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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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

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

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**SAMSON PAPER HOLDINGS LIMITED**

**森信紙業集團有限公司**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 731)

**GENERAL MANDATES TO ISSUE NEW SHARES  
AND TO REPURCHASE SHARES  
AMENDMENTS OF BYE-LAWS  
AND  
RE-ELECTION OF DIRECTORS**

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The notice convening the annual general meeting of Samson Paper Holdings Limited to be held at Vinson Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong at 11:00 a.m. on Monday, 6th September, 2004, is set out on pages 11 to 22 of this circular. Whether or not you intend to attend the meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the principal place of business of the Company in Hong Kong at 3rd Floor, Seapower Industrial Centre, 177 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong as soon as possible and in any event so as to be received not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the meeting should you so wish.

13th August, 2004

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## DEFINITIONS

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*In this document, unless the context otherwise requires, the following expressions have the following meanings:–*

“Annual General Meeting”	the annual general meeting of the Company to be held at Vinson Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong at 11:00 a.m. on Monday, 6th September, 2004 or any adjournment thereof
“associate”	shall have the meaning ascribed to it in the Listing Rules
“Company”	Samson Paper Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region, the People’s Republic of China
“Latest Practicable Date”	9th August, 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Registrars”	the branch registrars of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, whose office is currently at Suite 1901-5, 19/F, Hopewell Centre, Queen’s Road East, Hong Kong
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers of Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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LETTER FROM THE BOARD

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**SAMSON PAPER HOLDINGS LIMITED**  
**森信紙業集團有限公司**

*(Incorporated in Bermuda with limited liability)*

*Executive Directors:*

Sham Kit Ying (alias Sham Kit) (*Chairman*)  
Lee Seng Jin (*Deputy Chairman*)  
Chow Wing Yuen  
Sham Yee Lan, Peggy  
Lee Yue Kong, Albert

*Registered Office:*

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

*Independent Non-executive Directors:*

Pang Wing Kin, Patrick  
Lau Wang Yip, Eric

*Principal place of business  
in Hong Kong:*

3rd Floor  
Seapower Industrial Centre  
177 Hoi Bun Road  
Kwun Tong  
Kowloon  
Hong Kong

13th August, 2004

*To the Shareholders*

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE NEW SHARES  
AND TO REPURCHASE SHARES  
AMENDMENTS OF BYE-LAWS  
AND  
RE-ELECTION OF DIRECTORS**

**1. INTRODUCTION**

On 4th September, 2003, general mandates were given to the Directors to exercise the powers of the Company to issue Shares and to repurchase its own Shares. These general mandates will lapse at the conclusion of the forthcoming Annual General Meeting. The Listing Rules have also been amended which require certain changes to be made to the articles of association of listed issuers. Ordinary resolutions and a special resolution will therefore be proposed at the Annual General Meeting to approve general mandates to authorise the directors of the Company to engage in Share repurchases, to issue Shares and to amend the Bye-Laws of the Company.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with information regarding the proposed general mandates to repurchase Shares and to issue Shares and the proposed amendments to the Bye-Laws.

### **2. GENERAL MANDATE TO ISSUE NEW SHARES**

At the Annual General Meeting, an ordinary resolution will be proposed in respect of the granting to the Directors of a general and unconditional mandate to allot, issue and deal with Shares at any time during the Relevant Period (as defined in Ordinary Resolution No. 1 in item 5 of the notice of the Annual General Meeting), provided that, the aggregate nominal amount of share capital allotted or agreed to be allotted (otherwise than by way of rights issue, an issue of Shares pursuant to scrip dividend schemes, or pursuant to the exercise of options under any 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 at the date on which the resolution is passed; and a separate resolution in the terms set out in Ordinary Resolution No. 3 in item 5 of the notice of the Annual General Meeting will also be proposed to extend such general mandate by the addition to the aggregate nominal amount of Shares which may be allotted by an amount representing the aggregate nominal amount of the Shares repurchased by the Company pursuant to the Repurchase Mandate (as defined in paragraph below) (up to 10 per cent. of the share capital of the Company in issue at the date of approving the general mandate to repurchase its own Shares).

### **3. GENERAL MANDATE TO REPURCHASE SHARES**

At the Annual General Meeting, an ordinary resolution will be proposed in respect of the granting to the Directors of a general mandate to exercise all powers of the Company to repurchase its own Shares (the “Repurchase Mandate”) at any time during the Relevant Period (as defined in Ordinary Resolution No. 2 in item 5 of the notice of the Annual General Meeting) provided that the total nominal amount of Shares to be repurchased pursuant to the Repurchase Mandate shall not exceed 10 per cent. of the total nominal amount of the share capital of the Company in issue at the date on which the resolution is passed.

An explanatory statement as required under the Listing Rules to provide the requisite information for your consideration of the Repurchase Mandate is set out in Appendix I to this circular.

### **4. AMENDMENTS OF BYE-LAWS**

The Listing Rules have been amended to allow listed issuers to send or otherwise make available certain corporate communications to holders of securities using electronic means or make them available in English or Chinese only with their prior approval if this would be allowed under applicable laws and regulations and the listed issuers’ own constitutional documents. Besides, the Listing Rules have also been amended to permit listed issuers to distribute summary financial reports in place of a full annual report, provided they ascertain the wishes of shareholders and comply with the relevant legal requirements of their own jurisdictions and provisions of their own memorandum and articles of association.

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## LETTER FROM THE BOARD

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In addition, listed issuers are required to amend their articles of association to ensure compliance with the amended provisions of Appendix 3 of the Listing Rules including the following provisions which became effective on 31st March, 2004:–

- (1) the minimum seven-day period for lodgment by shareholders of the notice to nominate a director shall commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven days before the date of such meeting;
- (2) directors shall abstain from voting at the board meeting on any matter in which they or any of their associates have a material interest nor shall such directors be counted in the quorum of the relevant board meeting; and
- (3) where any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

Accordingly, the Directors propose to the shareholders of the Company to approve a special resolution at the Annual General Meeting to amend the relevant provisions of the existing Bye-Laws of the Company to bring the Bye-Laws of the Company to comply with the aforesaid amendments of the Listing Rules and more in line with the current practice in Hong Kong. Besides, if the special resolution is passed, the Company will, in circumstances it deems appropriate and in compliance with the Listing Rules, be able to offer holders of its securities the chance to receive corporate communications by electronic means, the summary financial report in place of full annual report and the English language version only or a combination of both English and Chinese languages of the corporate communication. However, the holder of securities of the Company may at any time make a request for a copy of the corporate communications and full annual report.

### **5. RE-ELECTION OF RETIRING DIRECTORS**

Pursuant to Bye-Law 99 of the Bye-Laws of the Company, Mr. Chow Wing Yuen, Mr. Lee Yue Kong, Albert and Mr. Lau Wang Yip, Eric will be retiring from their respective offices at the Annual General Meeting and being eligible for re-election. Details of the Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix II to this circular.

### **6. ANNUAL REPORT AND ANNUAL GENERAL MEETING**

A copy of the annual report of the Company for the financial year ended 31st March, 2004 has been sent to you for your review.

The notice of the Annual General Meeting to be held at Vinson Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong at 11:00 a.m. on Monday, 6th September, 2004, is set out on pages 11 to 22 of this circular. At the Annual General Meeting, ordinary resolutions to approve the general mandates to be granted to the Directors to issue Shares and to repurchase Shares and a special resolution to approve the amendments to the Bye-Laws of the Company will be proposed.

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## LETTER FROM THE BOARD

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A form of proxy for use at the Annual General Meeting is enclosed. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete and return the form of proxy to the principal place of business of the Company in Hong Kong at 3rd Floor, Seapower Industrial Centre, 177 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong in accordance with the instructions printed on the form of proxy as soon as possible and in any event so as to be received not less than 48 hours before the time appointed for the Annual General Meeting or any adjournment thereof. The completion of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting should you wish to do so.

### 7. PROCEDURE FOR DEMANDING A POLL

Pursuant to the Bye-Laws of the Company, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:

- (a) the chairman of the meeting; or
- (b) at least three shareholders of the Company present in person or by proxy or authorised representative for the time being entitled to vote at the meeting; or
- (c) any shareholder or shareholders of the Company present in person or by proxy or authorised representative and holding between them not less than one-tenth of the total voting rights of all shareholders of the Company having the right to attend and vote at the meeting; or
- (d) any shareholder or shareholders of the Company present in person or by proxy or authorised representative and holding Shares 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.

### 8. RECOMMENDATION

The Directors are pleased to recommend the retiring Directors, details of whom are set out in Appendix II to this circular, for re-election at the Annual General Meeting.

The Directors consider that the granting to them of the general mandate to issue Shares and the Repurchase Mandate and the proposed amendments to the Bye-Laws of the Company are in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors recommend that all shareholders of the Company should vote in favour of the relevant resolutions to be proposed at the forthcoming Annual General Meeting. The Directors will vote all their shareholdings in favour of these relevant resolutions.

By Order of the Board  
**SHAM Kit Ying**  
*Chairman*

This Appendix I contains the particulars which are required by the Listing Rules to be included in an explanatory statement to enable shareholders of the Company to make an informed decision on whether to vote for or against the resolution to be proposed at the Annual General Meeting in relation to the Repurchase Mandate.

- (1) As at the Latest Practicable Date, the issued share capital of the Company comprised 429,258,039 Shares. Subject to the passing of the relevant ordinary resolution in relation to the Repurchase Mandate, on the basis that no further Shares would be issued or repurchased prior to the date of the Annual General Meeting, the Company would be allowed to repurchase a maximum of 42,925,803 Shares under the Repurchase Mandate during the period prior to the next annual general meeting of the Company (or the expiration of the period within which the next annual general meeting of the Company is required by law or the Bye-Laws of the Company to be held) following the passing of the said resolution.
- (2) The Directors believe that it is in the best interests of the Company and its shareholders for the Directors to have the Repurchase Mandate. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its shareholders.
- (3) In repurchasing its own Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum of Association and Bye-Laws, the applicable laws of Bermuda and the Listing Rules. It is proposed that repurchases pursuant to the Repurchase Mandate in these circumstances 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 permitted to be utilised in this connection, including profits otherwise available for distribution.
- (4) The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company as compared with the position disclosed in the latest published audited consolidated financial statements or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company. The Directors believe that in the event that the Repurchase Mandate were to be exercised in full, there would be no material adverse effect on the working capital or gearing levels of the Company as compared with the position disclosed in the audited consolidated financial statements of the Company for the year ended 31st March, 2004.

- (5) None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, has any present intention to sell any Shares to the Company under the Repurchase Mandate in the event that the Repurchase Mandate is approved by shareholders of the Company.
- (6) The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.
- (7) If as a result of a share repurchase, 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. Accordingly, 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, the following persons were interested in 5 per cent. or more of the issued share capital of the Company as recorded in the register of the Company kept under Section 336 of the Securities and Futures Ordinance of Hong Kong:

Name	Number of Shares	Approximate Percentage of Shareholding
Quinselle Holdings Limited	268,340,000	62.51%
HSBC International Trustee Limited ( <i>Note</i> )	284,480,000	66.27%

*Note:* Of the 284,480,000 Shares, 268,340,000 Shares are held by Quinselle Holdings Limited and 16,140,000 Shares are held by Cashstar Investments Limited. Quinselle Holdings Limited holds the 268,340,000 Shares in its capacity as trustee of a private unit trust. HSBC International Trustee Limited, acting in its capacity as trustee of a family trust holds the majority units in the private unit trust. Cashstar Investments Limited holds the 16,140,000 Shares in its capacity as trustee of another private unit trust. HSBC International Trustee Limited, acting in its capacity as trustee of another family trust holds the majority units in the private unit trust.

The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases made under the Repurchase Mandate. In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the resolution referred to above and assuming that the shareholdings of Quinselle Holdings Limited and HSBC International Trustee Limited as disclosed in this circular and the issued share capital of the Company otherwise remained unchanged, the interests of Quinselle Holdings Limited and HSBC International Trustee Limited in the Shares would be increased to approximately 69.46% and 73.64% respectively of the issued Shares of the Company and such increase would not give rise to any obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

- (8) No purchase of Shares (whether on the Stock Exchange or otherwise) has been made by the Company in the six months prior to the Latest Practicable Date.

- (9) No connected person (as defined in the Listing Rules) has notified the Company that he has any present intention to sell any Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the shareholders of the Company.
- (10) The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the twelve months prior to the Latest Practicable Date:

<b>Month</b>	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2003</b>		
August	0.88	0.78
September	0.89	0.81
October	0.84	0.80
November	0.81	0.78
December	0.86	0.67
<b>2004</b>		
January	0.76	0.68
February	0.80	0.70
March	0.78	0.69
April	0.71	0.57
May	0.63	0.55
June	0.64	0.57
July	0.76	0.60

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## APPENDIX II      DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

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The following are the particulars of the directors proposed to be elected at the Annual General Meeting in accordance with the Bye-Laws of the Company:

**Mr. CHOW, Wing Yuen**, aged 45, is the Chief Operating Officer of the Group. Mr. Chow is responsible for the overall management of the Group's operation in Hong Kong and the PRC. Mr. Chow has over 26 years of experience in the paper distribution industry in Hong Kong. He does not have any relationship with other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Chow is interested in 540,000 shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Chow joined the Group since 1978. The service contract of Mr. Chow does not contain any provision on the term of his appointment. However, he is subject to retirement by rotation pursuant to the Bye-Laws of the Company. Pursuant to his service contract, Mr. Chow received emoluments of a total value of approximately HK\$1,118,400 in 2004. His emoluments are determined by the board of Directors with reference to the Group's performance and profitability as well as remuneration benchmark in the industry and the prevailing market conditions. The Company is not aware of any other matter in respect of the proposed re-election of Mr. Chow as a Director, which the Company considers necessary to be brought to the attention of the shareholders of the Company.

**Mr. LEE Yue Kong, Albert**, aged 48, is the Chief Financial Officer of the Group and the Company Secretary of the Company. Mr. Lee is responsible for the Group's financial and accounting management. He has over 21 years of experience in finance, auditing and accounting fields. Prior to joining the Group in 1997, Mr. Lee was an independent non-executive Director of the Company. He is an associate member of the Institute of Chartered Accountants in Australia and the Hong Kong Society of Accountants. He does not have any relationship with other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Lee has no interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Lee joined the Group since 1997. The service contract of Mr. Lee does not contain any provision on the term of his appointment. However, he is subject to retirement by rotation pursuant to the Bye-Laws of the Company. Pursuant to his service contract, Mr. Lee received emoluments of a total value of approximately HK\$1,122,687 in 2004, of which approximately HK\$261,687 is discretionary bonus. His emoluments are determined by the board of Directors with reference to the Group's performance and profitability as well as remuneration benchmark in the industry and the prevailing market conditions. The Company is not aware of any other matter in respect of the proposed re-election of Mr. Lee as a Director, which the Company considers necessary to be brought to the attention of the shareholders of the Company.

**Mr. LAU Wang Yip, Eric**, aged 37, is a solicitor practising in Hong Kong. Mr. Lau is currently a partner of a local law firm. Mr. Lau holds a Bachelor's degree in Laws and has been admitted as a solicitor in England and Wales. He has also been admitted as a legal practitioner in Tasmania, Australia. He does not have any relationship with other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

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**APPENDIX II      DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED**

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As at the Latest Practicable Date, Mr. Lau has no interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance. He was appointed independent non-executive Director of the Company in 1997. The service contract of Mr. Lau does not contain any provision on the term of his appointment. However, he is subject to retirement by rotation pursuant to the Bye-Laws of the Company. Pursuant to his service contract, the Director's fee of Mr. Lau as an independent non-executive Director and also a member of the audit committee of the Company is HK\$80,000 per year. The Director's fee of Mr. Lau was based on the negotiation between Mr. Lau and the Company and determined by the board of Directors. The Company is not aware of any other matter in respect of the proposed re-election of Mr. Lau as an independent non-executive Director, which the Company considers necessary to be brought to the attention of the shareholders of the Company.

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## NOTICE OF ANNUAL GENERAL MEETING

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### SAMSON PAPER HOLDINGS LIMITED

### 森信紙業集團有限公司

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 731)

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Samson Paper Holdings Limited (the “Company”) will be held at Vinson Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong at 11:00 a.m. on Monday, 6th September, 2004 for the following purposes:–

#### **As Ordinary Business**

1. To receive and adopt the audited statement of accounts and the reports of the directors and auditors for the year ended 31st March, 2004.
2. To declare a final dividend for the year ended 31st March, 2004.
3. To re-elect the retiring directors of the Company (the directors of the Company hereinafter defined as the “Directors”) and authorize the board of Directors (the “Board”) to fix the Directors’ remuneration.
4. To re-appoint auditors and authorize the Board to fix their remuneration.

#### **As Special Business**

5. To consider and, if thought fit, adopt with or without amendments, the following resolutions as ordinary resolutions:–

#### **Ordinary Resolutions**

(1) **“THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (for the purposes of this Resolution, “Relevant Period” being the period from the passing of this Resolution until the earliest of (i) the conclusion of the next annual general meeting of the Company following the passing of this Resolution; (ii) the expiration of the period within which the next annual general meeting is required by law or the Bye-Laws of the Company to be held; and (iii) the revocation or variation of the approval given in this Resolution by an ordinary resolution of the members of the Company in general meeting) of all powers of the Company to allot, issue or deal with additional shares in the capital of the Company and make or grant offers, agreements and options which would or might require shares to be allotted, issued or dealt with during or after the end of the Relevant Period, be and is hereby generally and unconditionally approved; and

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## NOTICE OF ANNUAL GENERAL MEETING

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- (b) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval referred to in paragraph (a) of this Resolution, otherwise than pursuant to (i) a rights issue (for the purposes of this Resolution, “rights issue” being an offer of shares or other securities to holders of shares or other securities on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares or other securities or otherwise in accordance with the rights attaching thereto (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong)), or (ii) an issue of shares pursuant to a scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of the dividend on shares of the Company in accordance with the Bye-Laws of the Company, or (iii) exercise of options under any option scheme or similar arrangement for the time being adopted by the Company for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares of the Company or rights to acquire shares of the Company, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company in issue at the date of the passing of this Resolution, and the said approval shall be limited accordingly.”

(2) **“THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors of all powers of the Company to repurchase its own shares on The Stock Exchange of Hong Kong Limited (the “Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognized by Securities and Futures Commission of Hong Kong and the Exchange for this purpose, subject to and in accordance with all applicable laws and regulations, during the Relevant Period (being the period from the passing of this Resolution until the earliest of (i) the conclusion of the next annual general meeting; (ii) the expiration of the period within which the next annual general meeting is required by law or the Bye-Laws of the Company to be held; and (iii) the revocation or variation of this Resolution by an ordinary resolution of the members of the Company in general meeting) be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company repurchased by the Company pursuant to the approval referred to in paragraph (a) of this Resolution shall be no more than 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this Resolution, and such approval shall be limited accordingly; and
- (c) the approval referred to in paragraph (a) of this Resolution shall, where permitted by applicable laws and regulations and subject to the limitation in paragraph (b) of this Resolution, extend to permit the purchase of shares of the Company by subsidiaries of the Company.”

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## NOTICE OF ANNUAL GENERAL MEETING

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- (3) “**THAT** conditional upon Resolution No. 2 above set out in item 5 of this notice of the meeting of which this Resolution forms a part being passed, the general mandate referred to in Resolution No. 1 above set out in item 5 of the notice of the meeting of which this Resolution forms a part be extended by the addition to the aggregate nominal amount of shares which may be allotted and issued of an amount representing the aggregate nominal amount of shares repurchased by the Company pursuant to the mandate referred to in the said Resolution No. 2 above, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this Resolution.”
6. To consider and, if thought fit, pass the following resolution as a special resolution:-

### Special Resolution

“**THAT** the existing Bye-Laws of the Company be and are hereby amended in the following manner: –

**(a) Bye-Law 1**

- (1) by adding the following definitions immediately after the definition of “the Act”:-

“address” shall have the ordinary meaning given to it and shall include any facsimile number, electronic number or address or website used for the purposes of any communication pursuant to the Bye-Laws;

“associate” has the meaning ascribed thereto in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as modified from time to time;

- (2) by deleting the words “Section 2 of the Securities and Futures (Clearing Houses) Ordinance” in the definition of “Clearing House” and substituting therefor the words “Section 37 of the Securities and Futures Ordinance”;
- (3) by adding the following definitions immediately after the definition of “dollars” or “HK\$”:

“electronic” means relating to technology having electrical, digital, magnetic, wireless, optical electromagnetic or similar capabilities and such other meanings as given to it in the Electronic Transactions Act 1999 of Bermuda as may be amended from time to time;

“electronic communication” means a communication sent by electronic transmission in any form through any medium, cable and telex message;

- (4) by deleting the word “daily” in the definition of “published in the newspapers”;
- (5) by adding the words “by the Board” immediately after the word “appointed” in the definition of “secretary”;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (6) by deleting the existing definition of “Statutes” in its entirety and substituting therefor the following:

“Statutes” means the Act, the Electronic Transactions Act 1999 of Bermuda, and every other act (as amended from time to time) for the time being in force of the Legislature of Bermuda applying to or affecting the Company, the Memorandum of Association and/or these presents;

- (7) by adding the following definition immediately after the definition of “Statutes”:

“summarised financial statements” shall have the meaning ascribed to them in the section 87A(3) of the Act;

- (8) by deleting the existing definition of “in writing” or “written” in its entirety and substituting therefor the following:

“in writing”, “written” and “printing” includes writing, printing, lithograph, photograph, type-writing and every other mode of representing words or figures in a visible form or, to the extent permitted by, and in accordance with all applicable laws, rules and regulations, any visible substitute for writing (including an electronic communication), or partly in one visible form and partly in another visible form;

- (9) by adding the following paragraph at the end of Bye-Law 1:

References to a document being executed include references to its being executed under hand or under seal or, to the extent permitted by, and in accordance with the Statutes and other applicable laws, rules and regulations, by electronic signature or by any other method. References to a document, to the extent permitted by, and in accordance with the Statutes and other applicable laws, rules and regulations, include references to any information in visible form whether having physical substance or not.

**(b) Bye-Law 12(A)**

by deleting the existing Bye-Law 12(A) in its entirety and substituting the following:

- 12.(A) Every person whose name is entered as a member in the register shall be entitled to receive within such period of time as may be prescribed by the Statutes or the rules of the Designated Stock Exchange after allotment or lodgement of a transfer (or within such other period as the conditions of issue shall provide) one certificate for all his shares or, if he shall so request, in a case where the allotment or transfer is of a number of shares in excess of the number for the time being forming a Designated Stock Exchange board lot, upon payment, (i) in

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the case of an allotment, of such amount as may from time to time be permitted under the rules of the Designated Stock Exchange for every certificate after the first or such lesser sum as the Directors shall from time to time determine; or (ii) in the case of a transfer, of such amount as may from time to time be permitted under the rules of Designated Stock Exchange for every certificate or such lesser sum as the Directors shall from time to time determine, such number of certificates for shares in stock exchange board lots or multiples thereof as he shall request and one for the balance (if any) of the shares in question, provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue a certificate or certificates to each such person, and the issue and delivery of a certificate or certificates to one of several joint holders shall be sufficient delivery to all such holders.

**(c) Bye-Law 36**

by deleting the word “yof” after the words “otherwise disposed” and substituting therefor the word “of”;

**(d) Bye-Law 45**

by deleting the words “without charge” after the word “issued” and “him” in the third and the fifth lines of Bye-Law 45 respectively and substituting therefor the words “with a fee not exceeding the amount prescribed by the rules of the Designated Stock Exchange” respectively;

**(e) Bye-Law 46**

by deleting the existing Bye-Law 46 in its entirety and substituting therefor the following :

46. The registration of transfers may be suspended and the register closed on giving notice by advertisement in an appointed newspaper and published in the newspapers at such times and for such periods as the Directors may from time to time determine and either generally or in respect of any class of shares. The register shall not be closed for more than thirty days in any year.

**(f) Bye-Law 69**

(1) by adding the words “unless a poll is taken as may from time to time be required under the rules of the Designated Stock Exchange or any other applicable laws, rules or regulations or” immediately before the word “unless” in the second line of the first paragraph of Bye-Law 69;

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- (2) by adding the words “a poll is taken as may from time to time be required under the rules of the Designated Stock Exchange or any other applicable laws, rules or regulations or unless” immediately after the word “Unless” at the beginning of the second paragraph of Bye-Law 69;

**(g) Bye-Law 78**

by adding the following new Bye-Law 78(A) immediately before the existing Bye-Law 78 and re-numbering the existing Bye-Law 78 as Bye-Law 78(B):

- 78.(A) Where the Company has knowledge that any member is, under any applicable laws and the rules of the Designated Stock Exchange from time to time, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

**(h) Bye-Law 89**

By deleting the existing Bye-Law 89 in its entirety and substituting therefor the following:

89. No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing by a member (not being the person to be proposed) of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been given to the Company provided that the minimum length of the period, during which such notices are given, shall be at least seven days. The period for lodgment of such notices will commence no earlier than the day after the dispatch of the notice of the meeting appointed for such election and end no later than seven days prior to the date of such meeting.

**(i) Bye-Law 112**

- (1) by deleting the existing Bye-Law 112(E) in its entirety and substituting therefor the following:

- (E) A Director shall not vote nor be counted in the quorum on any resolution of the Directors approving any contract, arrangement or other proposal in which he or any of his associates has a material interest, and if he shall do so his vote shall not be counted, but this prohibition shall not apply to any of the following proposals, contracts or arrangements, namely:

- (i) the giving of any security or indemnity either:-

- (a) to the Director or his associate(s) in respect of money lent

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or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or

- (b) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (ii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iii) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in five per cent. or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associates is derived) or of the voting rights;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
  - (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his associate(s) may benefit; or
  - (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (v) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;

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- (2) by adding the words “and/or his associate(s)” immediately after the words “(other than the chairman of the meeting)” in the second line of Bye-Law 112(F), after the words “interest of the Director” in the sixth and seventh lines of Bye-Law 112(F), after the words “chairman of the meeting” in the eighth and ninth lines of Bye-Law 112(F), and after the words “interest of such chairman” in the eleventh and twelfth lines of the Bye-Law 112(F) respectively.

**(j) Bye-Law 141(B)**

by deleting the word “Article” after the words “referred to in this” and substituting therefor it with the word “Bye-Law”;

**(k) Bye-Law 158**

by re-numbering the existing Bye-Law 158 as Bye-Law 158(A) and adding the following new Bye-Law 158(B) immediately after the existing Bye-Law 158:

- (B) To the extent permitted by and subject to due compliance with the Bye-Laws, the Statutes and all applicable laws, 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 Bye-Law 158(A) shall be deemed satisfied in relation to any member or any holder of debentures of the Company or any person registered under Bye-Law 49 and to all persons other than members or holders of debentures of the Company being persons entitled to receive notices of general meetings of the Company by sending to such person instead of such copies, not less than twenty-one days before the date of the annual general meeting, in any manner not prohibited by the Bye-Laws, the Statutes and all applicable laws, rules and regulations, summarised financial statements, together with the Directors’ report and the auditors’ report on such accounts, which shall be in the form and containing the information required by the Bye-Laws, the Statutes and applicable laws, rules and regulations, provided that such person has consented and elected to receive such summarised financial statements in lieu of the full balance sheet together with the profit and loss account as required under Bye-Law 158(A) (the “full financial statements”) and the summarised financial statements were accompanied by a notice informing such person how to notify the Company that he elects to receive the full financial statements. The Company shall send the full financial statements to such person within seven days of receipt of his election to receive the full financial statements.

**(l) Bye-Laws 163 and 164**

by deleting Bye-Laws 163 and 164 in their entirety and substituting therefor the following:

163. Every member, holder of debentures of the Company and any other person who is entitled to receive notices of general meetings of the Company

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## NOTICE OF ANNUAL GENERAL MEETING

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under the provisions of the Statutes or of these presents, shall register with the Company an address either in Hong Kong or elsewhere to which notices can be sent and if any such person shall fail so to do, notice may be given to such person by sending the same in any of the modes hereinafter mentioned to his last known place of business or residence, or if there be none, by posting the same for one day at the office or at the principal place of business for the time being of the Company in Hong Kong or by posting the same on the website of the Company or by any other electronic means.

164. (A) Any notice or document (including any “corporate communication” as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and any amendments thereto for the time being in force), whether or not to be given or issued under the Statutes, other applicable laws, rules and regulations or these presents from the Company, may be served or delivered by the Company upon any member of, and any holder of debentures of, the Company and upon any other person who is entitled to receive notices of general meeting of the Company under the provisions of the Statutes, other applicable laws, rules and regulations, and of these presents:
- (i) personally;
  - (ii) by sending it through the post in a prepaid envelope or wrapper addressed to such person at his registered address;
  - (iii) by advertisement in English in at least one English language newspaper and in Chinese in at least one Chinese language newspaper being in each case a newspaper published and circulating generally in Hong Kong and specified or permitted for this purpose by the Statutes and other applicable laws, rules and regulations, and for such period as the Directors shall think fit to the extent permitted by, and in accordance with the Statutes and other applicable laws, rules and regulations;
  - (iv) by sending or transmitting it as an electronic communication to such person at any telex or facsimile, number or electronic number or electronic address or computer network or website supplied by him to the Company for the giving of notice or document from the Company to him to the extent permitted by, and in accordance with the Statutes and other applicable laws, rules and regulations;
  - (v) by publishing it on the Company’s computer network and giving to such person a notice in accordance with the Statutes, other applicable laws, rules and regulations stating that the notice or other document is available there (a “notice of publication”) to the extent permitted by, and in accordance with the Statutes and other applicable laws, rules and regulations. The notice of publication may also be given to such person by any of the means set out in paragraphs (i) to (iv) or (vi) of this Bye-Law 164(A); or

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## NOTICE OF ANNUAL GENERAL MEETING

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- (vi) by sending or otherwise making available to such person through such other means to the extent permitted by, and in accordance with, the Statutes and other applicable laws, rules and regulations.

Subject to the Statutes and other applicable laws, rules and regulations, any notice or other documents (including corporate communication as mentioned above) may be given by the Company in the English language only or in both English and Chinese languages.

- (B) Any notice or other document (including any corporate communication as referred to in Bye-Law 164(A)) given or issued by or on behalf of the Company:–

- (i) if served or delivered in person, shall be deemed to have been served or delivered at the time of personal service or delivery, and in proving such service or delivery, a certificate in writing signed by the secretary (or other officer of the Company or such other person appointed by the Directors) that the notice or document was so served or delivered shall be conclusive evidence thereof;
- (ii) if served or delivered by post, shall be deemed to have been served or delivered on the day following that on which the envelope or wrapper containing the same is posted, and in proving such service or delivery, it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly prepaid, addressed and posted. A certificate in writing signed by the secretary (or such other officer of the Company or such other person appointed by the Directors) that the envelope or wrapper containing the notice or other document was so prepaid, addressed and posted shall be conclusive evidence thereof;
- (iii) if sent or transmitted as an electronic communication in accordance with Bye-Law 164(A)(iv) or through such other means in accordance with Bye-Law 164(A)(vi), shall be deemed to have been served or delivered at the time of the relevant despatch or transmission. A notice or document published in the Company's computer network in accordance with Bye-Law 164(A)(v), shall be deemed to have been served or delivered on the day following the day on which a notice of publication is sent to the members, holders of debentures of the Company and any other person who is entitled to receive notices of general meeting of the Company under the provisions of the Statutes and of these presents. In proving service pursuant to this Bye-Law 164(B)(iii), a certificate in writing signed by the secretary (or such other officer of the Company or such other person appointed by the Directors) as to the fact that time of such service, delivery, despatch, transmission or publication shall be conclusive evidence provided that no notification to the effect

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that the electronic communication has not reached its recipient has been received by the sender, except that any failure in transmission beyond the sender's control shall not invalidate the effectiveness of the notice or document being served; and

- (iv) if served by advertisement in a newspaper in accordance with Bye-Law 164(A)(iii), shall be deemed to have been served on the day on which such notice or document is first published.

**(m) Bye-Law 166**

by deleting Bye-Law 166 in its entirety and substituting therefor the following:

166. A notice or document may be given by or on behalf of the Company to the person(s) entitled to a share in consequence of death, mental disorder or bankruptcy of a member in such manner as provided in Bye-Law 164(A) in which the same might have been given if the death, mental disorder or bankruptcy had not occurred.

**(n) Bye-Law 169**

by deleting the words "by post or left at the registered address or the address supplied by him for the sending of notices or documents to him of any member in pursuance of the Bye-Laws" and substituting therefor the words "to any member in such manner as provided in Bye-Law 164(A)";

**(o) Bye-Law 170**

by deleting the words "written or printed" and substituting therefor the words "written, printed or made in an electronic manner".

By Order of the Board  
**LEE Yue Kong, Albert**  
*Company Secretary*

Hong Kong, 13th August, 2004

*Head Office:*  
3/F Seapower Industrial Centre  
177 Hoi Bun Road  
Kwun Tong, Kowloon,  
Hong Kong

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## NOTICE OF ANNUAL GENERAL MEETING

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*Notes:*

- (1) A member of the Company entitled to attend and vote at the above meeting is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company. In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the principal place of business of the Company in Hong Kong at 3/F., Seapower Industrial Centre, 177 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong (so as to be received) not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be).
- (2) The register of members of the Company will be closed from 31st August, 2004 to 6th September, 2004 (both dates inclusive) during which period no transfer of shares of the Company will be registered. To qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at suite 1901-5, 19 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on 30th August, 2004.