
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The contents of this circular have not been reviewed by any regulatory authority in Hong Kong other than the Stock Exchange. You are advised to exercise caution in relation to the Bonus Issue.

If you are in any doubt as to any aspect or any of the contents of this circular, or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

If you have sold or transferred all your shares in Shui On Land Limited, you should at once hand this circular with the accompanying proxy form to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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Shui On Land Limited
瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 272)

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

A notice convening the annual general meeting of Shui On Land Limited to be held at Oasis Room, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wan Chai, Hong Kong on Thursday, 4 June 2009 at 3:00 p.m. is set out on pages 39 to 43 of this circular. A form of proxy for use at the AGM is enclosed with this circular. Whether or not you are able to attend the AGM, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return it to the Company's place of business at 34/F., Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof should you so wish.

* *for identification purposes only*

30 April 2009

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EXPECTED TIMETABLE

Latest date of dealings in Shares cum entitlements to the final dividend and the Bonus Issue	25 May 2009
First day of dealing in Share ex-entitlements to the final dividend and the Bonus Issue.....	26 May 2009
Latest time for lodging transfers for entitlements to the final dividend and the Bonus Issue	4:30 pm on 27 May 2009
Closure of registers of members (both dates inclusive)	from 29 May 2009 to 4 June 2009
Proxy forms for the Annual General Meeting to be returned before	3:00 pm on 2 June 2009
Record Date for determination of entitlement to the final dividend and the Bonus Issue	4 June 2009
Annual General Meeting	3:00 pm on 4 June 2009
Register of members re-open	5 June 2009
Despatch of dividend warrants and share certificates for the Bonus Shares	on or about 30 June 2009
Expected first day of dealings in the Bonus Shares	3 July 2009

DEFINITIONS

In this circular (other than in the notice of AGM), unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM”	the annual general meeting of the Company to be held at Oasis Room, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wan Chai, Hong Kong on Thursday, 4 June 2009 at 3:00 p.m., the notice of which is set out on pages 39 to 43 of this circular;
“Board”	the board of Directors;
“Bonus Issue”	the issue of Bonus Shares on and subject to the terms and conditions set out in this circular;
“Bonus Shares”	new Shares to be issued pursuant to the Bonus Issue;
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	24 April 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein;
“Main Board Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Record Date”	4 June 2009, being the record date by reference to which entitlements to the Bonus Shares will be determined;
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of US\$0.0025 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers;

DEFINITIONS

“US\$” United States dollars, the lawful currency of the United States of America; and

“%” per cent.

LETTER FROM THE BOARD



瑞安房地產
SHUI ON LAND

Shui On Land Limited 瑞安房地產有限公司*

(於開曼群島註冊成立的有限責任公司)

(Stock code: 272)

Executive Directors:

Mr. Vincent H. S. LO

(Chairman and Chief Executive Officer)

Mr. Louis H. W. WONG

Mr. Aloysius T. S. LEE

Non-Executive Director:

The Honourable LEUNG Chun Ying

Independent Non-Executive Directors:

Sir John R. H. BOND

Dr. Edgar W. K. CHENG

Dr. William K. L. FUNG

Professor Gary C. BIDDLE

Dr. Roger L. McCARTHY

Mr. David J. SHAW

Registered Office:

Walker House

87 Mary Street

George Town

Grand Cayman KY1-9002

Cayman Islands

Place of Business in Hong Kong:

34/F, Shui On Centre

6-8 Harbour Road

Wan Chai

Hong Kong

30 April 2009

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

At the AGM, resolutions will be proposed to approve, inter alia, (i) the re-election of retiring Directors, (ii) the grant of the general mandates to issue and to repurchase Shares, and to add the aggregate nominal amount of Shares that may be repurchased to the aggregate nominal amount of the share capital of the Company which may be allotted and issued pursuant to the general mandate to issue Shares, and (iii) the Bonus Issue.

* for identification purposes only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the AGM.

RE-ELECTION OF DIRECTORS

The Board currently consists of ten Directors, namely Mr. Vincent H. S. LO, Mr. Louis H. W. WONG, Mr. Aloysius T. S. LEE, The Honourable LEUNG Chun Ying, Sir John R. H. BOND, Dr. Edgar W. K. CHENG, Dr. William K. L. FUNG, Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY and Mr. David J. SHAW.

In accordance with Article 102 of the articles of association of the Company, Mr. Vincent H. S. LO, Sir John R. H. BOND, Dr. Edgar W. K. CHENG and Dr. Roger L. McCARTHY shall retire from office by rotation at the forthcoming AGM. All the retiring Directors are eligible for re-election.

Pursuant to Rule 13.74 of the Main Board Listing Rules, the details of the retiring Directors who are proposed to be re-elected at the AGM are set out in Appendix I to this circular.

GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES

At the last annual general meeting of the Company held on 5 June 2008, ordinary resolutions were passed: (a) granting a general mandate authorising the Directors to allot, issue and deal with the Shares up to 20% of the issued share capital of the Company at that date (the “Existing Issue Mandate”); (b) granting a general mandate authorising the Directors to repurchase up to 10% of the issued share capital of the Company at that date (the “Existing Repurchase Mandate”); and (c) extending the Existing Issue Mandate to issue Shares by the number of Shares purchased under the Existing Repurchase Mandate (the “Extended Mandate”).

The Existing Issue Mandate, the Existing Repurchase Mandate and the Extended Mandate will expire upon the conclusion of the AGM. The Directors consider that the Existing Issue Mandate, the Existing Repurchase Mandate and the Extended Mandate increase the flexibility in the Company’s affairs and are in the interests of the Shareholders, and that the same should continue to be adopted by the Company. Ordinary resolutions will be proposed to renew these mandates at the AGM.

With reference to the proposed new general mandates, the Directors wish to state that they have no immediate plans to issue any new Shares or to repurchase any Shares pursuant to the relevant mandates.

Subject to the passing of the resolution granting the proposed mandate to allot, issue and deal with additional Shares and on the basis that no further Share is issued or repurchased before the AGM, the Company will be allowed to allot and issue a maximum of 837,119,434 Shares, being 20% of the issued share capital of the Company at the Latest Practicable Date, during the period ending on the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration

LETTER FROM THE BOARD

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 and other relevant jurisdiction to be held; and (iii) the revocation or variation of the authority given to the Directors by an ordinary resolution of the Shareholders in general meeting.

An explanatory statement containing the particulars required by the Main Board Listing Rules to be sent to the Shareholders in connection with the proposed general mandate to repurchase Shares is set out in Appendix II to this circular.

BONUS ISSUE OF SHARES

Background

As announced on 16 April 2009, the Directors propose to make a Bonus Issue of Shares to those shareholders whose names appear on the register of members of the Company on the Record Date on the basis of one new Share for every ten existing Shares. The Bonus Shares will be credited as fully paid and rank *pari passu* in all respects with the Shares from their date of issue except that they will not rank for the Bonus Issue of Shares mentioned herein and any dividend declared or recommended by the Company in respect of the financial year ended 31 December 2008.

The exact total number of Bonus Shares to be issued under the Bonus Issue cannot be determined until the Record Date. Based on 4,185,597,171 Shares in issue at the Latest Practicable Date and assuming no further Shares are issued or repurchased prior to the Record Date, a total of 418,559,717 Bonus Shares will be issued. It is proposed that the Directors be authorised to capitalise the sum of US\$1,046,399.29, being part of the amount standing to the credit of the share premium account of the Company, and apply such sum in paying up in full the 418,559,717 Bonus Shares. Fractional entitlements to new Shares in respect of the Bonus Issue will not be issued and will be disregarded and the benefit thereof will accrue to the Company. The said 418,559,717 Bonus Shares will represent 10% of the issued share capital of the Company.

An ordinary resolution set out in item 6 of the notice of AGM will be proposed at the AGM to approve the Bonus Issue.

Conditions

The Bonus Issue is conditional upon:

- (a) the passing of an ordinary resolution to approve the Bonus Issue at the AGM; and
- (b) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Bonus Shares.

Closure of Register of Members

The register of members of the Company will be closed from 29 May 2009 to 4 June 2009, both days inclusive, during which period no transfer of shares will be effected.

LETTER FROM THE BOARD

In order to qualify for the proposed final dividend and Bonus Issue, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by registration not later than 4:30 p.m. on 27 May 2009.

Reasons for the Bonus Issue

The Directors believe that the Bonus Issue will preserve more cash for further development of the Company and will allow Shareholders to participate in the prosperous growth of the Company in the long run. In addition, the dividend yield including the bonus share of 2008 is higher than the dividend yield of 2007.

Listing and Dealing

Application will be made to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Bonus Shares. It is expected that certificates for the Bonus Shares will be sent to the Shareholders by ordinary post on or about 30 June 2009 at the risk of the persons entitled thereto.

The issued Shares are listed and dealt in on the Stock Exchange. Save as disclosed herein, no equity or debt securities of the Company are listed or dealt in any other stock exchange nor is listing or permission to deal in such securities on any other stock exchange being or proposed to be sought.

Dealings in the Bonus Shares are expected to commence on 3 July 2009.

AGM

A notice convening the AGM is set out on pages 39 to 43 of this circular. Ordinary resolutions in respect of, inter alia, the re-election of retiring Directors, the grant of the general mandates to issue Shares and repurchase Shares and the adding of the aggregate nominal amount of Shares that may be repurchased to the aggregate nominal amount of the share capital of the Company which may be allotted pursuant to the general mandate to issue Shares, and the Bonus Issue, will be proposed at the AGM.

A proxy form for the AGM is enclosed with this circular. Whether or not you are able to attend the AGM, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return it to the Company's place of business at 34/F., Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof should you so wish.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

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

RECOMMENDATION

The Directors consider that the re-election of the retiring Directors, the granting of general mandates to issue Shares and to repurchase Shares and to add the aggregate nominal amount of Shares that may be repurchased to the aggregate nominal amount of the share capital of the Company that may be allotted and issued pursuant to the general mandate to issue Shares, and the Bonus Issue, are each in the best interests of the Company and the Shareholders as a whole and accordingly, recommend all Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular. The English text of this circular shall prevail over the Chinese text.

Yours faithfully,
By Order of the Board
Shui On Land Limited
Vincent H. S. LO
Chairman

APPENDIX I DETAILS OF RETIRING DIRECTORS PROPOSED FOR RE-ELECTION

The following is information that is required by the Main Board Listing Rules to be disclosed in relation to the Directors proposed to be re-elected at the AGM.

Mr. Vincent H. S. LO, GBS, JP

Executive Director

Mr. Lo, aged 61, has served as our Chairman and Chief Executive Officer since the inception of our Company in February 2004. He is currently a member of the remuneration committee of the Board of the Company.

Mr. Lo is also Chairman of the Shui On Group, which he founded in 1971, Chairman of Shui On Construction and Materials Limited and Non-executive Chairman of China Central Properties Limited, respectively. He is a member of The Eleventh National Committee of the Chinese People's Political Consultative Conference, the Honorary Life President of the Business and Professionals Federation of Hong Kong, the President of the Shanghai-Hong Kong Council for the Promotion and Development of Yangtze, an Economic Adviser of the Chongqing Municipal Government, a Vice Chairman of the Chamber of International Commerce Shanghai, the Honorary Court Chairman of The Hong Kong University of Science and Technology, a Director of Great Eagle Holdings Limited and a Non-executive Director of Hang Seng Bank Limited.

Mr. Lo was awarded the Gold Bauhinia Star in 1998 and appointed Justice of the Peace in 1999 by the Government of the Hong Kong Special Administrative Region. He was made an Honorary Citizen of Shanghai in 1999. He was named Businessman of the Year by the Hong Kong Business Awards in 2001 and won the Director of the Year Award in the category of Listed Company Executive Directors from The Hong Kong Institute of Directors in 2002.

There is no service contract signed between the Company and Mr. Lo. He was not appointed for a specific term and will be subject to the provisions of retirement by rotation and re-election at the annual general meeting at which Mr. Lo is required to retire. Mr. Lo did not receive any emoluments (including bonuses) in respect of his capacity as our Executive Director, Chairman and Chief Executive Officer.

Mr. Lo is uncle of Mr. Bryan Chan, Director of Corporate Development of the Company, who is appointed through an open process of recruitment and decided by a panel comprising two Managing Directors. Save as disclosed above, at the Latest Practicable Date, Mr. Lo did not have any relationship with any other Directors, senior management or substantial or controlling Shareholders of the Company. At the Latest Practicable Date, Mr. Lo had an interest in 2,282,400,225 Shares within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Lo was not aware of any other matters that are required to be disclosed pursuant to paragraphs 13.51(2)(h) to 13.51(2)(v) of the Main Board Listing Rules, nor of any other matters that need to be brought to the attention of the Shareholders.

APPENDIX I DETAILS OF RETIRING DIRECTORS PROPOSED FOR RE-ELECTION

Sir John R. H. BOND

Independent Non-executive Director

Sir John, aged 67, has served as an Independent Non-executive Director of our Company since September 2006. He was previously the Group Chairman of HSBC Holdings plc and was with HSBC from 1961 until May 2006. He is Chairman of Vodafone Group Plc and a Non-executive Director of A. P. Moller Maersk. He is also a member of the Mayor of Shanghai's International Business Leaders' Advisory Council, a participant in the China Development Forum and a member of the International Advisory Board to the Tsinghua University School of Economics and Management.

The term of Sir John's appointment with the Company is for a period of three years from 18 September 2006, subject to the provisions for retirement by rotation and re-election at the annual general meeting at which Sir John is required to retire. Pursuant to an agreement with the Company, Sir John is entitled to receive a fee of HK\$300,000 per annum for his services as an Independent Non-executive Director. The emoluments were determined by reference to the remuneration benchmark in the industry and the prevailing market conditions.

Save as disclosed above, at the Latest Practicable Date, Sir John did not have any relationship with any other Directors, senior management or substantial or controlling Shareholders of the Company, nor did he hold any other positions with the Company or any of its subsidiaries. At the Latest Practicable Date, Sir John had a personal interest in 500,000 share options granted by the Company. Save as disclosed above, Sir John had no other interests in Shares within the meaning of Part XV of the SFO and that he was not aware of any other matters that are required to be disclosed pursuant to paragraphs 13.51(2)(h) to 13.51(2)(v) of the Main Board Listing Rules, nor of any other matters that need to be brought to the attention of the Shareholders.

Dr. Edgar W. K. CHENG

Independent Non-Executive Director

Dr. Cheng, aged 65, has served as an Independent Non-executive Director of our Company since September 2006. He is currently a member of the audit committee of the Board of the Company.

He has pursued several careers in the fields of medicine, public service and business and finance in the United States and Hong Kong over the past 37 years. A graduate from the University of Notre Dame and the Medical College of Wisconsin, USA, Dr. Cheng was Clinical Associate Professor of Medicine at Cornell University Medical College and practised medicine and conducted clinical research at the Memorial Sloan-Kettering Cancer Centre in New York. A former Chairman of the University Grants Commission in Hong Kong, and a member of the Education Commission, he is at present Chairman of the Council of The Chinese University of Hong Kong. Dr. Cheng is currently Chairman of the World-Wide Investment Co. Limited and has been in other financial market positions such as Chairman of The Stock Exchange of Hong Kong Limited, Vice-chairman and Non-executive Director of Hang Seng Bank Limited, Vice President of the International Federation of Stock Exchange, Founding Chairman of the Hong Kong Securities Institute, a member of the board of directors of the Hong Kong Futures Exchange Limited, a member of the Conference Board's Global Advisory Council, an Independent Director of Goldman Sachs Guo Hua Securities Co. Limited, a member of the board of directors of the Hong Kong Institute for Monetary Research and an

APPENDIX I DETAILS OF RETIRING DIRECTORS PROPOSED FOR RE-ELECTION

Independent Non-executive Director of Standard Chartered Bank (Hong Kong) Limited. He is currently an Independent Non-executive Director of CNOOC Limited and an Independent Non-executive Director of American International Assurance Co. Limited. Dr. Cheng served as the Head of the Central Policy Unit of the Government of Hong Kong Special Administrative Region from 1999 to 2001. He was also a member of the Commission on Strategic Development, a member of the Greater Pearl River Delta Business Council and Chairman of the Council for Sustainable Development. He is currently a member of the Judicial Officers Recommendation Commission. Dr. Cheng also plays an active role in Hong Kong-China affairs. He was appointed by the PRC Government as a Hong Kong Affairs Advisor (1991 - 1997). He became a member of the Preparatory Committee and also the Selection Committee for the Hong Kong Special Administrative Region of the National People's Congress (1996-1997). At present, he is a member of The Eleventh National Committee of the Chinese People's Political Consultative Conference.

The term of Dr. Cheng's appointment with the Company is for a period of three years from 18 September 2006 subject to the provisions for retirement by rotation and re-election at the annual general meeting at which Dr. Cheng is required to retire. Pursuant to an agreement with the Company, Dr. Cheng is entitled to receive a fee of HK\$300,000 per annum for his services as an Independent Non-executive Director, HK\$100,000 per annum for his services as a member of the audit committee of the Board. The emoluments were determined by reference to the remuneration benchmark in the industry and the prevailing market conditions.

Save as disclosed above, at the Latest Practicable Date, Dr. Cheng did not have any relationship with any other Directors, senior management or substantial or controlling Shareholders of the Company, nor did he hold any other positions with the Company or any of its subsidiaries. At the Latest Practicable Date, Dr. Cheng had a personal interest in 500,000 share options granted by the Company. Save as disclosed above, Dr. Cheng had no other interests in Shares within the meaning of Part XV of the SFO and that he was not aware of any other matters that are required to be disclosed pursuant to paragraphs 13.51(2)(h) to 13.51(2)(v) of the Main Board Listing Rules, nor of any other matters that need to be brought to the attention of the Shareholders.

Dr. Roger L. McCARTHY

Independent Non-Executive Director

Dr. McCarthy, aged 60, has served as Independent Non-executive Director of our Company since May 2006. He is currently a member of the audit committee of the Board of the Company.

Dr. McCarthy is Chairman Emeritus of Exponent, Inc. (NASDAQ symbol "EXPO"). He is also Chairman of Exponent Science and Technology Consulting Co., Ltd. (Hangzhou) (毅博科技諮詢(杭州)有限公司), a wholly owned subsidiary of Exponent, Inc., which he founded in 2005 to expand Exponent Inc.'s services to the PRC. Dr. McCARTHY holds five academic degrees: an Arts Bachelor (A.B.) in Philosophy and a Bachelor of Science in Mechanical Engineering (B.S.E.M.E.) from the University of Michigan; and an S.M. degree in Mechanical Engineering, the professional degree of Mechanical Engineer (Mech.E.), and a Ph.D. in Mechanical Engineering all from the Massachusetts Institute of Technology ("MIT"). He graduated from the University of Michigan Phi Beta Kappa, summa cum laude, the Outstanding Undergraduate in Mechanical Engineering in 1972. He was a National Science Foundation fellow. In 1992, Dr. McCARTHY was appointed by the first President

APPENDIX I DETAILS OF RETIRING DIRECTORS PROPOSED FOR RE-ELECTION

Bush to the President's Commission on the National Medal of Science. He is one of approximately 160 Mechanical Engineers elected to the US National Academy of Engineering. He currently serves on the External Advisory Boards of the Department of Mechanical Engineering at the University of Michigan and the Material Sciences Department at Stanford University, and he delivered the 2008 commencement address for the University of Michigan's College of Engineering.

The term of Dr. McCarthy's appointment with the Company is for a period of three years from 29 May 2006 subject to the provisions for retirement by rotation and re-election at the annual general meeting at which Dr. McCarthy is required to retire. Pursuant to an agreement with the Company, Dr. McCarthy is entitled to receive a fee of HK\$300,000 per annum for his services as an Independent Non-executive Director, HK\$100,000 per annum for his services as a member of the audit committee of the Board. The emoluments were determined by reference to the remuneration benchmark in the industry and the prevailing market conditions.

Save as disclosed above, at the Latest Practicable Date, Dr. McCarthy did not have any relationship with any other Directors, senior management or substantial or controlling Shareholders of the Company, nor did he hold any other positions with the Company or any of its subsidiaries. At the Latest Practicable Date, Dr. McCarthy had a personal interest in 500,000 share options granted by the Company. Save as disclosed above, Dr. McCarthy had no other interests in Shares within the meaning of Part XV of the SFO and that he was not aware of any other matters that are required to be disclosed pursuant to paragraphs 13.51(2)(h) to 13.51(2)(v) of the Main Board Listing Rules, nor of any other matters that need to be brought to the attention of the Shareholders.

APPENDIX II EXPLANATORY STATEMENT FOR THE REPURCHASE MANDATE

This appendix contains the particulars that are required by the Main Board Listing Rules to be included in an explanatory statement to enable the Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the AGM in relation to the proposed repurchase mandate.

1. SHARE CAPITAL

At the Latest Practicable Date, the issued share capital of the Company was US\$10,463,992.93 comprising 4,185,597,171 fully paid-up Shares.

Subject to the passing of the resolution granting the proposed mandate to repurchase Shares and on the basis that no further Share is issued or repurchased before the AGM, the Company will be allowed to repurchase a maximum of 418,559,717 Shares, being 10% of the issued share capital of the Company at the Latest Practicable Date, during the period ending on 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 laws of the Cayman Islands and other relevant jurisdiction to be held; and (iii) the revocation or variation of the authority given to the Directors by an ordinary resolution of the Shareholders in general meeting.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to seek a general authority from the Shareholders to enable the Company to repurchase Shares on the Stock Exchange. Such repurchases may, depending on market conditions, and funding arrangements at the time, lead to an enhancement of the net assets value of the Company and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

The Directors have no present intention to repurchase any Shares pursuant to the proposed repurchase mandate and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company and in circumstances where they consider that the Shares can be repurchased on terms favourable to the Company. On the basis of the consolidated financial position of the Company at 31 December 2008, being the date to which the latest published audited accounts of the Company were made up, the Directors consider that if the general mandate to repurchase Shares were to be exercised in full at the currently prevailing market value, it may not have a material adverse impact on the working capital position and gearing level of the Company. The Directors do not propose to exercise the mandate to repurchase Shares to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company as compared with the position disclosed on the latest published audited financial statements or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

3. FUNDING OF REPURCHASES

Repurchases made pursuant to the proposed mandate to repurchase Shares would be funded out of funds legally available for the purpose in accordance with the Company's memorandum and articles of association and the applicable laws of the Cayman Islands.

4. EFFECTS OF THE TAKEOVERS 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 of the voting rights for the purposes of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

At the Latest Practicable Date, Mr. Vincent H. S. Lo and his associates were interested in 2,282,400,225 Shares, representing approximately 54.52% of the existing issued share capital of the Company. Based on such interest and assuming that no further Shares are issued or repurchased prior to the AGM and in the event that the Directors exercise in full the power to repurchase Shares under the repurchase mandate, the shareholding interest of Mr. Lo would be increased to approximately 60.58% of the issued share capital of the Company. In such circumstances, Mr. Lo will not be obligated to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchase of Shares made under the repurchase mandate. The Directors also have no intention to repurchase Shares to such an extent which will result in the number of Shares held by the public being reduced to less than 25%.

5. SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the previous twelve months were as follows:

Month	Share Prices	
	Highest <i>(HK\$)</i>	Lowest <i>(HK\$)</i>
2008		
April	8.10	6.90
May	8.04	6.60
June	7.48	6.32
July	7.55	6.00
August	7.08	5.82
September	6.00	2.90
October	3.47	1.16
November	2.16	1.25
December	2.87	1.65
2009		
January	2.68	1.80
February	2.17	1.69
March	2.79	1.63
April (up to the Latest Practicable Date)	3.59	2.76

6. SHARE REPURCHASED

In the six months preceding the Latest Practicable Date, the Company has not purchased any of the Shares on the Stock Exchange or otherwise.

7. GENERAL

To the best of their knowledge having made all reasonable enquiries, none of the Directors or any of their associates currently intends to sell any Shares to the Company or its subsidiaries.

No connected persons of the Company, as defined in the Main Board Listing Rules, have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so in the event that the Company is authorised to make purchases of the Shares.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the proposed repurchase mandate to repurchase Shares in accordance with the Main Board Listing Rules and the applicable laws of the Cayman Islands.

Set out below is a summary of certain provisions of our memorandum of association and our articles of association and of certain aspects of Cayman Islands Companies Law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 12 February 2004 under the Cayman Islands Companies Law. Our memorandum of association and our articles of association comprise our constitution.

MEMORANDUM OF ASSOCIATION

Our memorandum of association states, among other things, that the liability of members of our Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which our Company is established are unrestricted (including acting as an investment company), and that our Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Cayman Islands Companies Law and in view of the fact that our Company is an exempted company that our Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of our Company carried on outside the Cayman Islands.

We may by special resolution alter our memorandum of association with respect to any objects, powers or other matters specified in our memorandum of association.

ARTICLES OF ASSOCIATION

Our articles of association were adopted pursuant to a shareholders' resolution passed on 12 September 2006 and came into effect on 4 October 2006 and amended on 8 June 2007 at an annual general meeting of the Company. The following is a summary of certain provisions of our articles of association:

Directors

Composition of our board

Unless otherwise determined by our Company in general meeting, the number of directors shall not be less than three. There is no maximum number of directors. Notwithstanding any other provisions in our articles of association, our board shall comprise a majority of independent non-executive directors.

Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Islands Companies Law and our memorandum of association and articles of association and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such

restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as our Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as our board may determine). Subject to the Cayman Islands Companies Law, the rules of any Designated Stock Exchange (as defined in our articles of association) and our memorandum of association and articles of association, any share may be issued on terms that, at the option of our Company or the holder thereof, they are liable to be redeemed.

Our board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of our Company on such terms as it may from time to time determine.

Subject to the provisions of the Cayman Islands Companies Law and our articles of association and, where applicable, the rules of any Designated Stock Exchange (as defined in our articles of association) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in our Company shall be at the disposal of our board, which may re-designate offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither our Company nor our board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of our board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

Power to dispose of the assets of our Company or any subsidiary

There are no specific provisions in our articles of association relating to the disposal of the assets of our Company or any of our subsidiaries. Our directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by our Company and which are not required by our articles of association or the Cayman Islands Companies Law to be exercised or done by our Company in general meeting.

Compensation or payments for loss of office

Pursuant to our articles of association, payments to any director or past director of any payment by way of compensation for loss of office, or as consideration for or in connection with his retirement from office (not being a payment to which the director is contractually entitled) must be approved by our Company in general meeting.

Loans and provision of security for loans to directors

There are provisions in our articles of association prohibiting the making of loans or provision of security to directors.

Disclosure of interests in contracts with our Company or any of our subsidiaries

A director may hold any other office or place of profit with our Company (except that of the auditor of our Company) in conjunction with his office of director for such period and, subject to our articles of association, upon such terms as our board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other articles. A director may be or become a director or other officer of, or otherwise interested in, any company promoted by our Company or any other company in which our Company may be interested, and shall not be liable to account to our Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by our articles of association, our board may also cause the voting power conferred by the shares in any other company held or owned by our Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing our directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to our directors or officers of such other company.

Subject to the Cayman Islands Companies Law and our articles of association, no director or proposed or intended director shall be disqualified by his office from contracting with our Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any director is in any way interested be liable to be avoided, nor shall any director so contracting or being so interested be liable to account to our Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such director holding that office or the fiduciary relationship thereby established. A director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with our Company shall declare the nature of his interest at the meeting of our board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of our board after he knows that he is or has become so interested.

A director shall not vote (nor be counted in the quorum) on any resolution of our board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

- any contract or arrangement for giving to such director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of our Company or any of our subsidiaries;
- any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of our Company or any of our subsidiaries for which the director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- any contract or arrangement concerning an offer of shares or debentures or other securities of or by our Company or any other company which our Company may promote or be interested in for subscription or purchase, where the director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- any contract or arrangement in which the director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of our Company by virtue only of his/their interest in shares or debentures or other securities of our Company;
- any contract or arrangement concerning any other company in which the director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the director and any of his associates are not in aggregate beneficially interested in five percent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or
- any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to directors, his associates and employees of our Company or of any of our subsidiaries and does not provide in respect of any director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

Remuneration

The ordinary remuneration of our directors shall from time to time be determined by our Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst our directors in such proportions and in such manner as our board may agree or, failing agreement, equally, except that any director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. Our directors shall also be entitled to be prepaid or repaid all traveling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of our Company or otherwise in connection with the discharge of their duties as directors.

Any director who, by request, goes or resides abroad for any purpose of our Company or who performs services which in the opinion of our board go beyond the ordinary duties of a director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as our board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a director. An executive director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as our board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a director.

Our board may establish or concur or join with other companies (being subsidiary companies of our Company or companies with which it is associated in business) in establishing and making contributions out of our Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any director or ex-director who may hold or have held any executive office or any office of profit with our Company or any of our subsidiaries) and ex-employees of our Company and their dependents or any class or classes of such persons.

Our board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as our board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

Retirement, appointment and removal

At each annual general meeting, one-third of our directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every director shall be subject to retirement at least once every three years. Our directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of directors upon reaching any age limit.

Our 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 our board or as an addition to the existing board provided that our board shall comprise a majority of independent non-executive directors. Any director so appointed shall hold office only until the next following general meeting of our Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the existing board) and shall then be eligible for re-election. Neither a director nor an alternate director is required to hold any shares in our Company by way of qualification.

A director may be removed by ordinary resolution of our Company before the expiration of his period of office (but without prejudice to any claim which such director may have for damages for any breach of any contract between him and our Company) and our Company may by ordinary resolution appoint another in his place.

The office of director shall be vacated if he:

- Becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors
- Is found to be or becomes of unsound mind;
- Resigns his office by notice in writing to our Company;
- Ceases to be a director by virtue of any provisions of law or is removed from office pursuant to our articles of association; or
- Is prohibited by law from being a director.

Our board may from time to time appoint one or more of its body to be president, vice-president(s), secretary, treasurer, assistant treasurer, manager or controller or to hold any other employment or executive office with our Company for such period and upon such terms as our board may determine and our board may revoke or terminate any of such appointments. Our board may delegate any of its powers to committees consisting of such director or directors and other persons as

our board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by our board.

Borrowing powers

Our board may exercise all the powers of our Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital of our Company, to issue debentures, debenture stock, and other securities of our Company for any debt, liability or obligation of our Company or of any third party.

Proceedings of our board

Our board may meet together with (either within or outside the Cayman Islands) for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

Register of directors and officers

The Cayman Islands Companies Law and our articles of association provide that our Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty days of any change in such directors or officers.

Alterations to constitutional documents/Change of Name

Our articles of association may be rescinded, altered or amended by our Company in general meeting by special resolution. The Cayman Islands Companies Law provides that a special resolution shall be required to alter the provisions of our memorandum of association, to amend our articles of association or to change the name of our Company.

Alteration of capital

Our Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Cayman Islands Companies Law:

- increase its capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;

- consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- convert all or any of its paid up shares into stock and reconvert that stock into paid up shares of any denomination than is fixed by our memorandum of association;
- divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as our Company in general meeting or as our directors may determine;
- sub-divide its shares or any of them into shares of smaller amount than is fixed by our memorandum of association, subject nevertheless to the provisions of the Cayman Islands Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as our Company has power to attach to unissued or new shares; or
- cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

Our Company may by special resolutions reduce its share capital and any capital redemption reserve in any manner authorised by law.

Variation of rights of existing shares or classes of shares

Subject to the Cayman Islands Companies Law, the rights attaching to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of our articles of association relating to general meetings will mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in our articles of association) or in such other form as our board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as our board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that our board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. Our board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

Our board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless our board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Cayman Islands Companies Law.

Our board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which our Company has a lien.

Our board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in our articles of association) may determine to be payable or such lesser sum as our directors may from time to time require is paid to our Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as our board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in our articles of association), at such times and for such periods as our board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty days in any year.

Power for our Company to purchase our own shares

Our Company is empowered by the Cayman Islands Companies Law and our articles of association to purchase its own Shares subject to certain restrictions and our board may only exercise this power on behalf of our Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in our articles of association).

Power for any subsidiary of our Company to own shares in our Company

There are no provisions in our articles of association relating to ownership of shares in our Company by a subsidiary.

Requirements for annual general meetings

An annual general meeting of our Company must be held in each year (within a period of not more than 15 months after the holding of the last preceding annual general meeting, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in our articles of association)) at such time and place as may be determined by our board.

Notices of meetings and business to be conducted thereat

An annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in the sub-paragraph entitled “Special Resolution — majority required/ordinary resolution” below) be called by at least twenty-one clear days’ notice in writing, and any other extraordinary general meeting at which an ordinary resolution is to be proposed shall be called by at least fourteen clear days’ notice (in each case exclusive of the day on which the notice is served or deemed to be served and of the day for which it is given). The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of our Company other than such as, under the provisions of our articles of association or the terms of issue of the shares they hold, are not entitled to receive such notices from our Company, and also to the auditors for the time being of our Company.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- the declaring and sanctioning of dividends;
- the consideration and adoption of the accounts and balance sheet and the reports of our directors and the auditors;
- the election of directors whether by rotation or otherwise in place of those retiring;
- the appointment of auditors and other officers;
- the fixing of the remuneration of our directors and of the auditors;
- the granting of any mandate or authority to our directors to offer, allot, grant options over or otherwise dispose of the unissued shares of our Company representing not more than twenty per cent. in nominal value of its existing issued share capital; and
- the granting of any mandate or authority to our directors to repurchase securities of our Company.

Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by our articles of association the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of our articles of association to be present in person if represented by its duly authorised representative being the person appointed by resolution of our directors or other governing body of such corporation to act as its representative at the relevant general meeting of our Company or at any relevant general meeting of any class of members of our Company.

Special resolution-majority required/Ordinary resolution

Pursuant to our articles of association, a special resolution of our Company must be passed by a majority of not less than three-fourths of such members as, being entitled so to do, vote in person or, in the case of such members being corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than twenty-one clear days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than twenty-one clear days' notice has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen days of being passed.

An ordinary resolution is defined in our articles of association to mean a resolution passed by a simple majority of such members as, being entitled to do so, vote in person or, in the case of such members being corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with our articles of association.

Voting rights (generally and on a poll) and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with our articles of association, at any general meeting on a show of hands, every member who is present in person or by proxy or being a corporation, is present by its duly authorised representative shall have one vote and on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. Notwithstanding anything contained in our articles of association, where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided on a show of hands unless voting by way of a poll is required by the rules of the Designated Stock Exchange (as defined in our articles of association) or (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 (i) the chairman of the meeting or (ii) 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) any 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) 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 our Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right or if required by the rules of the Designated Stock Exchange, by any director or directors who, individually or collectively, hold proxies in respect of shares representing five per cent. or more of the total voting rights at such meeting.

If a recognised clearing house (or its nominee(s)) is a member of our Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of our Company or at any meeting of any class of members of our Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of our Company held by that clearing house (or its nominee(s)) including the right to vote individually on a show of hands.

Where our Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in our articles of association), required to abstain from voting on any particular resolution of our Company or restricted to voting only for or only against any particular resolution of our Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

Proxies

Any member of our Company entitled to attend and vote at a meeting of our Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of our Company or at a class meeting. A proxy need not be a member of our Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

Accounts and audit

Our board shall cause true accounts to be kept of the sums of money received and expended by our Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of our Company and of all other matters required by the Cayman Islands Companies Law or necessary to give a true and fair view of our Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as our board decides and shall always be open to inspection by any director. No member (other than a director) shall have any right to inspect any accounting record or book or document of our Company except as conferred by law or authorised by our board or our Company in general meeting.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before our Company at its general meeting, together with a printed copy of our directors' report and a copy of the auditors' report, shall not less than twenty-one days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of our Company under the provisions our articles of association; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in our articles of association), our Company may send to such persons a summary financial statement derived from our Company's annual accounts and our directors' report instead provided that any such person may by notice in writing served on our Company, demand that our Company sends to him, in addition to a summary financial statement, a complete printed copy of our Company's annual financial statement and our directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of our articles of association. The remuneration of the auditors shall be fixed by our Company in general meeting or in such manner as the members may determine.

The financial statements of our Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

Dividends and other methods of distribution

Subject to the Cayman Islands Companies Law, our Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by our board.

Our articles of association provide dividends may be declared and paid out of the profits of our Company, realised or unrealised, or from any reserve set aside from profits which our directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Cayman Islands Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. Our directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to our Company on account of calls or otherwise.

Whenever our board or our Company in general meeting has resolved that a dividend be paid or declared on the share capital of our Company, our board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as our board may think fit. Our Company may also upon the recommendation of our board by an ordinary resolution resolve in respect of any one particular dividend of our Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of our Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to our Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever our board or our Company in general meeting has resolved that a dividend be paid or declared our board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by our board for the benefit of our Company until claimed and our Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by our board and shall revert to our Company.

No dividend or other monies payable by our Company on or in respect of any share shall bear interest against our Company.

Inspection of register of members

Pursuant to our articles of association the register and branch register of members shall be open to inspection for at least two hours on every business day by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by our board, at the registered office or such other place at which the register is kept in accordance with the Cayman Islands Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by our board, at the Registration Office (as defined in our articles of association), unless the register is closed in accordance with our articles of association.

Call on shares and forfeiture of shares

Subject to our articles of association and to the terms of allotment, our board may from time to time make such calls upon the members in respect of any moneys unpaid on their partly paid shares (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person from whom the sum is due shall pay interest upon the sum at the rate of eight per cent. per annum from the day appointed for the payment thereof to the time of actual payment, but our board may waive payment of such interest wholly or in part. Our board may, if it thinks fit, receive from any member willing to advance the same all or any part of the moneys uncalled and unpaid upon any partly paid shares held by him, and upon all or any of the moneys so advanced our Company may pay interest at such rate (not exceeding without the sanction of an ordinary resolution, eight per cent. per annum) as may be agreed upon between the member paying the sum in advance and our directors.

If a member fails to pay any call on the day appointed for payment thereof, our board may serve not less than fourteen clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of our board to that effect.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to our Company all moneys which, at the date of forfeiture, were payable by him to our Company in respect of the shares, but this liability shall cease if and when our Company receives payment in full of the amount unpaid on the shares forfeited.

Rights of the minorities in relation to fraud or oppression

There are no provisions in our articles of association relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of our Company under Cayman law, as summarised in this Appendix.

Procedures on liquidation

A resolution that our Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if our Company shall be wound up and the assets available for distribution amongst the members of our Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if our Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If our Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Cayman Islands Companies Law divide among the members in specie or kind the whole or any part of the assets of our Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

Untraceable members

Pursuant to our articles of association, our Company may sell any of the shares of a member who is untraceable if (i) all cheque(s) or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, our Company has not during that time received any indication of the existence of the member; and (iii) our Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in our articles of association) giving notice of its intention to sell such shares and a period of three months, or such shorter period as may be permitted by the Designated Stock

Exchange (as defined in our articles of association), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in our articles of association) has been notified of such intention. The net proceeds of any such sale shall belong to our Company and upon receipt by our Company of such net proceeds, it shall become indebted to the former member of our Company for an amount equal to such net proceeds.

Subscription rights reserve

Our articles of association provide that to the extent that it is not prohibited by and is in compliance with the Cayman Islands Companies Law, if warrants to subscribe for shares have been issued by our Company and our Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

CAYMAN ISLANDS COMPANIES LAW

Our Company is incorporated in the Cayman Islands subject to the Cayman Islands Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of the Cayman Islands Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman Islands Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

Operations

As an exempted company, our Company's operations must be conducted mainly outside the Cayman Islands. Our Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

Share capital

The Cayman Islands Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Cayman Islands Companies Law provides that the share premium account may be applied by our Company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of our Company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Islands Companies Law);

(d) writing-off the preliminary expenses of our Company; (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of our Company; and (f) providing for the premium payable on redemption or purchase of any shares or debentures of our Company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, our Company will be able to pay its debts as they fall due in the ordinary course business.

The Cayman Islands Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the “Court”), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Our articles of association includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, our Company may give financial assistance to directors and employees of our Company, our subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in our Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, our Company may give financial assistance to a trustee for the acquisition of Shares in our Company or shares in any such subsidiary or holding company to be held for the benefit of employees of our Company, our subsidiaries, any holding company of our Company or any subsidiary of any such holding company (including salaried directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company’s shares. Accordingly, a company may provide financial assistance if our directors of our Company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of our Company, that such assistance can properly be given. Such assistance should be on an arm’s-length basis.

Purchase of shares and warrants by a company and our subsidiaries

Subject to the provisions of the Cayman Islands Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of our Company or a shareholder. In addition, such a company may, if authorised to do so by its articles of

association, purchase its own shares, including any redeemable shares. However, if our articles of association do not authorise the manner of purchase, a company cannot purchase any of its own shares unless the manner of purchase has first been authorised by an ordinary resolution of our Company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of our Company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, our Company shall be able to pay its debts as they fall due in the ordinary course of business.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and our directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

Dividends and distributions

With the exception of section 34 of the Cayman Islands Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Cayman Islands Companies Law permits, subject to a solvency test and the provisions, if any, of our Company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account.

Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of our Company to challenge (a) an act which is ultra vires our Company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of our Company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of our Company in issue, appoint an inspector to examine into the affairs of our Company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that our Company should be wound up.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by our Company's memorandum and articles of association.

Management

The Cayman Islands Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of our Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by our Company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by our Company; and (iii) the assets and liabilities of our Company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of our Company's affairs and to explain its transactions.

Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, our Company has obtained an undertaking from the Governor-in-Cabinet:

- that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to our Company or its operations; and
- that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of our Company.

The undertaking for our Company is for a period of twenty years from 23 March 2004.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

Loans to directors

There is no express provision in the Cayman Islands Companies Law prohibiting the making of loans by a company to any of its directors.

Inspection of corporate records

Members of our Company will have no general right under the Cayman Islands Companies Law to inspect or obtain copies of the register of members or corporate records of our Company. They will, however, have such rights as may be set out in our Company's articles of association.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as our directors may, from time to time, think fit. There is no requirement under the Cayman Islands Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

Winding up

A company may be wound up by either an order of the Court or by a special resolution of its members or by an ordinary resolution voluntarily on the basis that it is unable to pay its debts as they fall due. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution or by an ordinary resolution voluntarily on the basis that it is unable to pay its debts as they fall due, or when the period fixed for the duration of our Company by its memorandum expires,

or the event occurs on the occurrence of which our memorandum of association provides that our Company is to be dissolved. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidator; and the Court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of our Company shall be in the custody of the Court. In the case of a members' voluntary winding up of a company, our Company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of our Company and distributing its assets. The appointment of a voluntary liquidator shall only take effect upon the filing of his consent to act with the Registrar of Companies.

Upon the appointment of a liquidator, the responsibility for our Company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of our Company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge our Company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of our Company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of our Company has been disposed of, and thereupon call a general meeting of our Company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting shall be called by Public Notice (as defined in the Cayman Islands Companies Law) or otherwise as the Registrar of Companies of the Cayman Islands may direct.

Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than ninety per cent. of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

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Shui On Land Limited 瑞安房地產有限公司*

(於開曼群島註冊成立的有限責任公司)

(Stock code: 272)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (the “Meeting”) of Shui On Land Limited (the “Company”) will be held at Oasis Room, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wan Chai, Hong Kong on 4 June 2009 at 3:00 p.m. for the following purposes:

1. To receive and consider the financial statements and the reports of the directors and auditors for the year ended 31 December 2008.
2. To declare a final dividend.
3.
 - (a) To re-elect Mr. Vincent H. S. LO as director;
 - (b) To re-elect Sir John R. H. BOND as director;
 - (c) To re-elect Dr. Edgar W. K. CHENG as director;
 - (d) To re-elect Dr. Roger L. McCARTHY as director; and
 - (e) To authorise the board of directors to fix the directors’ remuneration.
4. To re-appoint auditors and to authorise the board of directors to fix their remuneration.
5. As special business, to consider and, if thought fit, pass the following resolutions, with or without modifications, as ordinary resolutions:

ORDINARY RESOLUTIONS

A. “**THAT:**

- (a) subject to paragraph (c) of this Resolution, the exercise by the directors of the Company (“Directors”) during the Relevant Period (as hereinafter defined) of all

* for identification purposes only

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the powers of the Company to allot, issue and deal with additional shares of the Company (the “Shares”) or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements and options which might require the exercise of such powers be and are hereby generally and unconditionally approved;

- (b) the approval given in paragraph (a) of this Resolution shall be in addition to any other authorisations given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval given in paragraph (a) of this Resolution, otherwise than pursuant to:
 - (i) a Rights Issue (as hereinafter defined);
 - (ii) the exercise of the rights of subscription or conversion attaching to any warrants issued by the Company or any securities which are convertible into Shares;
 - (iii) the exercise of any options granted under any share option scheme adopted by the Company or similar arrangement for the time being adopted for the grant or issue to the officers and/or employees of the Company and/or any of its subsidiaries of option to subscribe for, or rights to acquire Shares;
 - (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company from time to time; or

shall not exceed 20% 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;

- (d) subject to the passing of each of the paragraphs (a), (b) and (c) of this Resolution, any prior approvals of the kind referred to in paragraphs (a), (b) and (c) of this Resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and

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(e) 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 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 and other relevant jurisdiction to be held; and
- (iii) the revocation or variation of the authority given to the Directors under this Resolution by an ordinary resolution of the Company’s shareholders in general meeting.

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

B. “THAT:

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase Shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the Shares may be listed and recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange, subject to and in accordance with all applicable laws and regulations, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the Shares which may be repurchased by the Company pursuant to 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 of this Resolution and the approval granted under paragraph (a) of this Resolution shall be limited accordingly;
- (c) subject to the passing of each of the paragraphs (a) and (b) of this Resolution, any prior approvals of the kind referred to in paragraphs (a) and (b) of this Resolution which had been granted to the Directors and which are still in effect be and hereby revoked; and

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(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 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 or other relevant jurisdiction to be held; and
- (iii) the revocation or variation of the authority given to the Directors under this Resolution by an ordinary resolution of the Company’s shareholders in general meeting.”

C. “**THAT** conditional upon the passing of Resolutions A and B above, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue or otherwise deal with securities of the Company pursuant to Resolution A above be and hereby extended by the addition thereto 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 B above, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution.”

6. As special business, to consider and, if thought fit, pass the following resolutions, with or without modifications, as ordinary resolutions:

ORDINARY RESOLUTIONS

“**THAT** subject to and conditional upon the Listing Committee of the Stock Exchange granting and agreeing to grant listing of, and permission to deal in, the Bonus Shares (as hereinafter defined):

- (a) upon the recommendation of the directors of the Company, a sum of US\$ 1,046,399.29 being part of the amount standing to the credit of share premium account of the Company, or such larger sum as may be necessary to give effect to the bonus issue of shares pursuant to this resolution, be capitalised and accordingly the directors of the Company be and are hereby authorised and directed to apply such sum in paying up in full at par not less than 418,559,717 unissued shares (“Bonus Shares”) of US\$0.0025 each in the capital of the Company, and that such Bonus Shares shall be allotted and distributed, credited as fully paid up, to and amongst those shareholders whose names appear on the register of members of the Company on 4 June 2009 (the “Record Date”) on the basis of one Bonus Share for every ten existing issued shares of US\$0.0025 each in the capital of the Company held by them respectively on the Record Date;

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- (b) the shares to be issued pursuant to this resolution shall, subject to the memorandum and articles of association of the Company, rank *pari passu* in all respects with the shares of US\$0.0025 each in the capital of the Company in issue on the Record Date, except that they will not rank for the bonus issue of shares mentioned in this resolution and for any dividend declared or recommended by the Company in respect of the financial year ended 31 December 2008; and
- (c) the directors of the Company be authorised to do all acts and things as any be necessary and expedient in connection with the allotment and issue of the Bonus Shares, including, but not limited to, determining the amount to be capitalised out of share premium account and the number of Bonus Shares to be allotted and distributed in the manner referred to in paragraph (a) of this resolution.”
7. To transact any other ordinary business of the Company.

By Order of the Board
Shui On Land Limited
UY Kim Lun
Company Secretary

Hong Kong, 30 April 2009

At the date of this notice, the executive directors of the Company are Mr. Vincent H. S. LO (Chairman and Chief Executive Officer), Mr. Louis H. W. WONG and Mr. Aloysius T. S. LEE; the non-executive director of the Company is The Honourable LEUNG Chun Ying; and the independent non-executive directors of the Company are Sir John R. H. BOND, Dr. Edgar W. K. CHENG, Dr. William K. L. FUNG, Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY and Mr. David J. SHAW.

Notes:

- (1) Any member entitled to attend and vote at the Meeting is entitled to appoint another person as his proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) In order to be valid, a proxy form together with the power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be deposited at the Company's place of business in Hong Kong at 34/F., Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Meeting or any adjournment. Completion and return of a proxy form will not preclude a member from attending and voting in person at the Meeting or any adjourned meeting thereof should he so wish.
- (3) The register of members will be closed from 29 May 2009 to 4 June 2009 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the Meeting to be held on 4 June 2009 and to qualify for the Bonus Shares and the final dividend payable on 30 June 2009, members are reminded to ensure that all transfers documents accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on 27 May 2009.