

17. NOTICE OF ANNUAL GENERAL MEETING

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NOTICE IS HEREBY GIVEN that the annual general meeting of PORTS DESIGN LIMITED (the "Company") will be held at 27 Jiyuan Road, Jimei, Xiamen, 361021 China on Monday, 31 May 2004 at 9:30 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 31 December 2003.
- 2 To declare a final dividend.
- 3 To re-appoint auditors and authorise the board of directors to fix their remuneration.
- 4 To re-elect directors of the Company and to authorise the board of directors to fix their remuneration.
- 5 As special businesses, to consider, and if thought fit, to pass with or without modification the following resolutions:

ORDINARY RESOLUTIONS

A. "THAT:

to consider and approve the appointment of an additional independent non-executive director of the Company and to authorise the board of directors to enter into a service contract with him/her upon such terms and conditions as the board of directors shall think fit."

B. "THAT:

- (a) Subject to paragraph (c) below, pursuant to the Listing Rules, 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 (including without limitation, by way of right) and to make or grant offers, agreements and options which would or 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 memorandum and bye-laws of the Company from times 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 law of 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.

and **"Rights Issue"** means the allotment or issue of shares in the Company or other securities which would or might require shares to be allotted and issued pursuant to an offer made to all the shareholders of the Company on the register of members on a fixed record date (excluding for such purpose any shareholder that is resident in a place outside Hong Kong provided the directors of the Company consider such exclusion to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body of stock exchange in that place) and where appropriate, the holders of other equity securities of the Company entitled to such offer, pro rata (apart from fractional entitlements) to their existing holdings of shares or such other equity securities;

C. "THAT:

- (a) the exercise by the directors of the Company during the Relevant Period of all powers of the Company to repurchase its own securities, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of securities of the Company repurchased 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 law of 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."

D. "THAT:

Conditional upon Resolution nos. 5B and 5C above being passed, the general unconditional mandate referred to in resolution no. 5B above be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed to be allotted by the directors of the Company pursuant to such general unconditional mandate of an amount representing the aggregate nominal amount of the Shares repurchased by the Company since the granting of the said general unconditional mandate pursuant to the mandate to repurchase securities referred to in resolution no. 5C above, provided that such extended amount 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."

SPECIAL RESOLUTIONS

E. "THAT:

the Bye-Laws of the Company be amended by:

- (a) Deleting the existing definition of "associates" in Bye-law 1(A) and substituting thereof the following:

"associates" shall have the meaning as defined in the Listing Rules;

- (b) Adding the following new definition of "Listing Rules" in Bye-law 1(A):

"Listing Rules" shall mean the rules governing the listing of securities made by The Stock Exchange of Hong Kong Limited (as amended from time to time);

- (c) By adding after Bye-law 76 the following new Bye-law 76A:

76A Where any shareholder is, under the Listing Rules, 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 shareholder in contravention of such requirement or restriction shall not be counted.

(d) By adding the following words at the end of Bye-law 103:

"The period for lodgment of the notice required under this bye-law will commence no earlier than the day after the dispatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting."

(e) By deleting the existing Bye-law 98(H) and substituting thereof the following Bye-law 98(H):

(H) A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his associate(s) has/have a material interest, 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) 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 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 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.

By Order of the Board
Irene F. M. Wong
Company Secretary

Hong Kong, 30 March 2004

Notes:

- (1) Shareholders entitled to attend and vote at the meeting convened by the above notice is entitled to appoint proxies to attend and, in the event of a poll, 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 registrar, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, together with a power of attorney or other authority, if any, under which is signed or a notarially 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 26 May 2004 to 31 May 2004, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for receiving the final dividend payable on 30 June 2004 and attending the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's registrar, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 25 May 2004.

An explanatory statement containing further details in respect of Ordinary Resolution No. 5C will be dispatched to the shareholders together with the 2003 annual report of the Company.