

## IMPORTANT

**If you are in any doubt** as to any aspect of this document or as to the action you should take, 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 in Arts Optical International Holdings Limited, you should hand this document and the accompanying form of proxy at once to the purchaser or the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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### **ARTS OPTICAL INTERNATIONAL HOLDINGS LIMITED**

**雅視光學集團有限公司\***

(Stock Code: 1120)

*(Incorporated in Bermuda with limited liability)*

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

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The notice convening the Annual General Meeting of Arts Optical International Holdings Limited to be held in Hong Kong on 27th May, 2005 at 3:00 p.m. at which the above proposals will be considered is set out on pages 12 to 15. Whether or not you are able to attend the meeting, please complete and return the accompanying form of proxy in accordance with the instructions printed on it as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting.

\* For identification purpose only

28th April, 2005

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## DEFINITIONS

*In this document the following expressions shall have the following meanings unless the context otherwise requires:—*

“Annual General Meeting”	the Annual General Meeting of the Company to be held on 27th May, 2005 at 3:00 p.m., notice of which is set out on pages 12 to 15 of this document
“associates”	shall have the meaning ascribed to it under the Listing Rules
“Bye-laws”	the bye-laws of the Company
“Company”	Arts Optical International Holdings Limited
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Latest Practicable Date”	20th April, 2005, being the latest practicable date prior to the printing of this document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ordinance”	Companies Ordinance (Cap.32 of the Laws of Hong Kong)
“SFO”	Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong)
“Shareholders”	holders of Shares
“Shares”	shares of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

## LETTER FROM CHAIRMAN



### ARTS OPTICAL INTERNATIONAL HOLDINGS LIMITED

雅視光學集團有限公司\*

(Stock Code: 1120)

(Incorporated in Bermuda with limited liability)

*Directors:*

Mr. NG Hoi Ying, Michael (*Chairman*)

Ms. HUI Pui Woon

Mr. NG Kim Ying

Mr. LEE Wai Chung

Mr. Francis George MARTIN<sup>#</sup>

Mr. WONG Chi Wai<sup>#</sup>

Mr. CHUNG Hil Lan Eric<sup>#</sup>

(<sup>#</sup> independent non-executive directors)

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head Office and Principal Place  
of Business in Hong Kong:*

Unit 308, 3rd Floor

Sunbeam Centre

27 Shing Yip Street

Kwun Tong

Kowloon

Hong Kong

28th April, 2005

*To the Shareholders*

Dear Sir or Madam,

#### 1. INTRODUCTION

The purpose of this document is to give you notice of the Annual General Meeting to be convened for the purpose of considering, and if thought fit, passing resolutions to approve, inter alia, the re-election of the retiring Directors, the general mandates granted to Directors to issue Shares and repurchase Shares and the amendments to the Bye-laws.

#### 2. RE-ELECTION OF THE RETIRING DIRECTORS

According to Bye-law 86(2) of the Bye-laws, any person appointed as a director by the Directors shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. Bye-law 87(1) of the Bye-laws also provides that, at each annual general meeting of the Company, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation provided that the chairman of the board of Directors and/or the managing Director shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year.

\* For identification purpose only

## LETTER FROM CHAIRMAN

Bye-law 87(2) of the Bye-laws further provides that the Director(s) to retire by rotation shall be those who have been longest in office since their last re-election or appointment, and as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Messrs. Wong Chi Wai and Chung Hil Lan Eric were appointed as directors of the Company by the Directors on 15th September, 2004 and 27th September, 2004 respectively. Pursuant to Bye-law 86(2) of the Bye-laws, both Messrs. Wong and Chung shall hold office until the Annual General Meeting of the Company and shall then be eligible for re-election at that meeting.

Pursuant to Bye-laws 87(1) and 87(2) of the Bye-laws, Mr. Ng Kim Ying, who was appointed as a director of the Company in the annual general meeting of the Company in 2002, shall also retire and be eligible for re-election as a director in the Annual General Meeting.

In addition, pursuant to Code A4.1 of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, non-executive directors should be appointed for a specific term, and subject to re-election. Mr. Francis George Martin was re-elected as an independent non-executive director of the Company in the annual general meeting of the Company in 2004. No terms have been fixed or proposed for Mr. Martin's length of service with the Company, although he is subject to retirement by rotation and re-election at an annual general meeting of the Company in accordance with the Bye-laws. In order to fully comply with the requirements as set out in Code A4.1 of the Code on Corporate Governance Practices, Mr. Martin will retire as a director at the Annual General Meeting, but will offer himself for re-election as a director for a term of not more than three years and subject to the retirement by rotation in accordance with the Bye-laws.

The details and brief biography of Messrs. Wong Chi Wai, Chung Hil Lan Eric, Ng Kim Ying and Francis George Martin are set out below:

Mr. Wong Chi Wai, aged 39, an independent non-executive director of the Company, is a Certified Public Accountant (Practising) in Hong Kong and an associate member of The Institute of Chartered Accountants in England and Wales. Mr. Wong has also been admitted as a barrister of the High Court of Hong Kong since 1998. Mr. Wong has over 16 years of experience in the accountancy profession and he currently is the owner of a certified public accountants firm, a senior consultant of another certified public accountants firm and an adviser to a law firm. Mr. Wong is an independent non-executive director of each of Bonjour Holdings Limited and Kin Yat Holdings Limited. Except as disclosed, Mr. Wong did not hold any directorship in other listed public companies in the last three years. He joined the Group in 2004 and has not entered in to any service contract with the Group since then. The proposed term of office for Mr. Wong shall not be more than 3 years and is subject to retirement by rotation in accordance with the Company's Bye-laws. Mr. Wong does not have any interests in the Shares within the meaning of Part XV of the SFO nor is he related to any director, senior management or substantial or controlling shareholder of the Company. The emoluments paid by the Group to Mr. Wong for the year ended 31st December, 2004 amounted to HK\$40,000, and was determined by the remuneration committee benchmarked against comparable companies in Hong Kong.

## LETTER FROM CHAIRMAN

Mr. Chung Hil Lan Eric, aged 40, an independent non-executive director of the Company, is a Certified Public Accountant (Practising) in Hong Kong and a fellow member of The Association of Chartered Certified Accountants. He holds a Bachelor degree in Social Sciences from the University of Hong Kong. Mr. Chung has over 17 years of experience in the accountancy profession and he currently is the owner of a certified public accountants firm. Mr. Chung did not hold any directorship in other listed public companies in the last three years. He joined the Group in 2004 and has not entered into any service contract with the Group since then. The proposed term of office for Mr. Chung shall not be more than 3 years and is subject to retirement by rotation in accordance with the Company's Bye-laws. Mr. Chung does not have any interests in the Shares within the meaning of Part XV of the SFO nor is he related to any director, senior management or substantial or controlling shareholder of the Company. The emoluments paid by the Group to Mr. Chung for the year ended 31st December, 2004 amounted to HK\$40,000 and was determined by the remuneration committee benchmarked against comparable companies in Hong Kong.

Mr. Ng Kim Ying, aged 49, is an executive director of the Company. Mr. Ng Kim Ying joined the Group in 1985 and is responsible for the implementation and application of information technology to the business of the Group. He has 20 years of experience in the optical products industry. Mr. Ng did not hold any directorship in other listed public companies in the last three years. The proposed term of office for Mr. Ng shall not be more than 3 years and is subject to retirement by rotation in accordance with the Company's Bye-laws. Mr. Ng's interests in the Shares within the meaning of Part XV of the SFO are more particularly set out in the explanatory statement in the Appendix. Mr. Ng Kim Ying is the brother of Mr. Ng Hoi Ying, Michael, the chairman of the Company and the brother-in-law of Ms. Hui Pui Woon, a director of the Company. Save as disclosed herein, Mr. Ng Kim Ying has no relationship with any director, senior management or substantial or controlling shareholder of the Company. The emoluments paid by the Group to Mr. Ng for the year ended 31st December, 2004 amounted to HK\$385,403, and was determined by the remuneration committee benchmarked against comparable companies in Hong Kong.

Mr. Francis George Martin, aged 64, is an independent non-executive director of the Company. He was formerly the President of the American Chamber of Commerce in Hong Kong and the President and Chief Executive of Security Pacific Asian Bank. Mr. Martin joined the Group in 1996 and has over 37 years of experience in the financial services industry. He was awarded the "Silver Bauhinia Star" by the Government of the Hong Kong Special Administrative Region and the "To Peace and Commerce" medal by the United States Department of Commerce in 2002 and 2005 respectively. Mr. Martin did not hold any directorship in other listed public companies in the last three years. The proposed term of office for Mr. Martin shall not be more than 3 years and is subject to retirement by rotation in accordance with the Company's Bye-laws. Mr. Martin does not have any interests in the Shares within the meaning of Part XV of the SFO nor is he related to any director, senior management or substantial or controlling shareholder of the Company. The emoluments paid by the Group to Mr. Martin for the year ended 31st December, 2004 amounted to HK\$144,000, and was determined by the remuneration committee benchmarked against comparable companies in Hong Kong.

## LETTER FROM CHAIRMAN

### 3. GENERAL MANDATES

At the annual general meeting of the Company held on 27th May, 2004, ordinary resolutions were passed to give general mandates to the Directors to issue and repurchase Shares. Under the terms of the Ordinance and the Listing Rules, these general mandates lapse at the conclusion of the Annual General Meeting.

Resolutions set out as Resolutions no. 5 and no. 6 in the notice of the Annual General Meeting will be proposed at the Annual General Meeting to grant to Directors general mandates:

- (i) to repurchase Shares the aggregate amount of which do not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the Annual General Meeting; and
- (ii) to allot, issue and deal with Shares not exceeding:
  - (a) in the case of an allotment and issue of Shares for cash (other than an allotment and issue of Shares pursuant to a rights issue), 5% of the aggregate nominal amount of the share capital in issue as at the Annual General Meeting; and
  - (b) in the case of an allotment and issue of Shares other than for cash, 20% of the aggregate nominal amount of the share capital in issue as at the Annual General Meeting (less Shares (if any) issued pursuant to the general mandate granted pursuant to sub-paragraph (a) above),

provided that, in any event, no Shares shall be allotted and issued pursuant to this general mandate if the relevant price represents a discount of 5% or more to the Benchmarked Price of the Shares.

For the avoidance of doubt, the total number of Shares to be issued pursuant to the general mandate granted to the Directors under Resolution no. 6 shall not exceed 20% of the aggregate nominal amount of the share capital in issue as at the Annual General Meeting.

For the purposes of these resolutions, the “**Benchmarked Price**” shall be a price which is the higher of:

- (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of signing of the agreement to which the transaction relates; and
- (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet in the five trading days immediately prior to the earlier of:
  - (a) the date of signing of the agreement to which the transaction relates; or
  - (b) the date on which the relevant transaction is announced; or
  - (c) the date on which the price of the Shares to be issued pursuant to the transaction is fixed.

## LETTER FROM CHAIRMAN

With reference to these resolutions, the Directors wish to state that they have no immediate plans to repurchase any Shares or to issue any new Shares pursuant to the relevant mandates.

The explanatory statement required by the Listing Rules to be sent to Shareholders in connection with the proposed repurchase resolution is set out in the appendix to this document. This contains all the information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the resolution.

#### **4. AMENDMENTS TO THE BYE-LAWS**

The Stock Exchange has recently amended the Listing Rules by replacing the Code of Best Practice in Appendix 14 by a new Code on Corporate Governance Practices. Subject to certain transitional arrangements, the amendments took effect on 1st January, 2005. Code A4.2 of the Code on Corporate Governance Practices provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

To ensure compliance with the Code provisions of Code on Corporate Governance Practices, a special resolution will be proposed at the Annual General Meeting to amend the Bye-laws.

#### **5. ANNUAL GENERAL MEETING**

The notice convening the Annual General Meeting proposed to be held at Conference Room – Cherry, Hotel Inter-Continental Hong Kong, 18 Salisbury Road, Kowloon, Hong Kong on 27th May, 2005 at 3:00 p.m. is set out on pages 12 to 15. At the Annual General Meeting:

- (i) Resolution no. 3 will be proposed as an ordinary resolution to re-elect Messrs. Wong Chi Wai, Chung Hil Lan Eric, Ng Kim Ying and Francis George Martin as Directors and to authorise the remuneration committee to fix the Directors' remuneration.
- (ii) Resolution no. 5 will be proposed as an ordinary resolution to give a general mandate to the Directors for the repurchase of Shares.
- (iii) Resolution no. 6 will be proposed as an ordinary resolution to give a general mandate to the Directors to allot, issue and deal with Shares.
- (iv) Resolution no. 7 will be proposed as a special resolution to approve the amendments to the Bye-laws.

A form of proxy for use at the Annual General Meeting is enclosed. Whether or not you are able to attend the meeting, please complete the accompanying form of proxy in accordance with the instructions printed on it and return the same to the Company's share registrars in Hong Kong, Secretaries Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event so as to be received not less than 48 hours before the time appointed for holding the meeting. Completion and delivery of the form of proxy will not prevent you from attending and voting at the Annual General Meeting if you so wish.



## LETTER FROM CHAIRMAN

### 6. CORPORATE GOVERNANCE

Pursuant to Bye-law 66 of the Bye-laws, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (i) by the chairman of such 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 a 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 Shareholders having the right to vote at the meeting; or
- (iv) by a 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 shares conferring that right.

The Group places a high priority on corporate governance. The board of Directors wishes to enhance the policy of one-share-one-vote and therefore the Chairman of the meeting will demand that all resolutions shall be decided by way of poll at the forthcoming Annual General Meeting.

The Company will publish an announcement of the results of the proposed resolutions on the next business day following the Annual General Meeting.

### 7. RECOMMENDATIONS

The Directors believe that the re-election of the retiring Directors, the general mandates to repurchase Shares and to issue new Shares and the amendments to the Bye-laws are in the interests of the Company and Shareholders and accordingly recommend you to vote in favour of all the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully,  
**Ng Hoi Ying, Michael**  
*Chairman*

This is the explanatory statement, as required by the relevant rules set out in the Listing Rules to be sent to the Shareholders in connection with the proposed general mandate for the repurchase of Shares.

### **SHARE REPURCHASE PROPOSAL**

The resolution set out as Resolution no. 5 in the notice convening the Annual General Meeting which will be proposed as an ordinary resolution at the Annual General Meeting relates to the granting of a general mandate to the Directors to repurchase on the Stock Exchange Shares representing up to 10% of the Shares in issue at the date of such resolution. As at the Latest Practicable Date, the issued share capital of the Company comprised 379,130,000 Shares. On the basis that no further Shares are issued and no Shares to be repurchased by the Company prior to the date of such resolution the Directors would be authorised to repurchase up to a maximum of 37,913,000 Shares.

### **REASONS FOR REPURCHASES**

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

### **FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum of Association and Bye-laws and the laws of Bermuda. The laws of Bermuda provide that the amount of capital repaid in connection with a share repurchase may only be paid out of either the paid-up share capital, or the profits that would otherwise be available for dividends or the proceeds of a fresh issue of shares made for that purpose. The premium payable on a repurchase may only be paid out of either the profits that would otherwise be available for dividends or out of the share premium or contributed surplus accounts of the Company. It is envisaged that any such repurchase of Shares would be appropriately financed by the Company's distributable profits.

In the event that the proposed Share repurchases were to be carried out in full at any time during the proposed repurchase period, there could be a material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited consolidated accounts contained in the annual report for the year ended 31st December, 2004 which is despatched to the Shareholders together with this document. 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 its gearing levels which in the opinion of the Directors is from time to time appropriate for the Company.

## GENERAL

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, the exercise of the power of the Company to make repurchases pursuant to the general mandate will be in accordance with the Listing Rules and the applicable laws of Bermuda.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates have a present intention, in the event that the general mandate is granted by the Shareholders, to sell Shares to the Company.

No connected person (as defined in the Listing Rules) has notified the Company that it has a present intention to sell Shares held by it to the Company, or has undertaken not to do so, in the event that the general mandate is granted by the Shareholders.

At the Latest Practicable Date, the following parties were recorded in the register required to be kept by the Company under Section 336 of the SFO as being directly or indirectly interested in 5% or more of the issued share capital of the Company:

### 1. Shares in the Company (Long Position)

Name	Personal interests	Number of shares held			Total	Percentage of issued share capital	Percentage if Share repurchases were carried out in full
		Family interests	Other interests	Corporate interests			
Ng Hoi Ying, Michael	1,836,000	36,682,000 (Note a)	151,000,000 (Note b)	–	189,518,000	49.99%	55.54%
Hui Pui Woon	36,682,000	152,836,000 (Note c)	–	–	189,518,000	49.99%	55.54%
Templeton Asset Management Ltd.	–	–	–	29,270,000 (Note d)	29,270,000	7.72%	8.58%
Templeton International, Inc.	–	–	–	29,270,000 (Note d)	29,270,000	7.72%	8.58%
Templeton Worldwide, Inc.	–	–	–	29,270,000 (Note d)	29,270,000	7.72%	8.58%
Franklin Resources, Inc.	–	–	–	29,270,000 (Note d)	29,270,000	7.72%	8.58%
David Michael Webb	1,570,000	–	–	18,078,000	19,648,000	5.18%	5.76%
Ng Kim Ying	450,000	–	18,500,000 (Note e)	–	18,950,000	5.00%	5.55%

Notes:

(a) The shares are owned by Ms. Hui Pui Woon, the wife of Mr. Ng Hoi Ying, Michael.

- (b) These shares are held by Ratagan International Company Limited (“Ratagan”). The entire issued share capital of Ratagan is held by Trustcorp Limited as trustee of The Arts 1996 Trust, a discretionary trust, the beneficiaries of which include Mr. Ng Hoi Ying, Michael and his family members.
- (c) 1,836,000 shares and 151,000,000 shares are respectively held by Mr. Ng Hoi Ying, Michael, the husband of Ms. Hui Pui Woon, and Ratagan.
- (d) Templeton Asset Management Ltd. is wholly owned by Templeton International, Inc. which is wholly owned by Templeton Worldwide, Inc.. Templeton Worldwide, Inc. is wholly owned by Franklin Resources, Inc.. Hence, Templeton International, Inc., Templeton Worldwide, Inc. and Franklin Resources, Inc. are deemed to be interested in the same parcel of 29,270,000 shares held by Templeton Asset Management Ltd. under Part XV of the SFO.
- (e) These shares are held by Universal Honour Developments Limited (“Universal Honour”). The entire issued share capital of Universal Honour is held by Trustcorp Limited as trustee for The Optical 2000 Trust, a discretionary trust, the beneficiaries of which include Mr. Ng Kim Ying and his family members.

## 2. Underlying Shares in the Company (Share Options)

Name	Number of share options outstanding	Percentage of issued share capital	Percentage of issued share capital if Share repurchases were carried out in full
Ng Hoi Ying, Michael	1,020,000	0.27%	0.30%
	(Note)		
Ng Kim Ying	300,000	0.08%	0.09%
	(Note)		

*Note:* All share options outstanding at the Latest Practicable Date were granted on 7th July, 2000 under the share option scheme adopted pursuant to an ordinary resolution of the shareholders of the Company passed on 24th October, 1996 and exercisable pursuant to a vesting scale between 7th July, 2000 and 23rd October, 2006 at an exercise price of HK\$0.88 per share. The consideration paid for the options granted was HK\$1.

If as a result of a Share repurchase a Shareholder’s proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”). As a result, a Shareholder, or a group of Shareholders acting in concert (depending on the level of increase of Shareholders’ interests) 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. The Directors are not aware of any shareholders, or group of shareholders acting in concert, who may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code in the event that the Directors exercise the powers to repurchase Shares pursuant to the repurchase mandate.

## SECURITIES PURCHASES MADE BY THE COMPANY

No purchase has been made by the Company of its Shares on the Stock Exchange in the six months prior to the Latest Practicable Date.

**SHARE PRICES**

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

<b>Month</b>	<b>Highest <i>HK\$</i></b>	<b>Lowest <i>HK\$</i></b>
April 2004	2.850	2.600
May 2004	2.850	2.350
June 2004	2.550	2.375
July 2004	2.775	2.475
August 2004	2.625	2.500
September 2004	2.800	2.550
October 2004	2.700	2.550
November 2004	2.650	2.500
December 2004	2.700	2.525
January 2005	2.700	2.525
February 2005	3.000	2.675
March 2005	2.950	2.825
April 2005 (up to Latest Practicable Date)	3.000	2.725

# NOTICE OF ANNUAL GENERAL MEETING



## ARTS OPTICAL INTERNATIONAL HOLDINGS LIMITED

雅視光學集團有限公司\*

(Stock Code: 1120)

(Incorporated in Bermuda with limited liability)

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Arts Optical International Holdings Limited (the “**Company**”) will be held at Conference Room – Cherry, Hotel Inter-Continental Hong Kong, 18 Salisbury Road, Kowloon, Hong Kong on 27th May, 2005 at 3:00 p.m. for the following purposes:

### AS ORDINARY BUSINESS

1. To receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31st December, 2004.
2. To declare a final dividend for the year ended 31st December, 2004.
3. To re-elect Messrs. Wong Chi Wai, Chung Hil Lan Eric, Ng Kim Ying and Francis George Martin as Directors for a term of not more than 3 years and subject to their retirement by rotation in accordance with the Company’s Bye-laws and to authorise the Remuneration Committee to fix the Directors’ remuneration.
4. To re-appoint Deloitte Touche Tohmatsu as Auditors and to authorise the Board of Directors to fix their remuneration.

### AS SPECIAL BUSINESS

5. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to paragraph (b) below of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company, 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 as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares to be repurchased by the Company pursuant to the approval in paragraph (a) above of this resolution shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of this resolution and the said approval shall be limited accordingly; and

\* For identification purpose only

## NOTICE OF ANNUAL GENERAL MEETING

- (c) 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 laws of Bermuda or the Bye-laws of the Company to be held; or
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

6. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to paragraph (c) below of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options which would or might require the allotment of such shares, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above of this resolution shall authorise the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements or options which would or might require the allotment of such shares after the end of the Relevant Period (as hereinafter defined);
- (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 of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares as scrip dividends pursuant to the Bye-laws of the Company from time to time; (iii) an issue of shares under any 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 rights to subscribe for shares in the Company, shall not exceed:
  - (A) in the case of an allotment and issue of shares for cash, 5% of the aggregate nominal amount of the share capital in issue at the date of this resolution; and

## NOTICE OF ANNUAL GENERAL MEETING

- (B) in the case of an allotment and issue of shares other than for cash, 20% of the aggregate nominal amount of the share capital in issue at the date of this resolution (less shares (if any) issued pursuant to the general mandate granted pursuant to sub-paragraph (A) of this resolution),

provided that, in any event, no shares shall be allotted and issued by the Directors pursuant to the approval granted under this resolution if the relevant price represents a discount of 5% or more to the Benchmarked Price (as hereinafter defined) of the shares, and the said approval shall be limited accordingly; and

- (d) for the purposes of this resolution,

**“Benchmarked Price”** shall be a price which is the higher of:

- (i) the closing price of the shares of the Company as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited on the date of signing of the agreement to which the transaction relates; and
- (ii) the average closing price of the shares of the Company as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited in the five trading days immediately prior to the earlier of:
  - (A) the date of signing of the agreement to which the transaction relates; or
  - (B) the date on which the relevant transaction is announced; or
  - (C) the date on which the price of the shares of the Company to be issued pursuant to the transaction is fixed.

**“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 laws of Bermuda or the Bye-laws of the Company to be held; or
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.



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“**Rights Issue**” means an offer of shares open for a period fixed by the Directors to the holders of shares on the register of members on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions 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 the requirements of any recognised regulatory body or any applicable stock exchange).”

7. To consider and, if thought fit, pass the following resolution as a special resolution:

“**THAT** the Bye-laws of the Company be and are hereby amended by substituting bye-law 87(1) with the following new bye-law 87(1):

“(1) Notwithstanding any other provisions in the Bye-laws, at each annual general meeting one-third of the Directors for the time being (or, if this number is not a multiple of three (3), the number nearest to but not less than one-third shall retire from office by rotation. A director retiring at a meeting shall retain office until the close of the meeting.””

By order of the Board  
**Lee Wai Chung**  
*Company Secretary*

Hong Kong, 28th April, 2005

*Notes:*

- (1) At the Annual General Meeting, the Chairman of the meeting will exercise his power under Bye-law 66 of the Company’s Bye-laws to put all of the above resolutions to the vote by way of poll.
- (2) Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
- (3) 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 certified copy thereof must be lodged with the Company’s share registrars in Hong Kong, Secretaries Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting, or any adjournment thereof.
- (4) The register of members of the Company will be closed from 24th May, 2005 to 27th May, 2005 (both days inclusive), during which period no transfers of shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s share registrars in Hong Kong, Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 23rd May, 2005 in Hong Kong.
- (5) An explanatory statement containing further details regarding resolution no. 5 above will be sent to Shareholders together with the annual report of the Company for the year ended 31st December, 2004.