

YUGANG

YUGANG INTERNATIONAL LIMITED

(渝港國際有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 613)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting (“Annual General Meeting”) of Yugang International Limited (the “Company”) will be held at Drawing Room, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Monday, 29 May 2006 at 12:00 noon to transact the following ordinary businesses:

1. To receive and consider the audited consolidated financial statements and the reports of the directors and auditors for the year ended 31 December 2005.
2. To declare a final dividend of HK\$0.003 per share of the Company (“Share”) in respect of the year ended 31 December 2005.
3. To re-elect the retiring directors of the Company (“Directors”) and authorise the board of Directors (the “Board”) to fix the remuneration of the Directors.
4. To re-appoint auditors and to authorise the Board to fix their remuneration.
5. By way of special business, to consider, and if thought fit, pass with or without amendments each of the following resolutions, which will be proposed as Ordinary Resolution Nos. 5 to 7 of the meeting:

ORDINARY RESOLUTIONS

ORDINARY RESOLUTION NO. 5 — GENERAL MANDATE

“It was **RESOLVED THAT**:

- 5.1. a general mandate be and is hereby unconditionally given to the Directors to exercise during the Relevant Period (as hereinafter defined) all the powers of the Company to allot, issue and deal with unissued Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for any Shares and to make or grant offers, agreements or options which would or might require the exercise of such powers either during or after the Relevant Period, in addition to any Shares which may be issued on a Rights Issue (as hereinafter defined) or under any option scheme or similar arrangement for the time being adopted for the grant or issue to the employees of the Company and/or any of its subsidiaries or any other eligible person(s) of Shares or rights to acquire Shares or upon the exercise of rights of subscription or conversion under the terms of any existing warrants, bonds, debentures, notes or other securities issued by the Company which carry rights to subscribe for or are convertible into Shares of the Company or any scrip dividend pursuant to the bye-laws of the Company (“Bye-laws”) from time to time, not exceeding twenty percent of the aggregate nominal value of the share capital of the Company in issue as at the date of this Resolution; and

* *For identification purposes only.*

5.2. for the purposes of this Resolution:

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

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by law or the Bye-laws of the Company to be held; or
- (c) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company (“Shareholders”) in general meeting.

“Rights Issue” means 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 (subject to such exclusions 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 any relevant jurisdiction, or of the requirements of any recognised regulatory body or any stock exchange applicable to the Company).”

ORDINARY RESOLUTION NO. 6 — REPURCHASE MANDATE

6. “**THAT** there be granted to the Directors an unconditional general mandate to repurchase Shares, and that the exercise by the Directors of all powers of the Company to purchase Shares subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved, subject to the following conditions:

- 6.1. such mandate shall not extend beyond the Relevant Period;
- 6.2. such mandate shall authorise the Directors to procure the Company to repurchase Shares at such price as the Directors may at their discretion determine;
- 6.3. the Shares to be repurchased by the Company pursuant to paragraph 6.1 of this Resolution during the Relevant Period shall be no more than ten percent of the Shares in issue at the date of passing of this Resolution; and
- 6.4. for the purpose of this Resolution:

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

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by law or the Bye-laws of the Company to be held; or
- (c) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting.”

ORDINARY RESOLUTION NO. 7 — EXTENSION MANDATE

7. “**THAT**, subject to the availability of unissued share capital and conditional upon the passing of the Ordinary Resolutions nos. 5 and 6 as set out in the notice convening this meeting, the aggregate nominal amount of the Shares which are repurchased by the Company pursuant to and in accordance with Ordinary Resolution no. 6 set out in the notice convening this meeting shall be added to the aggregate nominal amount of the share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to and in accordance with Ordinary Resolution no. 5 set out in the notice convening this meeting.”

ORDINARY RESOLUTION NO. 8 — REFRESHMENT OF SHARE OPTION SCHEME MANDATE LIMIT

8. “**THAT** the existing share option scheme mandate limit in respect of the granting of share options to subscribe for Shares under the share option scheme effected on 29 April 2005 (the “Share Option Scheme”) be refreshed and renewed provided that the total number of Shares which may be allotted and issued pursuant to the grant or exercise of the share options under the Share Option Scheme (excluding share options previously granted, outstanding, cancelled, lapsed or exercised under the Share Option Scheme and other share option schemes of the Company) shall not exceed 10% of the Shares in issue at the date of passing of this resolution (the “Refreshed Limit”) and subject to The Stock Exchange of Hong Kong Ltd (the “Stock Exchange”) granting the listing of and permission to deal in such number of Shares to be issued pursuant to the exercise of the share options granted under the Refreshed Limit and compliance with the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), the Directors be and are hereby authorized to grant share options under the Share Option Scheme up to the Refreshed Limit and to exercise all the powers of the Company to allot, issue and deal with the Shares pursuant to the exercise of such share options.”
9. To consider, and if thought fit, pass with or without amendments of the following resolution, which will be proposed as Special Resolution of the meeting to amend the Bye-laws of the Company in order to comply with the Appendix 14 of the Listing Rules relating to the corporate governance and the amended Appendix 3 to the Listing Rules.

SPECIAL RESOLUTION

A. Bye-law 59

By deleting the following words in Bye-law 59(1):

“but a general meeting may be called by shorter Notice if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat, and
- (b) in the case of any other meeting, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the issued shares giving that right.”

and inserting a full-stop after the words “fourteen (14) clear days’ Notice”.

B. Bye-law 63

By inserting the following after the words “the Members present in person” appearing in the last sentence of the existing Bye-law 63:

“or (in the case of a Member being a corporation) by its duly authorised representative”

C. Bye-law 66

The existing Bye-law 66 be deleted in its entirety and substituted by the following new Bye-law 66:

“66. Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Bye-laws, at any general meeting on a show of hands every Member present in person (or being a corporation, is present by a representative duly authorised under Section 78 of the Act), or by proxy 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 instalments is treated for the foregoing purposes as paid up on the share. Notwithstanding anything contained in these Bye-laws, 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. A resolution put to the vote of a meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the Designated Stock Exchange 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:

- (a) by the chairman of such meeting; or
- (b) by at least three Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or
- (d) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or
- (e) 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 (5%) or more of the total voting rights at such meeting.

A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Member.”

D. Bye-law 68

By inserting the following sentence as the second sentence of the existing Bye-law 68:

“The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.”

E. Bye-law 86

- (1) By inserting the words “or at any special general meeting” after the words “in accordance with Bye-law 87” appearing in the third sentence of existing Bye-law 86(1).
- (2) By deleting the words “Any Director so appointed by the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting” and replacing therewith the words “Any Director so appointed by the Board shall hold office only until the next following general meeting (in the case of filling a casual vacancy) or until the next annual general meeting (in the case of an addition to the Board) and shall then be eligible for re-election at that meeting.” in the fifth sentence of the existing Bye-law 86(2);
- (3) By deleting the words “Subject to any provision to the contrary in these Bye-laws the” and replacing therewith the word “The” at the beginning of existing Bye-law 86(4);
- (4) By deleting the word “special” and replacing therewith the word “ordinary” in the second line of the existing Bye-law 86(4); and
- (5) By inserting the words “to the contrary” after the words “notwithstanding anything” in existing Bye-law 86(4).

F. Bye-law 87

The existing Bye-law 87 be amended by:

- (i) deleting the existing Bye-law 87(1) in its entirety and substituting therefor the following:

“87(1) Notwithstanding any other provisions in the Bye-laws, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided always that and notwithstanding Bye-law 87(2) every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three (3) years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires.”
- (ii) deleting the first sentence of the existing Bye-law 87(2).

G. Bye-law 129

By replacing the letter “T” appearing at the start of the existing Bye-law 129 with “Subject to these Bye-laws, t” and deleting the last sentence of the same existing bye-law.

By Order of the Board
Albert T. da Rosa, Jr.
Company Secretary

Hong Kong, 27 April 2006

Notes:

1. The Register of Members will be closed from Wednesday, 7 June 2006 to Thursday, 8 June 2006 (both days inclusive), during which period no share transfer will be registered. In order to be entitled to the recommended final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s branch registrar, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong for registration by 4:30 p.m. on 6 June 2006.
2. A member who is a holder of two or more Shares, and who is entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more than one proxy or a duly authorised corporate representative to attend and vote in his stead. A proxy need not be a member of the Company. Completion and return of the form of proxy will not preclude a member from attending the Annual General Meeting and voting in person. In such event, his form of proxy will be deemed to have been revoked.
3. In order to be valid, the form of proxy, which will be enclosed with the annual report of the Company, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the principal place of business of the Company in Hong Kong at Rooms 3301-3307, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time for holding the Annual General Meeting or any adjournment.

As at the date of this announcement, the executive directors of the Company are Mr. Cheung Chung Kiu, Mr. Yuen Wing Shing, Mr. Zhang Qing Xin, Mr. Lam Hiu Lo and Mr. Liang Kang; the non-executive director is Mr. Carmelo Lee Ka Sze; the independent non-executive directors are Mr. David Wong Wai Kwong, Mr. Ng Kwok Fu and Mr. Wong Yat Fai.

Please also refer to the published version of this announcement in The Standard.