meeting or any adjourned meetings should you so wish.

This circular will remain on the "Latest Company Announcements" page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting.

17 May 2005

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

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

| | |
|---------------------------|---|
| “AGM” | the annual general meeting of the Company to be held to approve the proposed general mandates to issue shares and to repurchase shares, the proposed re-election of Directors as well as other matters on or about 23 June 2005 |
| “Annual Report 2004” | the audited consolidated financial statements and the reports of the directors and auditors for the year ended 31 December 2004 |
| “Company” or “Phoenix” | Phoenix Satellite Television Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange |
| “Directors” | the directors of the Company |
| “GEM” | The Growth Enterprises Market of the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on the Growth Enterprises Market of the Stock Exchange |
| “Group” | the Company and its Subsidiaries |
| “Latest Practicable Date” | 11 May 2005 |
| “Shares” | the shares of the Company of HK\$0.10 each |
| “Shareholders” | the shareholders of the Company |
| “Stock Exchange” | the Stock Exchange of Hong Kong Limited |
| “Today’s Asia” | Today’s Asia Limited, a company holding 37.5% interest in the Company as at the Latest Practicable Date, with 93.3% and 6.7% of its issued share capital beneficially owned by Mr. LIU, Changle, the Chairman of the Company and Mr. CHAN, Wing Kee respectively |
| “Xing Kong Chuan Mei” | Xing Kong Chuan Mei Group Co., Ltd., formerly known as STAR Television Holdings Limited, which owns approximately 37.5% interest in the Company, is the initial management shareholder and substantial shareholder of the Company (as defined in the GEM Listing Rules) |



鳳凰衛視

PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED
鳳凰衛視控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Executive Directors:

LIU, Changle (*Chairman*)
CHUI, Keung

Non-executive Directors:

CHEUNG, Chun On Daniel
CHEUNG, San Ping
GUTHRIE, Michelle Lee
LAU, Yu Leung John
XU, Gang

Independent non-executive Directors:

BECZAK, Thomas Thaddeus
LEUNG, Hok Lim
LO, Ka Shui

Registered Office:

Century Yard, Cricket Square
Hutchins Drive
P.O. Box 2681GT, George Town
Grand Cayman
British West Indies

Principal Place of Business:

9/F, One Harbourfront
18-22 Tak Fung Street
Hung Hom
Kowloon
Hong Kong

17 May 2005

To Shareholders of the Company

Dear Sir or Madam,

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

INTRODUCTION

The Directors would like to seek approvals from the Shareholders for the proposed general mandates to issues and to repurchase shares.

In addition, the Directors would also like to seek shareholders' approval of the proposed re-election of Directors.

LETTER FROM THE BOARD

The purposes of this circular are to provide information on (i) the proposed general mandates to issue shares and to repurchase shares; and (ii) the proposed re-election of Directors; and to seek the shareholders' approval of the resolutions relating thereto as well as other ordinary resolutions to be proposed at the AGM.

GENERAL MANDATES

At a meeting of the Directors held on 10 March 2005, the Directors announced the audited consolidated results of the Group for the year ended 31 December 2004. It was announced on 17 May 2005 that at the AGM to be held at 9th Floor, One Harbourfront, 18 Tak Fung Street, Hungghom, Kowloon, Hong Kong on 23 June 2005, resolutions to grant to the Directors general mandates to issue Shares and to repurchase Shares ("Repurchase Mandate") will be proposed.

At the AGM, separate ordinary resolutions will be proposed to renew the general mandates given to the Directors (i) to allot, issue and otherwise deal with Shares not exceeding the aggregate of 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of such resolution; (ii) to repurchase Shares comprising the aggregate nominal amount of which does not exceed 10% of the aggregate nominal amount of the share capital in issue of the Company at the date of passing of such resolution; (iii) adding to such general mandate so granted to the Directors any shares representing the aggregate nominal amount (up to a maximum of 10% of the aggregate nominal amount of the Company's then issued share capital) of any Shares repurchased by the Company.

Under the GEM Listing Rules, the general unconditional mandates granted on 29 June 2004 will lapse at the conclusion of the coming AGM, unless renewed at the AGM. Resolutions Nos. 5 to 7 in the notice of AGM will be proposed at the AGM to renew these mandates. With reference to these resolutions, the Directors wish to state that they have no present intention to repurchase any Shares pursuant to the relevant mandates but consider that the mandate will provide the Company the flexibility to make such purchase when appropriate and beneficial to the Company.

The explanatory statement required by the GEM Listing Rules to be sent to Shareholders in connection with the proposed Repurchase Mandate is set out in the Appendix I to this circular. This contains all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolutions.

PROPOSED RE-ELECTION OF DIRECTORS

Pursuant to Art. 86(3) of the Company's articles, any Director appointed by the Board to fill a casual vacancy shall hold office until the next annual general meeting and shall then be eligible for re-election.

Also, at each annual general meeting one-third (or, if their number is not a multiple of three, the number nearest to but not greater to one-third) of the Directors shall retire from office by rotation. The Chairman of the Company and the Director(s) appointed and retired pursuant to Art. 86(3) as mentioned above shall not be taken into account in determining the number of Directors who are to retire by rotation. The Directors who have been longest in office since their last re-election are subject to retirement by rotation (Art. 87).

LETTER FROM THE BOARD

In this regard, Mr. Leung Hok Lim and Mr. Thaddeus Thomas Beczak in compliance with Art 86(3), and Mr. Xu Gang, being longest in office, shall retire and shall immediately thereafter offer themselves for re-election at the AGM.

Details of the Directors who would offer themselves for re-election at the AGM are set out in Appendix II hereto.

ANNUAL GENERAL MEETING

A notice of the AGM is set out on pages 10 to 13 of this circular. At the AGM, in addition to the ordinary business of the meeting, Resolutions Nos. 5 to 7 will be proposed to approve the general mandates for the issue and repurchase of Shares as special businesses.

A copy of the Annual Report 2004 incorporating copies of the audited consolidated results of the Group for the year ended 31 December 2004 and the directors' and auditors' reports therein has been despatched to all the Shareholders on 29 March 2005.

A form of proxy for the AGM is also enclosed. Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return it to the Head Office of the Company c/o the Company Secretary, 9th Floor, One Harbourfront, 18 Tak Fung Street, Hunghom, Kowloon, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the meeting. The completion of a form of proxy will not preclude you from attending and voting at the meeting in person.

RECOMMENDATION

The Directors are of the opinion that the proposals referred to above are in the best interests of the Company and therefore recommend you to vote in favour of the relevant resolutions to be proposed at the AGM.

Yours faithfully,
On behalf of the Board
Phoenix Satellite Television Holdings Limited
Liu Changle
Chairman

This is an explanatory statement given to all the Shareholders relating to a resolution to be proposed at the forthcoming AGM authorising the Repurchase Mandate.

This explanatory statement contains all the information required pursuant to Rule 13.08 and other relevant provisions of the GEM Listing Rules which is set out as follows:

1. REGULATIONS OF THE GEM LISTING RULES

(a) Shareholders' approval

All proposed repurchases of securities on the GEM by a company with its primary listing on GEM must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval in relation to specific transactions.

(b) Source of funds

Any repurchases must be funded out of funds legally available for the purpose and in accordance with the memorandum and Articles of Association and the applicable laws of the Cayman Islands.

(c) Connected parties

Under the GEM Listing Rules, a company shall not knowingly repurchase securities from a connected person (as defined under the GEM Listing Rules) and a connected person shall not knowingly sell his shares to the company. As at the Latest Practicable Date prior to the printing of this circular and to the best of the knowledge of the Directors who have made all reasonable enquires, none of the Directors or their associates has a present intention to sell Shares to the Company or has undertaken not to do so.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 4,938,666,000 Shares.

Subject to the passing of the resolution in relation to the Repurchase Mandate and on the basis that no Shares are issued or repurchased by the Company prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 493,866,600 Shares.

3. REASONS FOR REPURCHASES

Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and its members. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share.

4. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the memorandum and Articles of Association, the GEM Listing Rules and the applicable laws of the Cayman Islands. The Company may not purchase securities on GEM 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.

5. GENERAL

There might be a material adverse impact on the working capital or gearing position of the Company in the event that the Repurchase Mandate is exercised in full. 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 its gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

6. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the memorandum and Articles of Association and the applicable laws of the Cayman Islands.

7. TAKEOVER CODE

If as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of The Code on Takeovers and Mergers (the "Takeover Code"). Accordingly, a shareholder or group of shareholders acting in concert, depending on the level of increase in the shareholder's interest, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeover Code.

As at the Latest Practicable Date, each of Today's Asia and Xing Kong Chuan Mei which are the substantial shareholders of the Company, held approximately 37.5% of the issued shares of the Company. In the event that the Directors should exercise in full the power to repurchase Shares of the Company in accordance with the terms of the ordinary resolution to be proposed at the AGM, the interest of each of Today's Asia and Xing Kong Chuan Mei in the Shares would be increased to approximately 41.7% of the issued shares of the Company. If so, the Directors will take necessary steps to comply with the GEM Listing Rules and the Takeover Code.

In fact, the Directors have no present intention to exercise repurchases to such an extent as would result in takeover obligations.

8. SHARE REPURCHASE MADE BY THE COMPANY

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

9. CONNECTED PERSON

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

10. SHARE PRICES

The highest and lowest price at which Shares have been traded on GEM during each of the previous twelve months before the Latest Practicable Date were as follows:

| | Shares | |
|-------------|------------------------|-----------------------|
| | Highest <i>HK\$</i> | Lowest <i>HK\$</i> |
| 2004 | | |
| June | 1.54 | 1.34 |
| July | 1.43 | 1.37 |
| August | 1.53 | 1.38 |
| September | 1.41 | 1.19 |
| October | 1.38 | 1.27 |
| November | 1.43 | 1.30 |
| December | 1.45 | 1.26 |
| 2005 | | |
| January | 1.51 | 1.33 |
| February | 1.64 | 1.46 |
| March | 1.63 | 1.45 |
| April | 1.55 | 1.39 |
| May | 1.50 | 1.42 |

The following are the particulars of the Directors proposed to be re-elected at the AGM:

Mr. Leung Hok Lim, aged 69, is the independent non-executive director and a member of the audit committee of the Company since 21 January 2005. Mr. Leung is a fellow member of CPA Australia, a member of the Macau Society of Certified Practising Accountants, a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the taxation institute of Hong Kong. Mr. Leung is the founding and senior partner of PKF, Certified Public Accountants. Mr. Leung obtained his fellowship with Hong Kong Institute of Certified Public Accountants in 1973. He is a non-executive director of Beijing Hong Kong Exchange of Personnel Centre Limited. Mr. Leung is the independent non-executive director of a number of listed companies namely Yangtzekiang Garment Manufacturing Company Limited, YGM Trading Limited, S E A Holdings Limited, Bright International Group Limited, Fujian Holdings Limited and High Fashion International Limited. Mr. Leung was an independent non-executive director of Yue Fung International Group Holding Limited (“Yue Fung”) from 12 August 1997 to 24 December 2002. The listing of shares of Yue Fung was cancelled on 20 January 2005.

Except as disclosed above, Mr. Leung does not hold any other positions in the Company or any of its subsidiaries and has not held any other directorships of listed companies in the last 3 years. Mr. Leung has neither any interests in the shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) nor any relationship with any other directors, senior management or substantial or controlling shareholders of the Company (within the meaning of the rules governing the listing of securities on the growth enterprise market of The Stock Exchange of Hong Kong Limited).

Mr. Leung has not entered into any service contract with the Company and he is not appointed for a specific term since he is subject to retirement by rotation and re-election in accordance with the articles of association of the Company. He is entitled to receive a director’s fee of HK\$200,000 per annum, which is determined based on the estimated time to be spent by him on the Company’s matters.

Mr. Thaddeus Thomas Beczak, aged 54, is the independent non-executive director and a member of the audit committee of the Company since 11 March 2005. Mr. Beczak is currently a senior advisor to Nomura International and an independent non-executive director of a number of listed companies namely Arnhold Holdings Limited and Nantai Electronic and Electrical Products Limited.

From September 1997 until December 2003, Mr. Beczak was a Director of Kerry Holdings Limited. During this time he also held various Board and operating positions within the group. Most recently, he was Deputy Chairman of SCMP Holdings Limited and Publisher of South China Morning Post Publishers Limited. Previously, he had been Deputy Chairman of Shangri-La Asia Limited, Deputy Chairman of Kuok Philippines Properties, a Director of China World Trade Center Limited and a Director of Kerry Properties Limited.

From November 1997 until December 2002, Mr. Beczak was Chairman of the Listing Committee of The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”) and a member of the Hong Kong Stock Exchange Board of Directors from 1998 until 2001. Currently, he is a member of the Advisory Committee of the Securities and Futures Commission in Hong Kong.

Prior to joining the Kerry Group, Mr. Beczak was a Managing Director of J.P. Morgan Inc., and President of J.P. Morgan Securities Asia from 1990 until 1997. While at J.P. Morgan, Hong Kong, he was a Director of the Bank of the Philippine Islands and a Committee Member of the Hong Kong Association of Banks. He joined J.P. Morgan in 1974. Mr. Beczak has over 20 years of experience in Asia.

Mr. Beczak is a U.S. citizen with permanent resident status in Hong Kong. He is a graduate of Georgetown University (B.S.F.S.) and Columbia University (M.B.A.). He is a member of the Board of Advisors of the School of Foreign Service at Georgetown.

Except as disclosed above, Mr. Beczak does not hold any other positions in the Company or any of its subsidiaries and has not held any other directorships of listed companies in the last 3 years. Mr. Beczak has neither any interests in the shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) nor any relationship with any other directors, senior management or substantial or controlling shareholders of the Company (within the meaning of the GEM Listing Rules).

Mr. Beczak has not entered into any service contract with the Company and he is not appointed for a specific term since he is subject to retirement by rotation and re-election in accordance with the articles of association of the Company. He is entitled to receive a director's fee of HK\$200,000 per annum, which is determined based on the estimated time to be spent by him on the Company's matters.

Mr. Xu Gang, aged 47, is a Non-Executive Director of the Company since 13 November 2000 and is also the director of Phoenix's various subsidiaries. Mr. Xu has extensive experience in banking and investment. He was the Deputy Chief Executive Officer of BOC International Holdings Limited ("BOCI") and the Chairman of a number of subsidiary companies of BOCI. Currently, he is the Director and Chief Executive Officer of Bank of China Group Investment Limited ("BOCGI") and director of a number of companies controlled by BOCGI or in which BOCGI has an interest.

Except as disclosed above, Mr. Xu does not hold any other positions in the Company or any of its subsidiaries and has not held any other directorships of listed companies in the last 3 years. Mr. Xu has neither any interests in the shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) nor any relationship with any other directors, senior management or substantial or controlling shareholders of the Company (within the meaning of the GEM Listing Rules).

Mr. Xu has not entered into any service contract with the Company and he is not appointed for a specific term since he is subject to retirement by rotation and re-election in accordance with the articles of association of the Company. Mr. Xu will not receive any remuneration in his capacity as the non-executive Director of the Company.

NOTICE OF ANNUAL GENERAL MEETING



鳳凰衛視

PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED 鳳凰衛視控股有限公司

(Incorporated in the Cayman Islands with limited liability)

NOTICE IS HEREBY GIVEN that the annual general meeting of Phoenix Satellite Television Holdings Limited (the “Company”) will be held at 9/F., One Harbourfront, 18-22 Tak Fung Street, Hunghom, Kowloon, Hong Kong on 23 June 2005 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited consolidated Financial Statements and the Reports of the Directors and Auditors for the year ended 31 December 2004.
2. To declare a final dividend of HK\$0.01 per share for the year ended 31 December 2004.
3. To re-elect the retiring Directors and to authorise the Board of Directors to fix the Directors’ remuneration.
4. To re-appoint auditors of the Company and to authorise the Board of Directors to fix their remuneration.
5. To consider as special business, and if thought fit, pass with or without amendments the following resolution as ordinary resolution:

“THAT:

- (A) subject to paragraph (C) of this resolution, pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) on The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”), 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 share capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such powers, be and is hereby generally and unconditionally approved;
- (B) the approval in paragraph (A) of this resolution shall be in addition to any other authorisation given to the Directors and shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;

NOTICE OF ANNUAL GENERAL MEETING

- (C) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors of the Company pursuant to the approval in paragraph (A) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) the exercise of options granted under the share option schemes adopted by the Company; or (iii) any scrip dividend scheme or similar arrangements providing for the allotment of shares in lieu of the whole or a part of a dividend on shares of the Company pursuant to the articles of association of the Company from time to time, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company 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 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 articles of association of the Company or any applicable law to be held; and
 - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders in general meeting.

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

6. To consider as special business, and if thought fit, pass with or without amendments the following resolution as ordinary resolution:

“THAT:

- (A) subject to paragraph (B) of this resolution, the exercise by the Directors of the Company during the Relevant Period (as defined in Resolution 5(D) set out in the Notice of this Meeting) of all the powers of the Company to repurchase issued shares of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or 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

NOTICE OF ANNUAL GENERAL MEETING

laws and the requirements of the Stock Exchange or any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved; and

(B) the aggregate nominal amount of shares of the Company which are authorised to be repurchased by the Company pursuant to the approval in paragraph (A) of this resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution, and the said approval shall be limited accordingly.”

7. To consider as special business, and if thought fit, pass with or without amendments the following resolution as ordinary resolution:

“**THAT** conditional upon the passing of Resolution No. 6, the general mandate granted to the Directors of the Company and for the time being in force to exercise the powers of the Company to allot, issue and deal with shares of the Company pursuant to Resolution No. 5 be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to such general mandate an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution No. 6, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing this resolution.”

By Order of the Board
Yeung Ka Keung
Company Secretary

Hong Kong, 17 May 2005

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his stead. A proxy need not be a member of the Company.
2. To be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the Head Office and Principal Place of Business of the Company in Hong Kong at 9/F, One Harbourfront, 18 Tak Fung Street, Hungghom, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the meeting.
3. Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the meeting if the member so desires and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. A circular containing further details regarding resolutions Nos. 3, 5 to 7 as required by the GEM Listing Rules will be despatched to shareholders.

NOTICE OF ANNUAL GENERAL MEETING

5. Articles 66 and 67 of the Company's articles of association set out the procedure by which shareholders may demand a poll:

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:

- (a) by the chairman of such meeting; or
- (b) by at least three Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Member or Members present in person or in the case of a Member 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 Members having the right to vote at the meeting; or
- (d) by a Member or Members present in person or in the case of a Member 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 shares conferring that right.

Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution.