

Notice of annual general meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of Gay Giano International Group Limited (the "Company") will be held at Suites 701-702, 7th Floor, Grandtech Centre, 8 On Ping Street, Siu Lek Yuen, Shatin, New Territories, Hong Kong on Friday, September 10, 2004 at 9:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and the auditors for the year ended March 31, 2004;
2. To declare a final dividend, if any;
3. To re-elect Directors and to authorize the board of directors to fix their remuneration;
4. To re-appoint auditors and to authorize the board of directors to fix their remuneration; and
5. As special businesses, to consider, and if thought fit, pass the following ordinary and special resolutions:

ORDINARY RESOLUTIONS

A. "THAT

- (a) subject to paragraph (c) below, the exercise by the directors of the Company 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 which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorize the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power 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) by the directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to (i) a Rights Issue (as hereinafter defined) or (ii) the exercise of the subscription rights under the share option scheme of the Company or (iii) an issue of shares as scrip dividends pursuant to 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 this resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution: —
"Relevant Period" means the period from the 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 bye-laws of the Company or any applicable laws of the Bermuda to be held; and
 - (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

"Rights Issue" means an offer of shares or an offer of warrants, options or other securities giving right to subscribe for shares, open for a period fixed by the directors of the Company to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion 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 recognized regulatory body or any stock exchange in any territory outside Hong Kong applicable to the Company)."

B. "THAT

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period of all powers of the Company to purchase shares in the capital of the Company ("Shares"), subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the Shares purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval be limited accordingly; and

(c) for the purposes of this resolution:—

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier 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 laws of the Bermuda to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

C. “THAT

conditional upon resolution nos. 5A and 5B above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors as mentioned in resolution no. 5B above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to resolution no. 5A above.”

SPECIAL RESOLUTION

D. “THAT

the bye-laws of the Company be and are hereby amended as follows:

1. by deleting the existing definitions of “associates”, “Clearing House”, and “writing” or “printing” in Bye-law 1(A) and substituting therefor the following new definitions:
“associate(s)” shall have the meaning ascribed thereto in the Listing Rules;
“Clearing House” shall mean a clearing house recognized by the laws of the Relevant Territory in which the shares of the Company are listed or quoted on a stock exchange;
“writing” or “printing” shall include printing, lithography, xerography, photography and other modes of representing or reproducing words or figures in a permanent visible form and, to the extent permitted by and in accordance with all applicable Statutes, rules and regulations, any visible substitute for writing (including an electronic communication), and modes of representing or reproducing words or figures partly in one visible form and partly in another visible form;
2. by adding the following new definitions to Bye-law 1(A):
“address” shall have its literal meaning and shall include any facsimile number, electronic number or address or website used for the purposes of any communications pursuant to these Bye-laws;
“corporate communication” shall have the meaning ascribed thereto under the Listing Rules;
“electronic” shall mean relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic or similar capabilities and such other meanings as given to it in the Electronic Transactions Act 1999 of Bermuda as may be amended from time to time;
“Listing Rules” shall mean such rules, regulations or codes of the relevant stock exchange in the Relevant Territory where the shares of the Company are listed or quoted, as may be amended from time to time;
3. by substituting the existing Bye-law 3 with the following new Bye-law 3:
“Without prejudice to any special rights or restrictions for the time being attaching to any shares or any class of shares, any share may be issued upon such terms and conditions and with such preferred, deferred or other special rights, or such restrictions, (provided always that where the Company issues shares which do not carry voting rights, the word “non-voting” shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words “restricted voting” or “limited voting”) whether in regard to dividend, voting, return of capital or otherwise, as the Company may from time to time by Ordinary Resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Directors may determine) and any preference share may, subject to the Companies Act and with the sanction of a Special Resolution, be issued on the terms that it is liable to be redeemed upon the happening of a specified event or upon a given date and either at the option of the Company or, if so authorised by the memorandum of association of the Company, at the option of the holder.”;
4. by deleting the words “in Hong Kong” appearing in Bye-law 18(B) and substituting therefor the words “in the Relevant Territory”;
5. by inserting after the words “transfer in writing in the usual or common form”, the words “or in a form prescribed by the stock exchange in the Relevant Territory” in Bye-law 40;
6. by inserting after the words “by advertisement in an appointed newspaper and in the Newspapers”, the words “or by any means and in such manner as may be accepted by the stock exchange in the Relevant Territory” in Bye-law 48;

7. by re-numbering the existing Bye-law 85 as Bye-law 85(A) and inserting the following as new Bye-law 85(B):
- “(B) Where the Company has knowledge that any shareholder is, under the rules of the stock exchange in the Relevant Territory, 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 shareholder in contravention of such requirement or restriction shall not be counted.”;
8. by substituting the existing Bye-laws 110(H), 110(I), 110(J) and 110(K) with the following new Bye-laws 110(H), 110(I), 110(J) and 110(K):
- “(H) A Director shall not vote (nor shall he 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/are materially interested, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for that resolution), but this prohibition shall not apply to any of the following matters, namely:
- (i) any contract or arrangement for the giving of any security or indemnity either:
 - (a) to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or
 - (b) 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 and whether alone or jointly under a guarantee or indemnity or by the giving of security;
 - (ii) any proposal 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 sub-underwriting of the offer;
 - (iii) any proposal 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 shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of his associate(s) is derived);
 - (iv) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
 - (a) the adoption, modification or operation of any employees’ share scheme or any share incentive or share option scheme involving the issue or grant of options over shares or other securities by the Company under which the Director or his associate(s) may benefit; or
 - (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
 - (v) 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.
- (I) A company shall be deemed to be a company in which a Director and/or his associate(s) own(s) 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 holders of or beneficially interested in 5 per cent. or more of any class of the equity share capital of such company or of the voting rights of any class of shares available to shareholders of such company (or of any third company through which his/their interest is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or any 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 any 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 any of his associate(s) is interested only as a unit holder and any shares which carry no voting rights at general meetings and no or very restrictive dividend and return of capital rights.

- (J) Where a company in which a Director and/or his associate(s) holds 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.
- (K) 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) or his associate(s) or as to the entitlement of any Director (other than such Chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the Chairman 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 or his associate(s) concerned 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 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 as known to him has not been fairly disclosed to the Board.”;
9. by deleting the words “at least seven clear days before the date of the general meeting” at the end of Bye-law 116 and substituting therefor the words “provided that the minimum length of the period, during which such notices are given, shall be at least seven (7) days. The period for lodgment of the notices required under this Bye-Law will commence no earlier than 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.”;
10. by deleting the existing Bye-law 178(B) and adding the following new Bye-laws 178(B), 178(C) and 178(D) immediately after Bye-law 178(A):
- “(B) Subject to Section 88 of the Companies Act and Bye-law 178(C), a printed copy of the Directors’ report, accompanied by the balance sheet and profit and loss account, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the Auditor’s report (collectively the “Relevant Financial Documents”), shall be sent to each person entitled to receive notices of general meetings of the Company in accordance with the provisions of the Companies Act and these Bye-Laws at least twenty-one (21) days before the date of the general meeting and at the same time as the notice of annual general meeting and laid before the Company in general meeting in accordance with the requirements of the Companies Act provided that this Bye-Law shall not require a copy of the Relevant Financial Documents to be sent to any person whose address the Company is not aware of or to more than one of the joint holders of any shares or debentures.
- (C) To the extent permitted by and subject to due compliance with all applicable Statutes, rules and regulations (including, without limitation, the Listing Rules), and to obtaining all necessary consents, if any, required thereunder, the requirements of Bye-Law 178(B) shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the Statutes and instead of a copy of the Relevant Financial Documents, a summary financial report derived from the Relevant Financial Documents which shall be in the form and containing the information required by applicable laws and regulations, provided that any person who is otherwise entitled to the Relevant Financial Documents may, if he so requires and in accordance with all applicable Statutes, rules and regulations (including, without limitation, the Listing Rules), by notice in writing served on the Company, demand that the Company sends to him, in addition to a summary financial report, a complete printed copy of the Relevant Financial Documents.
- (D) The requirement to send to a person referred to in Bye-Law 178(B) the Relevant Financial Documents or a summary financial report in accordance with Bye-Law 178(C) shall be deemed satisfied where, in accordance with all applicable Statutes, rules and regulations (including, without limitation, the Listing Rules), the Company publishes copies of the Relevant Financial Documents or a summary financial report complying with Bye-Law 178(C), as the case may be, on the Company’s computer network or in any other permitted manner (including by sending any form of electronic communication), and that person has agreed or is deemed to have agreed to treat the publication or receipt of such documents in such manner as discharging the Company’s obligation to send to him a printed copy of the Relevant Financial Documents or a summary financial report complying with Bye-Law 178(C), as the case may be.”;
11. by deleting the word “fourteen” in Bye-law 181 and substituting therefor the word “twenty-one (21)” .;

12. By substituting the existing Bye-law 183 with the following new Bye-law 183:
- "183. Any notice or document (including any corporate communication) to be given or issued under these Bye-Laws from the Company to a shareholder shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or communication and any such notice and document may be served or delivered by the Company on or to any shareholder either personally or by sending it through the post in a prepaid envelope addressed to such shareholder at his registered address as appearing in the register or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of notice to him or which the person transmitting the notice reasonably and bona fide believes at the relevant time will result in the notice being duly received by the shareholder or may also be served by advertisement in appointed newspapers or in the Newspapers and in accordance with the requirements of the Listing Rules or, to the extent permitted by the applicable laws, by placing it on the Company's website or the website of the stock exchange of the Relevant Territory and giving to the shareholder a notice stating that the notice or other document is available there (a "notice of availability"). The notice of availability may be given to the shareholder by any of the means set out above. In the case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders."; and
13. by inserting the following new Bye-laws 185(E) and 185(F) immediately after the existing Bye-law 185(D):
- "(E) Any notice or document sent by electronic communication shall be deemed to have been served at the time when it is transmitted from the server of the Company or its agent provided that no notification that the electronic communication has not reached its recipient has been received by the Company or its agent, as the case may be, except that any failure in transmission beyond the control of the Company or its agent, as the case may be, shall not invalidate the effectiveness of the notice or document being served. A notice or document placed on the Company's website or the website of the stock exchange of the Relevant Territory is deemed given by the Company to a shareholder on the day following that on which a notice of availability is deemed served on the shareholder.
- (F) Any notice or document may be given to a shareholder in the English language only, or in the Chinese language only, or in both the English language and the Chinese language, subject to due compliance with all applicable Statutes, rules and regulations."

Yours faithfully,
For and on behalf of the Board of
Gay Giano International Group Limited
Cheung Yin Sheung Subraina
Chairman

Hong Kong, July 23, 2004

Principal Office:
Suites 701-702, 7th Floor
Grandtech Centre
8 On Ping Street
Siu Lek Yuen, Shatin
New Territories
Hong Kong

Notes:—

- (1) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint proxies to attend and vote in his stead. A proxy need not be a member of the Company. In order to be valid, the form of proxy must be deposited at the Company's Hong Kong branch share registrar, Tengis Limited of 28/F., BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.
- (2) The Register of Members of the Company will be closed from September 6, 2004 to September 10, 2004, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for receiving the final dividends and attending the forthcoming Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tengis Limited of 28/F., BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on September 3, 2004.