
IMPORTANT

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KANTONE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1059)

Directors:

Paul Kan Man Lok (*Chairman*)

Lai Yat Kwong

Henry Fung Kin Leung

Leo Kan Kin Leung*

Liang Xiong Jian**

Ye Peida**

Frank Bleackley**

Julia Tsuei Jo**

Ho Yiu Ming**

Regional office in Hong Kong:

5th Floor

Kantone Centre

1 Ning Foo Street

Chaiwan

Hong Kong

* *Non-executive directors*

** *Independent non-executive directors*

29 October 2004

To the shareholders

Dear Sir or Madam,

GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES AND AMENDMENT OF ARTICLES OF ASSOCIATION

INTRODUCTION

At the annual general meeting of Kantone Holdings Limited (the “Company”) for the year ended 30 June 2004, resolutions will be proposed to grant to the directors of the Company general mandates to issue shares and repurchase shares of the Company and to amend the Articles of Association of the Company.

The purpose of this circular is to give you further details of the abovementioned proposals. This circular also contains the explanatory statement in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and gives all the information reasonably necessary to enable shareholders to make an informed decision on whether to vote for or against the resolution to approve the purchase by the Company of its own shares.

GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting of the Company to be held on 26 November 2004 (“AGM”), an ordinary resolution will be proposed to grant a general mandate to the directors of the Company to allot, issue and dispose of shares of the Company not exceeding 20 per cent. of the issued share capital of the Company on the date of the resolution to provide flexibility to the Company to raise fund by issue of shares efficiently. On 26 October 2004 (the “Latest Practicable Date”), being the latest practicable date prior to printing of this circular, there were in issue an aggregate of 2,308,341,469 shares of HK\$0.10 each in the Company (“Shares”). Exercise in full of the mandate, on the basis that no further Shares are issued prior to the date of the AGM, the directors could accordingly allot, issue and dispose of up to 461,668,293 Shares.

GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, an ordinary resolution will be proposed that the directors be given a general mandate to exercise all powers of the Company to repurchase issued and fully paid shares of the Company. Under such mandate, the number of shares that the Company may repurchase shall not exceed 10 per cent. of the share capital of the Company in issue on the date of the resolution. The Company’s authority is restricted to purchases made on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in accordance with the Listing Rules of the Stock Exchange. Exercise in full of the mandate, based on the number of the issued Shares on the Latest Practicable Date and on the basis that no further Shares are issued prior to the AGM, could accordingly result in up to 230,834,146 Shares being repurchased by the Company. The mandate allows the Company to make or agree to make purchases only during the period ending on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required to be held by law or the date upon which such authority is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company.

The directors have no present intention to repurchase any Shares but consider that the mandate will provide the Company the flexibility to make such repurchase when appropriate and beneficial to the Company. Such repurchases may enhance the net value of the Company and/or earnings per Share. As compared with the financial position of the Company as at 30 June 2004 (being the date of its latest audited accounts), the directors consider that there would be a material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed purchases were to be carried out in full during the proposed purchase period. No purchase would be made in circumstances that would have a material adverse impact on the working capital or gearing ratio of the Company.

The Company is empowered by its memorandum and articles of association to purchase its Shares. The Cayman Islands law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the profits that would otherwise be available for distribution by way of dividend or the proceeds of a new issue of shares made for such purpose. The amount of premium payable on redemption may only be paid out of either the profits that would otherwise be available for distribution by way of dividend or out of the share premium account of the Company. Under the Cayman Islands law, the repurchased shares will remain part of the authorised but unissued share capital of the Company.

The directors intend to apply the capital paid up on the relevant Shares or the profits that would otherwise be available for distribution by way of dividend for any purchase of its Shares.

Directors, their associates and connected persons

None of the directors nor, to the best of the knowledge and belief of the directors having made all reasonable enquiries, any of the associates of any of the directors has any present intention, in the event that the proposal is approved by shareholders, to sell Shares to the Company.

No connected person of the Company (as defined in the Listing Rules of the Stock Exchange) has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company in the event that the Company is authorised to make purchases of Shares.

Undertaking of the directors

The directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the proposed resolution in accordance with the Listing Rules of the Stock Exchange and all applicable laws of the Cayman Islands, and in accordance with the regulations set out in the memorandum and articles of association of the Company.

Effect of Takeovers Code

A repurchase of Shares by the Company may result in an increase in the proportionate interests of a substantial shareholder of the Company in the voting rights of the Company, which could give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Hong Kong Code on Takeovers and Mergers (the “Code”).

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Champion Technology Holdings Limited and Lawnside International Limited, who held approximately 57.289 per cent. and 17.666 per cent. of the issued share capital of the Company respectively, were the only substantial shareholders holding 10 per cent. or more of the issued share capital of the Company. In the event that the directors should exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the resolution, the shareholding of Champion Technology Holdings Limited and Lawnside International Limited in the Company would be increased to approximately 63.654 per cent. and 19.628 per cent. of the issued share capital of the Company respectively and such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Code. In the event that the repurchase mandate is exercised in full, the public float of the Company will fall below the minimum prescribed percentage of securities in public hands under the Listing Rules (the “Minimum Percentage”). The directors would not exercise the power to repurchase Shares pursuant to the resolution such that the public float of the Company will fall below the Minimum Percentage.

General

During each of the six months preceding the date of this circular, no Shares have been repurchased by the Company.

During each of the previous 12 months, the highest and lowest traded prices for Shares on the Stock Exchange were as follows:–

Month	Per Share	
	Highest HK\$	Lowest HK\$
<i>2003</i>		
October	0.1650	0.0960
November	0.2550	0.1550
December	0.2170	0.1620
<i>2004</i>		
January	0.2120	0.1880
February	0.2950	0.1730
March	0.2800	0.1980
April	0.2500	0.2020
May	0.2250	0.1770
June	0.2120	0.1780
July	0.2020	0.1950
August	0.2100	0.1930
September	0.2350	0.2040
October (up to the Latest Practicable Date)	0.2700	0.2250

AMENDMENT OF ARTICLES OF ASSOCIATION

It is proposed to amend the Company's Articles of Association in the following manner in order to comply with the new requirements of Appendices 3 and 13 to the Listing Rules, and to provide more flexibility to the Company in administration, communication with shareholders and handling of documents:

- (a) by inserting the following new definition of “associate” after the definition of “Articles” in Article 2(1):

““associate” the meaning attributed to it in the rules of the Designated Stock Exchange.”
- (b) by deleting the words “a recognised clearing house within the meaning of Section 2 of the Securities and Futures (Clearing Houses) Ordinance of Hong Kong or” from the definition of “clearing house” in Article 2(1);

- (c) by deleting the existing definition of “Subsidiary and Holding Company” in Article 2(1) in its entirety and replacing therewith the following new definition of “Subsidiary and Holding Company”:

““Subsidiary and Holding Company” the meaning attributed to them in the rules of the Designated Stock Exchange.”

- (d) by inserting the following sentence before the semi-colon in Article 2(2)(e):

“, and including where the representation takes the form of electronic display, provided that both the mode of service of the relevant document or notice and the Member’s election comply with all applicable Statutes, rules and regulations”

- (e) by deleting the full-stop at the end of Article 2(2)(g) and replacing therewith a semi-colon, and by inserting the following as new Article 2(2)(h):

“(h) references to a document being executed include references to it being executed under hand or under seal or by electronic signature or by any other method and references to a notice or document include a notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not.”

- (f) by inserting the following paragraph at the end of Article 3(2):

“The Company is hereby authorized to make payments in respect of the purchase of its shares out of capital or out of any other account or fund which can be authorized for this purpose in accordance with the Law.”

- (g) by deleting the words “share premium account or any” from Article 6;

- (h) by inserting the following paragraph at the end of Article 9:

“Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price as may from time to time be determined by the Company in general meeting, either generally or with regard to specific purchases. If purchases are by tender, tenders shall be available to all Members alike.”

- (i) by (i) deleting the word “and” after the words “the Law,” in the first line, (ii) inserting the words “, any direction that may be given by the Company in general meeting” after the words “these Articles” in the first line, and (iii) inserting the word “allotment,” after the words “any such” in the ninth line, all of Article 12(1), and by inserting the words “or convertible securities or securities of similar nature” after the words “issue warrants” in the first line of Article 12(2);

- (j) by deleting the existing Article 44 in its entirety and replacing therewith the following new Article 44:

“44. The Register and branch register of Members, as the case may be, shall be open to inspection for at least two (2) hours on every business day by Members without charge or by any other person, upon a maximum payment of \$2.50 or such lesser sum specified by the Board, at the Office or such other place at which the Register is kept in accordance with the Law or, if appropriate, upon a maximum payment of \$1.00 or such lesser sum specified by the Board at the Registration Office. The Register including any overseas or local or other branch register of Members may, after notice has been given by advertisement in an appointed newspaper or any other newspapers in accordance with the requirements of any Designated Stock Exchange or by any electronic means in such manner as may be accepted by the Designated Stock Exchange to that effect, be closed at such times or for such periods not exceeding in the whole thirty (30) days in each year as the Board may determine and either generally or in respect of any class of shares.”

- (k) by deleting the words “in the Cayman Islands” from the second last line of Article 48(4);
- (l) by deleting the words “and, where applicable,” from the second line of Article 51 and replacing therewith “or”, and by inserting the words “or by any other means” after the words “any other newspapers” in Article 51;
- (m) by inserting the sentence “Notwithstanding anything contained in these Articles, where more than one proxy is appointed by a Member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.” after the words “as paid up on the share.” in the eighth line of Article 66;
- (n) by re-numbering the existing Article 76 as Article 76(1), and by inserting the following as new Article 76(2):

“(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.”

- (o) by deleting the existing Article 84(2) in its entirety and replacing therewith the following new Article 84(2):

“(2) If a clearing house (or its nominee(s)), being a corporation, is a Member, it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee(s)) including the right to vote individually on a show of hands.”

- (p) by deleting the existing Article 86(3) in its entirety and replacing therewith the following new Article 86(3):

“(3) The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.”

- (q) by deleting the reference to “subparagraph (4)” in Article 86(6) and replacing therewith “subparagraph (5)”;
- (r) by deleting the reference to “Article 86(2)” in Article 87(2) and replacing therewith “Article 86(3)”;
- (s) by deleting the existing Article 88 in its entirety and replacing therewith the following new Article 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 Notices 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 Notices 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.”

- (t) by deleting the words “whereupon the Board resolves to accept such resignation” from Article 89(1);
- (u) by inserting the following paragraph as new Article 103(5) immediately following the existing Article 103(4):

“(5) 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 his associate(s) is/are materially interested save for the exceptions set out in Articles 103(1)(i) to (vi) which shall apply to an associate of a Director mutatis mutandis. For purposes of Article 103(2), the word “Director” wherever it appears shall be construed to mean “a director of the Company and/or his associate(s)”. If any question shall arise at any meeting of the Board as to the materiality of the interest of an associate to a Director, such question shall be referred to the chairman of the meeting and his ruling shall be final and conclusive. If any question as aforesaid shall arise in respect of an associate to 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.”

- (v) by inserting the words “or to any of their respective associates (as defined by the rules, where applicable, of the Designated Stock Exchange)” before the semi-colon in Article 104(4)(i);
- (w) by re-numbering the existing Article 135 as Article 135(1), and by inserting the following as new Article 135(2):

“(2) Notwithstanding any provision contained in these Articles, the Directors may, if permitted by applicable law, authorise the destruction of documents set out in sub-paragraphs (a) to (e) of paragraph (1) of this Article and any other documents in relation to share registration which have been microfilmed or electronically stored by the Company or by the share registrar on its behalf provided always that this Article shall apply only to the destruction of a document in good faith and without express notice to the Company and its share registrar that the preservation of such document was relevant to a claim.”

- (x) by deleting the words “The Company” from the beginning of the second sentence of Article 146(1) and replacing therewith the words “Unless otherwise provided by the provisions of these Articles, the Board”;
- (y) by deleting the word “A” from the beginning of Article 152 and replacing therewith the words “Subject to Article 152A, a”, and by inserting the words “at the same time as the notice of annual general meeting and” after the words “before the date of the general meeting and” in Article 152;
- (z) by inserting the following paragraphs as new Articles 152A and 152B immediately following the existing Article 152:

“152A. Subject to due compliance with all applicable Statutes, rules and regulations, including, without limitation, the rules of the Designated Stock Exchange, and to obtaining all necessary consents, if any, required thereunder, the requirements of Article 152 shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the Statutes, a summary financial statement derived from the Company’s annual accounts and the directors’ report which shall be in the form and containing the information required by applicable laws and regulations, provided that any person who is otherwise entitled to the annual financial statements of the Company and the directors’ report thereon may, if he so requires by notice in writing served on the Company, demand that the Company sends to him, in addition to a summary financial statement, a complete printed copy of the Company’s annual financial statement and the directors’ report thereon.

152B. The requirement to send to a person referred to in Article 152 the documents referred to in that article or a summary financial report in accordance with Article 152A shall be deemed satisfied where, in accordance with all applicable Statutes, rules and regulations, including, without limitation, the rules of the Designated Stock Exchange, the Company publishes copies of the documents referred to in Article 152 and, if applicable, a summary financial report complying with Article 152A, on the Company’s computer network or in any other permitted manner (including by sending any form of electronic communication), and that person has agreed or is deemed to have agreed to treat the publication or receipt of such documents in such manner as discharging the Company’s obligation to send to him a copy of such documents.”

- (aa) by deleting the words “Members appoint another auditor” from the third line of Article 153(1) and replacing therewith the words “next annual general meeting”;
- (bb) by deleting the existing Article 153(2) in its entirety and re-numbering the existing Article 153(3) as new Article 153(2);
- (cc) by deleting the words “as soon as practicable convene an extraordinary general meeting to” from Article 156, and by inserting the words “and fix the remuneration of the Auditor so appointed” before the full stop in Article 156;
- (dd) by deleting the existing Article 159 in its entirety and replacing therewith the following new Article 159:

“159. Any Notice or document (including any “corporate communication” within the meaning ascribed thereto under the rules of the Designated Stock Exchange), whether or not, to be given or issued under these Articles from the Company to a Member shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or communication and any such Notice and document may be served or delivered by the Company on or to any Member either personally or by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of Notice to him or which the person transmitting the notice reasonably and bona fide believes at the relevant time will result in the Notice being duly received by the Member or may also be served by advertisement in appropriate newspapers in accordance with the requirements of the Designated Stock Exchange or, to the extent permitted by the applicable laws, by placing it on the Company’s website or the website of the Designated Stock Exchange, and giving to the member a notice stating that the notice or other document is available there (a “notice of availability”). The notice of availability may be given to the Member by any of the means set out above. In the case of joint holders of a share all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.”

- (ee) by deleting the word “and” at the end of Article 160(a), and by deleting the full-stop at the end of Article 160(b) and replacing therewith “; and”;
- (ff) by inserting the following paragraphs as new Articles 160(c) and 160(d) immediately following the existing Article 160(b):

“(c) if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. A notice placed on the Company’s website or the website of the Designated Stock Exchange, is deemed given by the Company to a Member on the day following that on which a notice of availability is deemed served on the Member; and

- (d) may be given to a Member either in the English language or the Chinese language, subject to due compliance with all applicable Statutes, rules and regulations.”

(gg) by inserting the words “or electronic” after the word “facsimile” in the first line of Article 162; and

(hh) by deleting the words “by a resolution of the Directors and confirmed” from Article 166.

ANNUAL GENERAL MEETING

You will find on pages 12 to 14 of this circular a notice of the AGM to be held at 11:10 a.m. on 26 November 2004 at 3rd Floor, Kantone Centre, 1 Ning Foo Street, Chaiwan, Hong Kong.

Resolution no. 5A will be proposed as an ordinary resolution to give a general mandate to the directors to allot, issue and deal with shares of the Company with an aggregate nominal value not exceeding 20 per cent. of the share capital of the Company in issue as at the date of the resolution.

Resolution no. 5B will be proposed as an ordinary resolution to give a general mandate to the directors to make on-market purchases of shares of the Company of up to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the resolution.

Resolution no. 5C will be proposed as an ordinary resolution to extend resolution no. 5A to include the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors pursuant to resolution no. 5B.

Resolution no. 5D will be proposed as a special resolution to approve the proposed amendment of the Articles of Association of the Company.

There is enclosed a form of proxy for use at the AGM. You are requested to complete the form of proxy and return it to the regional office of the Company in Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the meeting, whether or not you intend to be present at the meeting. The completion and return of the form of proxy will not prevent you from attending and voting in person should you so wish.

POLL PROCEDURE

According to the Articles of Association of the Company, on or before the chairman of the meeting has declared the result of voting on a show of hands on a resolution at the AGM, a poll may be demanded by:

- (a) 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
- (b) any 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
- (c) any 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 the shares conferring that right.

RE-ELECTION OF DIRECTOR

A resolution will be proposed at the AGM for re-election of Professor Liang Xiong Jian as director according to the Company's Articles of Association. His particulars are as follows:

Professor Liang Xiong Jian, aged 70, has been an independent non-executive director of the Company since 30 November 2001 as well as an independent non-executive director of Kantone Holdings Limited (a subsidiary of the Company listed on the Main Board of the Stock Exchange) since 9 July 2001. He is also an independent director of Unicom Guomai Communications Limited, a PRC company listed on the Shanghai Stock Exchange, and is a member of the China Unicom Group whose main businesses are data communications, messaging and wireless communications. Professor Liang has over 40 years' experience in telecommunications in China. He is presently a chief Professor of the faculty of Economy & Management at the Beijing University of Posts and Telecommunications (BUPT) since 1986, a post he has held since 1986, and the Director of the Institute of Telecommunications Management of BUPT. The other positions of Professor Liang include Member of 9th National Committee of Chinese People's Political Consultative Conference (CPPCC); Representative of the 10th & 11th People's Congress, Beijing Municipality; and Director of Communication Economy & Management Society, China Institute of Communications.

The directorship of Professor Liang is subject to the general requirement of retirement by rotation in annual general meetings under the Company's Articles of Association. He receives a director's fee of HK\$5,000 per annum and other emolument of HK\$5,000 per annum which is a nominal honorarium in recognition of his valuable contribution to the Company. Professor Liang is not related to any directors, senior management or substantial or controlling shareholders of the Company and does not have any interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed herein, there is no other matter concerning his re-election that needs to be brought to the attention of the shareholders of the Company.

RECOMMENDATION

The directors consider that the proposed granting of the mandates to issue and repurchase shares of the Company and amendment of the Articles of Association are in the interest of the Company and so recommend you to vote in favour of all resolutions at the AGM. The directors will vote all their shareholdings in favour of the resolutions.

Yours faithfully,
By order of the Board
Paul Kan Man Lok
Chairman

NOTICE OF ANNUAL GENERAL MEETING



KANTONE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1059)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the abovenamed company (the “Company”) will be held at 3rd Floor, Kantone Centre, 1 Ning Foo Street, Chaiwan, Hong Kong on 26 November 2004 at 11:10 a.m. 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 30 June 2004.
2. To declare a final dividend of 0.65 Hong Kong cent per share for the year ended 30 June 2004.
3. To elect directors and to authorise the board of directors to fix their remuneration. Details of Professor Liang Xiong Jian, the director proposed for re-election are set out in the circular of the Company dated 29 October 2004.
4. To appoint auditors and to authorise the board of directors to fix their remuneration.
5. As special business, to consider and, if thought fit, pass the following resolutions, of which resolution nos. 5A, 5B and 5C will be proposed as ordinary resolutions and resolution no. 5D will be proposed as a special resolution:

ORDINARY RESOLUTIONS

A. “THAT:

- (a) subject to paragraph (c), the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;

- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to a Rights Issue or scrip dividend scheme or similar arrangement of the Company or the exercise of the subscription rights under the share option scheme of the Company shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to 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 exclusion 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 any territory outside Hong Kong).”

B. “THAT:

- (a) the exercise by the directors of the Company during the Relevant Period of all powers of the Company to purchase its own shares subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval be limited accordingly; and
- (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law to be held; and
 - (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”
- C. “THAT conditional upon resolution no. 5B above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors as mentioned in resolution no. 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 no.5A above.”

SPECIAL RESOLUTION

- D. “THAT the existing Articles of Association of the Company be and are hereby amended in the manner set out in the section headed “Amendment of Articles of Association” in the circular of the Company dated 29 October 2004 (a copy of which section has been submitted to the meeting and signed by the Chairman of the meeting for the purpose of identification).”

By Order of the Board
Michelle Cheung Kei Yim
Company Secretary

Hong Kong, 29 October 2004

Regional Office in Hong Kong:
5th Floor
Kantone Centre
1 Ning Foo Street
Chaiwan
Hong Kong

Notes:

- (1) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint proxies to attend and, in the event of a poll, vote in his stead. A proxy need not be a member of the Company. In order to be valid, the form of proxy must be deposited at the Company’s regional office in Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.
- (2) The register of members of the Company will be closed from 22 November 2004 to 26 November 2004, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend to be approved at the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company’s share registrars in Hong Kong, Secretaries Limited, Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on 19 November 2004.