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## IMPORTANT

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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Sam Woo Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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## SAM WOO HOLDINGS LIMITED

三和集團有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 2322)**

*Executive Directors:*

Lau Chun Ming *(Chairman and Managing Director)*

Lau Chun Kwok

Lau Chun Ka

Leung Lai So

Hsu Kam Yee, Simon

Chan Sun Kwong

*Non-executive Director:*

Chiu Kam Kun, Eric

*Independent Non-executive Directors:*

Lee Peng Fei, Allen

Wong Sue Cheun, Roderick

Chan Wai Dune

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head Office and Principal Place  
of Business in Hong Kong:*

Units 1310-13, 13th Floor

113 Argyle Street, Mongkok

Kowloon, Hong Kong

23rd July, 2004

*To the shareholders*

Dear Sir or Madam,

### **GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE NEW SHARES AND AMENDMENTS TO THE BYE-LAWS AND NOTICE OF ANNUAL GENERAL MEETING**

#### **INTRODUCTION**

The purpose of this circular is to provide you with the information on the Ordinary and Special Resolutions to be proposed at the forthcoming Annual General Meeting (“AGM”) of Sam Woo Holdings Limited (the “Company”) to be held on 25th August, 2004: (i) to grant to

\* For identification purposes only

the directors of the Company (“Directors”) a general mandate to exercise the powers of the Company to repurchase the Company’s fully paid up shares representing up to a maximum of 10% of the existing issued share capital of the Company on the date of the Ordinary Resolutions (the “Buyback Mandate”); (ii) to grant a general mandate to the Directors to allot, issue or deal with new shares not exceeding 20% of the issued share capital of the Company on the date of the Ordinary Resolutions (the “Issuance Mandate”); (iii) to increase the number of shares which the Directors may issue under the Issuance Mandate by the number of shares repurchased by the Company pursuant to the Buyback Mandate; and (iv) to approve the amendments to the Bye-laws in order to align with the amended Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Stock Exchange”) (“Listing Rules”).

In accordance with the Listing Rules, this circular also serves as an explanatory statement to provide you with requisite information reasonably necessary to enable you to make an informed decision on whether to vote for or against Resolutions 4 to 7 to be proposed at the Annual General Meeting of the Company.

## **RESOLUTIONS TO BE PROPOSED AT THE ANNUAL GENERAL MEETING**

The notice of the Annual General Meeting is set out on pages 8 to 13 of this circular and set out below are resolutions to be proposed at the Annual General Meeting.

The Ordinary Resolution 4 relates to the granting of the Buyback Mandate to the Directors of the Company to repurchase, on the Stock Exchange, shares up to a maximum of 10% of the issued share capital of the Company as at the date of the relevant resolution.

The Ordinary Resolution 5 relates to the granting of the Issuance Mandate to the Directors of the Company to allot, issue or deal with new shares up to a maximum of 20% of the issued share capital of the Company at the date of the resolution.

The Ordinary Resolution 6 relates to the extension of the Issuance Mandate to be granted to the Directors to issue new shares during the relevant period by adding to it the number of shares repurchased under the Buyback Mandate, if any. The authority conferred on the Directors by this mandate will continue in force until the conclusion of the next Annual General Meeting of the Company; revocation or variation of the authority by ordinary resolution of the shareholders in general meeting; and the expiration of the period within which the next Annual General Meeting of the Company is required by the Company’s Bye-laws or any applicable laws to be held, whichever is the earlier.

The Special Resolution 7 relates to the amendments to the Bye-laws to align with the amended Listing Rules which have become effective on 31st March 2004.

## **REASONS FOR REPURCHASE**

Although the Directors have no present intention of repurchasing any shares, they believe that the flexibility afforded by the Buyback Mandate would be beneficial to the Company and its shareholders. At any time in the future when shares are trading at a discount to their underlying value, the ability of the Company to repurchase shares will be beneficial to those shareholders who retain their investment in the Company since their percentage interest in the assets of the Company would increase in proportion to the number of shares repurchased by the Company.

## **SHARE CAPITAL AND EXERCISE OF THE REPURCHASE MANDATE**

As at 23rd July, 2004, being the latest practicable date prior to the printing of this document, the issued share capital of the Company was 300,000,000 shares of HK\$0.10 each

(“Shares”). Subject to the passing of the resolution approving the Buyback Mandate and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Buyback Mandate to repurchase a maximum of 30,000,000 Shares.

## FUNDING OF REPURCHASES

In repurchasing shares, the Company may only apply funds legally available for such purpose in accordance with the Memorandum of Association and Bye-laws of the Company and all applicable laws, including the laws of Bermuda.

Bermuda law provides that the purchase of shares may only be effected out of the capital paid up on the shares to be repurchased, out of the funds of the Company which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares of the Company made for the purpose of the repurchase. Any premium payable over the par value of the shares of the Company to be repurchased must be provided for out of the funds of the Company which would otherwise be available for dividend or distribution or out of the Company’s share premium account before the shares are repurchased.

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the Annual Report of the Company for the year ended 31st March 2004) in the event that the Buyback Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company which in the opinion of the Directors are from time to time appropriate for the Company. The number of shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

## MARKET PRICES OF SHARES

The highest and lowest market prices for Shares recorded on the Stock Exchange during each of the previous twelve months were as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2003</b>		
July	0.70	0.68
August	0.72	0.67
September	0.72	0.69
October	0.74	0.71
November	0.73	0.72
December	0.74	0.71
<b>2004</b>		
January	0.74	0.71
February	0.74	0.71
March	0.74	0.67
April	0.68	0.66
May	0.69	0.66
June	0.70	0.65

## **DISCLOSURE OF INTEREST**

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases under the Buyback Mandate in accordance with the Listing Rules and laws of Bermuda.

If as a result of a repurchase of Shares, a substantial shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of The Code on Takeovers and Mergers (the "Takeover Code"). As a result, a shareholder, or group of shareholders acting in concert, depending on the level of such increase, could increase, obtain or consolidate control of the Company or become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code.

As at 23rd July, 2004, the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Messrs Lau Chun Ming, Lau Chun Kwok, Lau Chun Ka and Ms Leung Lai So, the executive directors of the Company, and for the purpose of the Takeover Code are concert parties, in aggregate were beneficially interested in 225,000,000 shares representing 75% of the issued Share capital of the Company. In the event that the Directors exercise in full the power to repurchase Shares in accordance with the Buyback Mandate, the shareholding of the aforesaid executive directors would be increased to approximately 83.33% of the issued Share capital of the Company. On this basis, the Directors are not aware of any consequences which may arise under the Takeover Code as a result of any purchases to be made under the Buyback Mandate. The Directors have no intention to exercise the Buyback Mandate to such an extent that the number of Shares in the hands of the public falling below the prescribed minimum percentage (under the Listing Rules) of 25%.

None of the Directors, and to the best of their knowledge having made all reasonable enquiries, nor any associates of the Directors, have any present intention to sell Shares to the Company under the Buyback Mandate in the event that the Buyback Mandate is approved by shareholders.

The Company has not been notified by any connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares or that they have undertaken not to sell any Shares held by them to the Company in the event that the Buyback Mandate is approved by its shareholders.

## **SHARES REPURCHASES MADE BY THE COMPANY**

No repurchase of shares have been made by the Company (whether on the Stock Exchange or otherwise) since its listing on the Stock Exchange on 9th April, 2003.

## **AMENDMENTS TO THE BYE-LAWS OF THE COMPANY**

The Stock Exchange has revised the Listing Rules which came into effect on 31st March 2004. As a result, a Special Resolution will be proposed at the AGM to amend the bye-laws of the Company to reflect the changes in the Listing Rules and other regulatory changes.

Details of the amendments to the bye-laws are set out in the notice of AGM on pages 10 to 12 of this circular. A brief summary of the amendments is set out below:

- |               |   |
|---------------|---|
| (a) Bye-law 1 | To insert new definition of "associate" in accordance with Chapter 1 of the Listing Rules |
|---------------|---|

- (b) Bye-law 76 To add in the restriction on voting by shareholders as required by the newly amended Appendix 3 of the Listing Rules
- (c) Bye-law 88 To be amended according to the newly amended Appendix 3 of the Listing Rules which requires that a minimum 7-day period for lodgment by shareholders of a notice to nominate a director shall commence no earlier than the day after the dispatch of the notice of the general meeting and no later than 7 days before the date of such meeting.
- (d) Bye-law 103 To be amended according to the newly amended Appendix 3 of the Listing Rules which requires a director to abstain from voting on any resolution of the board meetings in which he or any of his associates has a material interest and not to be counted in the quorum of the meetings.

## **RE-ELECTION OF DIRECTORS**

In relation to the election of Directors as referred to in item 2 of the notice of the AGM, Mr. Lau Chun Kwok, Mr. Hsu Kam Yee, Simon and Mr. Chan Wai Dune will retire by rotation in accordance to the Company's bye-laws 86 and 87. All the retiring Directors, being eligible, offer themselves for re-election at the AGM. The followings are their biographical details:

Mr. LAU Chun Kwok, aged 52, is an Executive Director of the Company. He joined the Group since 1970. He has profound experience in foundation related works for over 10 years. He has been responsible for overall deployment of foundation construction machinery and equipment, labour, resources and purchasing activities of the Group since 1990. During the past decade, he has involved intensively in the management of piling works of various nature. He holds 22,500,000 shares (representing approximately 7.5% of the issued share capital of the Company) of the Company through CKL Development Limited, a corporation controlled by him. He was granted share options by the Company to subscribe for 500,000 shares (representing approximately 0.16% of the issued share capital of the Company upon exercise of the share options) in the share capital of the Company for the exercise period from 28th May 2004 to 27th May 2007, both days inclusive. Save as aforesaid, he does not have any interest in the securities of the Company within the meaning of Part XV of the Securities and Future Ordinance. He has entered into a service agreement with the Company for a term of three years commencing from 9th April 2003. His director's fee is HK\$1,200,000 per annum, subject to review by the Board from time to time with reference to prevailing market rates. He is a brother of both the Company's Chairman, Mr. Lau Chun Ming and another Executive Director, Mr. Lau Chun Ka. The Directors are not aware of any other matters regarding the re-election of Mr. Lau that needs to be brought to the attention of the shareholders of the Company.

Mr. HSU Kam Yee, Simon, aged 49, is an Executive Director. He is responsible for the business development, tendering and overall management of construction projects of the Group. Prior to joining the Group in 2001, he has obtained, under the various employments held in major construction and engineering companies in Hong Kong for 20 years, wide experience in civil engineering and building projects, specialising in foundation works of various nature. He was granted share options by the Company to subscribe for 500,000 shares (representing approximately 0.16% of the issued share capital of the Company upon exercise of the share options) in the share capital of the Company for the exercise period from 28th May 2004 to 27th May 2007, both days inclusive. Save as aforesaid, he does not have any interest in the securities of the Company within the meaning of Part XV of the Securities and Future

Ordinance. He has entered into a service agreement with the Company for a term of three years commencing from 9th April 2003. His director's fee is HK\$1,200,000 per annum, subject to review by the Board from time to time with reference to prevailing market rates. He holds a bachelor degree of science in mathematics and a bachelor degree of science in civil engineering from the University of Saskatchewan in Canada and a master degree in business administration from the University of East Asia in the Macau Special Administrative Region of the PRC. He is a member of the Institution of Civil Engineers in the UK and Hong Kong Institution of Engineers. As at the Latest Practicable Date, he does not have any relationships with any other directors, senior management or substantial shareholders or controlling shareholders of the Company. The Directors are not aware of any other matters regarding the re-election of Mr. Hsu that needs to be brought to the attention of the shareholders of the Company.

Mr. Chan Wai Dune, aged 51, was appointed as the Company's independent non-executive director on 20th May 2004, has over 22 years of experience in the finance sector, especially in auditing and taxation areas. He has served a number of committees of the Hong Kong Society of Accountants. He is also a member of the Executive Council of the China Overseas Friendship Association. He was a member of the Selection Committee for the establishment of the First Government of the Hong Kong Special Administrative Region. Mr. Chan is currently principally employed as the Managing Director of Charles Chan, Ip & Fung CPA Limited. In the last three years, Mr. Chan has had, at different times, held directorships at Neolink Cyber Technology (Holdings) Limited, New Ocean Green Energy Holdings Limited, Shanghai Century Holdings Limited, Tai Shing International (Holdings) Limited, and Yanion International Holdings Limited and as of today's date, Mr. Chan has resigned from all of the above companies. During the past three years, Mr. Chan has been, at different times, an independent non-executive director of China Treasure (Greater China) Investments Limited, Hualing Holdings Limited, IIN International Limited, Oriental Metals (Holdings) Company Limited and Zhongda International Holdings Limited. He is a certified public accountant and is a fellow member of the Hong Kong Society of Accountants, the Association of Chartered Certified Accountants and the Taxation Institute of Hong Kong. Mr. Chan has no service contract with the Company and has been appointed for an initial term of one year with the Company, which will continue thereafter until terminated by either party giving not less than three months' prior notice. The director's fee payable to Mr. Chan will be determined by the Board with reference to prevailing market rates. Mr. Chan has no interest in the shares of the Company within the meaning of Part XV of the Securities and Future Ordinance. Mr. Chan is not connected with any directors, senior management or substantial or controlling shareholders of the Company. The Directors are not aware of any other matters regarding the re-election of Mr. Chan that needs to be brought to the attention of the shareholders of the Company.

#### **PROCEDURES BY WHICH SHAREHOLDERS MAY DEMAND A POLL**

Pursuant to Bye-law 66 of the Company, a resolution put to the vote of any general meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded by the Chairman of the meeting or:

- (i) by at least three shareholders present in person or by duly authorized representative in case of shareholder being a corporation or by proxy for the time being entitled to vote at the meeting;
- (ii) by any shareholder or shareholders present in person or by duly authorized representative in case of shareholder being a corporation or by proxy and representing not less than one-tenth of the total voting rights of all the shareholder having the right to vote at the meeting; or

- (iii) by any shareholder or shareholders present in person or by duly authorized representative in case of shareholder being a corporation or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

#### **PROXY ARRANGEMENT**

A form of proxy for use at the AGM is enclosed with the Annual Report for the year ended 31st March, 2004. To be valid, the form of proxy must be completed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority at the Company's Branch 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 the meeting. Completion and delivery of the form of proxy will not prevent you from attending and voting at the AGM.

#### **RECOMMENDATION**

The Directors consider that the Buyback Mandate and the granting/extension of Issuance Mandate are in the best interests of the Company and its shareholders. Accordingly, the Directors recommend all shareholders to vote in favour of the Ordinary and Special Resolutions 4, 5, 6 and 7 as set out in the notice of the AGM as they intend to do the same in respect of their own shareholdings.

Yours faithfully  
On behalf of the Board  
**Lau Chun Ming**  
*Chairman and Managing Director*

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## NOTICE OF ANNUAL GENERAL MEETING

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### SAM WOO HOLDINGS LIMITED

三和集團有限公司\*

*(Incorporated in Bermuda with limited liability)*

**NOTICE IS HEREBY GIVEN** that an Annual General Meeting of the Members of Sam Woo Holdings Limited (the “Company”) will be held at Tang Room, 3/F, Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on Wednesday, 25th August, 2004 at 10:00 a.m. for the following purposes:

1. To receive and consider the Audited Consolidated Financial Statements and the Reports of the Directors and of the Auditors for the year ended 31st March, 2004;
2. To elect Directors and to authorise the Board of Directors to fix Directors’ remuneration;
3. To appoint Auditors and to authorise the Board of Directors to fix Auditors’ remuneration;
4. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**“THAT**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to purchase its shares, subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;
- (b) the total nominal amount of shares of the Company to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of passing of this resolution and the said approval shall be limited accordingly; and
- (c) for the purpose 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 revocation or variation of the authority given under this resolution by an ordinary resolution passed by the Company’s shareholders in general meeting; and
  - (iii) 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.”;

\* For identification purposes only



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

**“THAT**

- (a) the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares of the Company and to make or grant offers, agreements and options which would or might require shares to be allotted, issued or dealt with during or after the end of the Relevant Period (as defined below), be and is hereby generally and unconditionally approved, provided that, otherwise than pursuant to (i) a rights issue where shares are offered to shareholders on a fixed record date in proportion to their then holdings of 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) or (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries and/or any eligible grantee pursuant to the scheme of shares or rights to acquire shares of the Company, or (iii) any scrip dividend scheme 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, the total nominal amount of additional shares to be allotted, issued, dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with shall not in total exceed 20% of the total nominal amount of the share capital of the Company in issue on the date of passing of this resolution and the said approval shall be limited accordingly; and
- (b) for the purpose 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 revocation or variation of the authority given under this resolution by an ordinary resolution passed by the Company’s shareholders in general meeting; and
  - (iii) 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
6. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**“THAT** the general mandate granted to the Directors of the Company pursuant to resolution no. 5 above and for the time being in force to exercise the powers of the Company to allot shares and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby extended by the total nominal amount of shares in the capital of the Company repurchased by the Company pursuant to the exercise by the Directors of the Company of the powers of the Company to purchase such shares since the granting of such general mandate referred to in the above resolution no. 4, provided that such amount shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of passing of this resolution.”

7. To consider and, if thought fit, pass the following resolution as a Special Resolution:

“**THAT** the Bye-laws of the Company be and are hereby altered as follows:

**Bye-law 1**

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

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

**Bye-law 76**

By deleting Bye-law 76 in its entirety and replacing therewith the following new Bye-law 76:

- “76. (1) No Member shall, unless the Board otherwise determines, be entitled to attend and vote and to be reckoned in quorum at any general meeting unless he is duly registered and all calls or other sums presently payable by him in respect of shares in the Company have been paid; and
- (2) Where 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.”

**Bye-law 88**

By deleting 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) may be given, shall be at least seven (7) days and that the period for lodgment of such Notice(s) shall 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.”

**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 in respect of any contract or arrangement or any other proposal in which he or any of his Associate(s) is/are 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 Associate(s) or obligations incurred or undertaken by him or any of his Associate(s) at the request of or for the benefit of the Company or any of its subsidiaries;

- (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 sub-underwriting 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 or any of its subsidiaries by virtue only of his/their interest in shares or debentures or other securities of their company or any of its subsidiaries;
  - (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 his Associate(s) is derived); or
  - (vi) any proposal 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, their Associate(s) and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or any of his Associate(s), as such any privilege or advantage not accorded to the class of persons to which such scheme or fund relates.
- (2) A company shall be deemed to be a company in which a Director and/or any of 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) is/are (either directly or indirectly) the holders 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 his Associate(s) 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 interest of the Director or his Associate(s) is 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.

- (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 any of 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 and of 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 of the meeting or his Associate(s) 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 or his Associate(s) as known to such chairman has not been fairly disclosed to the Board.””

By Order of the Board  
**Chan Sun Kwong**  
*Company Secretary*

Hong Kong, 23rd July, 2004

**Notes:**

- (a) As at the date hereof, the Board comprises Mr. Lau Chun Ming, Mr. Lau Chun Kwok, Mr. Lau Chun Ka, Ms. Leung Lai So, Mr. Hsu Kam Yee, Simon and Mr. Chan Sun Kwong as executive directors, Mr. Chiu Kam Kun, Eric as non-executive director and Dr. Lee Peng Fei, Allen, Professor Wong Sue Cheun, Roderick and Mr. Chan Wai Dune as independent non-executive directors.
- (b) The Register of Members of the Company will be closed from Wednesday, 18th August, 2004 to Wednesday, 25th August, 2004 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attending the Annual General Meeting, all transfers of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Branch Registrar in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 17th August, 2004.
- (c) A shareholder of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (d) To be valid, a form of proxy and the instrument appointing the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be lodged with the Company's Branch 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 fixed for holding the Annual General Meeting or the adjournment thereof.