

HUALI HOLDINGS (GROUP) LIMITED
華力控股(集團)有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 3366)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting (the “Meeting”) of Huali Holdings (Group) Limited (the “Company”) will be held on 11th May 2006 at 11:00 AM at Function Room — Cypress, InterContinental Hong Kong, 18 Salisbury Road, Kowloon, Hong Kong for considering and, if thought fit, passing, with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. To receive and consider the audited consolidated accounts and reports of the directors and auditors of the Company and its subsidiaries for the year ended 31st December 2005.
2. To declare a final dividend for the year ended 31st December 2005.
3. To re-appoint KPMG as auditors and to authorise the Board of Directors to fix their remuneration.
4. To appoint Mr. Liu Danlin as an executive director of the Company and authorise the Board of Directors to fix Mr. Liu’s remuneration.
5. **“THAT:**
 - (A) subject to paragraph (C) of this resolution below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;
 - (B) the Directors be and are hereby authorised during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers during or 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) and issued by the Directors pursuant to the approval in paragraphs (A) and (B) of this resolution above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of any options granted under the share option scheme adopted by the Company or similar arrangement for the time being adopted for the

grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to subscribe for shares in the Company; or (iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in the Company in lieu of the whole or part of a dividend in accordance with the Articles of the Company from time to time, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the time of passing 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 time of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the laws of the Cayman Islands or the Company’s Articles to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company 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 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 the requirements of any recognised regulatory body or any stock exchange).”

6. **“THAT:**

- (A) subject to paragraph (C) of this resolution below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, and that the exercise by the Directors of all powers of the Company to repurchase such shares are subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange, be and is hereby, generally and unconditionally approved;
- (B) the approval in paragraph (A) of this resolution above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to repurchase its shares at a price determined by the Directors;

(C) the aggregate nominal amount of share capital of the Company repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (A) of this resolution above during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the time of passing 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 time of the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the laws of the Cayman Islands or the Company’s Articles to be held; or

(iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

7. “**THAT** conditional upon the passing of ordinary resolution nos. 5 and 6 in the notice convening the annual general meeting of the Company, the aggregate nominal amount of the share capital of the Company which are repurchased by the Company pursuant to and in accordance with the said ordinary resolution no. 6 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 of the Company pursuant to and in accordance with the said ordinary resolution no. 5.”

By Order of the Board
FONG Fuk Wai
Company Secretary

Hong Kong, 19 April 2006

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting shall be 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 the Meeting. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.
3. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered to the principal place of business of the Company at Suite 3203-3204, Tower 6, The Gateway, Harbour City, Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong not less than 48 hours before the time appointed for

holding the Meeting or any adjournment thereof at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of the Meeting or any adjournment thereof, not less than 24 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.

4. No instrument appointing a proxy shall be valid after expiration of 12 months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at the Meeting or any adjournment thereof in cases where the Meeting was originally held within 12 months from such date.
5. Where there are joint holders of any shares, any one of such joint holder may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members of the Company in respect of the joint holding.
6. Completion and delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the Meeting if the member so wish and in such event, the instrument appointing a proxy should be deemed to be revoked.
7. An explanatory statement containing the information necessary to enable the members to make an informed decision as to whether to vote for or against Ordinary Resolution 6 as set out in this notice is enclosed in a circular of the Company of even date and despatched to the members of the Company.
8. The transfer books and Register of Members of the Company will be closed from 9th May 2006 to 11th May 2006, both days inclusive. During such period, no share transfers will be effected. In order to qualify for the proposed final dividend and attending the annual general meeting, all transfer 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 whose share registration public offices are located at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:00 p.m. on 8th May 2006.
9. Details of Mr. Liu Danlin are set out below.

Mr. Liu Danlin

Mr. Liu Danlin, aged 38, is the deputy general manager of Overseas Chinese Town (HK) Company Limited since March 2004. Mr. Liu has joined the Group since March 2004 and has been involved in the general administration of the Group. Mr. Liu was the chief representative of Beijing Representative Office of Overseas Chinese Town Group Company ("OCT Group", the ultimate controlling shareholder of the Company) from 2000 to 2004. He was the deputy general manager of Planning Department of OCT Group between 1997 and 2000 and the deputy general manager of Investment Department of OCT Group between 1996 and 1997. He was the deputy general manager of Jinli Silk Co., Ltd. from 1994 to 1996. Mr. Liu graduated from the Computer Science Department of Beijing University of Aeronautics And Astronautics in 1990. Since 2002, Mr. Liu has been an independent director of Beijing Bitech Corp., Ltd., a listed company in the PRC.

Mr. Liu's director emolument comprises an annual salary of HK\$172,800, which is determined with reference to his responsibilities and the market rate and which will be reviewed annually by the Board. Mr. Liu will enter into a service contract with the Company for a term of three years commencing on the date of AGM and subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Articles.

As at the date of this announcement, Mr. Liu holds a share option to subscribe for 1,700,000 Shares. Save as disclosed, Mr. Liu does not have any interest in the Shares within the meaning of Part XV of the SFO.

Mr. Liu does not have any relationship with any directors, senior management, substantial shareholders and controlling shareholders of the Company.

Save as disclosed above, the Company considers that in relation to the appointment of Mr. Liu as a Director of the Company, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2) of the Listing Rules, and there is no other matter which needs to be brought to the attention of the Shareholders.

As at the date of this announcement, the Board of Directors of the Company comprises seven directors, namely: Mr. Zheng Fan, Mr. Ni Zheng and Mr. Zhou Guangneng are executive directors; Ms. Xie Mei is a non-executive director; Mr. Lee Kit Wah, Mr. Chen Xiangdong and Mr. Xiao Yongping are independent non-executive directors.

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