

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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This circular, for which the directors of China Data Broadcasting Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to China Data Broadcasting Holdings Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this circular is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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

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



**CHINA DATA
BROADCASTING**

China Data Broadcasting Holdings Limited

(中華數據廣播控股有限公司)*

(incorporated in Bermuda with limited liability)

(Stock Code: 8016)

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

The notice convening the Annual General Meeting to be held at 2919 E. Philadelphia St., Ontario, CA 91761, United States of America on 28 April 2004, at 4:00 p.m. (US time) is set out on Appendix II of this Circular. The purpose of this circular is to provide shareholders with details of (i) the proposed general mandates; and (ii) the proposed amendments to the Bye-laws, to be dealt with at the Annual General Meeting.

A form of proxy for the Annual General Meeting is enclosed with this circular. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to Hong Kong Registrars Limited of Rooms 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time fixed for the Annual General Meeting. The completion of a form of proxy will not preclude you from attending and voting at the Annual General Meeting in person if you so wish.

This circular will remain on the GEM website on the "Latest Company Announcement" page for at least 7 days from the date of its posting and the website of the Company at www.databroadcasting.com.hk.

CHARACTERISTICS OF THE GEM

The GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on the GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on the GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of the GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on the GEM, there is a risk that securities traded on the GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on the GEM.

The principal means of information dissemination on the GEM is publication on the internet website of <http://www.hkgem.com> operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on the GEM-listed companies.

DEFINITIONS

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

“Amendments”	Amendments to the Listing Rules in relation to corporate governance issues published by The Stock Exchange on 30 January 2004, which will take effect on 31 March 2004
“Annual General Meeting”	the annual general meeting of the Company to be held at 2919 E, Philadelphia St., Ontario, CA 91761, United States of America on 28 April 2004, at 4:00 p.m. (US time) in relation to the financial year of the Company ended on 31 December 2003
“Annual Report 2003”	the annual report of the Company for the financial year ended 31 December 2003
“Board”	the board of Directors
“Commission”	the Securities and Futures Commission
“Company”	China Data Broadcasting Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on GEM
“Directors”	the directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	New Issue Mandate and Repurchase Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	1 April 2004 being the latest practicable date for ascertaining certain information in this circular prior to the printing of this circular
“New Issue Mandate”	the general mandate to exercise the power of the Company to allot, issue and otherwise deal with new share not exceeding 20% of the share capital of the Company as at the date of the resolution approving such mandate

DEFINITIONS

“Repurchase Mandate”	the general mandate to exercise the power of the Company to repurchase Shares up to a maximum of 10 per cent. of the issued share capital of the Company as at the date of the resolution approving such mandate
“Share(s)”	share(s) of \$0.025 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$” and “cents”	Hong Kong dollars and cents respectively

LETTER FROM CHAIRMAN



CHINA DATA
BROADCASTING

China Data Broadcasting Holdings Limited

(中華數據廣播控股有限公司)*

(incorporated in Bermuda with limited liability)

Executive Directors:

David Ji Long Fen
Professor Kou Jisong
Ancle Hsu Ann Keh
Bu Dong Mei
Alice Hsu Chu Yun

Independent non-executive Directors:

Li Shan Hai
Wong Fu Sun

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place
of business:*

2919 E, Philadelphia St.
Ontario
CA 91761
USA

Hong Kong liaison office:

Room 1601
16th Floor
Hing Yip Commercial Centre
272-284 Des Voeux Road Central
Hong Kong

2 April 2004

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

At the Annual General Meeting, in addition to other resolutions set out in the notice convening such meeting, resolutions will be proposed (i) to grant to the Directors general mandate to allot, issue and deal with new Shares and to repurchase Shares; and (ii) to approve the proposed

* for identification only

LETTER FROM CHAIRMAN

amendments to the Bye-laws of the Company in order to comply with the new requirements under the GEM Listing Rules (as amended in accordance with the Amendments). The Schedule to this circular contains an explanatory statement, as required by Rule 13.08 of the GEM Listing Rules, to provide the requisite information to Shareholders to enable Shareholders to make an informed decision on whether to vote for or against the resolution to grant the General Mandate.

GENERAL MANDATE TO ISSUE NEW SHARES

At the Annual General Meeting, an ordinary resolution will be proposed which, if passed, will give the Directors a general and as to confirm mandate to allot, issue and otherwise deal with new shares not exceeding 20% of the share capital of the Company in issue on the date of the resolution (or 63,600,000 Shares based on (i) the Company's issued share capital as at the Latest Practicable Date of 318,000,000 Shares and (ii) the assumption that no further shares are issued prior to the Annual General Meeting). In addition, conditional upon the proposed resolution to authorise the Repurchase Mandate being passed, an ordinary resolution will be proposed to authorise the Directors to allot, issue and otherwise deal with new Shares up to an amount equal to the aggregate nominal amount of the Shares repurchased by the Company in order to provide flexibility for issuing new Shares when it is in the interests of the Company.

REPURCHASE MANDATE

An ordinary resolution will be proposed at the Annual General Meeting to grant to the Directors the Repurchase Mandate, details of which are set out in Resolution No. 5 in the notice of the Annual General Meeting. The Shares which may be repurchased pursuant to the Repurchase Mandate are limited to a maximum of 10 per cent. of the issued share capital of the Company at the date of passing of the resolution approving the Repurchase Mandate (or 31,800,000 Shares by reference to (i) the Company's issued share capital as at the Latest Practicable Date of 318,000,000 Shares and (ii) the assumption that no further shares are issued prior to the Annual General Meeting).

PROPOSED AMENDMENTS TO THE BYE-LAWS

In order to comply with the new requirements under the GEM Listing Rules (as amended in accordance with the Amendments), amendments to the Bye-laws of the Company are proposed to be adopted by way of a special resolution at the Annual General Meeting. The background for the proposed amendments to the following Bye-laws is set out below:

- | | | |
|-----|---------------|--|
| (a) | Bye-law 1 | (i) To define "associate" and "subsidiary" in accordance with the Listing Rules; and (ii) to take out the reference to Securities and Futures (Clearing House) Ordinance which has been repealed and replaced by the Securities and Futures Ordinance. |
| (b) | Bye-law 66(2) | To reflect the restriction on voting by members as required by the amended Appendix 3 of the Listing Rules. |
| (c) | Bye-law 88 | To be consistent with the provisions of the amended Appendix 3 of the Listing Rules which requires that the period for lodgement of notices to the Company of the intention to propose a person for |

LETTER FROM CHAIRMAN

election as a Director should commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting.

- (d) Bye-law 102 To be consistent with the proposed amendment to Bye-law 103 referred to below. A Director would be required to declare the interests, if any, of his associates (as well as his own interests) in any proposed contract or arrangement with the Company.
- (e) Bye-law 103 To be consistent with the provisions of the amended Appendix 3 of the Listing Rules so that subject to certain exceptions a Director is not allowed to vote on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associate(s) has a material interest nor shall he be counted in the quorum present at the meeting.

The proposed amendments are set out in Resolution 7 in the notice of the Annual General Meeting.

ANNUAL GENERAL MEETING

The notice convening the Annual General Meeting to be held at 2919 E, Philadelphia St., Ontario, CA 91761, United States of America on 28 April 2004, at 4:00 p.m. (US time) is set out on Appendix II of this Circular. Resolutions No. 4 to 6 which relate to the General Mandate will be proposed as ordinary resolutions and Resolution 7 relating to proposed amendments to the Bye-Laws of the Company will be proposed as Special resolutions at the Annual General Meeting for your consideration and approval.

A form of proxy for the Annual General Meeting is enclosed with this circular. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to Hong Kong Registrars Limited of Rooms 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time fixed for the Annual General Meeting. The completion of a form of proxy will not preclude you from attending and voting at the Annual General Meeting in person if you so wish.

RECOMMENDATION

The Board is of the opinion that the proposals referred to in this circular are in the best interests of the Company and its shareholders and recommend all shareholders to vote in favour of the resolutions relating to the General Mandate and the proposed amendments to the Bye-laws to be proposed at the Annual General Meeting.

Yours faithfully,
David Ji Long Fen
Chairman

SHARE CAPITAL

As at 1 April 2004 (the latest practicable date prior to the printing of this circular) (“Latest Practicable Date”), the issued share capital of the Company comprised 318,000,000 Shares of HK\$0.025 each.

Subject to the passing of Ordinary Resolution No. (5) 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 31,800,000 Shares equivalent to 10% of the issued share capital of the Company.

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 shares in the market. Repurchases of shares will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets or its earnings per share or both.

FUNDING OF REPURCHASES

Any repurchases will only be funded out of funds of the Company legally available for the purposes in accordance with its memorandum of association and bye-laws and the applicable laws of Bermuda. The Company will not purchase securities on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

GENERAL

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

SHARE PRICES

The highest and lowest prices at which the Shares have been traded on GEM in each of the previous twelve months from 1 March 2003 to 30 March 2004 were as follows:

	Shares	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
March 2003	4.200	2.275
April 2003	Suspended	Suspended
May 2003	4.175	3.500
June 2003	3.750	3.400
July 2003	4.050	3.675
August 2003	3.800	3.600
September 2003	4.000	3.800
October 2003	4.000	3.900
November 2003	3.700	3.400
December 2003	4.400	3.400
January 2004	4.100	1.450
February 2004	1.710	1.310
March 2004	3.400	1.920

DIRECTORS' UNDERTAKING

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 GEM Listing Rules, the memorandum of association and bye-laws and the applicable laws of Bermuda.

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

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

TAKEOVERS CODE CONSEQUENCES

If the Repurchase Mandate were exercised in full, the percentage shareholding of the substantial shareholders of the Company before and after such repurchase would be as follows:

Substantial Shareholders	Before repurchase	After repurchase
Apex Digital Inc.	46.95	52.17
Mr. David Ji Long Fen ("David Ji")	18.14	20.16

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase may 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 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 a result of any such increase.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Apex Digital Inc. and David Ji beneficially held 149,297,340 Shares and 57,700,000 Shares representing 46.95 per cent and 18.14 per cent of the issued share capital of the Company, respectively. Based on such shareholding and in the event that the Repurchase Mandate is exercised in full, the shareholding of Apex Digital Inc. and David Ji would be increased to 52.17 per cent and 20.16 per cent of the issued share capital of the Company, respectively and such increase may give rise to an obligation to make a mandatory offer under Rule 26 of the Code. However, the Directors have no current intention to exercise the Repurchase Mandate, to such extent as would give rise to this obligation.

Save as aforesaid in this circular, the Directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any purchase made under the Repurchase Mandate.

SHARES REPURCHASES BY THE COMPANY

The Company had not purchased any of its Shares (whether on GEM or otherwise) during the six months prior to the Latest Practicable Date.



CHINA DATA
BROADCASTING

China Data Broadcasting Holdings Limited

(中華數據廣播控股有限公司)*

(incorporated in Bermuda with limited liability)

NOTICE IS HEREBY given that the Annual General Meeting of China Data Broadcasting Holdings Limited (the “Company”) will be held at 2919 E, Philadelphia St., Ontario, CA 91761, United States of America on Wednesday, 28 April 2004 at 4:00 p.m. (US time) for the purpose of considering and, if thought fit, inter alia, passing the following resolution as an ordinary/special resolution of the Company:

1. To receive and consider the audited consolidated financial Statements and the reports of the Directors and Auditors for the year ended 31 December 2003.
2. To re-elect retiring Directors pursuant to the Company’s Bye-laws and to authorise the board of directors to fix their remuneration.
3. To re-appoint the auditors of the Company and authorise the Directors to fix their remuneration.
4. To consider as Special Business, and if thought fit, to pass with or without amendments, the following resolutions as an Ordinary Resolution:

THAT:

- (A) subject to paragraph (C) below, pursuant to the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, 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 unissued shares in the capital of the Company and to make or grant offers, agreements or options which might require the exercise of such powers be and is hereby approved generally and unconditionally;
- (B) the approval in paragraph (A) above shall be in addition to any other authorisation given to the Directors of the Company and shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements or options which might require the exercise of such powers after the end of the Relevant Period;

* for identification only

(C) the aggregate nominal amount of share capital allotted and issued, or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options or otherwise) by the Directors of the Company pursuant to the approval in paragraph (A) of this Resolution, otherwise than pursuant to (a) a Rights Issue; or (b) the grant or exercise of any option under the share option scheme of the Company;

or (c) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares in accordance with the Bye-laws of the Company in force from time to time; or (d) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares of the Company, shall not exceed the aggregate of:

- (i) 20 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution; and
- (ii) (if the Directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this Resolution),

and the authority pursuant to paragraph (A) of this Resolution shall be limited accordingly;

(D) for the purpose of this Resolution:

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

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Bye-laws of the Company, the Companies Act of the Bermuda or any other applicable law of Bermuda to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors of the Company by this Resolution;

“Rights Issue” means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors of the Company to holders of shares on the register on a fixed record date in proportion to their holdings of such shares, subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or

obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognized regulatory body or any stock exchange outside Hong Kong.

5. As Special Business, to consider and, if thought fit, to pass the following as an Ordinary Resolution:

“THAT:

- (A) subject to paragraph (B) below, the exercise by the Directors of the Company during the Relevant Period of all powers of the Company to repurchase its shares in the capital of the Company on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited or any other stock exchange on which the shares of the Company may be listed and recognized by the Securities and Futures Commission and The Stock Exchange of Hong Kong Limited for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, The Stock Exchange of Hong Kong Limited, the Companies Act of Bermuda and all other applicable laws in this regard, be and is hereby approved generally and unconditionally;
- (B) the aggregate nominal amount of shares authorised to be repurchased or agreed conditionally or unconditionally to be repurchased by the Directors of the Company pursuant to the approval in paragraph (A) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date this Resolution and the said approval shall 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 earliest 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 either by the Bye-laws of Company, the Companies Act of Bermuda or any other applicable law of Bermuda to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this Resolution.

6. As Special Business, to consider and, if thought fit, to pass the following as an Ordinary Resolution:

“THAT conditional upon the passing of Ordinary Resolutions numbered 4 and 5 as set out in the Notice convening this meeting, the aggregate nominal amount of the number of shares in the capital of the Company that shall have been repurchased by the Company after the

date thereof pursuant to and in accordance with the said Ordinary Resolution 5 shall be added to the aggregate nominal amount of share capital that may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the Directors of the Company pursuant to the general mandate to allot and issue shares granted to the Directors of the Company by the said Ordinary Resolution 4.”

7. As Special Business, to consider and, if thought fit, to pass the following as a Special Resolution:

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

- (A) By inserting the following new definition of “associate” in Bye-law 1:

““associate” has the meaning attributed to it in the listing rules (as the same are amended from time to time) of the Designated Stock Exchange.”

- (B) By deleting the words “Section 2 of the Securities and Futures (Clearing Houses) Ordinance of Hong Kong” in the definition of “clearing house” in Bye-law 1 and substituting therefor the following:

“Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)”;

- (C) By inserting the following new definition of “subsidiary” in Bye-law 1:

““subsidiary” has the meaning attributed to it in the listing rules (as the same are amended from time to time) of the Designated Stock Exchange.”

- (D) By re-numbering the existing Bye-law 66 as Bye-law 66(1) and by inserting the following new Bye-law 66(2):

“66(2). Where any Member is, under the listing rules, where applicable, of the Designated Stock Exchange (as the same are amended 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.”;

- (E) By deleting the words “not less than seven (7) days before the date appointed for the meeting” in Bye-law 88 and inserting the following proviso at the end of the same Bye-law:

“provided that, in each case, such Notice must be lodged no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and no later than seven (7) days prior to the date of such general meeting.”

- (F) By substituting the existing Bye-law 102 with the following new Bye-law 102:

“102 A Director who, to his knowledge, is interested or any of his associate(s) is interested, in any way, whether directly or indirectly, in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest or the interest of his associate(s) at the meeting of the Board at which the question of entering into the contract or arrangement is first considered, if he knows his interest or the interest of his associate(s) then exists, or in any other case at the first meeting of the Board after he knows that he or his associate(s) is or has become so interested. For the purposes of this Bye-law, a general Notice of the Board by a Director to the effect that:

- (a) he or any of his associate(s) is a member or officer of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with that company or firm; or
- (b) he or any of his associate(s) is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with a specified person who is connected with him or any of his associates;

shall be deemed to be a sufficient declaration of interest under this Bye-law in relation to any such contract or arrangement, provided that no such Notice shall be effective unless either it is given at a meeting of the Board or the Directors takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.”

- (G) By substituting the existing Bye-law 103 with the following new Bye-law 103:

“103(1) A director shall not vote (nor be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or any other proposal in which he or any of his associate(s) 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 any of his associate(s) any security or indemnity in respect of money lent by him or any of his associate(s) or obligations incurred or undertaken by him or any of his associate(s) 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(s) 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 or any of its subsidiaries by virtue only of his/their interest in Shares or debentures or other securities of the Company or any of its subsidiaries;
 - (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 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 associate(s) are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of any of his associate(s) is derived) or of the voting rights;
 - (vi) any proposal 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(s) 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 to the employees to which such scheme or fund relates.
- (2) A company shall be deemed to be a company in which a Director and/or his associate(s) owns five (5) per cent, or more if and so long as (but only if and so long as) he and/or his associate(s) (as defined by the listing rules, where applicable, of the Designated Stock Exchange), (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/their interest 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 Director's interest and/or the interest of 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(s) and any shares which carry no voting right at general meetings and very restrictive dividend and return of capital right.

- (3) Where a company in which a Director together with his associate(s) (as defined by the listing rules, where applicable, of the Designated Stock Exchange) holds five (5) per cent, or more is/are materially interested in a transaction, then that Director shall also be deemed materially interested in such transaction.
- (4) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or that of his associate(s) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director and/or his associates(s) concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board;

and that the Directors of the Company be and are hereby authorised generally to do all such acts, deeds and things as they shall, in their absolute discretion, deem appropriate or necessary to effect, implement and complete any of the foregoing.”

On behalf of the Board
David Ji Long Fen
Chairman

Hong Kong, 2 April 004

Notes:

- i. Any member of the Company entitled to attend and vote at a meeting of the Company or a meeting of the holder of any class of shares in the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. On a poll, votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.
- ii. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorised.
- iii. 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 shall be deposited to the Company's Branch Registrars in Hong Kong, Hong Kong Registrars Limited of Room 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong and in any event not less than forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting (as the case may be).
- iv. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- v. In order to make the Company's Bye-laws consistent with the amended Appendix 3 of the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Listing Rules"), a resolution to amend the Company's Bye-laws is proposed. The background for the proposed amendments to the following Bye-laws is set out below:
 - (a) Bye-law 1 (i) To define "associate" and "subsidiary" in accordance with the Listing Rules; and (ii) To take out the reference to Securities and Futures (Clearing House) Ordinance which has been repealed and replaced by the Securities and Futures Ordinance.
 - (b) Bye-law 66(2) To reflect the restriction on voting by members as required by the amended Appendix 3 of the Listing Rules.
 - (c) Bye-law 88 To be consistent with the provisions of the amended Appendix 3 of the Listing Rules which requires that the period for lodgement of notices to the Company of the intention to propose a person for election as a Director should commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting.
 - (d) Bye-law 102 To be consistent with the proposed amendment to Bye-law 103 referred to below. A Director would be required to declare the interests, if any, of his associates (as well as his own interests) in any proposed contract or arrangement with the Company.
 - (e) Bye-law 103 To be consistent with the provisions of the amended Appendix 3 of the Listing Rules so that subject to certain exceptions a Director is not allowed to vote on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associate(s) has a material interest nor shall he be counted in the quorum present at the meeting.
- vi. The biographical details of Mr. Anle Hsu Ann Keh and Ms. Alice Hsu Chu Yun the Directors who offer themselves for re-election are provided in the section headed "Biographical Details in respect of Directors and Senior Management" in the Annual Report.
- vii. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
- viii. Attendants should bear their own travelling, accommodation and other expenses.