
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Decca Holdings Limited (the “Company”), you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, exchange participant 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.

**達
藝**
DECCA
DECCA HOLDINGS LIMITED
達藝控股有限公司*
(incorporated in Bermuda with limited liability)
(Stock Code: 997)

PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES
AND
AMENDMENTS TO THE BYE-LAWS

The Notice of Annual General Meeting of Decca Holdings Limited (the “Company”) to be held at The Chatham Room, Level 7, Conrad Hotel, Pacific Place, 88 Queensway, Hong Kong on Monday, 23 August 2004 at 10:00 a.m. is set out on pages 7 to 11 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company Secretary at the Company’s principal office at 2/F, Decca Industrial Center, 21 Cheung Lee Street, Chai Wan, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the Annual General Meeting or any adjourned meeting should you so wish.

LETTER FROM THE BOARD OF DIRECTORS

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DECCA
DECCA HOLDINGS LIMITED
達藝控股有限公司*
(incorporated in Bermuda with limited liability)
(Stock Code: 997)

Executive Directors:

Tsang Chi Hung, *Chairman*
Liu Hoo Kuen, *Deputy Chairman*
Kwan Yau Choi
Fung Sau Mui
Tai Wing Wah
Wong Kam Hong
Richard W. Herbst

Independent Non-executive Directors:

Chu Kwok Man
Lok Wai Kiang Paul

Registered office:

Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda.

Principal office in Hong Kong:

2/F
Decca Industrial Centre,
21 Cheung Lee Street,
Chaiwan,
Hong Kong.

30 July 2004

To Shareholders

Dear Sir or Madam,

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

1. INTRODUCTION

The purpose of this circular is to give you details of the two re-elected directors, information on the proposals to grant general mandates to issue shares and to repurchase shares, and to amend the Bye-Laws, all for your consideration and, if thought fit, approval at the next annual general meeting to be held at The Chatham Room, Level 7, Conrad Hotel, Pacific Place, 88 Queensway, Hong Kong on Monday, 23 August 2004 (the "Annual General Meeting").

**2. MS KWAN YAU CHOI AND MS FUNG SAU MUI ARE RETIRING DIRECTORS
SUBJECT TO RE-ELECTION AT THE NEXT ANNUAL GENERAL MEETING**

The biographical details of the two directors who will retire and offer themselves for re-election at the Annual General Meeting in accordance with the Company's Bye-law are given below:—

Ms Kwan Yau Choi, aged 58, joined the Group in 1973 and is an executive director of the Company and director of domestic marketing operations of the Group. She is primarily responsible for overseeing the operation of the Group of the design and build division, public relations and quality assurance. Ms Kwan has over 31 years' experience in sales and marketing of furniture and fit-out project management. Ms Kwan is interested in 9,920,827 shares and 1,000,000 share options of the Company within the meaning of Part XV of the Securities and

* For identification purpose only

LETTER FROM THE BOARD OF DIRECTORS

Futures Ordinance. She is the wife of Mr Tsang Chi Hung, an executive director of the Company. Ms Kwan holds 35% shareholding of Peasedow Enterprises Limited which in turn holds 56.26% of the shares of the Company (please refer to the paragraph headed “Substantial Shareholders” in the Company’s 2003/2004 Annual Report for details). Save as aforesaid, Ms Kwan does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company. She has entered into a service contract with the Company for an initial term of 3 years commencing from 1 February 2000 with monthly salary of HK\$105,000.00 together with an annual bonus equivalent to five months’ salary in each year. No new service contract was signed upon expiration on 31 January 2003 and the said service contract will continue thereafter unless terminated by either party thereto giving to the other at least three months’ notice in writing. Ms Kwan’s emoluments including the bonus payment are determined by the Board with reference to her experience and duties as well as the prevailing market conditions.

Ms. Fung Sau Mui, aged 49, joined the Group in 1976 and is an executive director of the Company and director of finance and administration of the Group. She is primarily responsible for overseeing the finance and administration function of the Group. Ms. Fung has over 27 years’ experience in financial management, accounting, costing, material sourcing and purchasing, and personnel management. Ms Fung is interested in 750,000 shares and 500,000 share options of the Company with the meaning of Part XV of the Securities and Futures Ordinance. She does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company. She has entered into a service contract with the Company for an initial term of 3 years commencing from 1 February 2000 with monthly salary of HK\$79,000.00 together with an annual bonus equivalent to five months’ salary in each year. No new service contract was signed upon expiration on 31 January 2003 and the said service contract will continue thereafter unless terminated by either party thereto giving to the other at least three months’ notice in writing. Ms Fung’s emoluments including the bonus payment are determined by the Board with reference to her experience and duties as well as the prevailing market conditions.

3. GENERAL MANDATE TO REPURCHASE SHARES

On 21 August 2003, a general unconditional mandate was granted to the directors of the Company (the “Directors”) authorising the repurchase by the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), or on any other stock exchange recognised for this purpose, of the Company’s shares. This mandate will lapse at the conclusion of the next annual general meeting of the Company which is to be held on 23 August 2004. It is therefore proposed to renew the general mandate to repurchase shares at the Annual General Meeting.

An ordinary resolution will be proposed at the Annual General Meeting to give a general mandate to the Directors to exercise the powers of the Company to repurchase its own shares at any time until the first to occur of the conclusion of the next annual general meeting of the Company following the passing of the resolution (unless the mandate is renewed at such meeting) or the expiration of the period within which the next annual general meeting of the Company is required by Bermuda law or the Company’s bye-laws to be held or until the mandate is revoked or varied by an ordinary resolution of the shareholders in general meeting (“Repurchase Mandate”). The shares of the Company which may be repurchased pursuant to the Repurchase Mandate is limited to a maximum of 10% of the issued share capital of the Company at the date of the resolution approving the Repurchase Mandate.

An explanatory statement as required under the Rules Governing the Listing of Securities on The Stock Exchange (The “Listing Rules”) to provide the requisite information is set out in the appendix hereto.

LETTER FROM THE BOARD OF DIRECTORS

4. GENERAL MANDATE TO ISSUE SHARES

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be given a general and unconditional mandate to issue new shares representing up to 20% of the aggregate nominal amount of the share capital of the Company in issue on the date the resolution is passed. In addition, an ordinary resolution will also be proposed to authorise an extension of such general mandate to be granted to the Directors to issue new shares during the period up to the next annual general meeting of the Company or such earlier period as stated in the relevant resolution by adding to it the number of shares repurchased under the Repurchase Mandate.

5. AMENDMENTS TO THE BYE-LAWS

5.1. Background

The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) has amended the Rules Governing the Listing of Securities (the “Listing Rules”) of the Stock Exchange. As a result, our Company has to amend the following Bye-laws of the Company to comply with such amendment by:

1. Inserting new definition of “associate” in Bye-law 1;
2. Revising the existing definition of “clearing house” in Bye-law 1;
3. Re-numbering existing Bye-law 76 to Bye-law 76(1);
4. Inserting new Bye-law 76(2) regarding any votes from member who is required to abstain from or restricted to voting shall not be counted;
5. Replacing the existing Bye-law 86(4) by new Bye-law 86(4) regarding removal of a director before expiration of his period of office to ensure that shareholders and that director are given sufficient time to consider the information on any proposed removal of a director;
6. Replacing the existing Bye-law 88 by new Bye-law 88 regarding the nomination of a director to ensure that shareholders are given sufficient time to consider information on any proposed nomination of a director;
7. Replacing the existing Bye-law 103(1) to (3) by new Bye-law 103(1) to (3) regarding that a director shall not vote on any resolution of the Board approving any contract or arrangement in which he or any of his associates is materially interested unless those specifically exempted.

The revised Listing Rules already took effect on 31 March 2004. Our Company as a listed issuer is required to amend our bye-laws to ensure compliance with the amended Listing Rules no later than the conclusion of our next annual general meeting.

5.2. The Proposed Amendments to the Bye-Laws

The Directors will propose at the Annual General Meeting a special resolution to amend the Bye-Laws in order to comply with the requirement of the revised Listing Rules of the Stock Exchange. Please refer to the Notice of Annual General Meeting for the details of the proposed amendments to the Bye-Laws.

LETTER FROM THE BOARD OF DIRECTORS

6. ACTION TO BE TAKEN

A form of proxy for use at the Annual General Meeting is enclosed. Whether or not you intend to attend this meeting, you are requested to complete and return the form of proxy to the principal office of the Company in Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive not less than 48 hours before the time fixed for holding the Annual General Meeting. The return of a form of proxy will not preclude you from attending and voting in person at the Annual General Meeting if you so wish.

7. SHAREHOLDERS' RIGHT TO DEMAND A POLL UNDER THE COMPANY'S BYE-LAW

Shareholders of the Company (the "Members") can demand a poll for a resolution of the Annual General Meeting:

- (a) by the chairman of such meeting; or
- (b) by at least three Members present in person (or in the case of a Member being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights or all Members having the right to vote at the meeting; or
- (d) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorized representative shall be deemed to be the same as a demand by a Member.

8. RECOMMENDATION

The Directors believe that the granting of the Repurchase Mandate and the general mandate to issue new shares and the extension mandate and the amendments to the Bye-Laws are in the best interests of the Company and its shareholders. Share repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the earnings per share of the Company and will only be made when the Directors believe that such a share repurchase will benefit the Company and its shareholders. The amendment of the Bye-Laws is to comply with the amended Listing Rules. Accordingly, the Directors recommend all shareholders to vote in favour of the ordinary resolutions approving the Repurchase Mandate and the general mandate to issue new shares and the special resolution to amend the Bye-Laws and they intend to do so themselves in respect of their own shareholdings in the Company.

By Order of the Board
Tsang Chi Hung
Chairman

REPURCHASE MANDATE EXPLANATORY STATEMENT

The appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Mandate and should be read in conjunction with the Letter from the Board of Directors here in before appearing.

1. The Listing Rules

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions.

2. Share Capital

As at 30 July 2004, the issued share capital of the Company comprised 200,000,000 shares of HK\$0.10 each (the “Shares”).

Subject to the passing of the ordinary resolution to approve the Repurchase Mandate and on the basis that no further shares are issued prior to the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 20,000,000 Shares, being 10% of the issued share capital of the Company.

3. Funding of Repurchases

Repurchases would be funded entirely from the Company’s available cash flow or working capital facilities legally available for the purpose and in accordance with the memorandum of association and bye-laws of the Company, the Listing Rules and the applicable laws and regulations of Bermuda and Hong Kong.

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

4. Share Prices

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

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
July 2003	0.72	0.40
August 2003	0.65	0.41
September 2003	0.65	0.60
October 2003	0.65	0.25
November 2003	0.60	0.55
December 2003	0.60	0.50
January 2004	0.55	0.50
February 2004	0.55	0.55
March 2004	0.55	0.50
April 2004	0.50	0.45
May 2004	0.50	0.50
June 2004	0.50	0.50

5. General

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective associates, as defined in the Listing Rules, has any present intention to sell any Shares to the Company or its subsidiaries in the event that the General Mandate is approved by shareholders.

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.

No connected person, as defined in the Listing Rules, has notified the Company that he/she has a present intention to sell Shares to the Company, if in the event that the Company is authorised to make the purchases of Shares.

If, as a result of a securities repurchase pursuant to the Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code.

Accordingly, a shareholder, or a group of shareholders acting in concert, depending on the level of increase of shareholders' interest, could obtain or consolidate control of the Company and become obliged to make mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. As at the Latest Practicable Date, the major shareholder of the company, Peasedow Enterprises Limited (the beneficial owners of Peasedow Enterprises Limited are Tsang Chi Hung, Liu Hoo Kuen and Kwan Yau Choi with shareholding of 35%, 30% and 35% respectively in Peasedow Enterprises Limited and they do not hold shares of Decca Holdings Limited through other companies), held approximately 56.26% of the Shares in issue. Such shareholding percentage will be increased to approximately 62.51% if the Repurchase Mandate is exercised in full. On the basis of the current shareholding position of the Company, the Directors are not aware of any consequences which may arise under the Takeovers Code if the Repurchase Mandate is exercised.

6. Share Purchases made by the Company

No share repurchases have been made by the Company in the previous six months.

7. Reasons for Repurchases

The Directors believe that it is in the best interests of the Company and its shareholders for the Directors to have a general authority from shareholders to enable the Company to repurchase the Shares in the market. Repurchases of the Shares will only be made when the Directors believe that such repurchases will benefit the Company and its members as a whole. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company per share and its assets and/or its earnings per share.

NOTICE OF ANNUAL GENERAL MEETING

達藝
DECCA 藝
DECCA HOLDINGS LIMITED
達藝控股有限公司*
(incorporated in Bermuda with limited liability)
(Stock Code: 997)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Decca Holdings Limited (the “Company”) will be held at The Chatham Room, Level 7, Conrad Hotel, Pacific Place, 88 Queensway, Hong Kong on Monday, 23 August 2004 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited accounts and the reports of the directors and auditors of the Company for the year ended 31 March 2004.
2. To re-elect retiring directors and to authorise the directors to fix the remuneration of directors.
3. To re-appoint auditors and to authorise the directors to fix their remuneration.
4. As special business, to consider and, if thought fit, pass, with or without amendment, the following resolutions as Ordinary Resolutions:

(1) “**THAT**

(A) a general mandate be and is hereby unconditionally given to the directors of the Company during the Relevant Period to issue, allot or otherwise 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 powers, subject to the following conditions:

- (a) such mandate shall not extend beyond the Relevant Period save that the directors of the Company may during the Relevant Period make or grant offers, agreements and options which might require the exercise of such powers at any time during or after the end of the Relevant Period; and
- (b) the aggregate nominal amount of shares in the capital of the Company which may be allotted, issued or otherwise dealt with by the directors of the Company pursuant to such mandate, otherwise than pursuant to (aa) a Rights Issue; or (bb) the exercise of rights of subscription or conversion under the terms of any warrants or other securities issued by the Company carrying a right to subscribe for or purchase shares of the Company; or (cc) the exercise of any option under any share option scheme of the Company adopted by its shareholders for the grant or issue to employees of the Company and/or any of its subsidiaries of option to subscribe for or rights to acquire shares of the Company; or (dd) any scrip dividend or other similar scheme implemented in accordance with the Bye-Laws of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution; and

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

(B) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by its Bye-Laws or any applicable laws of Bermuda to be held; and
- (c) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on its register of members on a fixed record date in proportion to their holdings of shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of or the requirements of any recognised regulatory body or stock exchange in any territory outside Hong Kong).”

(2) **“THAT:**

(A) a general mandate be and is hereby unconditionally given to the directors of the Company during the Relevant Period to exercise all powers of the Company to purchase shares in the capital of the Company subject to the following conditions:

- (a) the exercise of all powers pursuant to such mandate shall be subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or of any other applicable stock exchange; and
- (b) the aggregate nominal amount of shares in the share capital of the Company which may be purchased pursuant to such mandate shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution; and

(B) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by its Bye-Laws or any applicable laws of Bermuda to be held; and
- (c) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

- (3) **“THAT**, conditional upon the passing of Resolutions 4(1) and 4(2) set out in this notice, the aggregate nominal amount of the shares of the Company which are repurchased by the Company pursuant to and in accordance with Resolution 4(2) shall be added to the aggregate nominal amount of the share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors pursuant to and in accordance with Resolution 4(1).”
5. As special business to consider and, if thought fit, pass, with or without amendment, the following resolution as Special Resolution:
- “THAT** the Bye-laws of the Company be amended as follows:
- (1) **THAT** by inserting the following new definition of “associate” after the definition of “Act” in Bye-law 1:
- ““associate” the meaning attributed to it in the rules of the Designated Stock Exchange.”
- (2) **THAT** the existing definition of “clearing house” in Bye-law 1 be deleted and replaced with the following new definition of “clearing house”:
- ““clearing house” a clearing house recognised by the laws of the jurisdiction in which the shares of the company are listed or quoted on a stock exchange in such jurisdiction.”
- (3) **THAT** by re-numbering existing Bye-law 76 as Bye-law 76(1);
- (4) **THAT** by inserting the following as new Bye-law 76(2):
- “76(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.”
- (5) **THAT** by deleting the existing Bye-law 86(4) and replaced with the following new Bye-law 86(4):
- “86(4) The Members may, at any general meeting convened and held in accordance with these Bye-laws, by ordinary resolution remove a Director at any time before the expiration of his period of office notwithstanding anything to the contrary in these Bye-laws or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement) provided that the Notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention so to do and be served on such Director fourteen (14) days before the meeting and at such meeting such Director shall be entitled to be heard on the motion for his removal.”
- (6) **THAT** the existing Bye-law 88 be deleted and replaced with the following new Bye-law 88:
- “88. No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office

NOTICE OF ANNUAL GENERAL MEETING

provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that (if the Notices are submitted after the dispatch of the notice of the general meeting appointed for such election) the period for lodgment of such Notice(s) shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.”

- (7) **THAT** the existing Bye-law 103 (1) to (3) be deleted and replaced with the following new Bye-law 103 (1) to (3):

“103.(1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters namely:

- (i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
- (v) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or
- (vi) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

NOTICE OF ANNUAL GENERAL MEETING

- (2) A company shall be deemed to be a company in which a Director and/or his associate(s) owns five (5) per cent. or more if and so long as (but only if and so long as) he and/or his associates, (either directly or indirectly) are the holders of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his interest or that of any of his associates is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder.
- (3) Where a company in which a Director and/or his associate(s) holds five (5) per cent or more is materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.”

By Order of the Board
Kwan Kam Ming
Company Secretary

Hong Kong, 30 July 2004

Registered office:
Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda.

Principal office in Hong Kong:
2/F, Decca Industrial Centre,
21 Cheung Lee Street,
Chaiwan,
Hong Kong.

Notes:

1. A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and in the event of a poll, vote for him/her. A proxy need not be a member of the Company.
2. To be valid, this proxy form and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority from notary public, must be completed, signed and deposited with the Company Secretary at the Company's principal office in Hong Kong not less than 48 hours before the time appointed for the meeting or any adjournment thereof.
3. The Register of Members of the Company will be closed from Wednesday, 18 August 2004 to Monday, 23 August 2004, both days inclusive. During this period, no transfer of shares will be effected. In order to qualify for the attendance at the Annual General Meeting, shareholders must lodge all transfer documents accompanied by the relevant share certificates with the Company's Share Registrars, Standard Registrars Limited on G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong by 4:00 pm on Tuesday, 17 August 2004.
4. Members are recommended to read the circular of the Company containing information concerning the Resolutions proposed in this notice.

As at the date hereof, the executive directors of the Company are Mr Tsang Chi Hung, Mr Liu Hoo Kuen, Ms Kwan Yau Choi, Ms Fung Sau Mui, Mr Tai Wing Wah, Mr Wong Kam Hong, Mr Richard Warren Herbst, and independent non-executive directors are Mr Chu Kwok Man and Mr Lok Wai Kiang Paul.