

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company will be held at Tai Po Room 2/F., Regal Riverside Hotel, 34-36 Tai Chung Kiu Road, Shatin, Hong Kong on Wednesday, 30 June, 2004 at 12:00 noon for the following purposes:

- (1) To receive and adopt the Audited Consolidated Financial Statements and the Reports of the Directors and Auditors for the year ended 31 December 2002.
- (2) To receive and adopt the Audited Consolidated Financial Statements and the Reports of the Directors and Auditors for the year ended 31 December 2003.
- (3) To re-elect Messrs. Cheng Chak Ho and Mu Xiangming as independent non-executive directors of the Company and to authorize the board of directors of the Company (the "Board") to fix the remuneration of directors.
- (4) To re-appoint HLB Hodgson Impey Cheng as auditors for the ensuing year and to authorize the Board to fix their remuneration.
- (5) As special business, to consider and, if thought fit, pass with or without modifications, the following resolution as an Ordinary Resolution:

(A). **"THAT:**

- (a) subject to paragraph (c) 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, notes, debentures and other securities which carry rights to subscribe for or are convertible into shares) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds, notes, debentures and other securities which carry rights to subscribe for or are convertible into 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 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 paragraph (a), otherwise than pursuant to :
  - (i) a Right Issue (as hereinafter defined);
  - (ii) the exercise of any rights of subscription or conversion under the terms of any warrants, bonds, notes, debentures, and any securities of the Company which carry rights to subscribe for or are convertible into shares of the Company;
  - (iii) an issue of shares upon the exercise of subscription rights under any option scheme or similar arrangement adopted for the grant or issue to the grantees as specified in such scheme or similar arrangement or rights to acquire shares of the Company; or

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- (iv) an issue of shares pursuant to any scrip dividends or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws 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 as at the date of passing this resolution, and the said approval shall be limited accordingly; and

- (d) for the purpose of this resolution:

“Relevant Period” means the period from the date of passing 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 bye-laws of the Company or any applicable law to be held;
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting;

“Rights Issue” means an offer of shares or an offer of options, warrants or other securities of the Company giving rights to subscribe for shares, open for acceptance for a period fixed by the Directors to holders of shares of the Company whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusion 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, or the requirements of any recognized regulatory body or any stock exchange in any territory applicable to the Company).”

(B). **“THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall be in addition to any other authorization given to the Directors of the Company;
- (c) the aggregate nominal amount of shares which the Company is authorized to repurchase pursuant to the approval in paragraph (a) shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and

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(d) for the purposes of this resolution:

“Relevant Period” means the period from the date of passing 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 bye-laws of the Company or any applicable law to be held;
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

(C). **“THAT** conditional upon the passing of Ordinary Resolutions Nos. 5(A) and 5(B) set out in the notice convening this meeting, the general mandate granted under Ordinary Resolution No. 5(A) be and is hereby extended by adding the aggregate nominal amount of shares repurchased by the Company pursuant to Ordinary Resolution No. 5(B) to the aggregate nominal amount of shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company under Ordinary Resolution 5(A), provided that the amount of share capital repurchased by the Company shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution.”

(6) As special business, to consider and, if thought fit, pass with or without modifications, the following resolution as a Special Resolution:

**“THAT** the Bye-laws of the Company be and are hereby amended in the following manner :

(A) Bye-law 1

1. By inserting the following new definition of “associate” after the definition of “Act” in Bye-law 1:

““associate” the meaning attributed to it in the rules of the Designated Stock Exchange.”

2. By deleting the words “a recognised clearing house within the meaning of Section 2 of the Securities (Clearing Houses) Ordinance of Hong Kong or” from the definition of “clearing house” in Bye-law 1 and substituting therefor the following

“a recognized clearing house within the meaning of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) and any amendments thereto for the time being in force or”

(B) Bye-law 19

By deleting the existing Bye-law 19 in its entirety and replacing therewith the following new Bye-law 19 :

“19. Share certificates shall be issued within the relevant time limit as prescribed in the Act or as the Designated Stock Exchange may from time to time determine, whichever is the shorter, after allotment or, except in the case of a transfer which the Company is for the time being entitled to refuse to register and does not register, after lodgment of a transfer with the Company.”

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(C) Bye-law 76

1. By re-numbering existing Bye-law 76 as Bye-law 76(1);
2. By inserting the following as new Bye-law 76(2):

“(2) Where any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.”

(D) Bye-law 86(4)

By deleting the word “special” and replacing therewith the word “ordinary” in Bye-law 86(4).

(E) Bye-law 88

By deleting the existing Bye-law 88 in its entirety and replacing therewith the following new Bye-law 88:

“88. No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that (if the Notice(s) are submitted after the dispatch of the notice of the general meeting appointed for such election) the period for lodgment of such Notice(s) shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.”

(F) Bye-law 103

By deleting the existing Bye-law 103 in its entirety and replacing therewith the following new Bye-law 103:

103. (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters namely:
  - (i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;

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- (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
  - (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate (s) is/are or is/are to be interested as a participant in the underwriting or subunderwriting of the offer;
  - (iv) any contract or arrangement in which the Director or his associate (s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
  - (v) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder other than a company in which the Director and/or his associate(s) is/are beneficially interested in five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or any third company through which his interest or that of any of his associates is derived); or
  - (vi) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded to the employees to which such scheme or fund relates.
- (2) A company shall be deemed to be a company in which a Director and/or his associate(s) owns five (5) per cent. or more if and so long as (but only if and so long as) he and/or his associate(s), (either directly or indirectly) are the holder(s) of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his interest or that of any of his associates is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder and any shares which carry no voting right at general meetings and very restrictive dividend and return of capital right.



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- (3) Where a company in which a Director and/or his associate(s) holds five (5) per cent. or more is materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.
- (4) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or his associate(s) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned and/or his associate(s) as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman and/or his associate(s) as known to such chairman has not been fairly disclosed to the Board.

(G) Bye-law 154(2)

By deleting the words "fourteen (14)" and replacing therewith the words "twenty-one (21)" in Bye-law 154(2)."

By Order of the Board  
**Annie Yuen**  
*Company Secretary*

Hong Kong, 3 June, 2004

*Notes:*

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. In order 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 thereof must be deposited at the Company's branch share registrar in Hong Kong, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding of the meeting.