

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any 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 advisers.

If you have sold or transferred all your shares in Sun Hing Vision Group Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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SUN HING VISION GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 125)

GENERAL MANDATES TO ISSUE NEW SHARES AND TO REPURCHASE SHARES

AND

PROPOSED CANCELLATION OF THE EXISTING SHARE OPTION SCHEME AND ADOPTION OF A NEW SHARE OPTION SCHEME

AND

PROPOSED AMENDMENTS TO THE BYE-LAWS

AND

NOTICE OF ANNUAL GENERAL MEETING

A notice convening the annual general meeting of Sun Hing Vision Group Holdings Limited to be held at Salon II, Ballroom level, Basement, The Ritz-Carlton, 3 Connaught Road Central, Hong Kong on Monday, 6 September 2004 at 10:00 a.m. is set out on pages 19 to 26 of this circular. Whether or not you intend to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time for holding the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the annual general meeting or any adjourned meeting should you so wish.

Hong Kong, 29 July 2004

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DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at 10:00 a.m. on Monday, 6 September 2004, notice of which is set out on pages 19 to 26 of this circular
“associates”	has the same meaning as defined in the Listing Rules
“Board”	the board of Directors (or a duly authorised committee thereof)
“Bye-laws”	the bye-laws of the Company
“Committee”	the Board or a duly authorized committee of the Board, including two of the independent non-executive Directors, which is delegated with the power of the Directors to administer the New Share Option Scheme
“Companies Act”	the Companies Act 1981 of Bermuda
“Company”	Sun Hing Vision Group Holdings Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“Eligible Person”	any person in full time employment of the Company or any of its subsidiaries who are eligible to participate in the New Share Option Scheme
“General Mandates”	the Share Issue Mandate and the Repurchase Mandate
“Grantee”	any Eligible Persons who accepts a grant of options in accordance with the terms of the New Share Option Scheme or (where the context so permits) any person who is entitled to any option in consequence of the death of the original Grantee (including without limitation his/her personal representatives)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IPO Date”	11 May 1999, the date of initial public offering of the Company on the Stock Exchange

DEFINITIONS

“Latest Practicable Date”	23 July 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information included herein
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company in place of the Existing Share Option Scheme
“Prospectus”	the prospectus of the Company dated 11 May 1999
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted at the Annual General Meeting to the Directors to exercise all the powers of the Company to repurchase Shares
“Rules of Share Option Scheme”	the rules of New Share Option Scheme
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Issue Mandate”	a general and unconditional mandate proposed to be granted at the Annual General Meeting to the Directors to exercise all the powers of the Company to issue, allot and otherwise deal with new Shares
“Existing Share Option Scheme”	the existing share option scheme adopted by the Company on 4 May 1999
“Share Option Scheme Proposal”	the proposed termination of the operation of the Existing Share Option Scheme and the proposed adoption of the New Share Option Scheme
“Shareholders”	holders of Shares
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	any person who is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company
“Takeovers Code”	Code on Takeovers and Mergers
“HK\$” and “cents”	Hong Kong dollars and cents respectively
“%”	per cent.

LETTER FROM THE BOARD



SUN HING VISION GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 125)

Executive Directors:

Ku Ngai Yung, Otis (*Chairman*)
Ku Ka Yung (*Deputy Chairman*)
Ku Ling Wah, Phyllis
Tsang Wing Leung, Jimson
Cheung Chiu Hung
Chan Chi Sun
Ma Sau Ching

Non-executive Directors:

Ku Yiu Tung
Lo Wa Kei, Roy*
Lee Kwong Yiu*

* *Independent*

Principal office:

1001C, 10th Floor
Sunbeam Centre
27 Shing Yip Street
Kwun Tong
Kowloon
Hong Kong

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

29 July 2003

To the shareholders of the Company

Dear Sir/Madam,

**GENERAL MANDATES TO ISSUE NEW SHARES AND
TO REPURCHASE SHARES**

AND

**PROPOSED CANCELLATION OF THE EXISTING SHARE OPTION SCHEME
AND ADOPTION OF A NEW SHARE OPTION SCHEME**

AND

PROPOSED AMENDMENTS TO THE BYE-LAWS

AND

NOTICE OF ANNUAL GENERAL MEETING

INTRODUCTION

The purpose of this circular is to provide you with information reasonably necessary to enable you to make a decision on whether to vote for or against the ordinary and special resolutions

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to be proposed at the Annual General Meeting which has been convened for the purpose of considering and if thought fit, approving, inter alia:

- (a) the grant of the Share Issue Mandate and Repurchase Mandate to the Directors to issue new Shares and repurchase Shares;
- (b) the proposed cancellation of the Existing Share Option Scheme and adoption of a New Share Option Scheme; and
- (c) the proposed amendments to the Bye-laws.

A notice of the Annual General Meeting is set out on pages 19 to 26 of this circular.

GENERAL MANDATES TO ISSUE NEW SHARES AND REPURCHASE ITS OWN SHARES

At the last general meeting of the Company held on 4 September 2003, the Directors were granted a general mandate to allot and issue Shares and a general mandate to repurchase Shares. These mandates will expire at the conclusion of the Annual General Meeting. The Directors propose to seek the approval of the Shareholders at the Annual General Meeting by way of passing ordinary resolutions for the granting of:

- (a) the Share Issue Mandate to issue Shares up to a maximum of 20% of the Shares in issue as at the date of passing of the relevant resolution; and
- (b) the Repurchase Mandate to repurchase Shares up to a maximum of 10% of the Shares and in issue as at the date of passing of the relevant resolution.

Whilst the Directors do not presently intend to repurchase any Shares, they believe that the flexibility afforded by the Repurchase Mandate, if the ordinary resolution granting it is passed, would be beneficial to the Company.

As at the Latest Practicable Date for determining such figures, the issued share capital of the Company was 247,239,200 Shares. Subject to the passing of the ordinary resolution approving the Repurchase Mandate and on the basis that no further Shares are issued or repurchased after Latest Practicable Date and up to the date of passing of such resolution, the Directors would be authorised to repurchase up to 24,723,920 Shares representing 10% of the issued share capital during the period up to the next annual general meeting in 2005 or the expiration of the period within which the next annual general meeting of the Company is required by law to be held or the revocation or variation of the Repurchase Mandate by an ordinary resolution of the Shareholders in general meeting of the Company, whichever occurs first. However, the Directors believe that such repurchase would not reduce the amount held by the public to less than 25% of the issued share capital of the Company.

REASONS FOR REPURCHASE

Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders. Such repurchases may, depending on the market

LETTER FROM THE BOARD

conditions and funding arrangements at the time, lead to an enhancement of the value of the net assets of the Company and/or earnings and/or dividend per Share.

FUNDING OF REPURCHASES

Repurchases pursuant to the Repurchase Mandate would be financed entirely from the Company's available cash flow or working capital facilities. Any repurchases will be made out of funds of the Company legally permitted to be utilised in this connection in accordance with its Bye-laws and the laws of Hong Kong and applicable laws of Bermuda, including profits otherwise available for distribution. Under Bermuda law, repurchases may only be effected out of the capital paid up on the repurchased Shares or out of funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purpose. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided for out of funds of the Company otherwise available for dividend or distribution or out of the Company's share premium account.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its most recent published audited financial statements as at 31 March 2004) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

DISCLOSURE OF INTERESTS

None of the Directors, and to the best of their knowledge, having made all reasonable enquiries, none of their associates, has any present intention, if the Repurchase Mandate is exercised, to sell any Shares to the Company or its subsidiaries.

No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell any Shares to the Company, or that he has undertaken not to sell any Shares held by him to the Company, in the event that the Repurchase Mandate is granted by the Shareholders at the Annual General Meeting and is exercised.

SHARE PURCHASE MADE BY THE COMPANY

There have been no repurchases of Shares by the Company during the six months prior to the date of this document (whether on the Stock Exchange or otherwise).

DIRECTOR'S UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda so far as the same may be applicable.

LETTER FROM THE BOARD

TAKEOVERS CODE CONSEQUENCES

If as a result of a repurchase of Shares a 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 Takeovers Code. As a result, a Shareholder, or group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. As at the Latest Practicable Date for determining the relevant figures, United Vision International Limited ("United Vision"), the single largest Shareholder, is holding 136,288,000 Shares representing approximately 55.12% of the entire issued Shares of the Company. Assuming the Repurchase Mandate is exercised in full and there is not any issue of new Shares by the Company, the shareholding of United Vision will be increased to 61.25% of the entire issued Shares of the Company and therefore no obligation would arise in accordance with Rule 26 of the Takeovers Code. Apart from United Vision, the Directors are not aware of any Shareholder, or group of Shareholders acting in concert who may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code in the event that the Directors exercise the power to repurchase Shares pursuant to the Repurchase Mandate.

MARKET PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during the 12 months preceding the Latest Practicable Date were as follows:

	Share prices	
	Highest HK\$	Lowest HK\$
2003		
July	3.65	2.75
August	3.65	3.175
September	3.45	3.05
October	3.225	2.975
November	3.075	2.85
December	3.225	2.975
2004		
January	3.425	3.10
February	3.95	3.30
March	3.60	3.375
April	3.70	3.50
May	3.70	3.40
June	3.70	3.50
July (up to and including the Latest Practicable Date)	3.725	3.625

LETTER FROM THE BOARD

SHAREHOLDER'S APPROVAL

All repurchases of securities by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of General Mandate or by specific approval in relation to a specific transaction.

PROPOSED CANCELLATION OF EXISTING SHARE OPTION SCHEME AND ADOPTION OF A NEW SHARE OPTION SCHEME

The Company intends to seek approval from the Shareholders to implement the Share Option Scheme Proposal. This proposal entails the cancellation of the Company's Existing Share Option Scheme as well as the adoption, in place thereof, of the New Share Option Scheme.

EXISTING SHARE OPTION SCHEME

Existing Share Option Scheme

Since the IPO Date to the Latest Practical Date, a total of 13,650,000 options have been granted by the Company under the Existing Share Option Scheme, which was adopted by the Company on 4 May 1999. Since the IPO Date, 1,500,000 options granted pursuant to the Existing Share Option Scheme have been exercised by the Directors and chief executives.

As at the Latest Practicable Date, options granted pursuant to the Existing Share Option Scheme to subscribe for an aggregate of 12,150,000 Shares remained outstanding.

A summary of the principal terms of the Existing Share Option Scheme are summarized in the paragraph headed "Existing Share Option Scheme" in appendix V on pages 131 to 134 of the Prospectus.

Options Granted to Directors under the Existing Share Option Scheme

Details of options granted to Directors under the Existing Share Option Scheme are set out as below:

Name	Date of grant	Number of Shares covered by the Options	Exercise Price (HK\$)
Ku Ngai Yung, Otis	3 March 2000	3,600,000	0.75
Ku Ka Yung	3 March 2000	3,600,000	0.75
Ku Ling Wah, Phyllis	3 March 2000	3,600,000	0.75
Ma Sau Ching	11 June 2001	1,000,000	0.92

LETTER FROM THE BOARD

Options Granted to full time employees under the Existing Share Option Scheme

A total of 1,850,000 options, covering the same number of Shares, have been granted to 13 full time employees of the Company. The exercise price of each Option is HK\$3.50. Each employee may only exercise his/her option to subscribe for up to 35% of the total number of Shares pursuant to the options granted to him/her 12 months after the date of the option was granted. The remaining 65%, together with the balance (if any) that he/she has not exercised previously, will be exercised by him/her 36 months after the respective dates of grant. However, no option will be exercisable and all options will lapse after 60 months from the respective dates on which options were granted.

REASONS FOR THE SHARE OPTION SCHEME PROPOSAL

In view of the amendments to certain rules in Chapter 17 of the Listing Rules in respect of share option schemes, the Board proposed that the rules of the Existing Share Option Scheme should be brought in line with such developments and it was therefore proposed that the Company would cancel the Existing Share Option Scheme and replace it by adopting the New Share Option Scheme to provide any person in full time employment of the Company or any of its subsidiaries with the opportunity to acquire proprietary interests in the Company, which would encourage the Grantees of such options to work towards enhancing the value of the Company.

CANCELLATION OF THE EXISTING SHARE OPTION SCHEME

It is proposed that the cancellation of the Existing Share Option Scheme will be effected in accordance with its termination provision which states that it shall not be terminated except with the approval of the Company in general meeting but save in relation to Options granted prior to termination shall continue to be valid and exercisable in accordance with the Rules of Existing Share Option Scheme, the operation of the Existing Share Option Scheme shall be terminated and all provisions thereunder shall be declared null and void.

The approval and adoption of the New Share Option Scheme is conditioned upon, among others, the cancellation of the Existing Share Option Scheme.

SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

Who may join

The Committee may, at their discretion, any person in full time employment of the Company or any of its subsidiary (the “Eligible Persons”) to participate in the New Share Option Scheme:

Grant of Option

The Committee shall, during the life of the Scheme and at its absolute discretion (subject to any terms and conditions as it may think fit) offer to grant on one or more occasions to an Eligible Person as the Committee may in its absolute discretion think fit. In granting the Option, the Committee shall notify the grantee all relevant particulars relating to the Option, including the Option Period, the number of Shares to which the Option relates, the Exercise Price and any additional restrictions or conditions as the Committee may in its absolute discretion impose on exercising the Options.

LETTER FROM THE BOARD

Any agreement for the grant of or offer of Options pursuant hereto shall be subject to the terms of the Scheme and shall be subject to any adjustments made pursuant to the Scheme at any time and from time to time.

The adoption of the Scheme is conditional upon (i) the Listing Committee of the Stock Exchange granting approval of the New Share Option Scheme and the listing and permission to deal in any Shares to be issued pursuant to the exercise of the options under the New Share Option Scheme; (ii) the approval of the New Share Option Scheme by the Shareholders at the Annual General Meeting; and (iii) the cancellation of the Existing Share Option Scheme at the Annual General Meeting. If such conditions are not fulfilled, then:

- (a) the Scheme shall forthwith determine;
- (b) any Option granted or agreed to be granted pursuant to these Rules and any offer of a grant shall be of no effect; and
- (c) no person shall be entitled to any rights or benefits or be under any obligation under or in respect of the Scheme or any Option.

For the avoidance of doubt, no Options shall be granted to any Eligible Person after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced by the Company in accordance with the requirements of Chapter 13 of the Listing Rules and in particular, during the period commencing one month immediately preceding the earlier of:

- (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's interim results or quarterly results for any year, half-year or quarter-year period (if applicable);
- (b) the deadline for the Company to publish preliminary announcement of the final results of the Group for any financial year, half-year or quarter-year under the Listing Rules; and
- (c) the date of general offer or an imminent general offer.

For the avoidance of doubt, the foregoing period during which no Option may be granted shall cover any period of delay in the publications of a results announcement.

Any grant of an Option to a Connected Person or its Associates shall be approved by all the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of such Options).

Where Options are proposed to be granted to a Connected Person who is also a Substantial Shareholder or an independent non-executive Director or any of their respective Associates and the proposed grant of Options, when aggregated with the Options (whether exercised, cancelled,

LETTER FROM THE BOARD

outstanding or granted (whether or not cancelled) under the Scheme) already granted to that Connected Person in the preceding 12-month period, would entitle them to receive more than 0.1% of the total issued Shares for the time being and the value of which by reference to the closing price of Shares at the date of each grant is in excess of HK\$5 million, then the proposed grant must be subject to the approval of the Shareholders taken on a poll in general meeting of the Company. For the purpose of the general meeting of the Company, all Connected Persons must abstain from voting in such general meeting, except where any Connected Person intends to vote against the proposed grant and his intention to do so has been stated in the circular to be despatched to Shareholders.

For the purpose of the above paragraph, the circular containing the following shall be prepared by the Company and despatched to Shareholders no later than the date on which the Company gives notice of the general meeting of the Company to approve the proposed grant of Options:

- (a) details of the number and terms of the Options (including the Option price, i.e. the Exercise Price) to be granted to each grantee;
- (b) a recommendation from all the independent non-executive Directors (excluding one who is the grantee of the relevant Options) on whether or not to vote in favour of the proposed grant; and
- (c) any other information as may be required under the Listing Rules.

Any change in the terms of the Options granted to an Eligible Person who is a Director, chief executive or Substantial Shareholder of the Company or their respective Associates shall be approved by the Shareholders in such manner as set out in the above paragraph.

Total number of securities that may be issued upon exercise of all options

On the basis of the ordinary shares in issue as at the Latest Practicable Date being 247,239,200, the maximum number of securities that could be issued pursuant to the Scheme is 24,723,920 upon exercise of all options to be granted under Scheme (representing 10% of the issued share capital) as at that date and at the date of the Annual General Meeting unless the shareholders approve a refreshing of that limit in accordance with Rule 17.03(3) of the Listing Rules.

Exercise price of options granted

The subscription price for Shares under the Scheme will be determined by the Committee and notified to each grantee and will be no less than the greater of:

- (a) the closing price of a Share as stated in the Stock Exchange's daily quotations sheets on the Date of Grant;
- (b) the average of the closing price of a Share as stated in the Stock Exchange's daily quotations sheets on each of the five Business Days immediately preceding the Date of Grant of such Option (subject to adjustments); and

LETTER FROM THE BOARD

(c) the nominal value of the Share;

or (where applicable) such price as from time to time adjusted pursuant to the Scheme.

Maximum entitlement of each participant under the Scheme

Notwithstanding the provisions in the Scheme, the overall limit on the number of Shares which may be issued upon exercise of all outstanding options, granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time (the “**Scheme Limit**”).

The total number of Shares available for issue under Options which may be granted under the Scheme must not in aggregate exceed 10% (or such higher percentage as may from time to time be permitted under the Listing Rules and the Stock Exchange) of the total number of Shares in issue as at the date of approval of the Scheme (the “**Scheme Mandate Limit**”), unless Shareholders’ approval has been obtained pursuant to the following paragraphs. Options lapsed in accordance with the terms of the Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit.

The Scheme Mandate Limit may be renewed at any time subject to Shareholders’ approval. The Scheme Mandate Limit as renewed must not exceed 10% of the total number of Shares in issue at the date of the Shareholders’ approval for renewal of the Scheme Mandate Limit. Options previously granted under the Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the Scheme or exercised Options) will not be counted for the purpose of calculating the Scheme Mandate Limit as renewed. A circular for the purpose of seeking Shareholders’ approval on the renewal of the Scheme Mandate Limit shall be sent to the Shareholders.

The total number of the Shares issued and to be issued upon exercise of the Options granted including those granted (whether or not cancelled) under the Scheme and to be granted to any Eligible Person (including exercised, cancelled and outstanding Options) in any 12-month period up to the Date of the Grant to such Eligible Person shall not exceed 1% of the issued Shares from time to time (the “**1% Limit**”). Any further grant of Options in excess of the 1% Limit must be subject to (i) Shareholders’ approval with that Eligible Person and his Associates abstaining from voting and (ii) the issue of a circular. The circular must disclose the identity of the participants, the number and the terms of the Options granted and to be granted. The number and terms of Options to be granted to such participants must be fixed before the Shareholders’ approval and the date of the meeting of the Committee for proposing such further grant should be taken as the Date of Grant for the purpose of calculating the Exercise Price.

The Company may also seek separate Shareholders’ approval for granting Options beyond the Scheme Mandate Limit to Eligible Persons specifically identified by the Company before such approval is sought and subject to Shareholders’ approval and the issue of a circular to all the Shareholders. The circular must contain, amongst other things, a generic description of the identified participants, the number and terms of the Options to be granted, the purpose of granting Options to the identified participants, an explanation as to how the terms of such Options serve the intended purpose and such other information as the Shareholders consider applicable.

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The Company shall make additional disclosures in the annual and interim reports of the Company including details of the Options granted (in the manner as required under the Listing Rules) to:

- (a) each Connected Person;
- (b) each participant with Options granted in excess of the individual limit;
- (c) other participants in aggregate.

Time of exercise of options

An Option may be exercised in accordance with the Rules of the Scheme at any time during the Option Period as specified by the Committee in relation to each such Option in its terms of grant provided that the period within which the option must be executed shall not be earlier than the date on which the Scheme is adopted or later than 10 years from the date of grant of the Option.

Terms of the options to be granted under the New Share Option Scheme

As the Scheme shall remain valid for a period of 10 years commencing on its date of adoption (expected to be on the date of Annual General Meeting), all options to be granted pursuant to the scheme must be within this term.

Any options not exercised within this term will expire. Additionally, all options will immediately expire if the participant ceases to be employed (by reason of resignation or dismissal), or is no longer providing services to the Company. However, if the grantee of an option ceases to be an Eligible Person by reason of ill-health, injury, disability or death, or on retirement in accordance with his contract of employment or otherwise by agreement with his employing company, then he or (as the case may be) his personal representative may exercise all his Options within a period of 3 months from the date of such death (or for such a longer period as the Board may determine), failing which such Options shall lapse and determine at the end of the relevant period.

Any grant of an option, once made, will be adjusted (in terms of either its exercise price or the number of underlying securities) if there is any capitalization issue, rights issue, sub-division or consolidation of Shares or reduction of capital of the Company.

Assignment and ranking of options

An option may not be transferred or assigned by the Grantee.

The Shares to be allotted upon the exercise of an Option will be subject to the Bye-laws for the time being in force and will rank pari-passu with the fully paid Shares in issue on the date of exercise of the Option.

LETTER FROM THE BOARD

Rights on take-over

If a general offer or takeover offer has been made to the holders of Shares or otherwise, the Committee shall as soon as practicable thereafter notify every Option Holder accordingly and the Directors shall within 14 days thereafter notify every Option Holder as to which of the following provision shall apply provided always that in the case of any adjustment proposed to be made to the number of Shares or amount of the Exercise Price, the relevant requirements in the Scheme on adjustments to the number of Shares or amount of Exercise Price subject to Options already granted shall be complied with:

- (a) each Option Holder shall be entitled at any time to exercise all or any of his Options in whole or in part;
- (b) the Directors may grant a cash bonus award to the Option Holder for an amount equal to the exercise price in consideration of such Option Holder surrendering the relevant Options for cancellation;
- (c) the Director may grant a cash sum equal to the difference between (a) the Exercise Price and (b) the greater of the offer price for the Shares or the fair market value of the Shares, as determined by the Directors, in consideration of such Option Holders surrendering the relevant Options for cancellation; or
- (d) the Directors may determine that any or all outstanding Options will not vest or become exercisable immediately in the event of a tender offer or exchange offer to acquire the Shares if provision is made to substitute new Options that are, in the Directors' opinion, equivalent to the outstanding Options.

Each Option Holder may by notice in writing to the Company within 21 days of the date of such notice, exercise his Option in whole or in part (to the extent not already exercised) and if an Option Holder fails to notify the Company in writing within the prescribed period to exercise his Option, his Option shall lapse.

Rights on a compromise or arrangement

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all Option Holder (together with a notice of the existence of the provisions of this Rule) on the same date as it dispatches to each member or creditor of the Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon and subject to the Directors having complied with relevant requirements in the Scheme on adjustments to the number of Shares or amount of Exercise Price subject to Options already granted, each Option Holder shall be entitled to exercise all or any of his Option in whole or in any part or any time prior to 12:00 noon on the business day immediately preceding the date of the meeting directed to be convened by the Court for the purposes of considering such compromise or arrangement. With effect from the date of such meeting, the rights of all Option Holders to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall to the extent that they have not been exercised thereupon lapse and determine.

LETTER FROM THE BOARD

Provision for cancellation of options granted but not exercised

Any cancellation of Options granted but not exercised or termination of the Scheme before its term must be approved by the Shareholders of the Company in general meeting, with the relevant grantees and their Associates abstaining from voting. Any vote taken at the meeting to approve such cancellation must be taken by poll.

Alteration to the Scheme

The Scheme may be altered in any respect by resolution of the Board except that the provisions of the Scheme relating to matters contained in rule 17.03 of the Listing Rules shall not be altered relating to matters to the advantage of the grantees or prospective grantees except with the prior approval of the Shareholders in general meeting of the Company (with Option holders or prospective Option Holders or participants and their Associates abstaining from voting). No such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such number of Option Holders or grantees of Options as shall together hold Options in respect of not less than three-fourths in nominal value of all Shares then subject to Options granted under the Scheme.

Any alteration to the terms and conditions of the Scheme must comply with Chapter 17 of the Listing Rules and any change to the terms of the Options granted must be approved by the Shareholders, except where the alterations take effect automatically under the existing terms of the Scheme. Any change to the authority of the Directors in relation to any alteration to the terms of the Scheme must be approved by the Shareholders in general meeting.

The Company may by ordinary resolution in general meeting at any time terminate the operation of the Scheme and in such event no further Options shall be offered but the provisions of the Scheme shall remain in all other respects in full force and effect in respect of any Options granted prior thereto but not yet exercised at the time of termination. Options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the Scheme Period and remain unexpired immediately prior to the termination of the operation of the Scheme shall continue to be exercisable in accordance with their terms of issue within one month after the termination of the operation of the Scheme. Any Options not exercised within this prescribed period shall lapse. In the event of such termination of the Scheme, details of the Options granted, including Options exercised or outstanding, under the Scheme, and (if applicable) Options that become void or non-exercisable as a result of the termination of the Scheme, shall be disclosed in the circular to Shareholders seeking approval of the first new Share Option Scheme established thereafter.

Conditions of the Scheme

The Scheme is conditional upon (i) the Listing Committee of the Stock Exchange granting approval of the New Share Option Scheme and the listing and permission to deal in any Shares to be issued pursuant to the exercise of the options under the New Share Option Scheme (ii) the approval of the New Share Option Scheme by the Shareholders at the Annual General Meeting and (iii) the cancellation of the Existing Share Option Scheme at the Annual General Meeting.

LETTER FROM THE BOARD

As at the Latest Practicable Date, no option has been granted or agreed to be granted by the Company under the Scheme.

Value of options

It is considered inappropriate by the Directors to value all the Options that can be granted under the Scheme on the assumption that they were granted on the Latest Practicable Date as a number of factors critical for the valuation cannot be determined for example, the options exercise period, conditions, etc. It would be misleading to Shareholders if any valuations of the options are stated which were based on such variable assumptions.

PROPOSED AMENDMENTS TO THE BYE-LAWS

On 30 January 2004, the Stock Exchange has announced that subject to certain transitional arrangements, the proposed amendments to the Listing Rules relating to corporate governance issues took effect on 31 March 2004. The Directors therefore propose to amend the Bye-laws to reflect such changes.

The proposed amendments to the Bye-laws therefore include:

- (1) the addition of the definition of “associate” which have the same meaning as defined in the Listing Rules.
- (2) The addition of the requirement that a Member, is under the rules of the Stock Exchange, required to abstain from voting, any votes cast by or on behalf of such Members in contravention of such requirement or restriction shall not be counted.
- (3) The amendments to the removal of Director by ordinary resolution instead of special resolution.
- (4) The addition of the requirement that the minimum 7 days period for lodgment by Member of the notice to nominate a Director shall commence on the day after the dispatch of the notice of the meeting appointed for such election and no later than 7 days prior to the date of such meeting.
- (5) The amendments that a Director shall not vote at the board meeting on any matter in which the Director or any of his associates has a material interest.

ANNUAL GENERAL MEETING

The notice of Annual General Meeting is set out on pages 19 to 26 of this circular. A form of proxy for use at the Annual General Meeting is enclosed and whether you intend to be present at the Annual General Meeting, you are requested to complete the form of proxy and return it to the registered office of the Company in accordance with the instructions printed thereon not less than 48 hours before the time limit fixed for holding the Annual General Meeting. Completion of the form of proxy and returning it to the Company will not preclude you from attending, and voting at, the Annual General Meeting if you so wish.

LETTER FROM THE BOARD

At the Annual General Meeting, resolutions put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) 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 shares conferring that right.

RE-ELECTION OF DIRECTORS

According to Bye-law 87(1) of the Company at each annual general meeting, one third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not greater than one-third) shall retire from office by rotation provided that notwithstanding anything herein, the chairman of the Board and/or the managing director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. Accordingly, at the Annual General Meeting, Mr. Ku Yiu Tung, Mr. Chan Chi Sun, Ms. Ma Sau Ching, who are so appointed, shall hold office until the next annual general meeting of the Company and being eligible, each of them will offer himself/herself for re-election. At the Annual General Meeting, ordinary resolution will be proposed to re-elect them as Directors. Brief biographies of each of them are as follows:

Mr. Ku Yiu Tung, aged 70, who is the founder of the Group, is the non-executive director of the Company. He has more than 40 years of experience in the optical industry. Mr. Ku is the father of Mr. Ku Ngai Yung, Otis, Mr. Ku Ka Yung and Ms. Ku Ling Wah, Phyllis. Save as disclosed, Mr. Ku does not have, and is not deemed to have, any interests or short position in any shares, underlying shares or debentures of the Company and its associated corporations within the meaning of Part XV of the SFO. There is no service contract signed between the Company and Mr. Ku and therefore his term of appointment is not expressly specified and will expire when he is required to retire by rotation in accordance with the Bye-laws. Mr. Ku is entitled to a monthly salary of HK\$15,100 from the Company. The emoluments of Mr. Ku are determined by the Board. There is no other position held with the Company and other members of the Company's group. He has no previous experience including other directorships held in other listed company.

LETTER FROM THE BOARD

Mr. Chan Chi Sun, aged 38, is the executive director of the Company. Prior to joining the Group in June 1994, he had worked for one of the major financial institutions in Hong Kong for four years. He is responsible for the overall administration of the Group and has extensive experience in information technology. There is service contract signed between the Company and Mr. Chan and Mr. Chan is entitled to a current monthly salary of HK\$36,100 from the Company. The emoluments of Mr. Chan are determined by the Board. Under the service agreement with the Company, the initial term is for two years commencing on 14 December 2001 and continuing thereafter until terminated by not less than 3 months' written notice served by either party. The length or proposed length of service with the Company will be renewed year by year. Within the meaning of Part XV of the SFO, Mr. Chan has and is deemed to have interests in the shares or underlying shares of the Company and its associated corporations, particulars of which are set out on the annual report which will also be dispatched to Shareholders together with this circular. Mr. Chan is the nephew of Mr. Cheung Chiu Hung, the executive Director of the Company. Apart from that, Mr. Chan does not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company. Mr. Chan is also a director of Sun Hing Optical Manufactory Limited, Thousand More Enterprises Limited, 紫金縣新泰工業園發展有限公司, 紫金縣新基眼鏡五金配件有限公司 and 東莞恒生眼鏡製造有限公司. Save as disclosed herein, Mr. Chan has no other position held with the Company and other members of the Group. He has no previous experience including other directorships held in other listed company.

Ms. Ma Sau Ching, aged 42, is the executive director of the Company responsible for marketing development of the Group. She joined the Group in December 1997 and has more than 10 years of experience in the marketing of the optical frames. There is service contract signed between the Company and Ms. Ma and Ms. Ma is entitled to a current monthly salary of HK\$44,000 from the Company. The emoluments of Ms. Ma are determined by the Board. Under the service agreement with the Company, the initial term is for two years commencing on 14 December 2001 and continuing thereafter until terminated by not less than 3 months' written notice served by either party. The length or proposed length of service with the Company will be renewed year by year. Within the meaning of Part XV of the SFO, Ms. Ma has and is deemed to have interests in the shares or underlying shares of the Company and its associated corporations, particulars of which are also set out on the Annual Report which will also be dispatched to the Shareholders with this circular. Apart from the above, Ms. Ma does not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company. Save as disclosed herein, Ms. Ma has no other position held with the Company and other members of the Group. She has no previous experience including other directorships held in other listed company.

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.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the granting of the General Mandates, the cancellation of the Existing Share Option Scheme and the adoption of the New Share Option Scheme and the amendments to the existing Bye-laws are in the interests of and for the benefit of the Company and the Shareholders and accordingly the Directors recommend you to vote in favour of these resolutions to be proposed at the Annual General Meeting.

DOCUMENTS FOR INSPECTIONS

The following documents will be available for inspection at the office of Arculli and Associates at their offices at Room 2018 Hutchison House, No.10 Harbour Road, Central, Hong Kong during normal business hours as from the date of this circular up to the date of the Annual General Meeting:

- (a) Rules of the Existing and New Share Option Schemes;
- (b) the amended Bye-laws to be adopted at the Annual General Meeting; and
- (c) a copy of the Companies Act.

Yours faithfully,
For and on behalf of the Board
Ku Ngai Yung, Otis
Chairman

NOTICE OF ANNUAL GENERAL MEETING



SUN HING VISION GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 125)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Sun Hing Vision Group Holdings Limited (the “Company”) will be held at Salon II, Ballroom level, Basement, The Ritz-Carlton, 3 Connaught Road Central, Hong Kong on Monday, 6 September 2004 at 10:00 a.m. for the following purposes:

As ordinary business:

1. To receive and consider the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and auditors for the year ended 31 March 2004.
2. To re-elect retiring directors and to authorise the Board to fix the directors’ remuneration.
3. To re-appoint auditors and authorise the Board to fix their remunerations.
4. To declare a final dividend for the year ended 31 March 2004.

As special business:

5. To consider and, if thought fit, pass with or without modifications, the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS

A. “THAT:

- (a) subject to paragraph (c) of this Resolution, the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (d) of this Resolution) 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 such shares, options, warrants or similar rights to subscribe for any shares in the Company, and to make and grant offers,

NOTICE OF ANNUAL GENERAL MEETING

agreements and options which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) of this Resolution shall authorise the directors of the Company during the Relevant Period to make and grant offers, agreements and options which would or 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) of this Resolution, otherwise than pursuant to the shares of the Company issued as a result of a Rights Issue (as defined in paragraph (d) of this Resolution) or pursuant to the exercise of options under any Existing Share Option Scheme or similar arrangement or any scrip dividend or similar arrangement providing for the allotment of shares of the Company in lieu of the whole or part of the dividend on the shares of the Company in accordance with the Company's Bye-laws, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution and the said approval shall be limited accordingly; and
- (d) 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 end 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; or
- (iii) revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting;

“Rights Issue” means an offer of shares in the capital of the Company open for a period fixed by the directors of the Company to the holders of shares 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 recognised regulatory body or any stock exchange in, or in any territory outside, Hong Kong).

NOTICE OF ANNUAL GENERAL MEETING

B. “**THAT**:

- (a) subject to paragraph (b) of this Resolution, the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (c) of this Resolution) of all the powers of the Company to repurchase its own shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange on which the securities of the Company may be listed as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company to be repurchased by the Company pursuant to the approval mentioned in paragraph (a) of this Resolution 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 passing of this Resolution and the said approval shall be limited accordingly; and
- (c) for the purposes of this Resolution the expression “Relevant Period” shall have the same meaning as assigned to it under Ordinary Resolution 5A(d) of this notice.”

C. “**THAT** conditional upon Resolutions 5A and 5B being passed, the aggregate nominal amount of shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors as mentioned in Resolution 5B above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to Resolution 5A, provided that the amount of share capital repurchased by the Company shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of this Resolution.”

6. A. “**THAT** conditional upon the approval of the New Share Option Scheme as stated in the paragraph B below, the operation of the existing share option scheme (as adopted by the shareholders of the Company on the 4 May 1999) (the “Existing Share Option Scheme”) be and is hereby terminated and all provisions thereunder be and are hereby declared null; and

NOTICE OF ANNUAL GENERAL MEETING

- B. **THAT** conditional upon the cancellation of the Existing Share Option Scheme as stated in the paragraph A above, the rules of a new share option scheme (a copy of which has been produced to the meeting and marked “A” and signed by the chairman for the purpose of identification) (the “New Share Option Scheme”) be and is hereby approved and adopted and the Directors of the Company be and are hereby authorised to grant options in accordance with the terms of the New Share Option Scheme and to allot, issue and deal with shares in the Company pursuant to the exercise of options granted under the New Share Option Scheme and to take all such steps as they consider necessary or desirable to implement the New Share Option Scheme.
7. To consider, and if thought fit, pass with or without modifications, the following resolution as a Special Resolution:

SPECIAL RESOLUTION

“**THAT** the Bye-laws of the Company be amended as follows:

- (1) By inserting the following new definition of “associate” after the definition of “Act” in Bye-law 1:
- ““associate” the meaning attributed to it in the rules of the Designated Stock Exchange.”
- (2) (a) By re-numbering the existing Bye-law 76 as Bye-law 76(1);
- (b) By inserting the following as new Bye-law 76(2) immediately after Bye-law 76(1):
- “(2) Where the Company has knowledge that any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.”
- (3) By deleting the word “special” and replacing therewith the word “ordinary” in Bye-law 86(4).

NOTICE OF ANNUAL GENERAL MEETING

- (4) By deleting the existing 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) are given, shall be at least seven (7) days and that (if the Notices are submitted after the dispatch of the notice of the general meeting appointed for such election) the period for lodgment of such Notice(s) shall commence on 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.”

- (5) 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 approving any contract or arrangement or any other proposal in which he or any of his associates is 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 associates or obligations incurred or undertaken by him or any of his associates 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;

NOTICE OF ANNUAL GENERAL MEETING

- (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 by virtue only of his/their interest in shares or debentures or other securities of the Company;
 - (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 or in which the Director and any of his associates are not in aggregate beneficially interested in five (5)% or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or
 - (vi) any proposal or arrangement 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, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally 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 his associate(s) owns five (5)% or more if and so long as (but only if and so long as) he and/or his associates, (either directly or indirectly) are the holders of or beneficially interested in five (5)% 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

NOTICE OF ANNUAL GENERAL MEETING

that of any of his associates 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 the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder.

- (3) Where a company in which a Director and/or his associate(s) holds five (5)% 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 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 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 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 as known to such chairman has not been fairly disclosed to the Board.

By Order of the Board
YUNG Yun Sang, Simon
Secretary

Hong Kong, 29 July 2004

Principal Office:
1001C, 10th Floor
Sunbeam Centre
27 Shing Yip Street
Kwun Tong
Kowloon
Hong Kong

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. A form of proxy is enclosed. To be valid, this form of proxy, together with 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 deposited at the principal office of the Company at 1001C, 10th Floor, Sunbeam Centre, 27 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment hereof.
3. The register of members of the Company will be closed from 1 September 2004 to 3 September 2004, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the right to attend and vote at the meeting all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Secretaries Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on 31 August 2004.
4. With reference to the Ordinary Resolutions sought in item 5A and 5B of this notice, the directors wish to state that they have no immediate plans to issue any new shares or to repurchase any existing shares of the Company. The explanatory statement required by the Listing Rules of the Stock Exchange in connection with the repurchase mandate is despatched to shareholders together with this notice.