
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in 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 all your shares in FlexSystem 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.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular, for which the directors of FlexSystem Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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:– (i) the information contained in this circular is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; and (iii) 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.



FlexSystem Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8050)

GENERAL MANDATES TO ISSUE NEW SHARES AND REPURCHASE SHARES, RE-ELECTION OF RETIRING DIRECTOR AND PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

This circular will remain on the GEM website on the “Latest Company Announcements” for 7 days from the date of its posting.

A notice convening the Annual General Meeting to be held at 12/F., North Block, Skyway House, No. 3 Sham Mong Road, Tai Kok Tsui, Kowloon, Hong Kong on 28 July 2006 at 10:30 a.m., is set out in Appendix II to this circular. Whether or not you intend to attend the Annual General Meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the Annual General Meeting. The return of a form of proxy will not preclude you from attending and voting in person if you so wish.

30 June 2006

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DEFINITIONS

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

“AGM Notice”	the notice for convening the annual general meeting set out in Appendix II to this circular dated 27 June 2006
“Annual General Meeting (AGM)”	the annual general meeting of the Company to be held on Friday, 28 July 2006 and any adjournment thereof, notice of which is set out in Appendix II to this circular
“Annual Report”	the annual report of the Company for the year ended 31 March 2006
“Company”	FlexSystem Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the GEM
“Director(s)”	the director(s) of the Company
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandates”	the Share Repurchase Mandate and the general mandate to issue Shares to be sought at the AGM
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	24 June 2006, being the latest practicable date prior to the printing of this circular
“Share(s)”	share(s) of par value HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers

LETTER FROM THE CHAIRMAN



FlexSystem Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8050)

Executive Directors:

LOK Wai Man (*Chairman*)

SO Yiu King

CHOW Chi Ming, Daniel

Independent non-executive Directors:

LEE Kar Wai

TSE Lin Chung

MAK Wing Kwong, David

Registered office:

Century Yard

Cricket Square

Hutchins Drive

P. O. Box 2681 GT

George Town

Grand Cayman

British West Indies

Head office and principal place of business:

12/F., North Block, Skyway House

No. 3 Sham Mong Road

Tai Kok Tsui, Kowloon

Hong Kong

27 June 2006

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE NEW SHARES
AND REPURCHASE SHARES,
RE-ELECTION OF RETIRING DIRECTOR AND
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

INTRODUCTION

At the annual general meeting (“AGM”) of FlexSystem Holdings Limited (“the Company”) to be held at 12/F., North Block, Skyway House, No. 3 Sham Mong Road, Tai Kok Tsui, Kowloon, Hong Kong on Friday, 28 July 2006, at 10:30 a.m., resolutions will be proposed to approve (i) the grant of general mandates to allot, issue and deal with new shares of the Company and to repurchase shares of the Company to the directors of the Company (“the Directors”), (ii) the re-election of retiring directors of the Company and (iii) the proposed amendments to the Articles of Association. This circular contains the explanatory statement in compliance with the GEM Listing Rules and to give all the information reasonably necessary to enable shareholders of the Company to make an informed decision on whether to vote for or against the resolutions set out in the notice of AGM.

LETTER FROM THE CHAIRMAN

GENERAL MANDATE TO ISSUE NEW SHARES

At the AGM, two ordinary resolutions will be proposed to grant to the Directors a general mandate to exercise the power of the Company to allot, issue and deal with Shares with an aggregate nominal amount not exceeding 20% (i.e. 120,000,000 shares) of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution and to add to such general mandate so granted to the Directors any shares representing the aggregate nominal amount of the shares repurchased by the Company after the granting of the below repurchase mandate in order to provide flexibility for issuing new shares when it is in the interests of the Company. The Directors have no present intention to issue new shares of the Company.

GENERAL MANDATE TO REPURCHASE SHARES

An ordinary resolution will be proposed to grant to the Directors a general mandate to exercise the power of the Company to repurchase Shares with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of the resolution (the “Repurchase Mandate”). Under the GEM Listing Rules, the Company is required to give to its shareholders all information which is reasonably necessary to enable shareholders to make an informed decision as to whether to vote for or against the resolution to renew the grant to the Directors of a Repurchase Mandate. An explanatory statement as required under the GEM Listing Rules giving the requisite information regarding the Repurchase Mandate is set out in the Appendix I hereto. The Directors have no present intention to repurchase any shares but consider that the Repurchase Mandate will provide the Company with the flexibility to make such repurchase as and when appropriate and is beneficial to the Company.

RE-ELECTION OF RETIRING DIRECTOR

Pursuant to Article 87 of the Company’s Articles of Association, Mr. So Yiu King and Mr. Chow Chi Ming, Daniel will retire from office as director by rotation at the AGM and being eligible, offers himself for re-election. Details of the retiring Directors that are required to be disclosed under the GEM Listing Rules are set out below:

Mr. So Yiu King, aged 45, is the corporate development director of the Group. He is responsible for the finance and corporate development of the Group. He has more than 11 years of experience in accounting and finance and system development in Hong Kong. Prior to 1991, Mr. So worked for listed companies in Hong Kong as a financial controller. Mr. So is one of the founding members and also the president of IT Accountants Association in Hong Kong, an organisation helping the accounting professionals to prepare for the digital challenge. Mr. So is the endorsement certificate holder in Accountancy from Hong Kong Polytechnic. He also completed a marketing management program from National University of Singapore in 1995 and a senior executive management course in Peking University in 1999. Moreover, he is the holder of Professional Diploma in Information Technology from the Hong Kong Management Association. Mr. So joined the Group in May, 2000.

Mr. So is entitled to a fixed remuneration of HK\$894,956 per year and for each completed year of service, a discretionary bonus as may be decided by the board of Directors. Mr. So personally holds (i) 2,000 ordinary shares of the Company and (ii) indirectly holds 3,600,000 shares of the Company through SomaFlex Holdings Inc.

LETTER FROM THE CHAIRMAN

Save as disclosed herein, Mr. So does not have any directorship on listed company for the past three years, there are no other matters concerning Mr. So that need to be brought to the attention of the shareholders nor is there any other information regarding Mr. So required to be disclosed pursuant to Rules 17.50(2)(h) to (v) of the GEM Listing Rules.

Mr. Chow Chi Ming, Daniel, aged 41, is the technical director of the Group. He is responsible for supervising and coordinating the research and development and technical support functions of the Group. Mr. Chow has over 16 years of experience in developing large-scale tailor-made system and multi-user networking solutions. Prior to joining the Group in 1993, Mr. Chow worked for other software company and IT consulting firm. Mr. Chow is the technology consultant of IT Accountants Association in Hong Kong.

Mr. Chow is entitled to a fixed remuneration of HK\$504,400 per year and for each completed year of service, a discretionary bonus as may be decided by the board of Directors. Mr. Chow personally holds (i) 2,000 ordinary shares of the Company and (ii) indirectly holds 3,600,000 shares of the Company through SomaFlex Holdings Inc.

Save as disclosed herein, Mr. Chow does not have any directorship on listed company for the past three years, there are no other matters concerning Mr. Chow that need to be brought to the attention of the shareholders nor is there any other information regarding Mr. Chow required to be disclosed pursuant to Rules 17.50(2)(h) to (v) of the GEM Listing Rules.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Stock Exchange has recently amended the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) by replacing Rules 5.35 to 5.45 by a new Code on Corporate Governance Practices (the “CG Code”) in Appendix 15 and adding a new Appendix 16 requiring for a Corporate Governance Report to be included in annual reports of listed issuers. Subject to certain transitional arrangements, the amendments took effect on 1 January 2005. In addition, pursuant to the announcement made by the Stock Exchange on 17 February 2006, certain minor and housekeeping amendments to the GEM Listing Rules would have become effective from 1 March 2006. The Directors propose to amend the articles of association of the Company to ensure full compliance with the CG Code and the amendments to the GEM Listing Rules as follows:

- (a) to specify that every Director shall be subject to retirement by rotation at least once every three years;
- (b) to require that any Director appointed by the board of Directors shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the following annual general meeting of the Company (in the case of an addition to the Board), and shall then be eligible for re-election at that meeting;
- (c) to specify that the Company shall only be required to disclose by way of announcement the voting figures on a poll if such disclosure is required by the GEM Listing Rules;

LETTER FROM THE CHAIRMAN

- (d) to specify that voting by poll can be required by Director(s) attending the meeting holding proxies of Shares representing five per cent (5%) or more of the total voting rights at the meeting; and
- (e) to specify that Directors can be removed by ordinary resolutions.

Details of the proposed amendments to the articles of association of the Company are set out in the notice of the AGM on pages 12 to 13 of this circular.

NOTICE OF ANNUAL GENERAL MEETING

AGM Notice is set out in Appendix II to this circular. The procedure for demanding a poll is set out in Appendix III. A proxy form for use at the meeting is enclosed herewith. Whether or not you intend to attend the annual general meeting, you are requested to complete the proxy form and return it to the share registrars of the Company not less than 48 hours before the time appointed for the holding of the meeting or the adjourned meeting (as the case may be). Completion and return of a proxy form will not preclude shareholders from attending and voting at the meeting and at any adjournment thereof if they so wish.

RECOMMENDATION

The Directors recommend the proposals to all Shareholders for their favourable consideration and urge them to vote in favour of the resolutions set out in the AGM Notice as they intend to do themselves in respect of their own holdings.

Yours faithfully
On behalf of the Board
LOK Wai Man
Chairman

This is an explanatory statement given to all 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 of the GEM Listing Rules, which is set out as follows:–

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 600,000,000 Shares of HK\$0.10 each.

Subject to the passing of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 60,000,000 Shares representing not more than 10% of the issued share capital of the Company during the period from the date of the passing of the Repurchase Mandate until (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 laws of the Cayman Islands to be held; or (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting, whichever comes first.

2. REASONS FOR REPURCHASES

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

3. FUNDING OF REPURCHASES

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

4. EXERCISE OF THE REPURCHASE MANDATE

Exercise in full of the Repurchase Mandate, on the basis of 600,000,000 Shares in issue as at the Latest Practicable Date could result in up to 60,000,000 Shares being repurchased by the Company during the period up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; or (iii) the revocation, variation or renewal of the repurchase Mandate by ordinary resolution of the shareholders of the Company in general meeting, whichever occurs first.

5. GENERAL

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report for 2005) in the event that the Repurchase Mandate is exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

6. SHARE PRICES

The highest and lowest prices at which the Shares have traded on GEM in each of the previous twelve months before the Latest Practicable Date are as follows:–

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2005		
July	0.040	0.032
August	0.040	0.035
September	0.036	0.033
October	0.041	0.033
November	0.080	0.039
December	0.052	0.046
2006		
January	0.065	0.050
February	0.093	0.050
March	0.073	0.050
April	0.088	0.060
May	0.082	0.052
June (up to the Latest Practicable Date, 24 June 2006)	0.082	0.063

7. UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate and in accordance with the GEM Listing Rules, the memorandum and articles of association of the Company and the applicable laws of the Cayman Islands.

8. DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, have any present intention to sell any Shares to the Company under the Repurchase Mandate if such is approved by the Shareholders.

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.

9. 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 purposes of the Hong Kong Code on Takeovers and Mergers (the "Takeover Code"). As a result, a shareholder, or a group of shareholders acting in concert, depending on the level of increase in the shareholder's interests, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code.

As at the Latest Practicable Date, SomaFlex Holdings Inc., which is a substantial shareholder, held 79.25% of the issued share capital of the Company. In the event that the Directors exercise in full the power to repurchase Shares in accordance with the terms of the ordinary resolution to be proposed at the AGM, the total interests of SomaFlex Holdings Inc. in the Shares would be increased to 88.06% of the issued shares and they would not be obliged to make a mandatory offer under Rule 26 of the Takeover Code in this respect.

However, the Directors will not repurchase shares of the Company on GEM if the repurchase would result in the number of the listed shares which are in the hands of the public falling below the minimum prescribed percentage for the Company as required by the Stock Exchange.

10. SHARE REPURCHASE MADE BY THE COMPANY

No purchases of Shares have been made by the Company in the six months preceding the date of this circular.



FlexSystem Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8050)

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Members of FlexSystem Holdings Limited (“the Company”) will be held at 12/F., North Block, Skyway House, No. 3 Sham Mong Road, Tai Kok Tsui, Kowloon, Hong Kong on Friday, 28 July 2006 at 10:30 a.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 financial year ended 31 March 2006;
2. To re-elect the retiring Directors and authorise the board of Directors to fix the remuneration of Directors;
3. To re-appoint auditors and to authorise the Directors to fix their remuneration;
4. As special business, to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:–

A. “**THAT:**–

- (a) subject to paragraph (c) of this Resolution, and pursuant to the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution 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 options or otherwise) by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the grant or exercise of options under any share option scheme adopted by the Company; or (iii) 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 of Association of the Company in force from time to time; or (iv) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any warrants or securities of the Company which carry rights to subscribe for are convertible into shares of the Company, shall not exceed the aggregate of:

- (i) 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this Resolution; and
- (ii) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this Resolution up to a maximum equivalent to 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this Resolution

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

- (d) for the purpose of this Resolution:–

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Memorandum and Articles of Association of the Company, or any other applicable laws of the Cayman Islands to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this Resolution.

“Right Issue” means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors to holders of shares in the Company on the register on a fixed record date in proportion to their holdings of shares (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, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, and jurisdiction applicable to the Company, or any recognized regulatory body or any stock exchange applicable to the Company).

B. THAT:

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to purchase its shares on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited or any other stock exchange on which the shares of the Company may be listed and recognized by the Securities and Futures Commission and The Stock Exchange of Hong Kong Limited for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, The Stock Exchange of Hong Kong Limited or of any other stock exchange as amended from time to time and all applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company which may be purchased 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 issued share capital of the Company as at the date of the passing of this Resolution and the authority pursuant to paragraph (a) of this Resolution shall be limited accordingly; and
- (c) for the purpose of this Resolution, “Relevant Period” means the period from the date of the passing of the 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 Memorandum and Articles of Association of the Company, or any other applicable laws of Cayman Islands to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors of the Company by this Resolution.

C. **THAT** the Directors be and they are hereby authorised to exercise the authority referred to in paragraph (a) of Resolution No. 4A set out in the notice convening this meeting in respect of the share capital of the Company referred to in sub-paragraph (ii) of paragraph (c) of such Resolution.

5. As special business, to consider and if thought fit, pass the following resolution as a special resolution:—

“THAT the articles of association of the Company be and are amended in the following manner:—

A. (a) By inserting the words “voting by way of a poll is required by the rules of the Designated Stock Exchange or” immediately after the words “A resolution put to the vote of a meeting shall be decided on a show of hands unless” in the first paragraph of the existing article 66;

(b) by replacing the full-stop at the end of the existing article 66 (d) with a semi-colon;

(c) by inserting the word “or” at the end of article 66 (d); and

(d) by adding the following paragraph as new article 66 (e) immediately after article 66 (d):—

“(e) by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent (5%) or more of the total voting rights at such meeting.”.

B. By deleting the last sentence “There shall be no requirement for the chairman to disclose the voting figures on a poll.” in the existing article 68 and substituting thereof with a new sentence “The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.”.

C. By deleting the first sentence of the existing article 84(2) and substituting thereof with a new sentence “If a clearing house (or its nominee), being a corporation, is a Member, it may authorize such person(s) as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of Members provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such representative is so authorized.”.

- D. (a) By deleting the existing article 86(3) in its entirety and substituted thereof with the following:

“(3) The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, as an addition to the existing Board provided that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the Members in general meeting. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the following annual general meeting of the Company (in the case of an addition to the Board), and shall then be eligible for re-election at that meeting.”; and

- (b) by replacing the word “special” by “ordinary” immediately after the words “Subject to any provision to the contrary in these Articles the Members may, at any general meeting convened and held in accordance with these Articles, by” in the existing article 86(5).

- E. (a) By deleting the existing article 87(1) in its entirety and substituting thereof with the following:

“87. (1) Notwithstanding any other provisions in the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not three or a multiple of three (3), the number nearest to but not less than one-third), shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years.”; and

- (b) by deleting the first sentence “A retiring Director shall be eligible for re-election.” in the existing article 87(2) and substituting thereof with a new sentence “A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires.”

By Order of the Board
LEUNG Wai Cheung
Company Secretary

Hong Kong, 27 June 2006

Registered office:

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

Head office and principal place of business:

12/F., North Block
Skyway House
No. 3 Sham Mong Road
Tai Kok Tsui
Kowloon
Hong Kong

Notes:

- (a) Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A Member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (b) 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 of such power or authority, must be delivered to the Company's share registrars, Secretaries Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting.

Pursuant to Article 66 of the Articles of Association of the Company, 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) demanded:

- (i) by the Chairman; or
- (ii) 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
- (iii) 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 the members having the right to vote at the meeting; or
- (iv) 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.