
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, 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 in Magnesium Resources Corporation of China Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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中國鎂業資源集團有限公司*
MAGNESIUM RESOURCES CORPORATION OF CHINA LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 723)

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

A notice convening an annual general meeting of Magnesium Resources Corporation of China Limited to be held at Boardroom 3 and 4, M/F., Renaissance Harbour View Hotel, No.1 Harbour Road, Wanchai, Hong Kong on Wednesday, 27 August 2008 at 10:30 a.m. is set out on pages 13 to 15 of this circular. A form of proxy for use at the annual general meeting is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company (www.mrccltd.com).

Whether or not you are able to attend the annual general meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company’s Share Registrar in Hong Kong, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if they so wish.

* For identification purpose only

4 August 2008

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DEFINITIONS

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

“Annual General Meeting”	an annual general meeting of the Company to be held at Boardroom 3 and 4, M/F., Renaissance Harbour View Hotel, No.1 Harbour Road, Wanchai, Hong Kong on Wednesday, 27 August 2008 at 10:30 a.m. to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 13 to 15 of this circular, or any adjournment thereof;
“Board”	the board of Directors of the Company for the time being;
“Bye-laws”	the bye-laws of the Company;
“Company”	Magnesium Resources Corporation of China Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Directors”	director(s) of the Company;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars;
“Issuance Mandate”	as defined in paragraph 3 of the Letter from the Board;
“Latest Practicable Date”	1 August 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Ordinary Resolutions”	the proposed ordinary resolutions as referred to in the notice of the Annual General Meeting;
“Repurchase Mandate”	as defined in paragraph 2 of the Letter from the Board;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;

DEFINITIONS

“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Substantial Shareholder”	a substantial shareholder as defined in the Listing Rules;
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers issued by the Securities and Futures Commission in Hong Kong.

LETTER FROM THE BOARD



中國鎂業資源集團有限公司*
MAGNESIUM RESOURCES CORPORATION OF CHINA LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 723)

Executive Directors:

Mr. Teoh Tean Chai, Anthony (*Acting Chief*

Executive Officer)

Ms. Chung Oi Ling, Stella

Independent Non-executive Directors:

Mr. Lo Chi Ho, William

Mr. Wu Chi Chiu

Mr. Chu Kin Wang, Peleus

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal Place of Business in

Hong Kong:

Room 3001-02, Top Glory Tower

262 Gloucester Road

Causeway Bay

Hong Kong

4 August 2008

To the Shareholders

Dear Sir or Madam,

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

1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with information in respect of the resolutions to be proposed at the Annual General Meeting for (i) the granting of the Repurchase Mandate to the Directors; (ii) the granting of the Issuance Mandate to the Directors; (iii) the extension of the Issuance Mandate by adding to it the aggregate number of the issued Shares repurchased by the Company under the Repurchase Mandate; and (iv) the re-election of retiring Director and election of Director.

* For identification purpose only

LETTER FROM THE BOARD

2. GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 31 August 2007, a general mandate was given to the Directors to exercise the powers of the Company to repurchase shares of the Company. Such mandates will lapse at the conclusion of the Annual General Meeting. An ordinary resolution will be proposed at the Annual General Meeting to approve the granting of new general mandate to the Directors to purchase Shares on the Stock Exchange of an aggregate nominal amount of up to 10% of the aggregate nominal amount of the issued share capital of the Company on the date of passing of such resolution (the “Repurchase Mandate”). The Repurchase Mandate would continue in force until the conclusion of the next annual general meeting of the Company. With reference to the Repurchase Mandate, the Directors have no immediate plan to repurchase any Shares pursuant thereto.

In accordance with the requirements of the Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Repurchase Mandate. The explanatory statement in connection with the Repurchase Mandate is set out in the Appendix I to this circular.

3. GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting of the Company held on 31 August 2007, a general mandate was given to the Directors to issue new shares of the Company representing up to 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of such resolution. Such mandates will lapse at the conclusion of the Annual General Meeting. An ordinary resolution will be proposed at the Annual General Meeting to approve the granting of new general mandate to the Directors to allot, issue or deal with additional Shares not exceeding 590,215,386 Shares, representing 20% of the share capital of the Company in issue on the date of passing such resolution (the “Issuance Mandate”). The Issuance Mandate will continue in force until the conclusion of the next annual general meeting of the Company. The Directors wish to state that they have no immediate plan to issue Shares pursuant thereto.

In addition, a resolution will be proposed to authorize the Directors to issue, allot and deal with Shares in an amount equal to the aggregate nominal amount of the Shares repurchased by the Company pursuant to and in accordance with the Repurchase Mandate.

4. RE-ELECTION OF RETIRING DIRECTOR AND ELECTION OF DIRECTOR

Pursuant to Bye-laws 86(2) and 87 of the Company’s Bye-laws, Mr. Chu Kin Wang, Peleus and Mr. Wu Chi Chiu shall retire as Directors by rotation at the Annual General Meeting and save for Mr. Wu Chi Chiu who has indicated that he would not seek for re-election at the Annual General Meeting, the other retiring director, Mr. Chu Kin Wang, Peleus, being eligible, has agreed to offer himself for re-election. The Board proposes that Ms. Lau Wa Chun be elected as independent non-executive Director of the Company at the Annual General Meeting to fill the vacancy following the retirement of Mr. Wu Chi Chiu. Biographical details of Director proposed to be re-elected and Director to be elected at the Annual General Meeting are set out in the Appendix II to this circular.

LETTER FROM THE BOARD

5. NOTICE OF THE ANNUAL GENERAL MEETING

The notice of the Annual General Meeting is set out on pages 13 to 15 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the granting of the Repurchase Mandate and the Issuance Mandate, the extension of the Issuance Mandate by the addition thereto of the number of Shares repurchased pursuant to the Repurchase Mandate and the re-election of retiring Director and election of Director.

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.mrccltd.com). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's Share Registrar in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish.

The procedure by which Shareholders of the Company may demand a poll at a general meeting of the Company is set out in Appendix III of this circular

6. RECOMMENDATION

The Directors consider that the proposed granting of the Repurchase Mandate, the granting/extension of the Issuance Mandate; the re-election of Mr. Chu Kin Wang, Peleus and election of Ms. Lau Wa Chun as Directors of the Company are in the interests of the Company, the Group and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully
For and on Behalf of the Board
Magnesium Resources Corporation of China Limited
Teoh Tean Chai, Anthony
Executive Director

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Mandate.

1. REASONS FOR THE REPURCHASE

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

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,951,076,930 Shares.

Subject to the passing of the resolution for the grant of the Repurchase Mandate (resolution no. 4 as set out in the notice convening the Annual General Meeting contained in this circular), and on the basis that no Shares are issued or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to purchase a maximum of 295,107,693 Shares, representing 10% of the issued share capital of the Company as at that date.

3. FUNDING OF REPURCHASES

In repurchasing the Shares, the Company may only apply funds legally available for such purpose in accordance with its Bye-laws, the Listing Rules, the laws of Bermuda and other applicable laws.

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, there could be a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position as at 31 March 2008, the date to which the last audited accounts of the Company were made up. The Directors therefore do not propose to exercise the Repurchase Mandate to such an extent as would, in circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

4. SHARE PRICES

The highest and lowest prices at which the Shares of the Company were traded on the Stock Exchange during each of the previous 12 months immediately preceding the Latest Practicable Date, are as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2007		
August	0.485	0.173
September	0.480	0.370
October	0.700	0.420
November	0.710	0.470
December	0.610	0.315
2008		
January	0.425	0.210
February	0.315	0.220
March	0.280	0.160
April	0.200	0.161
May	0.220	0.166
June	0.185	0.116
July	0.165	0.103
August (up to the Latest Practicable Date)	0.156	0.135

5. DISCLOSURE OF INTERESTS

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make purchases under the Repurchase Mandate in accordance with the Listing Rules and the laws of Bermuda.

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 purpose of the Takeovers Code. Accordingly, a Shareholder or a 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 of the Takeovers Code.

The shareholding of the Directors and Substantial Shareholders as at the Latest Practicable Date prior to the printing of the circular and upon the exercise in full of the powers of the Company to make purchases under the Repurchase Mandate as recorded in the register to be kept under the SFO are as follows:

Director	<i>Notes</i>	As at Latest Practicable Date	Percentage over existing issued capital	Percentage over the issued capital on full exercise of Repurchase Mandate
Ms. Chung Oi Ling, Stella		75,000,000	2.54%	2.82%

Substantial Shareholders	<i>Notes</i>	As at Latest Practicable Date	Percentage over existing issued capital	Percentage over the issued capital on full exercise of Repurchase Mandate
Mr. Cheng Tun Nei	(1)	522,305,200	17.70%	19.67%
Ms. Li Wa Hei	(1)	522,305,200	17.70%	19.67%
Mr. Yam Tak Cheung (“Mr. Yam”)	(2)	828,500,000	28.07%	31.19%
Pure Hope Development Limited (“Pure Hope”)	(2)	800,000,000	27.11%	30.12%

Notes:

- (1) Out of 522,305,200 Shares, 515,666,800 Shares are directly beneficially owned by Mr. Cheng Tun Nei and 6,638,400 Shares are held by his spouse Ms. Li Wa Hei.
- (2) Mr. Yam has 100% beneficial interests in Pure Hope. Accordingly, Mr. Yam is deemed to be interested in the ordinary shares owned by Pure Hope.

On the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, in the event that the Directors 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 Annual General Meeting, the interests of the above substantial shareholders would be increased to such percentages of the issued share capital of the Company as set out in the fifth column of the above table. If the Company exercises the right to repurchase the maximum of 295,107,693 shares in the Company, the respective percentage of shareholdings held by Mr. Yam and Pure Hope will increase from 28.07% and 27.11% to 31.19% and 30.12% respectively. Such increase may give rise to an obligation for Mr. Yam and Pure Hope to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors have no intention to exercise the Repurchase Mandate to such extent that would result in Mr. Yam and Pure Hope becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

The Directors will not repurchase Shares if the repurchase would result in the number of the listed securities which are in the hands of the public falling below 25%, being the relevant minimum prescribed percentage for the Company as required by the Stock Exchange.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates presently intend to sell Shares to the Company under the Repurchase Mandate in the event that the Repurchase Mandate is approved by shareholders.

The Company has not been notified by any connected persons of the Company that they have a present intention to sell any Shares, or that they have undertaken not to sell any Shares held by them to the Company in the event that the Repurchase Mandate is approved by its shareholders.

6. SHARES PURCHASES MADE BY THE COMPANY

During the last six months preceding the Latest Practicable Date, the Company did not repurchase any Shares on the Stock Exchange or otherwise.

Pursuant to the Listing Rules, the details of the Directors who will retire at the Annual General Meeting according to the Bye-laws and offer himself for re-election and Director to be elected at the Annual General Meeting are provided below:

(1) MR. CHU KIN WANG, PELEUS, AGED 43

Mr. Chu Kin Wang, Peleus (“Mr. Chu”) is proposed to be re-elected as an independent non-executive Director of the Company at the Annual General Meeting. Mr. Chu is graduated from the University of Hong Kong with a master’s degree in business administration. He is a fellow practicing member of Hong Kong Institute of Certified Public Accountants, fellow member of the Association of Chartered Certified Accountants, associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators.

Mr. Chu is not connected with any director, senior management, substantial shareholders or controlling shareholders of the Company. He does not have any interest in shares of the Company within the meaning of Part XV of the SFO. Mr. Chu was the executive director of Apex Capital Limited, an investment company listed on the Main Board of the Stock Exchange, for the period from September 2005 to March 2007. He has been appointed as an independent non-executive director of Eyang Holdings (Group) Co., Limited, a company listed on the Main Board of the Stock Exchange, in April 2007. He is currently the Qualified Accountant and Company Secretary of Hong Long Holdings Limited, a company listed on the Main Board of the Stock Exchange.

There is no service contract between Mr. Chu and the Company. Mr. Chu’s appointment is subject to retirement by rotation and re-election in accordance with the Bye-laws of the Company. Mr. Chu’s remuneration as a Director has been determined by the Board to be HK\$100,000 per annum with reference to the Company’s performance, profitability and the remuneration policy and guidelines adopted by the remuneration committee of the Company.

Save as disclosed above, there are no other matters in relation to the re-election of Mr. Chu that need to be brought to the attention of the Shareholders, and there is no other information to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

(2) MS. LAU WA CHUN, AGED 42

Ms. Lau Wa Chun (“Ms. Lau”) is proposed to be elected as an independent non-executive Director of the Company at the Annual General Meeting. Ms. Lau graduated from Jingdezhen Ceramic Institute in Jiangxi, China. She has over 15 years of experience in securities investment and is a Fellow, Chartered Financial Practitioner of Asia Pacific Financial Services Association. Ms. Lau established her own property development business in Shanghai, China since 2000. She is currently the China Business Director of Millennium Gold Trader Investment Limited.

Ms. Lau is not connected with any director, senior management, substantial shareholders or controlling shareholders of the Company. She does not have any interest in shares of the Company within the meaning of Part XV of the SFO. Ms. Lau has not held directorships or major positions in other listed companies in the last three years.

There is no service contract between Ms. Lau and the Company. Ms. Lau's appointment is subject to retirement by rotation and re-election in accordance with the Bye-laws of the Company. Ms. Lau will receive a director's fee of HK\$100,000 per annum (subject to the authorization by shareholders at the Annual General Meeting) with reference to the Company's performance, profitability and the remuneration policy and guidelines adopted by the remuneration committee of the Company.

Save as disclosed above, there are no other matters in relation to the election of Ms. Lau that need to be brought to the attention of the Shareholders, and there is no other information to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

The following paragraphs set out the procedure by which the Shareholders may demand a poll at a general meeting of the Company (including the Annual General Meeting) pursuant to the Bye-laws.

According to Bye-law 66 of the Bye-laws, at any general meeting a resolution put to the vote of the 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 by:

- (a) the chairman of such meeting; or
- (b) at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

In addition, in compliance with the Listing Rules, any vote of shareholders at a general meeting will be taken on a poll where:

- (a) the chairman of the general meeting and/or the directors individually or collectively hold proxies in respect of shares holding 5% or more of the total voting rights at the general meeting, and the meeting, on a show of hands, votes in the opposite manner to that instructed in those proxies unless it is apparent from the total proxies held that a vote taken on a poll will not reverse the vote taken on a show of hands;
- (b) the meeting is to approve connected transactions;
- (c) the meeting is to approve transactions that are subject to independent shareholders' approval pursuant to the Listing Rules;
- (d) the meeting is to approve granting of options to a substantial shareholder or an independent non-executive director of the issuer, or any of their respective associates, as required under the Listing Rules; and
- (e) the meeting is to approve any other transactions in which a shareholder has a material interest and is therefore required to abstain from voting at the general meeting.

NOTICE OF ANNUAL GENERAL MEETING



中國鎂業資源集團有限公司*
MAGNESIUM RESOURCES CORPORATION OF CHINA LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 723)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Boardroom 3 and 4, M/F., Renaissance Harbour View Hotel, No.1 Harbour Road, Wanchai, Hong Kong, on Wednesday, 27 August 2008 at 10:30 a.m. for the following purposes:

1. To receive and consider the audited Financial Statements and the Report of the Directors and of the Auditors for the year ended 31 March 2008;
2. To re-elect the retiring Director and elect Director and to authorise the Board of Directors to fix the Directors' remuneration;
3. To appoint Messrs. CCIF CPA Limited as Auditors and to authorise the Board of Directors to fix their remuneration;
4. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

“THAT

- (a) the exercise by the Directors during the Relevant Period of all the powers of the Company to purchase its shares, subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;
- (b) the total nominal amount of the shares of the Company to be purchased pursuant to the approval in paragraph (a) during the Relevant Period above shall not exceed 10% of the total nominal amount of the share capital of the Company in issue as at the date of this Resolution, and the said approval shall be limited accordingly; and
- (c) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting; and
 - (iii) 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.”;

NOTICE OF ANNUAL GENERAL MEETING

5. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

“THAT

- (a) subject to paragraph (c) of this Resolution, the exercise by the Directors during the Relevant Period of all powers of the Company to allot shares and to make and grant offers, agreements, securities convertible into shares, warrants and options which would or might require shares to be allotted be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the Directors during the Relevant Period to make and grant offers, agreements, securities convertible into shares, warrants and options which would or might require shares to be allotted after the end of the Relevant Period;
- (c) the total nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a), otherwise than pursuant to shares issued as a result of a Rights Issue where shares are offered to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory) or any agreements and arrangements entered into by the Directors of the Company pursuant to the general mandate previously granted to the Directors which would or might require shares to be allotted during the Relevant Period or the share option scheme of the Company, shall not exceed 20% of the total nominal amount of the share capital of the Company in issue as at the date of this Resolution and the said approval shall be limited accordingly;
- (d) for the purpose 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 revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting; and
 - (iii) 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.”; and

NOTICE OF ANNUAL GENERAL MEETING

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

“**THAT** the general mandate granted to the Directors of the Company pursuant to Resolution 5 above and for the time being in force to exercise the powers of the Company to issue and allot additional shares and to make or grant offers, agreements, securities convertible into shares, warrants and options which might require the exercise of such powers be and is hereby extended by the total nominal amount of shares in the capital of the Company repurchased by the Company since the granting of such general mandate referred to in the above Resolution 4 pursuant to the exercise by the Directors of the Company of the powers of the Company to purchase such shares, provided that such amount shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of this Resolution.”

By Order of the Board
Teoh Tean Chai, Anthony
Executive Director

Hong Kong, 4 August 2008

Notes:

1. The Register of Members of the Company will be closed from 25 to 27 August 2008 (both days inclusive) during which period no transfer of shares will be registered. In order to attend and qualify for voting at the Annual General Meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Tengis Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 22 August 2008.
2. Any member of the Company entitled to attend and vote at the Annual General Meeting may appoint one or more than one proxy to attend and to vote instead of him. A proxy need not be a member of the Company.
3. Where there are joint registered holders of any share, any one of such persons may vote at the Annual General Meeting, either personally or by proxy, in respect of such share of the Company as if he were solely entitled thereto; but if more than one or such joint holders be present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
4. In order to be valid, the proxy form duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the Company's branch share registrar in Hong Kong, Tricor Tengis 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 Annual General Meeting or any adjournment thereof.
5. Completion and return of the proxy form will not preclude you from attending the Annual General Meeting and voting in person if you so wish. In the event that you attend the Annual General Meeting after having lodged the proxy form, it will be deemed to have been revoked.
6. As at the date of this notice, the board of directors of the Company comprises two executive directors, namely Mr. Teoh Tean Chai, Anthony and Ms. Chung Oi Ling, Stella and three independent non-executive directors, namely Mr. Lo Chi Ho, William, Mr. Wu Chi Chiu and Mr. Chu Kin Wang, Peleus.