
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **HKC International Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, stockbroker or licensed securities dealer 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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HKC INTERNATIONAL HOLDINGS LIMITED

香港通訊國際控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(stock code: 248)

**GRANT OF GENERAL MANDATE TO ISSUE SHARES,
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION,
PROPOSED ADOPTION OF THE SHARE AWARD PLAN,
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting to be held at 25th Floor, Oxford House, TaiKoo Place, 979 King's Road, Quarry Bay, Hong Kong at 4:00 p.m. on Friday, 8 September 2006 is set out on pages 15 to 20 of this circular.

Whether or not you intend to attend the Annual General Meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Pilare Limited at 10th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

* For identification purpose only

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DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be convened and held at 25th Floor, Oxford House, TaiKoo Place, 979 King’s Road, Quarry Bay, Hong Kong on Friday, 8 September 2006, the notice of which is set out on pages 15 to 20 of this circular
“associates”	has the same meaning as defined under the Listing Rules
“Business Day”	a day on which the Stock Exchange is open for the business of dealing in securities
“Articles of Association”	the articles of association of the Company as amended from time to time
“Board”	the board of Directors
“Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	HKC International Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning as defined under the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue or otherwise deal with Shares the aggregate nominal amount of which shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the enabling resolution at the Annual General Meeting
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	26 July 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Award Plan”	the share award plan proposed to be adopted by the Company, the principal terms of which are summarised in Appendix I to this circular
“Share Award Plan Trustee”	being the trustee(s) to be appointed by the Company for the administration of the Share Award Plan
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



HKC INTERNATIONAL HOLDINGS LIMITED 香港通訊國際控股有限公司*

(incorporated in the Cayman Islands with limited liability)
(stock code: 248)

Executive Directors:

Mr. Chan Chung Yee, Hubert (*Chairman*)
Mr. Chan Chung Yin, Roy
Mr. Chan Man Min
Mr. Yeh Yui Fong
Mr. Tsui Hon Wing
Mr. Chan Ming Him, Denny
Mr. Wu Kwok Lam

Registered office:

Century Yard, Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town, Grand Cayman
Cayman Islands
British West Indies

Independent non-executive Directors:

Dr. Chu Chor Lup
Mr. Chiu Ngar Wing
Mr. Leung Tai Wai, David

*Head office and principal place of business
in Hong Kong:*

25/F., Oxford House
TaiKoo Place
979 King's Road
Quarry Bay
Hong Kong

31 July 2006

To the Shareholders

Dear Sir or Madam,

**GRANT OF GENERAL MANDATE TO ISSUE SHARES,
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION,
PROPOSED ADOPTION OF THE SHARE AWARD PLAN,
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The primary purposes of this circular are to provide you with information regarding the resolutions to be proposed at the Annual General Meeting and to give you notice of the Annual General Meeting. Resolutions to be proposed at the Annual General Meeting include: (a) a special resolution relating to the proposed amendments to the Articles of Association; (b) an ordinary resolution relating to the proposed grant of the General Mandate; (c) an ordinary resolution relating to the proposed adoption of the Share Award Plan; and (d) ordinary resolutions relating to the proposed re-election of Directors.

* *For identification purpose only*

LETTER FROM THE BOARD

GRANT OF GENERAL MANDATE

Pursuant to a resolution passed by the Shareholders on 9 September 2005, the Directors were granted a general unconditional mandate to allot, issue or otherwise deal with unissued Shares the aggregate nominal amount of which shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of the relevant resolution.

The above general mandate will expire at the conclusion of the Annual General Meeting. At the Annual General Meeting, a resolution will be proposed, among other matters, to grant the General Mandate to the Directors to exercise the powers of the Company to allot, issue or otherwise deal with the unissued Shares the aggregate nominal amount of which shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the enabling resolution.

As at the Latest Practicable Date, the issued share capital of the Company comprised 462,069,603 Shares. Subject to the passing of the proposed resolution for the grant of the General Mandate and on the basis that no Shares are allotted and issued or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed under the General Mandate to allot and issue a maximum of 92,413,920 Shares.

The General Mandate will expire at the earliest of: (a) the conclusion of the annual general meeting of the Company next following the Annual General Meeting; (b) the date by which the next annual general meeting of the Company is required by the Companies Law or the Articles of Association to be held; or (c) when the authority given to the Directors thereunder is revoked or varied by ordinary resolution of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

The Directors wish to state that they have no immediate plans to allot and issue any new Shares other than such Shares which may fall to be allotted and issued upon the exercise of any options which may be granted under the share option scheme of the Company adopted on 23 October 2001 and subject to the Shareholders' approval for the adoption of the Share Award Plan being given, such Shares which may be allotted and issued to the Share Award Plan Trustee pursuant thereto.

PROPOSED ADOPTION OF THE SHARE AWARD PLAN

With a view to give due recognition and reward to the contribution of certain employees to the growth and development of the Group, the Board intends to propose to the Shareholders that the Company should adopt the Share Award Plan, a summary of the material terms of which are set out in Appendix I to this circular.

The Share Award Plan does not constitute a share option scheme or an arrangement analogous to a share option scheme which involves any grant of options to purchase the Shares. Accordingly, the Share Award Plan will not be subject to the requirements of Chapter 17 of the Listing Rules.

Under the rules of the Share Award Plan, if any award is proposed to be made to a connected person and the relevant award is proposed to be satisfied by the Share Award Plan Trustee purchasing the relevant number of awarded Shares on the Stock Exchange, any allocation of funds by the Company to the Share Award Plan Trustee for this purpose shall satisfy all applicable requirements of Chapter 14A of the Listing Rules. Where any award is proposed to be made to a connected person and the relevant award is to be satisfied by an allotment and issue of new Shares, the award shall be separately approved by the Shareholders in general meeting with such connected person and his associates abstaining from voting and shall comply with all other requirements of Chapter 14A of the Listing Rules applicable to such award.

Under the Share Award Plan, the Directors shall in their absolute discretion determine whether the award is to be satisfied by way of allotment and issue of new Shares or purchase of the relevant number of Shares on the Stock Exchange by the Share Award Plan Trustee. As at the Latest Practicable Date, it

LETTER FROM THE BOARD

was the intention of the Board that any award made pursuant to the Share Award Plan would be satisfied by way of purchase of the relevant number of Shares on the Stock Exchange. In the event that any award is to be satisfied by way of allotment and issue of new Shares, the Company will comply with all the relevant provisions under the Listing Rules.

The Directors consider that the adoption of the Share Award Plan is in the interest of the Company and the Shareholders as a whole because it enables the Company to reward and provide incentives to, and strengthen the Group's business relationship with, the prescribed classes of participants who contributed and/or may contribute to the growth and development of the Group.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Stock Exchange has made certain amendments to the Listing Rules including, among other matters, the implementation of the Code on Corporate Governance Practices (“**CG Code**”) as set out in Appendix 14 to the Listing Rules which came into effect on 1 January 2005. Appendices 3 and 13 to the Listing Rules have also been recently revised to the effect that the listed issuer shall have the power by ordinary resolution in general meeting to remove any director before the expiration of his period of office and such revision came into effect on 1 March 2006.

To align with the CG Code and the amended Appendices 3 and 13 to the Listing Rules, it is proposed that the Articles of Association be amended, among others, to the effect that:

- (a) voting by poll can be required by Directors attending the meeting holding proxies in respect of Shares representing 5% or more of the total voting rights at the meeting;
- (b) all Directors appointed by the Board should be subject to election by the Shareholders at the first general meeting after their appointment;
- (c) all Directors should be subject to retirement by rotation at least once every three years; and
- (d) any Director can be removed by an ordinary resolution before expiration of his period of office.

A special resolution in relation to the above proposed amendments to the Articles of Association will be put forth as special business at the Annual General Meeting to be considered and, if thought fit, approved by the Shareholders. A full text of the special resolution for the proposed amendments to the Articles of Association is contained in resolution numbered 7 in the notice of the Annual General Meeting set out on pages 15 to 20 of this circular.

RE-ELECTION OF DIRECTORS

Under Article 108(A) of the Articles of Association, Mr. Chan Chung Yee Hubert, Mr. Yeh Yui Fong and Mr. Chan Man Min would retire from the office of Directors by rotation at the Annual General Meeting and they, being eligible, will offer themselves for re-election at the Annual General Meeting.

Brief biographical details of the Directors who are proposed for re-election at the Annual General Meeting are set out in Appendix II to this circular.

ACTIONS TO BE TAKEN

Set out on pages 15 to 20 of this circular is a notice convening the Annual General Meeting at which resolutions will be proposed to approve, among other matters, the following:

- (a) the grant of the General Mandate;
- (b) the adoption of the Share Award Plan;

LETTER FROM THE BOARD

- (c) the amendments to the Articles of Association; and
- (d) the re-election of Directors.

A form of proxy for use at the Annual General Meeting is enclosed herewith. You are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Pilare Limited at 10th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

PROCEDURES FOR DEMANDING A POLL AT THE ANNUAL GENERAL MEETING

Pursuant to Article 72 of the Articles of Association, a resolution put to vote of a meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for poll) demanded:

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

RECOMMENDATION

The Board considers that the ordinary resolutions and special resolution to be proposed at the Annual General Meeting are in the best interests of the Company and the Shareholders as a whole and recommends the Shareholders to vote in favour of such resolutions at the Annual General Meeting.

GENERAL

Your attention is drawn to the additional information set out in the Appendices to this circular.

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully,
By order of the Board
HKC International Holdings Limited
Chan Chung Yee, Hubert
Chairman

Set out below is a summary of the principal terms and conditions of the Share Award Plan to provide sufficient information to the Shareholders for their consideration of the Share Award Plan proposed to be adopted at the Annual General Meeting:

(i) Purpose of the plan

The purpose of the Share Award Plan is to recognise and reward the contribution of certain employees to the growth and development of our Group through an award of Shares.

(ii) Who may join

The Share Award Plan shall be subject to the administration of the Directors. The Directors may, in their absolute discretion, make an award to any full time employee (including any director) (“**Eligible Employee**”) of the Company, any of its subsidiaries or any entity (“**Invested Entity**”) in which any member of the Group holds an equity interest. The eligibility of any of the Eligible Employees to an award shall be determined by the Directors from time to time on the basis of the Directors’ opinion as to his contribution to the development and growth of the Group.

(iii) Pool of awarded Shares

The Directors shall notify the Share Award Plan Trustee in writing upon the making of an award to an Eligible Employee (“**Selected Employee**”) under the Share Award Plan. Upon the receipt of such notice, the Share Award Plan Trustee shall set aside appropriate number of awarded Shares out of a pool of Shares comprising the following:

- (a) such Shares as may be subscribed for by the Share Award Plan Trustee at such price as may be determined by the Board by utilising the funds allocated by the Directors out of the Company’s resources but subject to the limit set out in paragraph (v) below;
- (b) such Shares as may be purchased by the Share Award Plan Trustee on the Stock Exchange by utilising the funds allocated by the Directors out of the Company’s resources but subject to the limit set out in paragraph (v) below; and
- (c) such Shares which remain unvested and revert to the Share Award Plan Trustee by reason of a lapse of an award.

(iv) Subscription and purchase of Shares by the Share Award Plan Trustee to satisfy awards made by the Directors

The Directors shall in their absolute discretion determine whether the award is to be satisfied by way of allotment and issue of new Shares or purchase of the relevant number of Shares on the Stock Exchange by the Share Award Plan Trustee.

Where any award is proposed to be satisfied by purchasing the relevant number of Shares on the Stock Exchange, the Directors shall notify and instruct the Share Award Plan Trustee to effect the purchase of the relevant number of Shares and the Share Award Plan Trustee shall as soon as reasonably practicable (and, in any event, not longer than such period as may be agreed between the Directors and the Share Award Plan Trustee in writing) after actual receipt of such instruction make the purchases on the Stock Exchange at such prices as may be considered by the Share Award Plan Trustee to be appropriate, provided that if any award is proposed to be made to a connected person, any allocation of funds by the Company to the Share Award Plan Trustee for this purpose shall satisfy all applicable requirements of Chapter 14A of the Listing Rules.

Where any award is proposed to be satisfied by an allotment and issue of new Shares to the Share Award Plan Trustee, such allotment and issue should only be made upon fulfillment of the following conditions:

- (a) the Company having obtained a separate Shareholders' approval in general meeting to authorise the Directors to allot and issue new Shares at such price as may be determined by the Board to the Share Award Plan Trustee provided that:
 - (i) the total number of Shares to be allotted and issued to the Share Award Plan Trustee under the Share Award Plan shall not exceed the limit specified in paragraph (v) below; and
 - (ii) where any award is proposed to be made to a connected person and the relevant award of the Shares is to be satisfied by an allotment and issue of new Shares, the award shall be separately approved by the Shareholders in general meeting with such connected person and his associates abstaining from voting and shall comply with all other requirements of Chapter 14A of the Listing Rules applicable to such award; and
- (b) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Shares which may be allotted and issued by the Company to the Share Award Plan Trustee pursuant to the Share Award Plan.

The Directors shall notify the Share Award Plan Trustee in writing upon the satisfaction of the conditions referred to in sub-paragraphs (a) and (b) above and the Directors shall instruct the Share Award Plan Trustee in writing to apply to, and the Share Award Plan Trustee shall within 10 Business Days after actual receipt of such instruction apply to, the Company for the allotment and issue of the appropriate number of new Shares. If the conditions referred to in sub-paragraphs (a) and (b) above, or any of them, cannot be satisfied, the Directors shall forthwith notify and instruct the Share Award Plan Trustee who shall satisfy any shortfall, actual or contingent, in the awarded Shares by purchasing the relevant number of Shares on the Stock Exchange at such prices as may be considered by the Share Award Plan Trustee to be appropriate, provided that if any award is proposed to be made to a connected person, any allocation of funds by the Company to the Share Award Plan Trustee for this purpose shall satisfy all applicable requirements of Chapter 14A of the Listing Rules.

The Directors shall procure that subject to the limit referred to in paragraph (v) below, adequate funds are paid out of the Group's resources to the Share Award Plan Trustee to enable the Share Award Plan Trustee to subscribe for or, as the case may be, purchase the appropriate number of Shares as referred to in this paragraph (iv) in order to satisfy the outstanding awards from time to time made under the Share Award Plan.

(v) Maximum number of Shares to be subscribed and purchased

In any given financial year of the Company, the maximum number of Shares to be subscribed for and/or purchased by the Share Award Plan Trustee for the purpose of the Share Award Plan shall not exceed 8% of the total number of issued Shares as at the beginning of such financial year. The amount of funds to be allocated by the Company to the Share Award Plan Trustee for the purpose of subscribing for or, as the case may be, purchasing any awarded Shares in any given financial year shall not exceed 10% of the consolidated profit before tax of the Company as shown in the audited financial statements of the immediate preceding year.

(vi) Vesting of the awarded Shares

The legal and beneficial ownership of the relevant awarded Shares shall vest in the relevant Selected Employee within 10 Business Days after the latest of:

- (a) the date specified by the Directors on the notice of the award;
- (b) where applicable, the date on which the condition(s) or performance target(s) (if any) to be attained by such Selected Employee as specified in the related notice of award have been attained and notified to the Share Award Plan Trustee by the Directors in writing; and
- (c) where applicable, the date on which the Share Award Plan Trustee has completed the subscription for and/or purchase of Shares for the purpose of making the relevant award.

(vii) Restrictions on the time of making awards, subscription, purchase and/or vesting

No award shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in newspapers. In particular, during the period commencing one month immediately preceding the earlier of (aa) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (bb) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the relevant results announcement, no award may be made.

The Directors may not make any award to an Eligible Employee who is a connected person during the periods or times in which Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company. During the period at which the Directors are restricted under the Share Award Plan from making any award, no subscription and/or purchases of Shares as referred to in paragraph (iv) above and no vesting of Shares as referred to in paragraph (vi) above can be effected by the Share Award Plan Trustee.

(viii) Period of the Share Award Plan

The Share Award Plan will remain in force for a period of 10 years commencing on the date on which the Share Award Plan is adopted.

(ix) Lapse of awards

In the event that any Selected Employee ceases to be an Eligible Employee by virtue of a corporate reorganisation of the Group or the Invested Entity, any award made to such Selected Employee shall forthwith lapse and be cancelled. If the Selected Employee ceases to be any Eligible Employee by reason of a termination of his employment with the Group or the Invested Entity for whatever reason other than his death or retirement in accordance with his contract of employment, an award made to such Selected Employee shall forthwith lapse and be cancelled. If any Selected Employee ceases to be an Eligible Employee by reason only of his death or retirement in accordance with his contract of employment, the awarded Shares which are set aside for him pursuant to an award shall be transferred to or vested in him or, as the case may be, his personal representative(s) in accordance with the Share Award Plan.

(x) Termination of the Share Award Plan

The Directors may by resolution at any time terminate the operation of the Share Award Plan and in such event no further awards shall be made provided that such termination shall not affect any subsisting rights of any Selected Employee in respect of any award made to him prior to such termination.

(xi) Rights are personal to the Selected Employees

An award shall be personal to the Selected Employee and shall not be transferable or assignable.

The biographical details and other particulars of the Directors proposed to be re-elected at the Annual General Meeting are set out below:

Mr. CHAN Chung Yee, Hubert, aged 46, joined the Group in 1984 and is responsible for the formulation of corporate strategies and business development of the Group. Mr. Chan is a director of each of the Company's subsidiaries. He has over 15 years of experience in the trading and distribution of telecommunications equipment. Mr. Chan obtained a Bachelor's Degree in Industrial Engineering from the University of Hong Kong and an Executive Master Degree of Business Administration from the Hong Kong University of Science and Technology. Mr. Chan is also very active in promoting the telecommunications industry in Hong Kong. He is currently the Chairman of the Communications Association of Hong Kong (previously known as Internet & Telecom Association of Hong Kong). Save as disclosed herein, Mr. Chan had not held any other major appointments or qualifications. Mr. Chan had not held any directorship in other listed companies in the three years preceding the Latest Practicable Date.

Mr. Chan is the elder brother of Mr. Chan Chung Yin, Roy, who is an executive Director of the Company. Save as disclosed herein, Mr. Chan does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders (as defined in the Listing Rules) of the Company.

Mr. Chan has entered into a service agreement with the Company for an initial term of three years commencing from 12 September 2001 which is automatically renewable for successive term of one year upon expiry of the then current term, until terminated by not less than three months' notice in writing served by either party to the other. Under the service contract, Mr. Chan is currently entitled to the following remuneration which is determined with reference to his performance and contribution to the Group:

- (i) a monthly salary of HK\$105,000 subject to such increase as the Board may, subject to compliance with the provisions of the Articles of Association, determine from time to time in its absolute discretion on or before the 20th day of April of each year during the term provided that such increase shall not exceed 10% per annum of the amount of salary paid during the previous 12-month period; and
- (ii) a management bonus in respect of each financial year of the Company during the term in an amount to be determined by the Board in its absolute discretion, provided that the total amount of bonuses payable to all the executive Directors for the time being shall not exceed 10% of the combined or, as the case may be, consolidated audited net profit of the Group (after taxation and minority interests and the payment of such bonuses but before extraordinary items) for that financial year.

As at the Latest Practicable Date, Mr. Chan was deemed to be interested in 231,660,575 Shares which were held by Matrix World Group Limited and Light Emotion Limited, representing approximately 50.14% of the total issued share capital of the Company, under Part XV of the SFO. Mr. Chan was also interested in 4,300,000 Shares, representing approximately 0.93% of the total issued share capital of the Company, under Part XV of the SFO by virtue of his direct beneficial interest. In addition, Mr. Chan was granted options under the share option scheme of the Company to subscribe for an aggregate of 4,300,000 Shares. Accordingly, Mr. Chan was taken as interested in 4,300,000 Shares, which represented approximately 0.93% of the total issued share capital of the Company, under Part XV of the SFO.

There is no information which is discloseable nor is/was Mr. Chan involved in any matters required to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Save as disclosed above, there are no other matters concerning the re-election of Mr. Chan that need to be brought to the attention of the Shareholders.

Mr. YEH Yui Fong, aged 72, is responsible for overseeing the business planning and operation of the Singapore subsidiary of the Company, namely Singapore Communications Equipment Co (Pte) Ltd. Mr. Yeh has been an executive director of the Singapore subsidiary since 1981 and he is also a director of HKC International (M) Sdn Bhd and Circle Mobile Communications (M) Sdn Bhd, both being the subsidiaries of the Company. Mr. Yeh has over 20 years of experience in the telecommunications industry. He has attained an MBA Degree from the Chinese University of Hong Kong. Save as disclosed herein, Mr. Yeh had not held any other major appointments or qualifications. Mr. Yeh had not held any directorship in other listed companies in the three years preceding the Latest Practicable Date.

Mr. Yeh does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders (as defined in the Listing Rules) of the Company.

Mr. Yeh has entered into a service agreement with the Company for an initial term of three years commencing from 12 September 2001 which is automatically renewable for successive term of one year upon expiry of the then current term, until terminated by not less than three months' notice in writing served by either party to the other. Under the service contract, Mr. Yeh is currently entitled to the following remuneration which is determined with reference to his performance and contribution to the Group:

- (i) a monthly salary of HK\$30,900 subject to such increase as the Board may, subject to compliance with the provisions of the Articles of Association, determine from time to time in its absolute discretion on or before the 20th day of April of each year during the term provided that such increase shall not exceed 10% per annum of the amount of salary paid during the previous 12-month period; and
- (ii) a management bonus in respect of each financial year of the Company during the term in an amount to be determined by the Board in its absolute discretion, provided that the total amount of bonuses payable to all the executive Directors for the time being shall not exceed 10% of the combined or, as the case may be, consolidated audited net profit of the Group (after taxation and minority interests and the payment of such bonuses but before extraordinary items) for that financial year.

As at the Latest Practicable Date, Mr. Yeh was deemed to be interested in 2,681,550 Shares which were held by CIT Company Limited, representing approximately 0.58% of the total issued share capital of the Company, under Part XV of the SFO. Mr. Yeh was also interested in 1,000,000 Shares, representing approximately 0.22% of the total issued share capital of the Company, under Part XV of the SFO by virtue of his direct beneficial interest. In addition, Mr. Yeh was granted options under the share option scheme of the Company to subscribe for an aggregate of 1,000,000 Shares. Accordingly, Mr. Yeh was also taken as interested in 1,000,000 Shares, which represented approximately 0.22% of the total issued share capital of the Company, under Part XV of the SFO.

There is no information which is discloseable nor is/was Mr. Yeh involved in any matters required to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Save as disclosed above, there are no other matters concerning the re-election of Mr. Yeh that need to be brought to the attention of the Shareholders.

Mr. CHAN Man Min, aged 73, joined the Group in 1971 with over 30 years of experience in the telecommunications industry. Save as disclosed herein, Mr. Chan had not held any other major appointments or qualifications. Mr. Chan had not held any directorship in other listed companies in the three years preceding the Latest Practicable Date.

Mr. Chan is the father of Mr. Chan Ming Him, Denny, who is an executive Director. Save as disclosed herein, Mr. Chan does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders (as defined in the Listing Rules) of the Company.

Mr. Chan has entered into a service agreement with the Company for an initial term of three years commencing from 12 September 2001 which is automatically renewable for successive term of one year upon expiry of the then current term, until terminated by not less than three months' notice in writing served by either party to the other. Under the service contract, Mr Chan is currently entitled to the following remuneration which is determined with reference to his performance and contribution to the Group:

- (i) a monthly salary of HK\$3,000 subject to such increase as the Board may, subject to compliance with the provisions of the Articles of Association, determine from time to time in its absolute discretion on or before the 20th day of April of each year during the term provided that such increase shall not exceed 10% per annum of the amount of salary paid during the previous 12-month period; and
- (ii) a management bonus in respect of each financial year of the Company during the term in an amount to be determined by the Board in its absolute discretion, provided that the total amount of bonuses payable to all the executive Directors for the time being shall not exceed 10% of the combined or, as the case may be, consolidated audited net profit of the Group (after taxation and minority interests and the payment of such bonuses but before extraordinary items) for that financial year.

As at the Latest Practicable Date, Mr. Chan was deemed to be interested in 24,709,650 Shares which were held by Ocean Hope Group Limited, representing approximately 5.35% of the total issued share capital of the Company, under Part XV of the SFO. Mr. Chan was also interested in 1,000,000 Shares, representing approximately 0.22% of the total issued share capital of the Company, under Part XV of the SFO by virtue of his direct beneficial interest. In addition, Mr. Chan was granted options under the share option scheme of the Company to subscribe for an aggregate of 1,000,000 Shares. Accordingly, Mr. Chan was also taken as interested in 1,000,000 Shares, which represented approximately 0.22% of the total issued share capital of the Company, under Part XV of the SFO.

There is no information which is discloseable nor is/was Mr. Chan involved in any matters required to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Save as disclosed above, there are no other matters concerning the re-election of Mr. Chan that need to be brought to the attention of the Shareholders.

NOTICE OF ANNUAL GENERAL MEETING



HKC INTERNATIONAL HOLDINGS LIMITED 香港通訊國際控股有限公司*

(incorporated in the Cayman Islands with limited liability)
(stock code: 248)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general Meeting (“**Meeting**”) of HKC International Holdings Limited (“**Company**”) will be held at 4:00 p.m. on Friday, 8 September 2006 at 25th Floor, Oxford House, TaiKoo Place, 979 King’s Road, Quarry Bay, Hong Kong, to transact the following ordinary businesses:

1. to receive and approve the audited consolidated financial statements and the reports of the directors (“**Directors**”) and the auditors of the Company for the year ended 31 March 2006;
2. to declare a final dividend for the year ended 31 March 2006 of HK1 cent per share of HK\$0.01 each (“**Share**”) in the capital of the Company;
3. to re-elect the retiring Directors (each as a separate resolution) and to authorise the board of Directors to fix the Directors’ remuneration;
4. to re-appoint the Company’s auditors and to authorise the board of Directors to fix their remuneration;

and to consider and, if thought fit, pass the following resolution as ordinary resolution:

Ordinary Resolutions

5. “**THAT:**
 - (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and all other applicable laws, the exercise by the directors (“**Directors**”) of the Company during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue or otherwise deal with the unissued shares of HK\$0.01 each (“**Shares**”) in the share capital of the Company, and to make or grant offers, agreements and options (including warrants to subscribe for Shares) which would or might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including warrants to subscribe

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

for Shares) which would or 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 and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to
 - (i) a Rights Issue (as defined in paragraph (d) below);
 - (ii) the exercise of any options granted under the share option schemes or similar arrangement for the time being adopted by the Company; or
 - (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or
 - (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares;

shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution, and the said approval shall be limited accordingly.

- (d) for the purpose of this resolution:

“**Relevant Period**” means the period from the date of 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 law of the Cayman Islands to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to the holders of Shares on the Company’s register of members on a fixed record date in proportion to their then holdings of such Shares as at that date (subject to such exclusions or other arrangements as the Directors may deem necessary or

NOTICE OF ANNUAL GENERAL MEETING

expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

and as special business, to consider and, if thought fit, pass the following resolutions as ordinary resolution, or as the case may be, a special resolution:

6. “**THAT** with effect from the close of business of the date on which this resolution is passed, the rules of the share award plan (“**Share Award Plan**”), the principal terms of which are particularly described in the circular (“**Circular**”) to the shareholders of the Company dated 31 July 2006 (a copy of the rules of the Share Award Plan and the Circular having been produced to the meeting marked “A” and “B”, respectively, and signed by the chairman of the meeting for the purposes of identification), be approved and adopted and the directors of the Company be and they are hereby authorised to take all such steps as may be necessary, desirable or expedient to implement the Share Award Plan.”

Special Resolution

7. “**THAT** the articles of association of the Company be and are hereby amended in the following manner:

- (a) Article 72:

by deleting the existing Article 72 in its entirety and substituting thereof with the following:

“72. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is required by the rules of the stock exchange in the Relevant Territory 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:

- (i) by the Chairman of the meeting; or
- (ii) by at least three shareholders present in person (or, in the case of a shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at such meeting; or
- (iii) by any shareholder or shareholders present in person (or, in the case of a shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the shareholders having the right to vote at the meeting; or

NOTICE OF ANNUAL GENERAL MEETING

- (iv) by any shareholder or shareholders present in person (or, in the case of a shareholder being a corporation, by its duly authorised representative) or by proxy and holding shares 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 the shares conferring that right; or
 - (v) if required by the rules of the stock exchange in the Relevant Territory, by any Director or Directors who, individually or collectively, hold proxies in respect of shares of the Company representing five per cent. (5%) or more of the total voting rights at the meeting.”
- (b) Article 105 (vii):
- by deleting the words “by a Special Resolution of the Company” of the existing Article 105(vii);
- (c) Article 108(A):
- by deleting the existing Article 108(A) in its entirety and substituting thereof with the following:
- “108.(A) At each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he/she retires. The Company at the general meeting at which a Director retires may fill the vacated office.”
- (d) Article 111:
- by deleting the existing Article 111 in its entirety and substituting thereof with the following:
- “111. Subject to the Statutes and the provisions of these Articles, the Company may from time to time in general meeting by Ordinary Resolution elect any person to be a Director either to fill a causal vacancy or as an additional Director.”;

NOTICE OF ANNUAL GENERAL MEETING

(e) Article 112:

by deleting the existing Article 112 in its entirety and substituting thereof with the following:

“112. The Directors shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the shareholders in general meeting. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at the meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.”;

(f) Article 114:

by substituting the word “Special” in the first sentence of the existing Article 114 with the word “Ordinary”; and

(g) Article 124:

by deleting the existing Article 124 in its entirety and substituting thereof the following:

“124. A Director appointed to an office under Article 122 shall be subject to the same provisions as to rotation, resignation and removal as the other Directors of the Company, and he shall ipso facto and immediately cease to hold such office if he shall cease to hold the office of Director for any cause”.

By order of the board of Directors of
HKC International Holdings Limited
Chan Chung Yee, Hubert
Chairman

Hong Kong, 31 July 2006

Registered office:
Century Yard, Cricket Square
Hutchins Drive
P.O. Box 2681GT
George Town
Grand Cayman, Cayman Islands
British West Indies

*Head office and principal place of business
in Hong Kong:*
25/F., Oxford House, TaiKoo Place,
979 King’s Road, Quarry Bay,
Hong Kong

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Any shareholder 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 shareholder 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 shareholder of the Company.
2. A form of proxy for use at the Meeting is being dispatched to the shareholders of the Company together with a copy of this notice. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited 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, at the offices of the Company's Hong Kong branch registrars ("**Branch Registrar**"), Pilare Limited at 10th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong no less than 48 hours before the time for holding the Meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a shareholder from attending in person and voting at the Meeting or any adjournment thereof, should he so wish.
3. The register of members of the Company will be closed from Wednesday, 6 September 2006 to Friday, 8 September 2006 (both days inclusive), during which period no transfers of shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Pilare Limited, at 10th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 5 September 2006.
4. As at the date of this notice, the board of Directors comprises the following members:

Executive Directors:

Mr. Chan Chung Yee, Hubert
Mr. Chan Chung Yin, Roy
Mr. Chan Man Min
Mr. Yeh Yui Fong
Mr. Tsui Hon Wing
Mr. Chan Ming Him, Denny
Mr. Wu Kwok Lam

Independent non-executive Directors:

Dr. Chu Chor Lup
Mr. Chiu Ngar Wing
Mr. Leung Tai Wai, David