

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

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

**If you have sold** all your shares of Asia Aluminum 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 was effected for transmission to the purchaser.

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## **ASIA ALUMINUM HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 930)**

### **PROPOSALS FOR GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES RE-ELECTION OF DIRECTORS AMENDMENTS TO THE BYE-LAWS AND NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the Annual General Meeting of Asia Aluminum Holdings Limited to be held at 12th Floor, Railway Plaza, 39 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong on Monday, 29 November 2004 at 11:00 a.m. is set out on pages 8 to 15 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the head office and principal place of business of the Company in Hong Kong at 12th Floor, Railway Plaza, 39 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or at any adjournment thereof should you so wish.

29 October 2004

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## DEFINITIONS

*In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:*

“Annual General Meeting”	the annual general meeting of the Company to be held on Monday, 29 November 2004 at 11:00 a.m., notice of which is set out in this circular
“associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Bye-Laws”	Bye-Laws adopted by the Company on 19 February 1998 as amended by the Company from time to time
“Company”	Asia Aluminum Holdings Limited, an exempted company incorporated in Bermuda with limited liability, and the Shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	27 October 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
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.10 each in the ordinary share capital of the Company and a “Share” shall be construed accordingly
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeover Code”	Hong Kong Code on Takeovers and Mergers

# LETTER FROM THE CHAIRMAN



## ASIA ALUMINUM HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 930)**

*Executive Directors:*

Mr. KWONG Wui Chun (*Chairman*)

Dr. CHAN Yiu Tsuan, Benby

*(Deputy Chairman & Chief Executive Officer)*

Mr. ZHONG Jianqiu

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Independent Non-executive Directors:*

Mr. MA Tsz Chun

Mr. YAU Wing Keung

Mr. CHOU Shun, Alan

*Head office and principal place*

*of business in Hong Kong:*

12th Floor

Railway Plaza

39 Chatham Road South

Kowloon

Hong Kong

29 October 2004

*To the Shareholders and for information only,  
the holders of options granted by the Company*

Dear Sir or Madam,

**PROPOSALS FOR  
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES  
RE-ELECTION OF DIRECTORS  
AMENDMENTS TO THE BYE-LAWS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

### 1. INTRODUCTION

The purpose of this circular is to give you notice of the Annual General Meeting to be held on 29 November 2004 and to provide you with information in relation to the resolutions to be proposed at the Annual General Meeting in respect of (i) the granting to the Directors of general mandates to exercise all the powers of the Company to issue and repurchase Shares; (ii) the proposed amendments to the Bye-Laws; and (iii) proposed re-election of Directors.

### 2. GENERAL MANDATE TO REPURCHASE SHARES

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be given a general mandate to exercise all the powers of the Company to repurchase fully paid Shares (the "Repurchase Mandate"). Under the Repurchase Mandate, the number of Shares that the Company may repurchase shall not exceed 10% of the issued and fully-paid share capital of the Company at the date of the resolution. The Company's authority is restricted to purchases made on the Stock Exchange in accordance with the Listing Rules. The Repurchase Mandate allows the Company to make purchases only during the period ending on the earliest of the date of the next annual general meeting of the Company, the date by which the next annual general meeting of the Company is required to be held by the Bye-Laws or any applicable law of Bermuda or the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

Explanatory statement containing information necessary to enable the Shareholders to make an informed decision on the proposed resolution for the grant of the Repurchase Mandate as required by the Listing Rules is set out in Appendix I to this circular.

## LETTER FROM THE CHAIRMAN

### 3. GENERAL MANDATE TO ISSUE SHARES

At the Annual General Meeting, a resolution will also be proposed that the Directors be given a general mandate to issue Shares representing up to 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the resolution in order to ensure flexibility and discretion to the Directors to issue Shares. In addition, a resolution will be proposed to extend the general mandate by adding to it the number of such Shares repurchased under the Repurchase Mandate.

### 4. RE-ELECTION OF DIRECTORS

Pursuant to Bye-Law 111 of the Bye-Laws, at every annual general meeting, one-third of the Directors, or if their number is not three or a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office by rotation. Accordingly, the Director to retire by rotation at the Annual General Meeting is Mr. Zhong Jianqiu, who is eligible, and will offer himself for re-election at the Annual General Meeting.

Pursuant to Bye-Law 115 of the Bye-Laws, the Directors shall have power from time to time or at any time to appoint any person to be a Director either to fill a casual vacancy or as an additional Director. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Accordingly, Mr. Chou Shun, Alan, who was appointed as Director by the Board on 6 September 2004 must retire from office and, being eligible, will offer himself for re-election at the Annual General Meeting.

Details of these Directors, which are required to be disclosed under the Listing Rules, are set out in Appendix II to this circular.

### 5. AMENDMENTS TO THE BYE-LAWS

The Directors seek your approval at the Annual General Meeting by way of special resolution to amend the Bye-Laws in light of the amendments to the Listing Rules which became effective on 31 March 2004. The proposed amendments to the Bye-Laws, among other things, are to conform with the amended provisions of Appendix 3 of the Listing Rules which include the following:-

- (a) in relation to the minimum seven-day period for lodgement by Shareholders of notice to nominate a Director, such period shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting;
- (b) subject to such exceptions specified in the Bye-Laws, a Director shall not vote on any board resolution approving any contract or arrangement or proposal in which he or any of his associates has a material interest nor shall he be counted in the quorum present at the meeting; and
- (c) 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.

The proposed amendments to the Bye-Laws are set out in the Special Resolution in the notice convening the Annual General Meeting.

### 6. ANNUAL GENERAL MEETING

The notice convening the Annual General Meeting to be held at 12th Floor, Railway Plaza, 39 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong on Monday, 29 November 2004 at 11:00 a.m. is set out on pages 8 to 15 of this circular.

## LETTER FROM THE CHAIRMAN

The form of proxy for use at the Annual General Meeting is enclosed with this circular. Whether or not you intend to attend the Annual General Meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the head office and principal place of business of the Company in Hong Kong at 12th Floor, Railway Plaza, 39 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong as soon as practicable and in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof. Delivery of a form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so desire.

### 7. PROCEDURES FOR DEMANDING A POLL

Pursuant to Bye-Law 73 of the Bye-Laws, a resolution put to the vote of a general meeting of the Shareholders 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 or on the withdrawal of any other demand for a poll) demanded:–

- (i) by the chairman of the meeting; or
- (ii) by at least three Shareholders present in person (or in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (iv) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

### 8. RECOMMENDATION

The Directors are of the opinion that the proposed granting of general mandates to issue and repurchase Shares and the proposed amendments to the Bye-Laws are in the interests of the Company, and in particular, the Group as a whole. The Directors therefore recommend the Shareholders to vote in favour of all the resolutions to be proposed at the Annual General Meeting. The Directors who are also Shareholders intend to cast all their votes in favour of the resolutions to be proposed at the Annual General Meeting.

### 9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the memorandum of association and the Bye-Laws will be available for inspection at the head office and principal place of business of the Company in Hong Kong at 12th Floor, Railway Plaza, 39 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong during normal business hours on any business day up to and including Monday, 29 November 2004 and at the Annual General Meeting.

Yours faithfully,  
For and on behalf of  
**Asia Aluminum Holdings Limited**  
**Chan Yiu Tsuan, Benby**  
*Deputy Chairman and Chief Executive Officer*

*This appendix serves as an explanatory statement, as required by the Listing Rules, to provide information to you in relation to the proposed mandate to repurchase Shares.*

## **GENERAL**

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

## **POWER TO REPURCHASE**

The Company is empowered by its Memorandum of Association to purchase the Shares. Under Bermuda law, the amount of capital repaid in connection with a Share repurchase may only be paid out of either the capital paid up on the relevant Shares, or out of the funds of the Company that would otherwise be available for dividend or distribution or the proceeds of a new issue of Shares made for such purpose. The amount of premium payable on repurchase may only be paid out of either the funds of the Company that would otherwise be available for dividend or distribution or out of the share premium account of the Company. Under Bermuda law, the Shares so repurchased will be treated as cancelled and the Company's issued, but not its authorised, capital will be diminished accordingly.

## **DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS**

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

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

## **UNDERTAKING OF THE DIRECTORS**

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases pursuant to the proposed Repurchase Mandate in accordance with the Listing Rules and all applicable laws of Bermuda, and in accordance with the Memorandum of Association and Bye-Laws of the Company.

## **EFFECT OF TAKEOVER CODE**

If on the exercise of the powers to repurchase Shares pursuant to the proposed 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 purposes of Rule 32 of the Takeover Code. As a result, a Shareholder or a group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeover Code.

At the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Mr. Kwong Wui Chun together with his associate held approximately 36.05 per cent. of the issued share capital of the Company, who are also the only persons who are interested in 10 per cent. or more of the issued Shares.

In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the resolution, the shareholding of Mr. Kwong Wui Chun together with his associate would be increased to approximately 40.05 per cent. of the issued Shares.

As a result, Mr. Kwong Wui Chun together with his associates, may become obliged to make a general offer in accordance with Rule 26 of the Takeover Code. However, the Directors do not have intention to exercise the Repurchase Mandate to such an extent that will result in a requirement of the substantial shareholders referred to above to make a general offer under the Takeover Code. The Directors are not aware of any other consequences which may arise under the Takeover Code as a result of any repurchase made under the proposed Repurchase Mandate.

## SHARE CAPITAL

Based on the 3,175,232,401 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued from the Latest Practicable Date to the date of the Annual General Meeting, exercise in full of the Repurchase Mandate will result in 317,523,240 Shares being repurchased.

No purchases of Shares have been made by the Company during the last six months (whether on the Stock Exchange or otherwise) before the Latest Practicable Date. In each of the previous twelve months before the Latest Practicable Date, the highest and the lowest traded prices for Shares on the Stock Exchange were as follows:-

	Shares	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
October 2003	1.58	1.39
November 2003	1.59	1.45
December 2003	1.61	1.43
January 2004	1.77	1.52
February 2004	1.63	1.40
March 2004	1.76	0.87
April 2004	1.09	0.84
May 2004	0.91	0.64
June 2004	0.86	0.68
July 2004	0.92	0.73
August 2004	0.86	0.69
September 2004	0.95	0.74



**Pursuant to Bye-Law 111 of the Bye-Laws, Mr. Zhong Jianqiu shall retire at the Annual General Meeting (being a director retiring by rotation) and, being eligible, offer himself for re-election at the Annual General Meeting. Details of Mr. Zhong are as follows:-**

**Mr. Zhong Jianqiu**, aged 41, has been an executive Director of the Company since 14 June 2001. He is responsible for the overall management of the production and daily operations of the Group. Mr. Zhong joined the Group in 1996 as the managing director of Foshan Xinya Aluminum & Stainless Steel Co., Limited, a subsidiary of the Company and has over 19 years of experience in aluminum related industries.

As at the Latest Practicable Date and as notified to the Company for the purposes of Part XV of the SFO, Mr. Zhong is interested in 24,434,800 Shares and 5,000,000 underlying Shares in respect of 5,000,000 share options granted to Ms. Kuang Shun Feng, spouse of Mr. Zhong, by virtue of Section 344(1) of SFO. These share options were granted on 6 July 2004 and are exercisable during the period from 6 July 2004 to 5 July 2007 at an exercise price of HK\$0.81 per Share.

Mr. Zhong is the brother-in-law of Mr. Kwong Wui Chun, the chairman and substantial shareholder of the Company. Save as disclosed herein and by virtue of his interest in the Shares of the Company as detailed above, Mr. Zhong has no business relationship with the other Directors, senior management or substantial shareholders (as defined in the Listing Rules) of the Company.

The Company has not entered into any service agreement with Mr. Zhong and no term has been fixed for his length of service with the Company. Mr. Zhong is currently receiving a monthly salary of RMB50,000 in respect of his acting as managing director of Foshan Xinya Aluminum & Stainless Steel Co., Limited.

**Pursuant to Bye-Law 115 of the Bye-Laws, Mr. Chou Shun, Alan shall retire at the Annual General Meeting (being Director appointed by the Board since the last annual general meeting of the Company) and, being eligible, offer himself for re-election at the Annual General Meeting. Details of Mr. Chou are as follows:-**

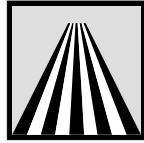
**Mr. Chou Shun, Alan**, aged 46, was appointed as an independent non-executive Director by the Board on 6 September 2004.

Mr. Chou is a director of a consultancy company engaging in marketing activities in China. Mr. Chou has over 22 years' extensive working experience in the banking and finance industry in the Greater China region. Previously, he held key position at various leading international financial institutions and top investment banks in Hong Kong and China. Mr. Chou graduated from the York University in Canada with a Bachelor's degree in Arts in 1980. Mr. Chou also holds a Bachelor's degrees in Business Administration from University of Windsor in Canada.

As at the Latest Practicable Date, Mr. Chou does not have any interests in the shares of the Company or its associated companies within the meaning of Part XV of SFO. Other than in his capacity as Director, Mr. Chou has no business relationship with the other Directors, senior management or substantial shareholders (as defined in the Listing Rules) of the Company.

The Company has not entered into any service contract with Mr. Chou but the term of his length of service with the Company is fixed for the period from the date of appointment of 6 September 2004 to 30 June 2007. Mr. Chou will be paid a director's fee of HK\$20,000 per month for the period from 6 September 2004 to 30 June 2005 which fee is thereafter subject to review annually by the Board.

# NOTICE OF ANNUAL GENERAL MEETING



## ASIA ALUMINUM HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 930)**

**NOTICE IS HEREBY GIVEN** that the annual general meeting of the shareholders of Asia Aluminum Holdings Limited (the "Company") will be held at 12th Floor, Railway Plaza, 39 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong on Monday, 29 November 2004 at 11:00 a.m. for the following purposes:-

### ORDINARY BUSINESSES

1. To receive and consider the audited financial statements and the reports of the directors and auditors of the Company for the year ended 30 June 2004.
2. To declare the payment of a final dividend for the year ended 30 June 2004.
3. To re-elect the retiring directors and authorise the board of directors of the Company to fix the directors' remuneration.
4. To re-appoint auditors and to authorise the board of directors to fix their remuneration.

### SPECIAL BUSINESSES

To consider and, if thought fit, passing, with or without modifications, the following resolutions as ordinary resolutions of the Company:-

5. (1) **"THAT**
  - (a) the exercise by the directors of the Company (the "Directors") during the Relevant Period (as defined in paragraph (c) of this Resolution) of all powers of the Company to purchase its shares, subject to paragraph (b) below and in accordance with all applicable laws and regulations, be and it is hereby generally and unconditionally approved;
  - (b) the aggregate nominal amount of shares in the Company to be purchased by the Company during the Relevant Period pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of 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 passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors under this Resolution; and

## NOTICE OF ANNUAL GENERAL MEETING

(iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws of the Company or any applicable laws of Bermuda to be held.”

(2) “**THAT**

(a) subject to paragraph (c) below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as defined in paragraph (d) of this Resolution) of all the powers of the Company to allot, issue and deal with unissued shares in the share capital of the Company or securities convertible into shares or options, warrants or similar rights to subscribe for any shares and to make or grant offers, agreements, options and warrants which would or might require the exercise of such power be and it is hereby generally and unconditionally approved;

(b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements, options and warrants which would or might require the exercise of such power after the end of the Relevant Period;

(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) of this Resolution); (ii) any share option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of shares or other approved participants rights to acquire shares of the Company; and (iii) an issue of shares as scrip dividends or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-Laws of the Company, shall not in total exceed 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of this Resolution, and the said approval shall be limited accordingly; and

(d) for the purposes of this Resolution:–

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

(i) the conclusion of the next annual general meeting of the Company;

(ii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors under this Resolution; and

(iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws of the Company or any applicable laws of Bermuda to be held.

“Rights Issue” means an offer of shares or issue of options, warrants or other securities giving the right to subscribe for shares, open for a period fixed by the Directors to holders of shares of the Company on the register on a fixed record date in proportion to their

## NOTICE OF ANNUAL GENERAL MEETING

then holdings of shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or requirements of, any jurisdiction outside Hong Kong or any recognized regulatory body or any stock exchange outside Hong Kong).”

(3) **“THAT**, conditional upon the passing of the Resolutions nos. 5(1) and 5(2) as set out in the notice convening this Meeting, the general mandate granted to the directors of the Company (“Directors”) pursuant to the approval granted under Resolution no. 5(2) above and for the time being in force to exercise the power of the Company to allot shares be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of shares in the capital of the Company which has been repurchased by the Company pursuant to Resolution no. 5(1), provided that such extended amount shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of this Resolution.”

To consider and, if thought fit, passing the following resolution as a Special Resolution of the Company:-

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

(a) by deleting the existing definition of “associates” in Bye-Law 1(A) in its entirety and replacing therewith the following new definition of “associate”:-

““associate”, in relation to any Director, shall have the meaning as ascribed to it in the Listing Rules;”;

(b) by deleting the words “a recognised clearing house within the meaning of section 2 of the Securities and Futures (Clearing Houses) Ordinance (Cap. 420 of the Laws of Hong Kong) or” from the definition of “clearing house” in Bye-Law 1(A);

(c) by adding the following new definition of “Listing Rules” before the existing definition of “month” in Bye-Law 1(A):-

““Listing Rules” shall mean the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.”;

(d) by inserting the words “save for the use of share premium as expressly permitted by the Companies Act,” immediately after the words “share capital or” in Bye-Law 14;

(e) by amending the existing Bye-Law 74 as follows:-

1. By deleting the words “be so demanded and” immediately after the words “Unless a poll” on the first line and replacing them with the words “is required by the Listing Rules or duly demanded and, in the later case, the demand is”; and

2. By inserting the words “or not carried by a particular majority” immediately after the words “a particular majority,” on the third line;

## NOTICE OF ANNUAL GENERAL MEETING

(f) by deleting the words "If a poll is...not taken immediately" on the first line to the sixth line of Bye-Law 75 and replacing therewith the following words:

"A poll required by the Listing Rules or demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken in such manner (including the use of ballot or voting papers or tickets) and either forthwith or at such time (being not later than thirty (30) days after the date of the demand) and place as the Chairman directs. It shall not be necessary (unless the Chairman otherwise directs) for notice to be given of a poll not taken immediately.";

(g) by deleting the existing Bye-Law 86 in its entirety and replacing therewith the following new Bye-Law 86:-

"86. (A) Subject to paragraph (B) of this Bye-Law 86, no objection shall be raised to the qualification of any person exercising or purporting to exercise a vote or the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman, whose decision shall be final and conclusive.

(B) At all times during the Relevant Period (but not otherwise), where any shareholder is, under the Listing Rules, 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 shareholder (whether by way of proxy or, as the case may be, corporate representative) in contravention of such requirement or restriction shall not be counted.";

(h) by amending the existing Bye-Law 110 as follows:-

1. by inserting the words "or the appointment of any of his associates" immediately after the word "appointment" on the second line in paragraph (D);

2. by deleting the existing paragraph (E) in its entirety and replacing therewith the following new paragraph (E):-

"(E) Where arrangements are under consideration concerning the appointment (including the arrangement or variation of the terms thereof, or the termination thereof) of two or more Directors or any of the associate(s) of any such Director(s) to offices or places of profit with the Company or any other company in which the Company is interested, a separate resolution may be put in relation to each Director or, as the case may be, the associate(s) of such Director, and in such case each of the Directors concerned shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment or the appointment of any of his associates (or the arrangement or variation of the terms thereof, or the termination thereof) and (in the case of an office or place of profit with any such other company as aforesaid) where the other company is a company in which the Director and his associates in aggregate own 5 per cent. or more of the issued shares of any class of the voting equity share capital

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of such company or of the voting rights of any class of shares of such company (other than shares which carry no voting rights at general meetings and no or nugatory dividend and return of capital rights).”;

3. by deleting the existing paragraph (G) in its entirety and replacing therewith the following new paragraph (G):-

“(G) If to the knowledge of a Director, he or any of his associates, is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company, he shall declare the nature of his or, as the case may be, his associate(s)’ interest at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest or that of his associate(s) then exists, or in any other case at the first meeting of the Directors 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 to the Directors by a Director to the effect that (a) he or his associate(s) is a shareholder 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 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 associate(s), 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 Directors or the Director takes reasonable steps to secure that it is brought up and read at the next meeting of the Directors after it is given.”;

4. by deleting the existing paragraph (H) in its entirety and replacing therewith the following new paragraph (H):

“(H) A Director shall not vote (nor be counted in the quorum present at the meeting) on any resolution of the Directors approving any contract or arrangement or proposal in which he or any of his associate(s) has a material interest, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for that resolution), but this prohibition shall not apply to any of the following matters namely:-

(i) any contract or arrangement for the giving by the Company of any security or indemnity to the Director or his associate(s) in respect of money lent or obligation undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) any contract or arrangement for the giving by the Company 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 guaranteed or secured or otherwise assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

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(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 concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or an executive or a shareholder or in which the director or his associate(s) is/are beneficially interested in the shares of that company, provided that the Director or any of his associate(s) are not in aggregate beneficially interested in five (5) per cent. or more of the issued shares of any class of such company (or of any third company through which has interest or that of his associates is derived) or of the voting rights of such company;

(v) any proposal or arrangement for the benefit of employees of the Company or its subsidiaries including the adoption, modification or operation of a pension fund or retirement, death or disability benefit scheme or personal pension plan under which a Director, his associate(s) and employees of the Company or of any of its subsidiaries may benefit or relates to Directors, associate(s) of Directors and employees of the Company or of any of its subsidiaries and does not give the Director or his associate(s) any privilege not accorded to the class of persons to whom such scheme or fund relates;

(vi) any proposal or arrangement concerning the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme involving the issue or grant of options over shares or other securities by the Company to, or for the benefit of the employees of the Company or its subsidiaries under which the Director or his associate(s) may benefit; and

(vii) 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 issuer by virtue only of his/their interest in shares or debentures or other securities of the issuer.”;

5. by deleting the existing paragraph (I) in its entirety and replacing therewith the following new paragraph (I):-

“(I) A company shall be deemed to be a company in which a Director and/or his associate(s) own(s) 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

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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 associates as bare or custodian trustee and in which he or such associate(s) has/ have no beneficial interest, any shares comprised in a trust in which the Director's or his associates' interest is in reversion or remainder if and so long as some other person is entitled to receive the income thereof, any shares comprised in an authorised unit trust scheme in which the Director or his associates is interested only as a unit holder, and shares which carry no voting right at general meetings and no or nugatory dividend and return of capital rights.”;

6. by deleting the existing paragraph (J) in its entirety and replacing therewith the following new paragraph (J):-

“(J) Where a company (other than a company which is a wholly owned subsidiary of the Company or a subsidiary or associated company of the Company in the voting equity capital of which neither the Director nor any of his associates has any interests) in which a Director and/or any of his associate(s) hold five (5) per cent. or more is materially interested in a transaction, then that Director shall also be deemed materially interested in such transaction.”;

7. by deleting the existing paragraph (K) in its entirety and replacing therewith the following new paragraph (K):-

“(K) If any question shall arise at any meeting of the Directors as to the materiality of the interest of a Director or any of his associates or as to the entitlement of any Director to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question (unless it relates to the Chairman) shall be referred to the Chairman and his ruling in relation to such Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned or his associate(s) as known to such Director has not been fairly disclosed to the other Directors. If any question as aforesaid shall arise in respect of the Chairman such question shall be decided by a resolution of the Directors (for which purpose the Chairman shall not be counted in the quorum and 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 the Chairman or his associates as known to him has not been fairly disclosed to the other Directors.”; and

8. by inserting the words “or any of his associates” immediately after the words “notwithstanding that he” on the sixth line in paragraph (L);

- (i) by deleting the existing Bye-law 116 in its entirety and replacing therewith the following new Bye-Law 116:-



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“No person, other than a retiring Director, shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any general meeting, unless notice in writing 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 lodged at the Head Office or at the Registration Office and the minimum length of period for lodgement of such notices shall be at least seven (7) days, which shall commence no earlier than 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.”; and

(j) by deleting the words “Special Resolution” and replacing therewith the words “Ordinary Resolution” in the existing Bye-Law 117.”

By Order of the Board  
**Anita Yee**  
*Company Secretary*

Hong Kong, 27 October 2004

Head office and principal place  
of business in Hong Kong  
12th Floor, Railway Plaza  
39 Chatham Road South  
Tsimshatsui  
Kowloon  
Hong Kong

*Notes:*

(1) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote for him. A member who is the holder of two or more shares may appoint more than one proxy. A proxy need not be a member of the Company.

(2) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be lodged with the head office and principal place of business of the Company in Hong Kong at 12th Floor, Railway Plaza, 39 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong not less than 48 hours before the time fixed for holding the Meeting or any adjournment thereof.

(3) The register of members of the Company will be closed from Wednesday, 24 November 2004 to Monday, 29 November 2004, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrars, Hong Kong Registrars Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Tuesday, 23 November 2004.

(4) In relation to the proposed resolution no. 5(1) set out above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase shares of the Company in the circumstances which they deem appropriate for the benefit of the shareholders. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision on whether to vote for or against the resolution as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), will be sent to the members together with the 2004 annual report.

(5) In relation to the proposed resolution no. 5(2) set out above, approval is being sought from the members as a general mandate under the Listing Rules. The Directors wish to state that they have no immediate plans to issue any new shares of the Company.