
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representations 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.

If you are in any doubt as to any aspect of this circular or as to the action you should take, 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 Tysan Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.



TYSAN HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 687)

GENERAL MANDATES TO REPURCHASE SHARES

AND TO ISSUE NEW SECURITIES

AND

AMENDMENTS TO THE BYE-LAWS

The notice convening the Annual General Meeting of Tysan Holdings Limited to be held at Marina Room II, 2nd Floor, The Excelsior, 281 Gloucester Road, Causeway Bay, Hong Kong, at 4:00 p.m. on Wednesday, 18 August 2004 is set out on pages 9 to 17 of this circular. Shareholders are advised to read the notice and to complete and return the accompanying form of proxy not less than 48 hours before the time appointed for holding the Annual General Meeting in accordance with the instructions printed thereon. Completion and return of the form of proxy will not prevent shareholders from attending and voting at the meeting if they so wish.

23 July 2004

CONTENTS

	<i>Pages</i>
Responsibility Statement	ii
Expected Timetable	ii
Definitions	1
Letter from the Board of Directors	
1. Introduction	3
2. General Mandate to repurchase Shares	4
3. General Mandate to issue New Securities	4
4. Amendments to the Bye-laws	4
5. Annual General Meeting	5
6. Notice of Annual General Meeting	5
7. Recommendation	5
Appendix I — Explanatory Statement	6
Notice of Annual General Meeting	9

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

EXPECTED TIMETABLE

2004

1. Latest time for lodging transfer in respect of shares 4:30 p.m., Tuesday, 10 August
2. Latest time for lodging proxy forms for the
Annual General Meeting 4:00 p.m., Monday, 16 August
3. Register of members closed, both dates inclusive From Wednesday, 11 August
to Wednesday, 18 August
4. Annual General Meeting 4:00 p.m., Wednesday, 18 August

DEFINITIONS

In this circular, the following expressions have the following meanings, unless the context requires otherwise:

- “Additional Mandate” means the proposed general mandate to be granted to the Directors to extend the General Mandate by adding to it the aggregate nominal amount of Shares repurchased under the Shares Repurchased Mandate up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution granting such mandate;
- “Annual General Meeting” means the annual general meeting of the Company for the year 2004 to be held on Wednesday, 18 August 2004;
- “Bye-laws” means the Bye-laws of the Company;
- “Company” means Tysan Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on The Stock Exchange;
- “Directors” means the board of directors of the Company, including the non-executive directors, and “Director” means any one of the Directors;
- “General Mandate” means the proposed general mandate to be granted to the Directors to permit the allotment and issue of new Securities in the Company of up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution granting such mandate;
- “Latest Practicable Date” means 22 July 2004, the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
- “Listing Rules” means the Rules Governing the Listing of Securities on the Stock Exchange;
- “Notice” means the notice of the Annual General Meeting as set out on pages 9 to 17 of this circular;
- “Option” means an option to subscribe for Shares on terms determined by the Directors pursuant to a share option scheme of the Company and for the time being subsisting;
- “Option Holder” means a person holding an Option;

DEFINITIONS

“Relevant Issued Share Capital”	means the issued share capital of the Company from time to time, but excluding any shares issued upon exercise of the Options;
“Securities Repurchase Rules”	means the provisions governing the repurchase of securities by listed companies as set out in the Listing Rules;
“Share(s)”	means share(s) of HK\$0.10 each in the share capital of the Company in issue as at the Latest Practicable Date and all and any other shares in issue from time to time and for the time being ranking pari passu therewith;
“Shares Repurchase Mandate”	means the general mandate to be granted by the Shareholders to the Directors to repurchase the Shares as more particularly set out in Resolution A in paragraph 4 of the Notice;
“Shareholder(s)”	means registered holder(s) of Share(s) of the Company;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Subsidiary”	means a subsidiary of the Company within the meaning of Section 2 of the Companies Ordinance (Cap. 32) of the Laws of Hong Kong or Section 86 of The Companies Act 1981 of Bermuda (as amended), whether incorporated in Hong Kong, Bermuda or elsewhere;
“Takeover Code”	means the Hong Kong Code on Takeovers and Mergers; and
“Warrants”	means warrants with subscription rights entitling the holders thereof to subscribe in cash for Shares.

LETTER FROM THE BOARD OF DIRECTORS



TYSAN HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code : 687)

Executive Directors:

Cheung Francis (*Chairman*)

Fung Chiu Chak, Victor

(Vice Chairman and Managing Director)

Chien David

Kwok Jennifer

Chiu Chin Hung

Wong Kay

Independent Non-Executive Directors:

Fan Chor Ho, Paul

Chau Cham Son

Registered office:

Clarendon House

Church Street

Hamilton HM11

Bermuda

*Head office and principal place
of business in Hong Kong:*

6th Floor

Sun Hung Kai Centre,

30 Harbour Road,

Wanchai,

Hong Kong

23 July 2004

*To the Shareholders, and, for information only,
The Option Holders*

Dear Sir or Madam,

GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE NEW SECURITIES AND AMENDMENTS TO THE BYE-LAWS

1. INTRODUCTION

At the last annual general meeting of the Company held on 18 August 2003, an ordinary resolution was passed granting a general mandate to the Directors to exercise their powers to repurchase Shares in the share capital of the Company up to 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the resolution. A further ordinary resolution was passed authorizing the Directors to exercise the powers of the Company to issue, allot and deal with new Securities of the Company up to an amount representing 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the resolution.

LETTER FROM THE BOARD OF DIRECTORS

Further and conditional upon the granting of the aforesaid mandates, an additional mandate was given to the Directors extending the general mandate to issue new Securities by the addition thereto of an amount representing the aggregate nominal amount of Shares repurchased under the aforesaid mandate up to 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the resolution.

The aforesaid mandates will lapse at the conclusion of the forthcoming Annual General Meeting of the Company to be held on Wednesday, 18 August 2004.

Accordingly the Directors propose to seek your approval at the Annual General Meeting to grant to the Directors similar mandates, details of which are set out in the Notice convening the Annual General Meeting.

The purpose of this circular is to provide you with information on the proposed mandates and the proposed amendment of the Bye-laws of the Company.

2. GENERAL MANDATE TO REPURCHASE SHARES

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be given a general mandate, being the Shares Repurchase Mandate, to exercise the powers of the Company during the Relevant Period (as defined in the Notice) to repurchase Shares in the issued share capital of the Company up to a maximum amount of 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the Annual General Meeting.

3. GENERAL MANDATE TO ISSUE NEW SECURITIES

In addition to the above, in order to ensure flexibility and discretion to the Directors in the event that it becomes desirable to issue any additional Securities, an ordinary resolution will also be proposed at the Annual General Meeting to give to the Directors a general mandate, being the General Mandate, to issue and allot new Securities up to a maximum amount of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the Annual General Meeting. In addition, a resolution will be proposed to extend the General Mandate by way of the Additional Mandate, by adding to it the aggregate nominal amount of Shares repurchased under the Shares Repurchase Mandate subject to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the Annual General Meeting.

4. AMENDMENTS TO THE BYE-LAWS

On 30 January 2004, the Stock Exchange announced certain amendments to the Listing Rules which, subject to certain transitional arrangements, came into effect on 31 March 2004. These amendments include, among other things, requisite amendments to the constitutions of all listed issuers concerning the minimum period of notices to be given by shareholders to nominate a director before election at general meeting, and voting of directors at board meeting and voting of members at general meeting on any matter in which their respective associates have a material interest.

LETTER FROM THE BOARD OF DIRECTORS

In order to comply with and to bring the Bye-laws in line with the changes brought along by the recent amendments to the Listing Rules, the Directors propose to amend the Bye-laws accordingly to meet such requirements.

Details of the proposed amendments to the Bye-laws are set out in the proposed Special Resolution set out in paragraph 5 of the Notice.

5. ANNUAL GENERAL MEETING

At the Annual General Meeting, ordinary resolutions will be proposed to approve the Shares Repurchase Mandate, the General Mandate and the Additional Mandate, and a special resolution will be proposed to approve the amendments to the Bye-laws.

6. NOTICE OF ANNUAL GENERAL MEETING

The Notice convening the Annual General Meeting is set out on pages 9 to 17 of this circular. Shareholders are advised to read the Notice and to complete and return the accompanying form of proxy not less than 48 hours before the time appointed for holding the Annual General Meeting, in accordance with the instructions printed thereon, to the Company's principal office in Hong Kong at 6th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong. The lodging of a form of proxy will not preclude a Shareholder from attending the Annual General Meeting and voting in person should he so wish.

7. RECOMMENDATION

Your Directors consider that the Shares Repurchase Mandate, the General Mandate, the Additional Mandate and the proposed amendments to the Bye-laws are in the best interests of the Company and the Shareholders as a whole, and recommend you to vote in favour of all such resolutions being proposed at the Annual General Meeting.

Yours faithfully,
By Order of the Board of Directors of
Tysan Holdings Limited
Chan Kit Yan
Company Secretary

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide the requisite information to you for your consideration of the proposed Shares Repurchase Mandate.

1. NUMBER OF SHARES PROPOSED TO BE REPURCHASED

As at the Latest Practicable Date, the aggregate nominal value of the issued share capital of the Company amounted to HK\$76,496,590.30 comprising 764,965,903 Shares. Subject to the passing of the Ordinary Resolution A as set out in paragraph 4 of the Notice and on the basis of such figures and that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Shares Repurchase Mandate to repurchase a maximum of 76,496,590 Shares. The aggregate nominal value of Shares which the Company is authorized to repurchase shall not exceed 10% of the aggregate nominal value of the share capital of the Company in issue at the date of passing of the relevant resolution.

2. REASONS FOR REPURCHASE

The Directors believe that the Shares Repurchase Mandate affords the Company the flexibility and ability in pursuing the best interests for the Company and its Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, be beneficial to the Shareholders by enhancing the net assets and/or earnings per Share and will only be made when the Directors believe that such a purchase will benefit the Company and its Shareholders.

3. SOURCE OF FUNDS

In repurchasing Shares of the Company, the Company may only apply funds legally available for such purpose in accordance with its Memorandum of Association and Bye-laws and the applicable laws of Bermuda and the Listing Rules.

The Directors propose that such Shares repurchases, if and when to be effected, would be appropriately financed by the Company's internal resources and/or available banking facilities.

4. EFFECT ON WORKING CAPITAL

The Directors note that there might be an adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the annual report of the Company for the year ended 31 March 2004) in the event that the Shares Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. Accordingly, the Directors only propose to exercise the Shares Repurchase Mandate during the proposed repurchase period when and to such an extent that the Directors determine, taking into account all prevailing relevant factors, that such repurchases and the extent thereof are in the best interest of the Company.

5. PRESENT INTENTION OF THE DIRECTORS AND ASSOCIATES

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell any Shares to the Company under the Shares Repurchase Mandate if such mandate is approved by the Shareholders.

6. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases of Shares pursuant to the Ordinary Resolution A as set out in paragraph 4 of the Notice in accordance with the Listing Rules and the applicable laws of Bermuda.

7. THE TAKEOVER CODE

If a Shareholder's proportionate interest in the voting rights of the Company increases on exercise of the powers to repurchase Shares pursuant to the Shares Repurchase Mandate, such an increase will be treated as an acquisition for the purposes of the Takeover Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code.

As at the Latest Practicable Date the group comprising of Mr. Francis Cheung, Power Link Investments Limited and their family members and associates (the "**Power Link Group**") was collectively interested in 288,920,465 Shares representing approximately 37.77% of the Shares issued by the Company. If the proposed Shares Repurchase Mandate were to be exercised in full at any time during the proposed repurchase period, the holdings of the Power Link Group in the Company would increase by more than 2% to 41.97% and therefore, the Power Link Group will be required under the Takeover Code to make an offer for all the issued Shares to the Company. The Directors have no present intention to exercise the Shares Repurchase Mandate to the extent that would increase the proportionate interest in the Company of the Power Link Group by more than 2%. Save as aforesaid, the Directors are not otherwise aware of any consequence which may arise under the Takeover Code as a result of any repurchase that would be made under the Shares Repurchase Mandate.

8. SHARES REPURCHASE MADE BY THE COMPANY

The Company has not purchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this circular.

The Directors have no present intention to repurchase any Shares pursuant to the Shares Repurchase Mandate.

9. CONNECTED PERSONS

No other connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Shares Repurchase Mandate is approved by the Shareholders.

10. MARKET PRICES

The highest and lowest closing prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months were as follows:

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
July 2003	0.181	0.158
August 2003	0.173	0.156
September 2003	0.228	0.160
October 2003	0.195	0.170
November 2003	0.175	0.165
December 2003	0.195	0.165
January 2004	0.248	0.180
February 2004	0.500	0.220
March 2004	0.420	0.225
April 2004	0.330	0.290
May 2004	*	*
June 2004	0.310	0.150

* *There were no normal transactions during the month.*

NOTICE OF ANNUAL GENERAL MEETING



TYSAN HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code : 687)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Marina Room II, 2nd Floor, The Excelsior, 281 Gloucester Road, Causeway Bay, Hong Kong at 4:00 p.m. on Wednesday, 18 August 2004 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 Miss Jennifer Kwok and Mr. Chau Cham Son as Directors and to authorize the Board of Directors to fix the remuneration of the Directors.
3. To re-appoint Messrs. Ernst & Young as Auditors for the ensuing year and to authorize the Directors to fix their remuneration.
4. To consider and, if thought fit, pass with or without modification, the following proposed resolutions as Ordinary Resolutions by way of special business:

ORDINARY RESOLUTIONS

A. **“THAT**

- (1) subject to paragraph (2) 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 fully paid up issued shares of the Company on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) or on any other stock exchange on which shares of the Company may be listed and recognized by the Stock Exchange and the Securities and Futures Commission of Hong Kong for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange applicable to the Company, as amended from time to time, be and is hereby generally and unconditionally approved;
- (2) the amount of the shares of the Company which the Company is authorized to repurchase pursuant to the approval in paragraph (1) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution; and

NOTICE OF ANNUAL GENERAL MEETING

- (3) 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 law to be held; or
- (c) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

B. “THAT

- (1) subject to paragraph (3) 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, grant and deal with additional shares in the capital of the Company, to allot, issue, grant and deal with other securities of the Company, including warrants and debentures convertible into shares of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power, be and is hereby generally and unconditionally approved;
- (2) the approval in paragraph (1) above shall be in addition to (and shall not in any way prohibit or limit) any other authority or power of or given to the Directors of the Company, and shall authorize the Directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- (3) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors of the Company pursuant to the approval or authority in paragraph (1) above, otherwise than pursuant to (a) a Rights Issue (as hereinafter defined); (b) an issue of shares upon the exercise of the subscription rights attaching to any warrant of the Company; (c) an issue of shares in lieu of the whole or part of a dividend on shares of the Company pursuant to the Bye-laws of the Company from time to time or any securities which are convertible into shares of the Company; or (d) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to Directors or employees of the Company and/or any of its subsidiaries of shares or rights of the Company, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this Resolution, and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(4) for the purpose 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 law to be held; and
- (c) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to the 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 as at that date (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 any relevant jurisdiction, or the requirements of any recognized regulatory body or any stock exchange, in any territory outside Hong Kong applicable to the Company).”

- C. “**THAT** subject to the passing of Ordinary Resolutions A and B set out in paragraph 4 of the notice convening this meeting, the general mandate to the Directors of the Company to allot, issue, grant and deal with additional securities pursuant to Resolution B set out in paragraph 4 of the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares of the Company repurchased by the Company pursuant to the authority granted under Resolution A set out in paragraph 4 of the notice convening this meeting, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing the said Resolution A as set out in paragraph 4 of the notice convening this meeting.”

NOTICE OF ANNUAL GENERAL MEETING

5. To consider and, if thought fit, pass the following proposed resolution as a Special Resolution by way of special business:

SPECIAL RESOLUTION

“**THAT** the Bye-laws of the Company be and is hereby amended in the following manner:

- (1) Bye-law 1 be amended as follows:

- (a) By adding the following definition immediately after the definition of “Act”:

““associate” shall bear the meaning ascribed to it under the Listing Rules.”;

- (b) By adding the following definition immediately after the definition of “head office”:

““Listing Rules” means the rules and regulations of the Designated Stock Exchange from time to time in force.”;

- (2) By adding the following bye-law as a new Bye-law (to be numbered as Bye-law 76A) immediately after Bye-law 76:

“76A. Where any Member is, under the Listing Rules, required to abstain from voting on any particular resolution, or is 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 for the purposes of the resolution concerned.”;

- (3) By deleting the existing Bye-law 89 in its entirety and substituting therefor the following new Bye-law 89:

“89. 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 there shall have been given to the Company at the head office or at the Registration Office a notice in writing 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 as a Director together with a notice in writing signed by that person to be proposed of his willingness to be elected. The period for the lodgment of such a notice shall commence no earlier than the day next after the dispatch of the notice of the General Meeting appointed for such election and end no later than the day seven days prior to the date of such General Meeting, provided that such period shall be at least seven days.”;

NOTICE OF ANNUAL GENERAL MEETING

- (4) By deleting the existing Bye-law 103 in its entirety and substituting therefor the following new Bye-law 103:

“103. A Director who or whose associate(s) is/are in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his/their interest at the first meeting of the Directors at which the question of entering into the contract or arrangement is to be taken into consideration, if he knows his/their interest then exists, or in any other case at the first meeting of the Directors after he knows that he/they is/are or has/have become so interested. For the purposes of this Bye-law, a general notice by a Director to the Directors to the effect that (a) he or his associate(s) is/are a member of a specified company or firm and is/are to be regarded as interested in any contract or arrangement which may after the date of the notice be made with that company or firm or (b) he or his associate(s) is/are to be regarded as interested in any contract or arrangement which may after the date of the notice be made with a specified person who is/are connected with him or his associate(s), shall be deemed to be a sufficient declaration of interest under this Bye-law in relation to any such contract or arrangement; provided that no such notice shall be effective unless either it is given at a meeting of the Directors or the Director takes reasonable steps such that it is brought up and read at the next meeting of Directors after it is given.”;

- (5) By deleting the existing Bye-law 104 in its entirety and substituting therefor the following new Bye-law 104:

“104. (1) A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Directors in respect of any contract or arrangement or 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 for the purposes of the resolution concerned (nor shall he be counted in the quorum of such resolution), provided that this Bye-law 104(1) and the prohibition and provision hereof shall not apply to any of the following matters namely:

- (a) any contract or arrangement for the giving by the Company or any of its subsidiaries of any security or indemnity 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;
- (b) any contract or arrangement for the giving by the Company or any of its subsidiaries 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/have himself/themselves assumed responsibility or guaranteed or secured in whole or in part whether alone or jointly with any other person(s) under a guarantee or indemnity or by giving of security;

NOTICE OF ANNUAL GENERAL MEETING

- (c) any contract, arrangement or proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries 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;
 - (d) any contract, arrangement or proposal concerning any other company in which the Director or his associate(s) is/are interested, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director or his associate(s) is/are beneficially interested in the shares or other securities of that company, provided that the Director and any of his associate(s) is/are not in aggregate 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 any third company through which his interest or that of his associate(s) is/are derived) or of the voting rights of the company concerned;
 - (e) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries or associated companies including:
 - (i) 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
 - (ii) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to the Director, 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
 - (f) 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 the Company.
- (2) A company shall be deemed to be a company in which a Director and/or any of his associates own(s) 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 of any class of shares of such company 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 holder(s) of or is/are beneficially interested in five (5) per cent. or more

NOTICE OF ANNUAL GENERAL MEETING

of any class of the equity share capital of such company (or of any third company through which his/their interest is derived) or of the voting rights of any class of shares available to shareholders of the company. For the purpose of this Bye-law 104(2) 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 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 or benefit thereof, and any shares comprised in a unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder.

- (3) Where a company in which a Director and/or any of his associates hold(s) five (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 the company is materially interested in a transaction, then that Director shall also be deemed materially interested in such transaction.
- (4) Where any proposal or arrangement is under consideration concerning the appointment (including the arrangement or variation of the terms, or the termination thereof) of two or more Directors to offices or places of profit with the Company or any other company in which the Company is interested, a separate resolution may be proposed in relation to each Director and in such case each of the Directors concerned shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment (or the arrangement or variation of the terms, or the termination thereof, as the case may be) and except (in the case of an office or place of profit with any such other company as aforesaid) where the other company is a company in which the Director together with any of his associates owns 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 of any class of shares of such company.
- (5) 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) 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 or his associate(s) 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) concerned 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 or his associate(s) such question shall be decided by a resolution of the Directors (for which purpose such chairman shall not be counted in the

NOTICE OF ANNUAL GENERAL MEETING

quorum and 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.

- (6) The Company may by ordinary resolution ratify any transaction not duly authorized by reason of a contravention of this Bye-law 104 provided that no Director or any of his associates having a material interest in such transaction shall vote upon such ordinary resolution in respect of any shares in the Company in which he/they is/are interested or be counted in the quorum.”.

6. To transact any other business.

By Order of the Board
Chan Kit Yan
Company Secretary

Hong Kong, 23 July 2004

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend vote instead of him. A proxy need not be a member of the Company.
2. 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 principal office in Hong Kong at 6th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting.
3. With respect to Resolutions 4A and 4C (being Resolutions A and C set out in paragraph 4 of the Notice), approval is being sought from members for general mandates to be given to the Directors to repurchase shares and to issue further shares not exceeding the aggregate number of securities so repurchased. In accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), an Explanatory Statement setting out the requisite information for your consideration of the proposed mandate to repurchase shares accompanies this notice and is contained in this circular.
4. With respect to the matters set out in Resolution 4B (being Resolution B in paragraph 4 of the Notice), a general mandate is being sought from members to authorize the allotment and issue of securities under the Listing Rules in order to provide flexibility to the Directors should it become desirable for the Company to exercise such powers. The Directors have no immediate plans to issue any new share or other securities under the general mandate.

NOTICE OF ANNUAL GENERAL MEETING

5. With respect to the matters set out in Resolution 5 (being the proposed Special Resolution set out in paragraph 5 of the Notice), approval is being sought to revise the Bye-laws of the Company to bring them in line with and to comply with the recent amendments of the Listing Rules.

6. The register of members will be closed from 11 August 2004 to 18 August 2004 (both dates inclusive), during which period no transfer of shares of the Company will be registered. All transfers and relevant share certificates must be lodged with the Company's Hong Kong branch share registrars, Tengis Limited, at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, by no later than 4:30 p.m. on 10 August 2004.