

**If you are in 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 Lam Soon (Hong Kong) Limited, you should at once hand this document and the accompanying form of proxy to the purchaser or to the bank or stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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

---



## **LAM SOON (HONG KONG) LIMITED**

*(Incorporated in Hong Kong with limited liability)*

### **PROPOSALS RELATING TO GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES AND ADOPTION OF NEW SHARE OPTION SCHEME AND NOTICE OF ANNUAL GENERAL MEETING**

---

A notice convening the 2003 Annual General Meeting of Lam Soon (Hong Kong) Limited to be held on Friday, 23rd May 2003 at 11:00 a.m. at 3rd Floor, Lam Soon Building, 21 Dai Fu Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong is set out on pages 15 to 18 of the document which, among others, the above proposals will be considered, is included in this document.

Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

---

## CONTENTS

---

	<i>Pages</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	3
<b>Appendix I: Explanatory Statement</b> .....	7
<b>Appendix II: Summary of the Principal Terms of the New Share Option Scheme</b> .....	10
<b>Notice of Annual General Meeting</b> .....	15

---

## DEFINITIONS

---

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

“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held on 23rd May 2003
“Articles of Association”	the Articles of Association of the Company
“associate”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Company” or “Lam Soon”	Lam Soon (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability
“Companies Ordinance”	Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Director(s)”	the director(s) of the Company
“Eligible Employee”	any director or employee of the Company or any of its subsidiaries or associated companies
“Existing Share Option Scheme”	means the existing share option scheme of the Company adopted on 26th May 2000 in general meeting by ordinary resolution
“Grantee(s)”	means, unless otherwise provided in the New Share Option Scheme, any Eligible Employee(s) who accepts an offer of the grant of an option in accordance with the terms of the New Share Option Scheme
“Group”	the Company and its subsidiaries
“Latest Practicable Date”	23rd April 2003, being the latest practicable date before the printing of this document for ascertaining certain information
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

---

## DEFINITIONS

---

“New Share Option Scheme”	the share option scheme proposed to be adopted by the Company in its AGM pursuant to ordinary resolution no. 8 as set out in the notice of AGM, a summary of which is contained in this document
“Shareholders”	holders of Shares
“Shares”	the existing ordinary shares of HK\$1.00 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

---

## LETTER FROM THE BOARD

---



### LAM SOON (HONG KONG) LIMITED

*(Incorporated in Hong Kong with limited liability)*

*Directors:*

Whang Tar Choung, *Chairman*

Ng Ping Kin, Peter, M.Sc., J.P., *Vice Chairman* \*

Tsao Chen, James, *Group Managing Director*

Whang Sun Tze, Ph.D.

Lo Kwong Chi, Clement \*

Kwek Leng Hai

Tan Lim Heng

James Eng, Jr

Tsang Cho Tai \*

Ho King Cheung

Leung Wai Fung

Takagi Shigeyoshi \*

Yong Weng Chye

— *alternate director to Whang Tar Choung*

Ohashi Kota

— *alternate director to Takagi Shigeyoshi*

\* *Independent Non-Executive Director*

*Registered Office:*

21 Dai Fu Street

Tai Po Industrial Estate

Tai Po

New Territories

Hong Kong

25th April 2003

*To the Shareholders of Lam Soon (Hong Kong) Limited*

Dear Sir or Madam,

**PROPOSALS RELATING TO GENERAL MANDATES TO  
ISSUE AND TO REPURCHASE SHARES AND  
ADOPTION OF NEW SHARE OPTION SCHEME AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this document is to provide you with information in respect of resolutions to be proposed at the Annual General Meeting for (i) the granting of general mandates to the

---

## LETTER FROM THE BOARD

---

Directors to issue Shares; (ii) the Company to repurchase its own Shares on the Stock Exchange in accordance with the terms and conditions set out in this document; (iii) the adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme.

### **GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**

At the Annual General Meeting of the Company held on 26th February 2002, ordinary resolutions were passed granting general mandates to the Directors (i) to repurchase Shares of the Company on the Stock Exchange of up to 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at 26th February 2002; and (ii) to allot, issue and otherwise deal with new Shares up to a limit equal to (a) 20 per cent. of the aggregate nominal amount of the issued share capital of the Company in issue as at 26th February 2002, plus (b) those Shares not exceeding 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at 26th February 2002 that are repurchased by the Company.

Under their respective terms, these general mandates will lapse at the conclusion of the Annual General Meeting for 2003, unless renewed at that meeting. Resolutions will be proposed to renew these mandates. An 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 I to this document.

### **ADOPTION OF THE NEW SHARE OPTION SCHEME AND TERMINATION OF EXISTING SHARE OPTION SCHEME**

In view of the amendments to Chapter 17 of the Listing Rules in relation to the share option schemes of issuers listed on the Stock Exchange and their subsidiaries, which came into effect on 1st September 2001, the Directors propose to recommend to Shareholders at the Annual General Meeting to approve the adoption of the New Share Option Scheme and simultaneously terminate the Existing Share Option Scheme.

The Existing Share Option Scheme was adopted on 26th May 2000. As at the Latest Practicable Date, the Company had granted 3,950,000 options to certain Directors and employees of the Company pursuant to the Existing Share Option Scheme. Out of those granted options, no options have been exercised, lapsed or cancelled. The Board intends that no further options will be granted under the Existing Share Option Scheme after the Latest Practicable Date.

It is contemplated that the Existing Share Option Scheme will be terminated and the New Share Option Scheme be adopted on the Annual General Meeting. Options granted and not yet exercised under the Existing Share Option Scheme will however remain effective and are bound by the terms of the Existing Share Option Scheme.

---

## LETTER FROM THE BOARD

---

The Directors believe that the Group's ability to attract high calibre and talented employees is fundamental to its success. In view of this, the Directors are pleased to propose the adoption of the New Share Option Scheme, which is intended to provide executives of the Company (including the Directors) with the opportunity of participating in the growth and success of the Company. As the granting of options may be subject to performance targets laid down by the Directors from time to time and the exercise price of the options is expected to be set at a level which reflects generally the share price of the Company at the time of grant of the options, the Directors believe that the New Share Option Scheme will provide adequate incentives to employees of the Company for advancing their performance.

According to the New Share Option Scheme, the Directors may at any time that in their absolute discretion offer to grant options to Eligible Employees subject to such conditions as they may think fit, including the performance targets must be achieved before the option can be exercised and the basis for determination of the exercise price. Such conditions and basis will serve to enhance the value of the Company as well as to achieve the purpose of the New Share Option Scheme.

In order for the exercise of options to be effective, the Grantees should fulfill the prescribed performance targets and contribution criteria such as to achieve certain level of profit as confirmed by the Directors within the option period. Unless the Board otherwise determine, there is no minimum period for which an option must be held before it can be exercised under the New Share Option Scheme.

The New Share Option Scheme is conditional upon:—

1. the passing by Shareholders (excluding the employees to whom or for the benefit of whom securities may be issued under the New Share Option Scheme) at the AGM of an ordinary resolution approving the New Share Option Scheme;
2. the Listing Committee of the Stock Exchange approving (i) the granting of options to subscribe for Shares under the New Share Option Scheme and (ii) the granting of the listing of, and permission to deal in, any Shares which may fall to be issued upon the exercise of options granted under the New Share Option Scheme.

The New Share Option Scheme will remain in force for a period of ten years commencing on the date on which the above item 1 is fulfilled and conditional upon the above item 2 (i) and (ii) is fulfilled and on such approvals by the Listing Committee of the Stock Exchange being granted not later than three months after the above item 1 fulfilled.

A summary of the principal terms of the New Share Option Scheme is set out in Appendix II to this document. A copy of the New Share Option Scheme will be available for inspection at the Company's registered office at 21 Dai Fu Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong during normal business hours from 9:00 a.m to 5:00 p.m. up to and

---

## LETTER FROM THE BOARD

---

including the date of the Annual General Meeting. An announcement as to whether the New Share Option Scheme has been adopted by Shareholders in the Annual General Meeting will be made on the business day following the meeting.

The Directors consider that it is not appropriate to state the value of all options that can be granted pursuant to the New Share Option Scheme as if they had been granted at the Latest Practicable Date. It would be misleading to the Shareholders if the valuation of the options would be subject to number of assumptions that would be subjective and uncertain.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the granting of options to subscribe for Shares under the New Share Option Scheme and for the listing of, and permission to deal in, Shares which may fall to be issued on the exercise of the options that may be granted under the New Share Option Scheme.

### RESPONSIBILITY STATEMENT

This document includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

### ANNUAL GENERAL MEETING

A notice of the AGM of the Company for 2003 is set out on pages 15 to 18 of this document. A form of proxy is enclosed with this document for use at the AGM. Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return it to the registered office of the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the AGM. The completion of a form of proxy and its return to the Company will not preclude you from attending and voting at the AGM in person if you so wish.

### RECOMMENDATION

The Directors believe that the general mandates and the proposed adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme are all in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend you to vote in favour of all the resolutions in respect of the general mandates and New Share Option Scheme to be proposed at the AGM.

Yours faithfully,  
**Whang Tar Choung**  
*Chairman*



*The following is the explanatory statement required to be sent to Shareholders pursuant to the Listing Rules in connection with the proposed general mandate for repurchase of shares and also constitutes the memorandum required under section 49BA of the Companies Ordinance. References in this statement to “Share(s)” mean(s) ordinary share(s) of HK\$1.00 each in the capital of the Company.*

## **1. SHARE CAPITAL**

As at 23rd April 2003, the Latest Practicable Date for determining such figure, the number of Shares in issue was 243,354,165 Shares. On the basis of such figure (and assuming no further Shares will be issued or repurchased after the Latest Practicable Date and up to the date of passing of such resolution), exercise in full of the general repurchase mandate would result in the repurchase of 24,335,416 Shares.

## **2. REASONS FOR REPURCHASE**

The Directors of the Company (“Directors”) believe that a general authority from Shareholders to repurchase Shares is in the interests of the Company and its shareholders. Such repurchases may, depending on the circumstances, result in an increase in net assets and/or earnings per Share. The Directors are seeking the grant of a general mandate to repurchase Shares to give the Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time, having regard to the circumstances then prevailing.

## **3. FUNDING OF REPURCHASES**

It is envisaged that the funds required for any repurchase would be derived from the distributable profits of the Company legally available for such purpose in accordance with the Company’s Articles of Association and the laws of Hong Kong Special Administrative Region.

There could be an adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its most recent published audited accounts which is for the year ended 31st December 2001) in the event that the general repurchase mandate was exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the general repurchase mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or the gearing level which, in the opinion of the Directors, is from time to time appropriate for the Company.

#### 4. DIRECTORS AND CONNECTED PERSONS

There are no Directors or (to the best of the knowledge of the Directors, having made all reasonable enquiries) any of their associates (as defined in the Listing Rules) who have a present intention, in the event that the general repurchase mandate is granted by Shareholders, to sell Shares to the Company.

The Company has not been notified by any connected persons of the Company that they have a present intention to sell any Shares, or that they have undertaken not to sell any Shares held by them to the Company in the event that the general repurchase mandate is granted by Shareholders.

#### 5. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to any general repurchase mandate in accordance with the Listing Rules and the laws of Hong Kong Special Administrative Region.

#### 6. EFFECT OF THE HONG KONG CODE ON TAKEOVERS AND MERGERS

If as the result of a repurchases of Shares, any increase in a shareholder's proportionate interest in the voting rights of the Company would be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Takeover Code"). A shareholder, or group of shareholders acting in concert, could, depending upon the level of increase in their shareholding interest(s), become obliged to make a mandatory offer for Shares in accordance with the Takeover Code, if as a result of such acquisition, he or the group obtained or consolidated control of the Company.

As at the Latest Practicable Date, Mr Whang Tar Choung and his family members and their respective associates (together "TC Whang Family") in aggregate beneficially held 50,405,988 Shares representing approximately 20.71 per cent. of the issued share capital of the Company, Guoinvest International Limited ("Guoinvest") beneficially held 94,615,248 Shares, representing approximately 38.88 per cent. of the issued share capital of the Company. Under rule 26 of the Takeover Code, TC Whang Family and Guoinvest are parties acting in concert pursuant to the shareholders' agreement and the supplemental agreement both dated 27th May 1997. The combined shareholdings of TC Whang Family and Guoinvest and parties acting in concert with them (the "Concert Group") amounted to 145,021,236 Shares representing 59.59 per cent. of the issued share capital of the Company as at Latest Practicable Date. And that Hap Seng Consolidated Berhad ("Hap Seng") beneficially held 29,444,411 Shares, representing approximately 12.10 per cent. of the issued share capital of the Company as at such date.

On the basis of the above figures, exercise in full of the general repurchase mandate would result in aggregate shareholding of the Concert Group in the Company being increased to approximately 66.21 per cent. and Hap Seng’s interest in the Company’s issue share capital being increased to 13.44 per cent. respectively. The Directors are not aware of any general offer obligation which would arise under the Takeover Code as a result of any purchases made under the general repurchase mandate. In any event, the proposed general mandate for repurchase of Shares will be exercised only if the number of Shares held by the public would not fall below 25 per cent.

7. SHARE REPURCHASE MADE BY THE COMPANY

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

8. SHARE PRICE

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

	Highest (HK\$)	Lowest (HK\$)
<b>2002</b>		
April	2.450	2.100
May	2.575	2.400
June	2.825	2.450
July	2.550	2.400
August	2.575	2.475
September	2.500	2.400
October	2.400	2.200
November	2.500	2.300
December	2.500	2.300
<b>2003</b>		
January	2.350	2.000
February	2.500	2.100
March	2.300	2.100

*The following is a summary of the New Share Option Scheme. It does not form part of the New Share Option Scheme and does not affect the interpretation of it. Defined terms have the same meaning given to them in the New Share Option Scheme.*

**1. PURPOSE**

The purpose of the Scheme is to motivate Eligible Employees and to allow them to participate in the growth of the Company.

**2. ELIGIBILITY**

Any director or employee of the Company or any of its subsidiaries and any employees of any of its associated companies.

**3. GRANT OF OPTION**

The Directors may at their absolute discretion and subject to such conditions as they may think fit (including performance targets laid down by the Directors from time to time) offer to grant options to Eligible Employees to subscribe for the Shares at any time within a period of ten years commencing on the date of grant of such options and expiring at the close of business on the tenth anniversary of the date of grant in respect of such option.

**4. OPTION PRICE**

The option price per Share payable on the exercise of an option as determined by the Directors and being not less than the higher of (a) the average closing price of a Share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the day of offer of such option; (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the day of offer of such option, which must be a business day.

**5. ACCEPTANCE OF OFFERS OF OPTION**

Acceptance of offers to grant an Option shall be sent in writing together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant and must be received by the Secretary of the Company within 21 days inclusive of, and from, the date of the making of such offer. An offer of the grant of an option not accepted within the said period of 21 days shall lapse.

**6. EXERCISE OF OPTIONS**

No option may be exercised later than ten years after it has been granted and no option may be granted more than ten years after the date on which the Scheme is adopted by the Company in general meeting. If the grantee of an option ceases to be an Eligible Employee under the New Scheme (i) by reason of his or her ill health, injury, disability, or death (all evidenced to the satisfaction of the Directors), the Grantee or (as the case may be) his or her personal representative(s) may exercise the options within a period of six months thereafter, failing which any such options not so exercised shall lapse; and (ii) if the Grantee of an option ceases to be an Eligible Employee for any other reason, his or her option will thereupon lapse.

**7. RIGHTS ATTACHING TO SHARES**

A Share allotted upon the exercise of an option shall not carry voting rights until completion of the registration of the option holder (or any other person) as the holder thereof. If under the terms of a resolution passed or an announcement made by the Company prior to the date of exercise of an option, a dividend is to be or is proposed to be paid to holders of Shares on the register on a date prior to such date of exercise, the Shares to be issued upon such exercise will not rank for such dividend. Subject as aforesaid, Shares allotted upon the exercise of an option shall rank *pari passu* in all respects with the Shares in issue on the date of such exercise and will be subject to all the provisions of the Memorandum and Articles of Association of the Company for the time being in force.

**8. LIMITS OF THE SCHEME**

The Company can grant options so that the total number of Shares that may be issued upon exercise of all options to be granted under all the share option schemes does not in aggregate exceed 10 per cent. of the Shares in issue on the date of adoption of the scheme in general meeting. The Company may renew this limit at any time, subject to shareholders' approval and the issue of a circular provided that the limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes does not exceed 30 per cent. of the Shares in issue from time to time. The Company may also seek separate shareholders' approval for granting options beyond the 10 per cent. limit to participants specially identified by the Company, subject to shareholders' approval and the issue of a circular. The maximum entitlement for any Eligible Employee is that the total number of Shares issued and to be issued upon exercise of options granted and to be granted in any 12 months period does not exceed one per cent. of the

relevant class of Shares in issue. The Company can grant further options in excess of this limit, subject to shareholders' approval, with that Eligible Employee and his associates abstaining from voting and the issuance of a circular in accordance with Rule 17.03(4).

## **9. TRANSFERABILITY OF OPTIONS**

An option shall be personal to the option holder and shall not be transferable or assignable. No option holder shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any options. Any breach of this provision shall entitle the Company to cancel any outstanding option or part thereof granted to such option holder.

## **10. ADJUSTMENT**

In the event of any reduction, subdivision or consolidation of the share capital of the Company or any capitalisation issue or rights issue by the Company, the number or nominal amount of Shares comprised in each option and/or the option price and/or the fractions in which the options may be exercised may be adjusted in such manner as the Directors (having received a statement in writing from the auditors of the Company that in their opinion the adjustments proposed are fair and reasonable, such statement not to be required in the case of capitalisation issue) may deem appropriate, provided always that an option holder shall have the same proportion of the equity capital of the Company as that to which he was entitled before such adjustments and that no increase shall be made in the aggregate subscription price relating to any option.

## **11. GRANT OF OPTIONS TO CONNECTED PERSONS**

The independent non-executive directors of the Company (excluding any independent non-executive director of the Company who is the Grantee of the options) will be required to approve each grant of options to a director, chief executive, or substantial shareholder of the Company or any of their associates.

If a grant of options to a substantial shareholder or an independent non-executive director of the Company or to any of their associates will result in the total number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(A) representing in aggregate over 0.1% of the Shares in issue from time to time; and

- (B) having an aggregate value based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet at the date of grant, in excess of HK\$5 million,

such further grant of options will be required to be approved by the shareholders of the Company (voting by way of a poll). The Company will be required to send a circular containing information as required under Rule 17.04 to the shareholders. All connected persons (as defined in the Listing Rules) of the Company will be required to abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular.

## **12. ALTERATION OF THE SCHEME**

Except with the prior sanction of the Company in general meeting, no alteration shall be made to the New Share Option Scheme relating to the extending the class of persons eligible for the grant of options and any alteration to the advantage of option holders of any of the provisions of the New Share Option Scheme as to the limitations on the grant of options or to the determination of option prices or adjustments to be made in the event of certain alterations to the capital structure of the Company or the restrictions on the exercise of the options or the rights to be attached to the Shares issued upon the exercise of options or rights of option holders on the winding-up of the Company or the transferability of options or the length of the option period or the length of the scheme period or the requirement for payment of the Subscription Price upon exercise of an option.

## **13. RIGHTS ON VOLUNTARY WINDING-UP**

In the event of notice being given of a general meeting of the Company at which a resolution will be proposed for the voluntary winding-up of the Company, every option which has not lapsed or been determined, unless the Directors otherwise determine, shall be exercisable in whole or in part at any time until the resolution is passed or defeated or the general meeting concluded or adjourned in accordance with the Articles of Association. If such resolution is passed, all options not exercised at the date of passing of the resolution, unless the Directors otherwise determine, thereupon lapse and determine.

## **14. CANCELLATION**

Options granted but not exercised may not be cancelled unless an offer to cancel Options has been made pursuant to Rule 13 of The Hong Kong Code on Takeovers and Mergers and the Securities and Futures Commission has consented to such cancellation. Where

the Company cancels options and issues new ones to the same option holder, the issuance of such new options may only be made under the New Share Option Scheme with available unissued options (excluding all the cancelled options) within the limits referred to in paragraph 8.

#### **15. TERMINATION OF THE SCHEME**

The Directors may terminate the Scheme at any time, but Options granted prior to such termination shall continue to be valid and exercisable in accordance with the rules of the Scheme.



---

## NOTICE OF ANNUAL GENERAL MEETING

---



### LAM SOON (HONG KONG) LIMITED

*(Incorporated in Hong Kong with limited liability)*

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting of Lam Soon (Hong Kong) Limited (the “Company”) will be held at 3rd Floor, Lam Soon Building, 21 Dai Fu Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on Friday, 23rd May 2003 at 11:00 a.m. for the following purposes:

As ordinary business:

1. To receive and consider the audited financial statements together with the reports of the directors and auditors thereon for the year ended 31st December 2002;
2. To re-elect retiring directors;
3. To fix the fees of the directors for the year ended 31st December 2002; and
4. To re-appoint auditors and to authorise the board of directors to fix their remuneration.

As special business, to consider and, if thought fit, pass with or without modification, the following resolutions as ordinary resolutions:

#### ORDINARY RESOLUTIONS

5. **“THAT:**
  - (a) subject to paragraph (c) of this Resolution, the exercise by the Directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company (“Shares”) and to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and any securities which carry rights to subscribe for or are convertible into Shares) which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and it is hereby generally and unconditionally approved;
  - (b) the approval in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and any

---

## NOTICE OF ANNUAL GENERAL MEETING

---

securities which carry rights to subscribe for or are convertible into Shares) which would or might require the exercise of such powers 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 given in paragraph (a) of this Resolution, otherwise than pursuant to:
  - (i) a Rights Issue (as hereinafter defined);
  - (ii) an issue of Shares 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;
  - (iii) any scrip dividend scheme or similar arrangements implemented in accordance with the Memorandum and Articles of Association of the Company; or
  - (iv) an issue of Shares under the Company's share option scheme or any similar arrangements for the time being in force for the grant or issue to the employees or directors of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares;

shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution and this 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 expiration of the period within which the next Annual General Meeting of the Company is required by any applicable law to be held;
- (iii) the date upon which the authority given under this resolution is revoked or varied by way of ordinary resolution of the shareholders of the Company in general meeting; and

---

## NOTICE OF ANNUAL GENERAL MEETING

---

“Rights Issue” means an offer of Shares open for a period fixed by the Directors to the holders of Shares whose names appear on the Register of Members of the Company on a fixed record date in proportion to their then holdings of such Shares (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 stock exchange in any territory outside Hong Kong).”

6. **“THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors of the Company (the “Directors”) during the Relevant Period (as defined in resolution no. 5 set out in the Notice of the Meeting at which this Resolution is proposed) of all the powers of the Company to repurchase shares in the capital of the Company (“Shares”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and which is recognised by the Securities and Futures Commission and the Stock Exchange, for this purpose, subject to and in accordance with all applicable laws, and in accordance with the provisions of, and in the manner specified in, the Rules Governing the Listing of Securities on the Stock Exchange or any other stock exchange be and the same is hereby generally and unconditionally approved; and
- (b) the aggregate nominal amount of the Shares to be repurchased or agreed conditionally or unconditionally to be repurchased by the Directors pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution and the said approval shall be limited accordingly.”

7. **“THAT** subject to the passing of the resolutions nos. 5 and 6 set out in the Notice of this Meeting, the general mandate granted to the Directors of the Company to allot and deal with additional shares pursuant to resolution no. 5 set out in the Notice of this Meeting be and it is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to resolution no. 6 set out in the Notice of this Meeting, provided that such amount of shares so repurchased shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of passing this Resolution.”

---

## NOTICE OF ANNUAL GENERAL MEETING

---

8. “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval of the listing of and permission to deal in the shares of the Company which may fall to be issued by the Company pursuant to the exercise of any options granted under the New Share Option Scheme (as defined in this document), which shares shall not exceed 10 per cent. of the issued ordinary share capital of the Company for the time being, the New Share Option Scheme (the terms of which are set out in the printed document marked ‘A’ produced to this Meeting and for the purpose of identification signed by the Chairman) be and is hereby approved and adopted with effect from the close of this Meeting; and **THAT** the board of directors of the Company be and hereby authorised to do all such further acts and things and to take all such steps and actions and to execute all such documents on behalf of the Company as may be necessary, desirable or expedient in order to give effect to the New Share Option Scheme, including without limitation, to issue and allot shares in the capital of the Company on terms therein mentioned.”
9. “**THAT** subject to and conditional upon the passing of Resolution no. 8 set out in the Notice of this Meeting and the New Share Option Scheme taking effect in accordance with its terms, the Existing Share Option Scheme be and is hereby terminated with effect from the close of this meeting without affecting any option granted under such Existing Share Option Scheme.”

By Order of the Board  
**Cheng Man Ying      Yeung Yuk Lun**  
*Joint Secretaries*

Hong Kong, 25th April 2003

*Notes:*

- (1) Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or, if holding more than one share or more proxies to attend and on a poll, vote on his or her behalf. A proxy need not be a member of the Company.
- (2) In order to be valid, the forms of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the registered office of the Company at 3rd Floor, Lam Soon Building, 21 Dai Fu Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong not less than 48 hours before the time fixed for holding the meeting.
- (3) The register of members of the Company will be closed from Monday, 19th May 2003 to Friday, 23rd May 2003, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company’s Registrar, Hongkong Managers and Secretaries Limited, 26th Floor, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong, not later than 4:00 p.m. on Friday, 16th May 2003.
- (4) An explanatory statement in relation to resolutions nos. 5 to 7 are set out in appendix I to this document.