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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**CHEONG MING INVESTMENTS LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1196)

*Directors :*

Lui Chi (*Chairman*)

Lui Shing Ming, Brian (*Managing Director*)

Lui Shing Cheong

Lui Shing Chung, Victor

Lung Wai Kee

Lam Chun Kong\*

Lo Wing Man\*

Ng Lai Man, Carmen\*

*Principal office:*

Unit 2608, Level 26

Tower II, Metroplaza

223 Hing Fong Road

Kwai Fong

New Territories

Hong Kong

\* *Independent non-executive directors*

31st July, 2006

*To the shareholders*

Dear Sir or Madam,

**PROPOSALS RELATING TO  
GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES  
AND AMENDMENT OF BYE-LAWS  
NOTICE OF ANNUAL GENERAL MEETING AND  
RE-ELECTION OF DIRECTORS**

**INTRODUCTION**

At the annual general meeting of Cheong Ming Investments Limited (the “Company”) for the year ended 31st March, 2006, resolutions will be proposed to grant to the directors of the Company general mandates to issue shares and repurchase shares of the Company and to amend the Bye-laws of the Company.

The purpose of this circular is to give you further details of the abovementioned proposals and notice of the annual general meeting of the Company for the year ended 31st March, 2006 (the “AGM”). In compliance with the Listing Rules of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), this circular also contains the explanatory statement and gives all the information reasonably necessary to enable shareholders to make an informed decision on whether to vote for or against the resolution to approve the purchase by the Company of its own shares, together with particulars of the directors proposed to be re-elected at the AGM.

## **GENERAL MANDATE TO ISSUE SHARES**

At the AGM, an ordinary resolution will be proposed to grant a general mandate to the directors of the Company to allot, issue and dispose of shares of the Company not exceeding 20 per cent. of the issued share capital of the Company to provide flexibility to the Company to raise fund by issue of shares efficiently. On 27th July, 2006 (the “Latest Practicable Date”), being the latest practicable date prior to printing of this circular, there were in issue an aggregate of 486,706,061 shares of HK\$0.10 each of the Company (“Shares”). On the assumption that no Share will be issued prior to the AGM, exercise in full of the mandate could result in up to 97,341,212 Shares being issued by the Company.

## **GENERAL MANDATE TO REPURCHASE SHARES**

At the AGM, an ordinary resolution will also be proposed that the directors be given a general mandate to exercise all powers of the Company to repurchase issued and fully paid shares of the Company. Under such mandate, the number of shares that the Company may repurchase shall not exceed 10 per cent. of the share capital of the Company in issue on the date of the resolution. The Company’s authority is restricted to purchases made on the Stock Exchange in accordance with the Listing Rules of the Stock Exchange. Based on 486,706,061 Shares in issue as at the Latest Practicable Date and on the assumption that no Share will be issued prior to the AGM, exercise in full of the mandate could result in up to 48,670,606 Shares being repurchased by the Company. The mandate allows the Company to make or agree to make purchases only during the period ending on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required to be held by law or the date upon which such authority is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company.

The directors have no present intention to repurchase any Shares but consider that the mandate will provide the Company with the flexibility to make such repurchase when appropriate and beneficial to the Company. Such repurchases may enhance the net value of the Company and/or earnings per Share. With reference to the financial position of the Company as at 31st March, 2006 (being the date of its latest audited accounts), the directors consider that there would be a material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed purchases were to be carried out in full during the proposed purchase period. No purchase would be made in circumstances that would have a material adverse impact on the working capital or gearing ratio of the Company.

The Company is empowered by its Memorandum of Association and Bye-laws to purchase its Shares. Bermuda law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or funds of the Company that would otherwise be available for dividend or distribution or the proceeds of a new issue of shares made for such purpose. The amount of premium payable on repurchase may only be paid out of either the funds of the Company that would otherwise be available for dividend or distribution or out of the share premium or contributed surplus accounts of the Company. Under Bermuda law, the shares so repurchased will be treated as cancelled but the aggregate amount of authorised share capital will not be reduced.

The directors intend to apply the capital paid up on the relevant Shares or the profit that would otherwise be available for distribution by way of dividend for any purchase of its Shares.

## **Directors, their associates and connected persons**

None of the directors nor, to the best of the knowledge and belief of the directors having made all reasonable enquiries, any of the associates of any of the directors has any present intention, in the event that the proposal is approved by shareholders, to sell Shares to the Company.

No connected person of the Company (as defined in the Listing Rules of the Stock Exchange) has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company in the event that the Company is authorised to make purchases of Shares.

## **Undertaking of the directors**

The directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the proposed resolution in accordance with the Listing Rules of the Stock Exchange and all applicable laws of Bermuda, and in accordance with the regulations set out in the Memorandum of Association and Bye-laws of the Company.

## **Effect of Takeovers Code**

A repurchase of Shares by the Company may result in an increase in the proportionate interest of a substantial shareholder of the Company in the voting rights of the Company, which could give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Hong Kong Code on Takeovers and Mergers (the “Code”).

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Harmony Link Corporation (“Harmony Link”), which held 245,571,029 Shares, representing approximately 50.46 per cent. of the issued share capital of the Company, was the only substantial shareholder holding more than 10 per cent. of the issued share capital of the Company. In the event that the directors should exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the resolution, the shareholding of Harmony Link in the Company would be increased to approximately 56.06 per cent. of the issued share capital of the Company and such increase would not give rise to an obligation on it to make a mandatory offer under Rule 26 of the Code.

## **Stock Exchange Rules for repurchases of shares**

The Listing Rules of the Stock Exchange permit companies whose primary listings are on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

### *(a) Shareholders’ approval*

The Listing Rules provide that all shares repurchases on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, which may be by way of general mandate, or by special resolution in relation to specific transactions.

### *(b) Source of funds*

Repurchases must be funded out of funds legally available for the purpose.

## General

During each of the six months preceding the date of this circular, no Share had been repurchased by the Company.

During each of the previous 12 months, the highest and lowest traded prices for Shares on the Stock Exchange were as follows:—

Month	Per Share	
	Highest HK\$	Lowest HK\$
<b>2005</b>		
July	0.465	0.400
August	0.495	0.440
September	0.470	0.400
October	0.420	0.400
November	0.450	0.400
December	0.460	0.395
<b>2006</b>		
January	0.530	0.430
February	0.470	0.425
March	0.510	0.420
April	0.480	0.455
May	0.610	0.460
June	0.560	0.500
July up to the Latest Practicable Date	0.550	0.480

## AMENDMENT OF BYE-LAWS

It is proposed to amend the Company's Bye-laws to the effect that a director may be removed by ordinary resolution, instead of special resolution, passed at general meeting as required by the recent amendment of Appendix 3 of the Listing Rules.

## ANNUAL GENERAL MEETING

You will find on pages 7 to 10 of this circular a notice of the AGM to be held at 9:30 a.m. on 7th September, 2006 at Tang Room II, Sheraton Hong Kong Hotel and Towers, 20 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong.

Resolution no. 5A will be proposed as an ordinary resolution to give a general mandate to the directors to allot, issue and deal with shares of the Company with an aggregate nominal value not exceeding 20 per cent. of the share capital of the Company in issue as at the date of the resolution.

Resolution no. 5B will be proposed as an ordinary resolution to give a general mandate to the directors to make on-market purchases of shares of the Company of up to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the resolution.

Resolution no. 5C will be proposed as an ordinary resolution to extend resolution no. 5A to include the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors pursuant to resolution no. 5B.

Resolution no. 5D will be proposed as a special resolution to approve the proposed amendment of the Bye-laws of the Company.

There is enclosed a form of proxy for use at the AGM. You are requested to complete the form of proxy and return it to the principal office of the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the meeting, whether or not you intend to be present at the meeting. The completion and return of the form of proxy will not prevent you from attending and voting in person should you so wish.

## **RIGHT OF SHAREHOLDERS TO DEMAND POLL**

According to the Bye-laws of the Company, before or on the declaration of the result of voting on a show of hands on a resolution at the AGM or on the withdrawal of any other demand for a poll, a poll may be demanded by:

- (a) 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 entitled to vote at the AGM; or
- (b) 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 10% of the total voting rights of all the members having the right to vote at the AGM; or
- (c) 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 holding shares in the Company conferring a right to vote at the AGM being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

## **RE-ELECTION OF DIRECTORS**

Resolutions will be proposed at the AGM for re-election of Messrs. Lui Chi, Lui Shing Ming, Brian and Lui Shing Cheong as directors according to the Company's Bye-laws. Their particulars are as follows:

Mr. Lui Chi, aged 85, is the founder of the Company and its subsidiaries (the "Group") and Chairman of the Company. Mr. Lui is responsible for the Group's overall corporate policy and strategy. He has more than 41 years of experience in the paper trading, printing and packaging businesses and has been instrumental in the corporate development of the Group since its establishment. Mr. Lui Chi is entitled to a basic salary of HK\$2,016,000 per annum and a discretionary year end bonus (which amounted to HK\$1 million for the year ended 31st March, 2006), which are determined with reference to his duties and responsibilities with the Company, his time, effort and expertise that he contributed to the Group's affairs, the prevailing market conditions and the Group's performance.

Mr. Lui Shing Ming, Brian, aged 46, is the Managing Director of the Company responsible for the corporate planning, development and management of the Group. He holds a Master Degree in Commerce from the University of New South Wales, Australia, and is a fellow member of the CPA Australia and a fellow member of the Hong Kong Institute of Certified Public Accountants. He is currently an independent non-executive director of Four Seas Food Investment Holdings Limited, a company whose shares are

listed on the Stock Exchange. Mr. Lui Shing Ming Brian is entitled to a basic salary of HK\$1,800,000 per annum, the Group's provident fund contributions and a discretionary year end bonus, which are determined with reference to his duties and responsibilities with the Company, his time, effort and expertise that he contributed to the Group's affairs, the prevailing market conditions and the Group's performance.

Mr. Lui Shing Cheong, aged 53, an executive director of the Company has overall responsibility for the management information system, special project development and the China operations of the Group. Mr. Lui has more than 18 years of experience in the electronic and the telecommunication industries. Prior to joining the Group in June 1994, he worked for an international telecommunications company in Canada as a product technology engineer for 12 years. Mr. Lui holds a Bachelor Degree in Electrical Engineering and a Bachelor Degree in Chemical Engineering from the University of Wisconsin, USA. Mr. Lui Shing Cheong is entitled to a basic salary of HK\$1,584,000 per annum, the Group's provident fund contributions and a discretionary year end bonus, which are determined with reference to his duties and responsibilities with the Company, his time, effort and expertise that he contributed to the Group's affairs, the prevailing market conditions and the Group's performance.

Mr. Lui Chi is the father of Messrs. Lui Shing Ming, Brian and Lui Shing Cheong (executive directors of the Company).

As at the Latest Practicable Date, Harmony Link held 245,571,029 Shares, representing about 50.46% of the issued share capital of the Company. Harmony Link is owned as to approximately 48.4% by The Lui Family Company Limited as trustee of The Lui Unit Trust. All units of The Lui Unit Trust, except one which is held by Mr. Lui Shing Ming, Brian, are held by Trident Corporate Services (B.V.I.) Limited as trustee of a discretionary trust, the discretionary objects of which include Messrs. Lui Shing Ming, Brian, Lui Shing Cheong and other family members of Mr. Lui Chi. Messrs. Lui Chi, Lui Shing Ming and Lui Shing Cheong are deemed to have interest in all the shares held by Harmony Link under the Securities and Futures Ordinance for being the founder and discretionary objects of the discretionary trust. Messrs. Lui Shing Ming, Brian and Lui Shing Cheong further own approximately 24.13% and 12.88% of the issued share capital of Harmony Link respectively.

As at the Latest Practicable Date, Messrs. Lui Shing Ming, Brian and Lui Shing Cheong personally held 4,375,000 Shares and 3,125,000 Shares respectively, representing about 0.90% and about 0.64% of the Company's issued share capital respectively.

Save as disclosed above, the abovenamed directors did not have any directorship in listed public companies in the last three years.

The abovenamed directors do not have any written service contract with the Company. They are not appointed for a specific term but are subject to retirement by rotation in annual general meetings of the Company in accordance with the Bye-laws of the Company.

The abovenamed directors confirm that save as disclosed above, there is no information which is required to be disclosed pursuant to Rule 13.51(2) (h) to (v) of the Listing Rules and there is no other matters that need to be brought to the attention of shareholders of the Company.

## **RECOMMENDATION**

The directors consider that the proposed granting of the mandates to issue and repurchase shares of the Company and amendment of the Bye-laws are in the interest of the Company and so recommend you to vote in favour of all the relevant resolutions at the AGM. The directors will vote all their shareholdings in favour of such resolutions.

Yours faithfully,  
By order of the Board  
**Lui Chi**  
*Chairman*

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## NOTICE OF ANNUAL GENERAL MEETING

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### CHEONG MING INVESTMENTS LIMITED

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1196)

**NOTICE IS HEREBY GIVEN** that the annual general meeting of the abovenamed company (the “Company”) will be held at Tang Room II, Sheraton Hong Kong Hotel and Towers, 20 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on 7th September, 2006 at 9:30 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31st March, 2006.
2. To declare a final dividend of 3 Hong Kong cents per share for the year ended 31st March, 2006.
3. To elect directors and to authorise the board of directors to fix their remuneration.
4. To 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, of which resolution nos. 5A, 5B and 5C will be proposed as ordinary resolutions and resolution no. 5D will be proposed as a special resolution:

#### ORDINARY RESOLUTIONS

A. **“THAT:**

- (a) subject to paragraph (c), the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to a Rights Issue or scrip dividend scheme or similar arrangement of the Company or the exercise of the subscription rights under

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## NOTICE OF ANNUAL GENERAL MEETING

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the share option scheme of the Company shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and

- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company 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 (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

**B. “THAT:**

- (a) the exercise by the directors of the Company during the Relevant Period of all powers of the Company to purchase its own shares, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval be limited accordingly; and



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## NOTICE OF ANNUAL GENERAL MEETING

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(c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; and
  - (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”
- C. “**THAT** conditional upon resolution no. 5B above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors as mentioned in resolution no. 5B above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to resolution no. 5A above.”

### SPECIAL RESOLUTION

- D. “**THAT** the word “special” in the existing Bye-law 86(4) of the Bye-laws of the Company be and is hereby deleted and be replaced by the word “ordinary”.”

By Order of the Board  
**Lung Wai Kee**  
*Company Secretary*

Hong Kong, 31st July, 2006

*Principal office:*  
Unit 2608, Level 26  
Tower II, Metroplaza  
223 Hing Fong Road  
Kwai Fong  
New Territories  
Hong Kong

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## NOTICE OF ANNUAL GENERAL MEETING

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*Notes:*

- (1) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint proxies to attend and, in the event of a poll, vote in his stead. A proxy need not be a member of the Company. In order to be valid, the form of proxy must be deposited at the Company's principal office in Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.
- (2) The register of members of the Company will be closed from 5th September, 2006 to 7th September, 2006, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend to be approved at the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 4th September, 2006.