



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Surge Recreation Holdings Limited (the "Company") will be held at Room 1208, 12th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong on Thursday, 5th June, 2003 at 9:30 a.m. for the following purposes:

1. To receive and adopt the audited financial statements and the reports of the directors and the auditors for the year ended 31st December, 2002;
2. To re-elect one of the retiring directors, Mr. Lam Kam Fai and to authorize the board of directors to fix the remuneration of the director;
3. To re-appoint the retiring auditors to hold office until the conclusion of the next annual general meeting of the Company and to authorize the board of directors to fix their remuneration; and
4. As special business, to consider and, if thought fit, pass with or without amendments the following resolutions as Ordinary Resolutions:

A. "THAT:

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase its own shares in the capital of the Company, subject to and in accordance with all applicable laws and/or the requirements of the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares which may be repurchased by the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or any other stock exchange recognized for this purpose by the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited under the Hong Kong Code on Share Repurchases pursuant to the approval in paragraph (a) above shall not exceed ten per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution 4A, and the said approval shall be limited accordingly; and
- (c) for the purpose of this Resolution 4A:

"Relevant Period" means the period from the date of passing of this Resolution 4A until whichever is the earliest of:-

- i. the conclusion of the next annual general meeting of the Company;



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- 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 other applicable laws to be held; and
- iii. the revocation, variation or renewal of this Resolution 4A by an ordinary resolution of the shareholders of the Company in general meeting."

B. "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 or securities convertible into shares of the Company, or options, warrants or similar rights to subscribe for shares of the Company and to make or grant offers, agreements, options, warrants to subscribe for shares of the Company and other rights 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 of the Company during the Relevant Period to make or grant offers, agreements, options, warrants to subscribe for shares of the Company and other rights which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of the share capital allotted or to be 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) above, otherwise than pursuant to:
 - (i) a Rights Issue (as hereinafter defined);
 - (ii) the exercise of rights of subscription or conversion attaching to any warrants issued by the Company or any securities which are convertible into shares of the Company;
 - (iii) the exercise of rights under any share option schemes or similar arrangement for the time being adopted by the Company for the grant or issue to officers and/or employees and/or other eligible persons of the Company and/or any of its subsidiaries of shares of the Company or rights to acquire shares of the Company;



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- (iv) any scrip dividend or similar arrangement providing for the allotment of shares of the Company in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-Laws of the Company; and
- (v) the exercise of any conversion rights attaching to any convertible notes issued or to be issued by the Company

shall not exceed the aggregate of:

- (aa) twenty per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution 4B; and
- (bb) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of share capital of the Company repurchased by the Company subsequent to the passing of this Resolution 4B (up to a maximum equivalent to ten per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution 4B),
- (d) subject to the passing of each of the paragraphs (a), (b) and (c) of this Resolution 4B, any prior approvals of the kind referred to in paragraphs (a), (b) and (c) of this Resolution 4B which had been granted to the directors of the Company and which are still in effect be and are hereby revoked; and
- (e) for the purposes of this Resolution 4B:

“Relevant Period” means the period from the passing of this Resolution 4B 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 to be held; and
- (iii) the revocation or variation or renewal of the authority given under this Resolution 4B by an ordinary resolution of the shareholders of the Company in general meeting.



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“Rights Issue” means an offer of shares in the Company, or an offer of warrants, options or other securities giving rights to subscribe for shares of the Company, open for a period fixed by the directors of the Company 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 (subject 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 recognized regulatory bodies or any stock exchanges in, any territories applicable to the Company).”

- C. **“THAT** conditional upon the passing of the above Resolutions 4A and 4B, 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 of the Company as mentioned in Resolution 4A above shall be added to the aggregate nominal amount of the share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to Resolution 4B above.

By Order of the Board

Li Tat Ting

Chairman

Hong Kong, 25th April, 2003

Registered Office:

Cedar House, 41 Cedar Avenue
Hamilton HM12
Bermuda

Head Office and Principal Place of Business:

Room 1208, 12 Floor
Harcourt House
39 Gloucester Road, Wanchai
Hong Kong

Notes:

1. Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and, including on a poll, vote in his stead. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf. A proxy need not be a member of the Company.
2. A form of proxy for the meeting is enclosed herewith. Completion and return of the form of proxy will not preclude a member from attending the meeting if he so wishes. In the event that a member who has lodged a form of proxy attends the meeting, his form of proxy will be deemed to have been revoked.



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3. 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, Tengis Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.
4. In the case of joint holders of any share, any one of such holders may vote at the meeting either personally or by proxy in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, the said holder whose name stands first in the register of members of the Company shall alone be entitled to vote in respect of that share.
5. The register of members of the Company will be closed from Friday, 30th May, 2003 to Thursday, 5th June, 2003, both dates inclusive, during which period no transfer of shares will be effected. In order to ascertain the right to attend the meeting, all transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's branch share registrar in Hong Kong, Tengis Limited at the above address not later than 4:00 p.m. on Thursday, 29th May, 2003.