
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 registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in Tern Properties Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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TERN PROPERTIES COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 277)

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

A notice convening the annual general meeting of Tern Properties Company Limited to be held in the conference room of Woo, Kwan, Lee & Lo, 25th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong on Friday, 8 August 2008 at 12:00 noon is set out on pages 12 to 15 of this circular to be despatched to shareholders together with this circular.

Whether or not you intend to be present at the annual general meeting, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or adjourned meeting should you so wish.

7 July 2008

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held in the conference room of Woo, Kwan, Lee & Lo, 25th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong on Friday, 8 August 2008 at 12:00 noon
“Articles of Association”	the articles of association of the Company, as originally adopted, or as from time to time altered in accordance with the Companies Ordinance
“Board”	Board of Directors
“Code”	the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules
“Companies Ordinance”	Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	Tern Properties Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	means the Company, its subsidiaries, its associated companies, its jointly controlled entities and its related companies from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	2 July 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Securities and Futures Ordinance”	Securities and Futures Ordinance, Chapter 572 of the Laws of Hong Kong

DEFINITIONS

“Share(s)”	share(s) of HK\$0.50 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases

LETTER FROM THE CHAIRMAN



TERN PROPERTIES COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 277)

Directors:

Mr. Chan Hoi Sow
(Chairman and Managing Director)
Mr. Chan Yan Tin, Andrew
Mr. Chan Siu Keung, Leonard
Mr. Chan Kwok Wai*
Mr. Tse Lai Han, Henry*
Mr. Leung Kui King, Donald*

Registered office:

26th Floor,
Tern Centre, Tower I,
237 Queen's Road Central,
Hong Kong

* *Independent Non-Executive Director*

7 July 2008

To the shareholders

Dear Sir or Madam,

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

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the AGM relating to (i) re-election of Directors; and (ii) the granting to the Directors of general mandates for the issue of Shares and the repurchase of Shares up to 20% and 10% respectively of the Company's issued share capital as at the date of the resolutions.

RE-ELECTION OF DIRECTORS

The Board currently consists of six Directors, namely Mr. Chan Hoi Sow, Mr. Chan Yan Tin, Andrew, Mr. Chan Siu Keung, Leonard, Mr. Chan Kwok Wai, Mr. Tse Lai Han, Henry and Mr. Leung Kui King, Donald.

LETTER FROM THE CHAIRMAN

Pursuant to Article 103 of the Articles of Association, Mr. Chan Kwok Wai and Mr. Tse Lai Han, Henry shall retire by rotation at the AGM and, being eligible, offer themselves for re-election.

Pursuant to Article 94 of the Articles of Association, Mr. Leung Kui King, Donald shall retire at the AGM and, being eligible, offer himself for re-election.

Brief biographical details of the retiring Directors who are proposed to be re-elected at the AGM are set out in Appendix I to this circular.

GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 10 August 2007, a general mandate was given by the Company to the Directors to exercise the powers of the Company to repurchase Shares. Under the Listing Rules, this general mandate will lapse at the conclusion of the AGM.

An ordinary resolution will be proposed at the AGM to give a general and unconditional mandate to the Directors to exercise the powers of the Company to repurchase at any time until the next annual general meeting of the Company following the passing of the ordinary resolution or such earlier period as stated in the ordinary resolution Shares up to a maximum of 10% of the issued share capital of the Company at the date of the passing of the ordinary resolution (the “Repurchase Mandate”).

An explanatory statement as required under the Listing Rules to provide the requisite information is set out in Appendix II to this circular.

GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting of the Company held on 10 August 2007, a general mandate was given by the Company to the Directors to exercise the powers of the Company to issue Shares. Under the Listing Rules, this general mandate will lapse at the conclusion of the AGM.

At the AGM, an ordinary resolution will be proposed that the Directors be given a general and unconditional mandate to issue during the period up to the next annual general meeting of the Company following the passing of the ordinary resolution or such earlier period as stated in the ordinary resolution Shares representing up to 20% of the issued share capital of the Company at the date of the passing of the resolution (i.e. not exceeding 61,562,504 Shares based on the issued share capital of the Company of 307,812,522 Shares as at the Latest Practicable Date and assuming that such issued share capital remains the same at the date of passing the resolution) (the “Issue Mandate”). In addition, an ordinary resolution will be proposed to authorise extension of the Issue Mandate which would increase the limit of the Issue Mandate by adding to it the number of Shares repurchased under the Repurchase Mandate.

LETTER FROM THE CHAIRMAN

ANNUAL GENERAL MEETING

At the AGM, resolutions will be proposed to the Shareholders in respect of the ordinary business to be considered at the AGM, including the re-election of retiring Directors and the special business of the Company to be considered at the AGM, being the proposed grant of the Repurchase Mandate, the Issue Mandate and the extension of the Issue Mandate. The notice of AGM is set out on pages 12 to 15 of this circular expected to be despatched to Shareholders together with this circular.

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you are able to attend the AGM, you are requested to complete the accompanying form of proxy and return it to the registered office of the Company in accordance with the instructions printed thereon not later than 48 hours before the time fixed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjourned meeting if you so desire.

RIGHT TO DEMAND A POLL

Pursuant to Article 74 of the Articles of Association, 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 taken as may from time to time be required under the Listing Rules or any other applicable laws, rules or regulations or 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 a poll) demanded:

- (i) by the Chairman of the meeting; or
- (ii) by at least three members present in person or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meetings; or
- (iv) by a member or members present in person 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 the Shares conferring that right.

Pursuant to Article 80 of the Articles of Association, on a show of hands, every member who (being an individual) is present in person or (being a corporation) is present by a representative duly authorised under Section 115 of the Companies Ordinance shall have one vote only. On a poll, every member present in person or by proxy shall have one vote for every Share held by him. On a poll, a member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way.

LETTER FROM THE CHAIRMAN

RECOMMENDATION

The Directors consider that the re-election of the retiring Directors, the granting of the Repurchase Mandate, the Issue Mandate and the extension of the Issue Mandate are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the resolutions to be proposed at the AGM to give effect to them.

Yours faithfully,
Chan Hoi Sow
Chairman

The three Directors proposed to be re-elected at the AGM are set out as follows:

Chan Kwok Wai

Mr. Chan, aged 49, has been an independent non-executive director since September 2004. He is also the chairman of the audit committee and the chairman of the remuneration committee. He holds a bachelor degree in Accounting and Commerce, and is an associate member of the CPA Australia and a member of the Hong Kong Securities Institute. He has over 20 years of experience in finance and accounting industry. Mr. Chan is currently a director of High Progress Consultants Limited and an independent non-executive director of the five listed public companies in Hong Kong, namely Chinese Estates Holdings Limited, Junefield Department Store Group Limited, National Electronics Holdings Limited, Far East Consortium International Limited and China Investments Holdings Limited. Save as disclosed above, he has not held any directorship in other listed public companies in the last three years or any position with the Company or other members of the Group.

As at the Latest Practicable Date, Mr. Chan did not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Chan does not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

Mr. Chan's term of service with the Company is three years, from 1 April 2008 to 31 March 2011 and is subject to retirement by rotation and re-election at the AGM and vacation of office in accordance with the provisions of the Articles of Association. His emoluments comprise a director's fee to be proposed by the Board and approved by the Shareholders at the AGM. His emoluments are to be determined with reference to the prevailing market practice, the Company's remuneration policy, his duties and responsibilities with the Group and his contribution to the Group. For the year ended 31 March 2008, he received a director's fee of HK\$60,000 per annum.

Save as disclosed above, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to any of the requirements of rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Tse Lai Han, Henry

Mr. Tse, aged 43, has been an independent non-executive director since September 2004. He is also a member of the audit committee and a member of the remuneration committee. He holds Bachelor and Master of Applied Science (Civil Engineering) degrees from the University of British Columbia in Canada. He has considerable experience in both construction and property development through various postings with major contractors and developers in Hong Kong and Overseas. He is presently the Deputy General Manager of a property developer in Macau. Save as disclosed above, he has not held any directorship in other listed public companies in the last three years or any position with the Company or other members of the Group.

As at the Latest Practicable Date, Mr. Tse did not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Tse does not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

Mr. Tse's term of service with the Company is three years, from 1 April 2008 to 31 March 2011 and is subject to retirement by rotation and re-election at the AGM and vacation of office in accordance with the provisions of the Articles of Association. His emoluments comprise a director's fee to be proposed by the Board and approved by the Shareholders at the AGM. His emoluments are to be determined with reference to the prevailing market practice, the Company's remuneration policy, his duties and responsibilities with the Group and his contribution to the Group. For the year ended 31 March 2008, he received a director's fee of HK\$60,000 per annum.

Save as disclosed above, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to any of the requirements of rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Leung Kui King, Donald

Mr. Leung, aged 52, has been appointed as an independent non-executive director in April 2008. He is also a member of the audit committee. He graduated from The University of California, Berkeley and completed Harvard University's Advanced Management Program. Mr. Leung started his career in banking with Bank of America in 1977 and joined Wardley Limited (a member of HSBC Group) in 1984. He then spent 20 years with Sun Hung Kai Properties Group and retired as Assistant to Chairman in January 2006. He was an executive director of SUNeVision Holdings Ltd., a listed public company in Hong Kong, up to December 2005.

Save as disclosed above, Mr. Leung has not held any directorship in other listed public companies in the last three years or any position with the Company or other members of the Group.

As at the Latest Practicable Date, Mr. Leung did not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Leung does not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

Mr. Leung's term of service with the Company is three years, from 1 April 2008 to 31 March 2011 and is subject to retirement at the first general meeting after his appointment and thereafter subject to retirement by rotation and re-election at the AGM and vacation of office in accordance with the provisions of the Articles of Association. His emoluments comprise a director's fee to be proposed by the Board and approved by the Shareholders at the AGM. His emoluments are to be determined with reference to the prevailing market practice, the Company's remuneration policy, his duties and responsibilities with the Group and his contribution to the Group. For the year ending 31 March 2009, he will receive a director's fee of HK\$60,000 per annum.

Save as disclosed above, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to any of the requirements of rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

This appendix serves as an explanatory statement, as required by Rule 10.06(b) of the Listing Rules, to provide requisite information to shareholders for their consideration of the Repurchase Mandate and also constitutes the memorandum as required under Section 49BA(3) of the Companies Ordinance.

1. LISTING RULES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their shares on the Stock Exchange or on any other stock exchange on which the shares of the companies may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose subject to certain restrictions, the most important of which are summarized below:

- (a) The shares proposed to be purchased by the company are fully-paid up.
- (b) The company has previously sent to its shareholders an explanatory statement complying with the Listing Rules.
- (c) The shareholders of the company have given a specific approval or a general mandate to the directors of the company to make such purchase, by way of an ordinary resolution which complies with the Listing Rules and which has been passed at a general meeting of the company duly convened and held and the company has delivered a copy of such resolution, together with the necessary supporting documentation, to the Stock Exchange in accordance with the Listing Rules.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 307,812,522 Shares, all of which are fully paid up.

Subject to the passing of the proposed ordinary resolution and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 30,781,252 Shares which are fully paid up, representing 10% of the issued share capital of the Company as at the Latest Practicable Date and date of the passing of the proposed ordinary resolution.

3. REASONS FOR REPURCHASE

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

4. FUNDING OF REPURCHASES

It is proposed that repurchases of Shares under the Repurchase Mandate in these circumstances would be financed from available cash flow or working capital facilities of the Company and its subsidiaries.

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum and Articles of Association and the Companies Ordinance. The Companies Ordinance provides that the amount of capital repaid in connection with a share repurchase may only be paid from the distributable profits of the company or from the proceeds of a new issue of shares made for the purpose. The Companies Ordinance further provides that the amount of premium payable on repurchase may only be paid out of the distributable profits of the company. Where the repurchased shares were issued at a premium, any premium payable on repurchase may be paid out of the proceeds of a fresh issue of shares made for the purposes of the share repurchase up to certain limits specified by the Companies Ordinance.

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31 March 2008) in the event that the proposed repurchases of Shares were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date were as follows:

	Highest Price HK\$	Lowest Price HK\$
2007		
July	4.400	3.500
August	4.080	3.600
September	4.150	3.800
October	4.300	3.850
November	5.000	5.000
December	—*	—*
2008		
January	—*	—*
February	—*	—*
March	—*	—*
April	—*	—*
May	—*	—*
June	4.420	3.850
July (up to the Latest Practicable Date)	—*	—*

* There was no trading of shares during the month.

6. GENERAL

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the proposed ordinary resolution in accordance with the Listing Rules and the applicable laws of Hong Kong.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell any Shares to the Company under the Repurchase Mandate if such Repurchase Mandate is approved by the Shareholders.

No other connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

If as a result of a share repurchase, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a shareholder or a group of shareholders acting in concert, depending on the level of increase of the shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Mr. Chan Hoi Sow and Mr. Chan Yan Tin, Andrew together with their respective associates (as defined in the Listing Rules) (the "said Persons") were beneficially interested in 173,628,896 Shares, representing approximately 56.41% of the issued share capital of the Company. In the event that the Directors exercised the Repurchase Mandate in full, then (if the present shareholdings otherwise remained the same) the collective shareholdings of the said Persons in the Company would be increased to approximately 62.67% of the issued share capital of the Company and the said Persons would not be required to make a mandatory offer under Rules 26 and 32 of the Takeovers Code by reason of such increase. The Directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any purchases made under the Repurchase Mandate. The Directors have no present intention to exercise the Repurchase Mandate to the extent that the number of Shares held by the public would be reduced to less than 25% of the issued share capital of the Company.

7. SHARE REPURCHASE MADE BY THE COMPANY

The Company had not repurchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this circular.

8. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of providing information with regard to the Company.

The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained in this circular the omission of which would make any statement contained herein misleading.

NOTICE OF ANNUAL GENERAL MEETING



TERN PROPERTIES COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 277)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Tern Properties Company Limited (the “Company”) will be held in the conference room of Woo, Kwan, Lee & Lo, 25th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong on Friday, 8 August 2008 at 12:00 noon for the following purposes:

1. To receive and consider the audited Financial Statements, the Directors’ Report and the Independent Auditors’ Report for the year ended 31 March 2008.
2. To declare a final dividend.
3. To re-elect Directors and to fix the Directors’ fees.
4. To re-appoint Auditors and authorise the Directors to fix their remuneration.

As special business, to consider and, if thought fit, to pass with or without amendments the following resolutions as Ordinary Resolutions of the Company:

ORDINARY RESOLUTIONS

5. **“THAT:**
 - (i) subject to paragraph (ii) of this Resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the aggregate nominal amount of the shares in the capital of the Company to be repurchased by the Company pursuant to the approval in paragraph (i) of this Resolution shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution, and the said approval shall be limited accordingly; and
 - (iii) 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 to be held; or
 - (c) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting.”
6. **“THAT:**
- (i) subject to paragraph (iii) of this Resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make and grant offers, agreements and options (including bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require shares to be allotted be and is hereby generally and unconditionally approved;
 - (ii) the approval in paragraph (i) of this Resolution shall authorise the Directors of the Company during the Relevant Period to make and grant offers, agreements and options (including bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require shares to be allotted after the end of the Relevant Period;
 - (iii) 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 (i) of this Resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined) or (ii) the exercise of any rights of subscription or conversion under any existing bonds, debentures, notes and other securities of the Company; or (iii) any option scheme or similar arrangement for the time being adopted for the grant or issue of shares or rights to acquire shares of the Company; or (iv) any scrip dividend scheme or similar arrangement providing for the allotment and issue of shares in lieu of the whole or part of a dividend on shares of the

NOTICE OF ANNUAL GENERAL MEETING

Company in accordance with the Memorandum and Articles of Association of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution, and the said approval shall be limited accordingly;

- (iv) 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 to be held; or
 - (c) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting; and

“Rights Issue” means an offer of shares or issue of options, warrants or other securities giving the right to subscribe for shares of the Company open for a period fixed by the Directors of the Company to holders of shares whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such shares of the Company (or, where appropriate, such other securities), (subject in all cases to such exclusions 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 applicable to the Company).”

7. “**THAT** conditional upon the passing of Ordinary Resolutions Nos. 5 and 6 set out in the notice convening this meeting, the general mandate granted to the Directors of the Company to allot, issue and deal with additional shares pursuant to Ordinary Resolution No. 6 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Ordinary Resolution No. 5 set out in the notice convening this meeting, provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution.”

By order of the Board
Lee Yip Wah, Peter
Secretary

Hong Kong, 7 July 2008

NOTICE OF ANNUAL GENERAL MEETING

Registered Office:

26th Floor
Tern Centre, Tower I
237 Queen's Road Central
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the registered office of the Company at 26th Floor, Tern Centre, Tower I, 237 Queen's Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.
3. The Register of Members of the Company will be closed from Friday, 1 August 2008 to Friday, 8 August 2008, both days inclusive, during which period no transfer of shares will be registered by the Company. In order to qualify for the proposed final dividend and to determine the identity of the shareholders entitled to attend and vote at the meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 31 July 2008.
4. With regard to items 3 and 5 to 7 of this notice, a circular giving details of the proposals for re-election of Directors, general mandates to repurchase shares and to issue shares will be despatched to the shareholders together with the 2008 Annual Report of the Company on 7 July 2008.
5. This notice is also available for viewing on the designated website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.tern.hk from 7 July 2008.
6. As at the date of this notice, the Board of Directors of the Company comprises six Directors, of which three are Executive Directors, namely Mr. Chan Hoi Sow, Mr. Chan Yan Tin, Andrew and Mr. Chan Siu Keung, Leonard and three are Independent Non-Executive Directors, namely Mr. Chan Kwok Wai, Mr. Tse Lai Han, Henry and Mr. Leung Kui King, Donald.