

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Foundation Group Limited (the “Company”) will be held at Suite 2808, 28/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong on 17 September 2004 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31 March 2004.
2. To re-elect retiring directors, to fix directors’ remuneration and to grant power to the board of directors to appoint additional director(s).
3. To re-appoint auditors and to authorise the board of directors to fix their remuneration.
4. As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

(A) **“THAT**

- (i) subject to sub-paragraph (ii) of this resolution, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot and issue additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers either during or after the Relevant Period, be and is hereby generally and unconditionally approved;
- (ii) 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 sub-paragraph (i) of this resolution, otherwise than pursuant to a Rights Issue or the exercise of subscription or conversion rights under any warrants of the Company or any securities which are convertible into shares of the Company or any share option scheme, shall not exceed twenty per cent. of the nominal amount of the issued share capital of the Company on the date of this resolution and this 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 earliest of:

- (a) the conclusion of the next annual general meeting of the Company;

NOTICE OF ANNUAL GENERAL MEETING

- (b) 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 to be held; and
- (c) the date on which the authority sets out in this resolution is revoked or varied by an ordinary resolution in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

(B) **“THAT**

- (i) subject to sub-paragraph (ii) of this resolution, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to repurchase issued shares in the capital of the Company, subject to and in accordance with all applicable laws and the Bye-laws of the Company, be and is hereby generally and unconditionally approved;
- (ii) the aggregate nominal amount of the share capital of the Company which the Company is authorised to repurchase pursuant to the approval in sub-paragraph (i) of this resolution shall not exceed ten per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of 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 earliest 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 the Bye-laws of the Company or any applicable laws to be held; and
- (c) the date on which the authority sets out in this resolution is revoked or varied by an ordinary resolution in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

(C) **“THAT** conditional upon resolution no. 4(B) 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. 4(B) 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. 4(A) above.”

5. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as a Special Resolution:

“THAT the existing Bye-laws of the Company be and are hereby amended as follows:

(a) By inserting the following new definition of “associate” in Bye-law 1 immediately after the definition of “Act”:

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

(b) By deleting the words “Section 2 of the Securities (Clearing Houses) Ordinance of Hong Kong” and substituting therefor the words “Schedule 1 to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)” in the definition of “clearing house” in Bye-law 1;

(c) By inserting the words “and including representation which takes the form of electronic display, provided that both the mode of service of the relevant document or Notice and the Member’s election comply with all applicable Statutes, rules and regulations” immediately after the words “in a visible form” at the end of Bye-law 2(e);

(d) By replacing the full stop “.” appearing at the end of Bye-law 2(j) with a semi-colon “;”, by inserting the word “and” immediately after the semi-colon and by inserting the following new Bye-law 2(k):

“(k) references to a document being executed include reference to it being executed under hand or under seal or by electronic signature or by any other method and reference to a Notice or document include a Notice or document recorded or stored in any digital, electronic, electrical magnetic or other retrievable form or medium and information in visible form whether having physical substance or not.”;

(e) By inserting the words “unless otherwise required by any rules of the Designated Stock Exchange” immediately after the words “on a poll” at the end of Bye-law 68;

NOTICE OF ANNUAL GENERAL MEETING

- (f) By re-numbering existing Bye-laws 76 as Bye-law 76 (1) and inserting the following paragraph as new Bye-law 76 (2) immediately thereafter:

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

- (g) By deleting Bye-law 88 in its entirety and replacing therewith the following:

“88. No person, other than a retiring Director, 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 that person for election as a Director and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the Office, the head office or the Registration Office provided that the minimum length of the period during which such Notices are given shall be at least seven (7) days and the period for lodgment of such Notices shall commence no earlier than the day after the despatch 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.”; and

- (h) By deleting 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 associate(s) is/are materially interested, and if he shall do so his vote shall not be counted and he shall not be counted in the quorum of such resolution of the Board but this prohibition shall not apply to any of the following matters namely:

- (i) 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;

NOTICE OF ANNUAL GENERAL MEETING

- (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 five (5) per cent. or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associate(s) is derived) or of the voting rights;
- (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 or other arrangement which relates both to Directors, their 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.

(2) A company shall be deemed to be a company in which a Director and/or his associate(s) in aggregate have an interest of five (5) per cent. or more if and so long (but only if and so long as) he and/or his associate(s) (either directly or indirectly) are in aggregate the holders of or beneficially interested in five (5) per cent. or more of the issued shares of any class of the equity share capital of such company or of the voting rights available to member 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 his associate(s) as bare or custodian trustee and in which he or any of his associate(s) 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.

NOTICE OF ANNUAL GENERAL MEETING

(3) Where a company in which a Director and/or his associate(s) in aggregate have an interest of five (5) per cent. or more is materially interested in a transaction, then that Director and/or his associate(s) (as the case may be) shall also be deemed materially interested in such transaction.

(4) If any question shall arise at any meeting of the Directors as to the materiality of the interest of a Director (other than the chairman of the meeting) and/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 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 and/or his associate(s) as known to such Director has not been fairly disclosed to the Directors. 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 Directors (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 Directors.””

By Order of the Board
Ho Koon Man
Company Secretary

Hong Kong, 28 July 2004

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2 Church Street
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Bermuda

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12 Harcourt Road
Central
Hong Kong

Notes:

- (i) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint a proxy in respect of the whole or any part of his holding of shares to attend and vote in his stead. A proxy need not be a member of the Company.
- (ii) In order to be valid, the form of proxy must be deposited with the branch share registrar of the Company in Hong Kong, Secretaries Limited at G/F, Bank of East Asia 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 notarially certified copy of that power of attorney, not less than 48 hours before the time for holding the meeting or adjourned meeting.
- (iii) Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the meeting if the member so desires and in such event, the instrument appointing a proxy shall be deemed to be revoked.