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**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.

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information about certain resolutions to be proposed at the forthcoming Annual General Meeting of Lam Soon (Hong Kong) Limited. The directors of Lam Soon (Hong Kong) Limited 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.

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

*(Incorporated in Hong Kong with limited liability)*

### **GENERAL MANDATES TO ISSUE AND REPURCHASE SECURITIES AND NOTICE OF ANNUAL GENERAL MEETING**

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A letter from the Board (as defined herein) is set out on pages 2 to 4 of this document. A notice convening the 2004 Annual General Meeting of Lam Soon (Hong Kong) Limited to be held at 3rd Floor, Lam Soon Building, 21 Dai Fu Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on Thursday, 18th March 2004 at 11:00 a.m. is set out on pages 8 to 11 of the circular. Whether or not you intend to attend the meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not no later than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting thereof as the case may be. Completion and delivery of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

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## CONTENTS

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	<i>Pages</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	2
<b>Appendix I — Explanatory Statement</b> .....	5
<b>Notice of Annual General Meeting</b> .....	8

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## DEFINITIONS

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*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 Thursday, 18th March 2004 at 11:00a.m.
“Articles of Association”	the Articles of Association of the Company
“Board”	the board of directors of the Company
“Company”	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
“Group”	the Company and its subsidiaries
“Latest Practicable Date”	16th January 2004, 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
“Shareholders”	holders of Shares
“Shares”	the existing ordinary shares of par value HK\$1.00 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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LETTER FROM THE BOARD

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**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*  
Ikeda Hiromi  
— *alternate director to Takagi Shigeyoshi*

*Registered Office:*

21 Dai Fu Street  
Tai Po Industrial Estate  
Tai Po  
New Territories  
Hong Kong

*\* Independent Non-Executive Director*

20th January 2004

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

Dear Sir or Madam,

**GENERAL MANDATE TO  
ISSUE AND TO REPURCHASE SECURITIES**

**INTRODUCTION**

The purpose of this circular is to provide you with information in respect of resolutions to be proposed at the AGM for granting of general mandates to the Directors to issue and repurchase Shares.

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## LETTER FROM THE BOARD

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

At the annual general meeting of the Company held on 23rd May 2003, ordinary resolutions were passed granting general mandates to the Directors, inter alia, (i) to repurchase Shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at 23rd May 2003; and (ii) to allot, issue and deal with additional Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at 23rd May 2003 and those Shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at 23rd May 2003 repurchased by the Company (collectively referred to as “Existing General Mandates”). A copy of such resolutions had been delivered to the Stock Exchange in accordance with the Listing Rules.

In accordance with the provisions of the Listing Rules and the terms of the Existing General Mandates, the Existing General Mandates shall lapse if, inter alia, they are revoked or varied by an ordinary resolution of the Shareholders in general meeting or at the conclusion of the next annual general meeting of the Company, whichever is earlier.

The Existing General Mandates will lapse at the conclusion of the AGM of the Company. Accordingly, new general mandates to issue and to repurchase securities, respectively, as set out in ordinary resolution nos. 6, 7 and 8 of the notice of AGM on pages 8 to 11 of this circular, are now proposed to be granted. With reference to the proposed new general mandates, the Directors wish to state that, as at the date hereof, they have no immediate plans to repurchase any existing Shares or to issue any new securities pursuant to the relevant mandates.

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the proposed general mandate to repurchase securities is set out in Appendix I to this circular. The explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the AGM.

### **ANNUAL GENERAL MEETING**

A notice convening the AGM is set out on pages 8 to 11 of this circular.

A form of proxy for use at the AGM is enclosed. Shareholders are requested to complete the form of proxy and return it to 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 in accordance with the instructions printed on it not less than 48 hours before the time fixed for holding the meeting or any adjourned meeting as the case may be, whether or not they intend to be present at the meeting.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Directors believe that the granting of the mandates to repurchase Shares and issue Shares are in the best interests of the Company and accordingly recommend Shareholders to vote in favour of the relevant resolutions set out in the notice of the AGM on pages 8 to 11 of this circular.

Yours faithfully,  
For and on behalf of the Board  
**Wang 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 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 2002) 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 37,905,988 Shares representing approximately 15.58 per cent. of the issued share capital of the Company, Guoinvest International Limited ("Guoinvest") and Guoline International Limited ("Guoline") beneficially held in a total of 116,564,248 Shares, representing approximately 47.90 per cent. of the issued share capital of the Company. Under rule 26 of the Takeover Code, TC Whang Family, Guoinvest and Guoline 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, Guoinvest and Guoline and parties acting in concert with them (the "Concert Group") amounted to 154,470,236 Shares representing 63.48 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 70.53 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

During each of the twelve months preceding the Latest Practicable Date, the highest and lowest traded prices for Shares on the Stock Exchange were as follows:—

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2003</b>		
January	2.350	2.000
February	2.500	2.100
March	2.300	2.100
April	2.300	2.100
May	2.900	2.300
June	2.900	2.575
July	2.900	2.625
August	2.900	2.650
September	2.850	2.625
October	2.900	2.675
November	2.750	2.600
December	2.700	2.350

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## NOTICE OF ANNUAL GENERAL MEETING

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### 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 Thursday, 18th March 2004 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 2003;
2. To declare a final dividend;
3. To re-elect retiring directors;
4. To fix the fees of the directors for the year ended 31st December 2003; and
5. 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

6. **“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;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (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 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;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (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

“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).”

7. **“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. 6 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.”

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## NOTICE OF ANNUAL GENERAL MEETING

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8. “**THAT** subject to the passing of the resolutions nos. 6 and 7 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. 6 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. 7 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.”

By Order of the Board

**Cheng Man Ying**      **Yeung Yuk Lun**  
*Joint Secretaries*

Hong Kong, 20th January 2004

*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 Friday, 12th March 2004 to Thursday, 18th March 2004, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, 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 Thursday, 11th March 2004.
4. An explanatory statement in relation to resolutions nos. 6 to 8 are set out in appendix I to this document.