
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold all your shares in Phoenix Satellite Television Holdings Limited, you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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鳳凰衛視

PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED

鳳凰衛視控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8002)

**PROPOSED GENERAL MANDATES
TO ISSUE SHARES AND TO REPURCHASE SHARES,
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION,
AND
NOTICE OF ANNUAL GENERAL MEETING**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (1) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (2) there are no other matters the omission of which would make any statement in this circular misleading; and
- (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

A notice convening the annual general meeting of the Company to be held at 9/F, One Harbourfront, 18-22 Tak Fung Street, Hunghom, Kowloon, Hong Kong on 29 June 2004 at 3:00 p.m. is set out on pages 9 to 17 of this circular. A form of proxy is also enclosed. Whether or not you are able to attend and vote at the annual general meeting, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time of the meeting or any adjourned meetings. Completion and return of the proxy form will not preclude you from subsequently attending and voting at the meeting or any adjourned meetings should you so wish.

This circular will remain on the "Latest Company Announcements" page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting.

7 June 2004

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

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

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

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

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held to approve the proposed general mandates to issue shares and to repurchase shares, the proposed amendments to the Articles of Association, as well as other matters on or about 29 June 2004
“Articles of Association”	the existing articles of association of the Company
“Associate(s)”	shall have the meaning ascribed thereto in Rule 1.01 of the GEM Listing Rules
“Company” or “Phoenix”	Phoenix Satellite Television Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company, including independent non-executive directors
“GEM”	The Growth Enterprises Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprises Market of the Stock Exchange
“Group”	the Company and its Subsidiaries
“Latest Practicable Date”	3 June 2004
“Shares”	the shares of the Company of HK\$0.10 each
“Shareholders”	the shareholders of the Company
“Six Months Report 2003”	the audited consolidated financial statements and the reports of the directors and auditors for the six months ended 31 December 2003
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Today’s Asia”	Today’s Asia Limited, a company holding 37.6% interest in the Company as at the Latest Practicable Date, with 93.3% and 6.7% of its issued share capital beneficially owned by Mr. LIU, Changle, the Chairman of the Company and Mr. CHAN, Wing Kee respectively

DEFINITIONS

“Xing Kong Chuan Mei”

Xing Kong Chuan Mei Group Co., Ltd., formerly known as STAR Television Holdings Limited, which owns approximately 37.6% interest in the Company, is the initial management shareholder and substantial shareholder of the Company (as defined in the GEM Listing Rules)

LETTER FROM THE BOARD



鳳凰衛視

PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED
鳳凰衛視控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Executive Directors:

LIU, Changle (*Chairman*)
CHUI, Keung

Non-executive Directors:

CHEUNG, Chun On Daniel
CHEUNG, San Ping
GUTHRIE, Michelle Lee
LAU, Yu Leung John
XU, Gang

Independent non-executive Directors:

KUOK, Khoon Ean
LO, Ka Shui

Registered Office:

Century Yard, Cricket Square
Hutchins Drive
P.O. Box 2681GT, George Town
Grand Cayman
British West Indies

Principal Place of Business:

9/F, One Harbourfront
18-22 Tak Fung Street
Hung Hom
Kowloon
Hong Kong

7 June 2004

To Shareholders of the Company

Dear Sir or Madam,

**PROPOSED GENERAL MANDATES
TO ISSUE SHARES AND TO REPURCHASE SHARES,
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION,
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The Directors would like to seek approvals from the Shareholders for the proposed general mandates to issues and to repurchase shares.

In addition, the Directors would also like to seek shareholders' approval of the proposed amendments to the Articles of Association.

LETTER FROM THE BOARD

The purposes of this circular are to provide information on (i) the proposed general mandates to issue shares and to repurchase shares; and (ii) the proposed amendments to the Articles of Association; and to seek the shareholders' approval of the resolutions relating thereto as well as other ordinary resolutions to be proposed at the AGM.

GENERAL MANDATES

At a meeting of the Directors held on 10 March 2004, the Directors announced the audited consolidated results of the Group for the six months ended 31 December 2003. It was announced on 7 June 2004 that at the AGM to be held at 9th Floor, One Harbourfront, 18 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on 29 June 2004, resolutions to grant to the Directors general mandates to issue Shares and to repurchase Shares ("Repurchase Mandate") will be proposed.

At the AGM, separate ordinary resolutions will be proposed to renew the general mandates given to the Directors (i) to allot, issue and otherwise deal with Shares not exceeding the aggregate of 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of such resolution; (ii) to repurchase Shares comprising the aggregate nominal amount of which does not exceed 10% of the aggregate nominal amount of the share capital in issue of the Company at the date of passing of such resolution; (iii) adding to such general mandate so granted to the Directors any shares representing the aggregate nominal amount (up to a maximum of 10% of the aggregate nominal amount of the Company's then issued share capital) of any Shares repurchased by the Company.

Under the GEM Listing Rules, the general unconditional mandates granted on 4 December 2003 will lapse at the conclusion of the coming AGM, unless renewed at the AGM. Due to the change of financial year end from 30 June to 31 December starting from 31 December 2003, the AGM will be held before the end of June 2004. Resolutions Nos. 4 and 5 in the notice of AGM will be proposed at the AGM to renew these mandates. With reference to these resolutions, the Directors wish to state that they have no present intention to repurchase any Shares pursuant to the relevant mandates but consider that the mandate will provide the Company the flexibility to make such purchase when appropriate and beneficial to the Company.

The explanatory statement required by the GEM Listing Rules to be sent to Shareholders in connection with the proposed Repurchase Mandate is set out in the Appendix I to this circular. This contains all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolutions.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In view of certain amendments made to the GEM Listing Rules relating to corporate governance issues which become effective on 31 March 2004 subject to certain transitional arrangements, the Board proposes to the Shareholders for approval of certain amendments to the Articles of Association including, inter alia, the following provisions:

- (a) the period for lodgement by shareholders of the notice to nominate a director shall be 7 days commencing from the date immediately after the despatch of the notice of meeting appointed for such election;

LETTER FROM THE BOARD

- (b) subject to such exceptions specified in the Articles of Association, a director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest nor shall he be counted in the quorum present at the meeting; and
- (c) where any Shareholder is, under the GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting for or against any particular resolution, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted.

The Board also proposes to clarify the right to demand a poll by restating certain provisions contained in the Articles of Association.

In addition, the Board also propose that the new memorandum and articles of association of the Company, consolidating all changes previously adopted by the Company and all the changes to be passed by the shareholders of the Company at the AGM, be adopted in replacement of the memorandum and Articles of Association with effect from the date of passing of the relevant special resolution.

ANNUAL GENERAL MEETING

A notice of the AGM is set out on pages 9 to 17 of this circular. At the AGM, in addition to the ordinary business of the meeting, Resolutions Nos. 4 to 6 will be proposed to approve the general mandates for the issue and repurchase of Shares as special businesses. Resolutions Nos. 7 will be proposed to approve the proposed amendments to the Articles of Association.

A copy of the Six Months Report 2003 incorporating copies of the audited consolidated results of the Group for the six months ended 31 December 2003 and the directors' and auditors' reports therein has been despatched to all the Shareholders on 18 May 2004.

A form of proxy for the AGM is also enclosed. 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 Head Office of the Company c/o the Company Secretary, 9th Floor, One Harbourfront, 18 Tak Fung Street, Hunghom, Kowloon, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the meeting. The completion of a form of proxy will not preclude you from attending and voting at the meeting in person.

RECOMMENDATION

The Directors are of the opinion that the proposals referred to above are in the best interests of the Company and therefore recommend you to vote in favour of the relevant resolutions to be proposed at the AGM.

Yours faithfully,
On behalf of the Board
Phoenix Satellite Television Holdings Limited
Liu Changle
Chairman

This is an explanatory statement given to all the Shareholders relating to a resolution to be proposed at the forthcoming AGM authorising the Repurchase Mandate.

This explanatory statement contains all the information required pursuant to Rule 13.08 and other relevant provisions of the GEM Listing Rules which is set out as follows:

1. REGULATIONS OF THE GEM LISTING RULES

(a) Shareholders' approval

All proposed repurchases of securities on the GEM by a company with its primary listing on GEM must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval in relation to specific transactions.

(b) Source of funds

Any repurchases must be funded out of funds legally available for the purpose and in accordance with the memorandum and Articles of Association and the applicable laws of the Cayman Islands.

(c) Connected parties

Under the GEM Listing Rules, a company shall not knowingly repurchasing securities from a connected person (as defined under the GEM Listing Rules) and a connected person shall not knowingly sell his shares to the company. As at the Latest Practicable Date prior to the printing of this circular and to the best of the knowledge of the Directors who have made all reasonable enquires, none of the Directors or their associates has a present intention to sell Shares to the Company or has undertaken not to do so.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 4,934,814,000 Shares.

Subject to the passing of the resolution in relation to the Repurchase Mandate and on the basis that no Shares are issued or repurchased by the Company prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 493,481,400 Shares.

3. REASONS FOR REPURCHASES

Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and its members. 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 its earnings per Share.

4. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the memorandum and Articles of Association, the GEM Listing Rules and the applicable laws of the Cayman Islands. The Company may not purchase securities on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

5. GENERAL

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

6. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the memorandum and Articles of Association and the applicable laws of the Cayman Islands.

7. TAKEOVER CODE

If as a result of a repurchase of Shares, 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 Code on Takeovers and Mergers (the "Takeover Code"). Accordingly, a shareholder or group of shareholders acting in concert, depending on the level of increase in the shareholder's interest, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeover Code.

As at the Latest Practicable Date, each of Today's Asia and Xing Kong Chuan Mei which are the substantial shareholders of the Company, held approximately 37.6% of the issued shares of the Company. In the event that the Directors should exercise in full the power to repurchase Shares of the Company in accordance with the terms of the ordinary resolution to be proposed at the AGM, the interest of each of Today's Asia Limited and Xing Kong Chuan Mei in the Shares would be increased to approximately 41.8% of the issued shares of the Company. If so, the Directors will take necessary steps to comply with the GEM Listing Rules and the Takeover Code.

In fact, the Directors have no present intention to exercise repurchases to such an extent as would result in takeover obligations.

8. SHARE REPURCHASE MADE BY THE COMPANY

No purchases of Shares have been made by the Company, whether on the Stock Exchange or otherwise, in the six months preceding the date of this circular.

9. CONNECTED PERSON

No connected person (as defined in the GEM Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

10. SHARE PRICES

The highest and lowest price at which Shares have been traded on GEM during each of the previous twelve months before the Latest Practicable Date were as follows:

	Shares	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2003		
June	0.89	0.82
July	1.02	0.86
August	1.00	0.85
September	0.94	0.79
October	0.90	0.82
November	0.88	0.80
December	0.85	0.79
2004		
January	1.38	0.81
February	1.65	1.20
March	1.59	1.15
April	1.69	1.36
May	1.49	1.28

NOTICE OF ANNUAL GENERAL MEETING



鳳凰衛視

PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED 鳳凰衛視控股有限公司

(Incorporated in the Cayman Islands with limited liability)

NOTICE IS HEREBY GIVEN that the annual general meeting of Phoenix Satellite Television Holdings Limited (the “Company”) will be held at 9/F., One Harbourfront, 18-22 Tak Fung Street, Hunghom, Kowloon, Hong Kong on 29 June 2004 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited consolidated Financial Statements and the Reports of the Directors and Auditors for the six months ended 31 December 2003 (“Six Months Report 2003”).
2. To re-elect the retiring Directors and to authorise the Board of Directors to fix their remuneration. (*note 4*)
3. To re-appoint auditors of the Company and to authorise the Board of Directors to fix their remuneration.
4. To consider as special business, and if thought fit, pass with or without amendments the following resolution as ordinary resolution:

“THAT:

- (A) subject to paragraph (C) of this resolution, pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) on The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such powers, be and is hereby generally and unconditionally approved;
- (B) the approval in paragraph (A) of this resolution shall be in addition to any other authorisation given to the Directors and shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;

NOTICE OF ANNUAL GENERAL MEETING

- (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 of the Company pursuant to the approval in paragraph (A) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) the exercise of options granted under the share option schemes adopted by the Company; or (iii) any scrip dividend scheme or similar arrangements providing for the allotment of shares in lieu of the whole or a part of a dividend on shares of the Company pursuant to the articles of association of the Company from time to time, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing this resolution, and the said approval shall be limited accordingly; and
- (D) for the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; and
 - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to the holders of shares 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 of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

5. To consider as special business, and if thought fit, pass with or without amendments the following resolution as ordinary resolution:

“THAT:

- (A) subject to paragraph (B) of this resolution, the exercise by the Directors of the Company during the Relevant Period (as defined in Resolution 4(D) set out in the Notice of this Meeting) of all the powers of the Company to repurchase issued shares of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable

NOTICE OF ANNUAL GENERAL MEETING

laws and the requirements of the Stock Exchange or any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved; and

(B) the aggregate nominal amount of shares of the Company which are authorised to be repurchased by the Company pursuant to the approval in paragraph (A) of this resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution, and the said approval shall be limited accordingly.”

6. To consider as special business, and if thought fit, pass with or without amendments the following resolution as ordinary resolution:

“**THAT** conditional upon the passing of Resolution No. 5, the general mandate granted to the Directors of the Company and for the time being in force to exercise the powers of the Company to allot, issue and deal with shares of the Company pursuant to Resolution No. 4 be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to such general mandate an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution No.5, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing this resolution.”

7. To consider as special business, and if thought fit, pass with or without amendments the following resolution as special resolution:

“(A) **THAT** the existing articles of association of the Company be and are hereby amended in the following manner:

(a) By adding the following definition in Article 1 immediately after the definition of “Articles”:

“ “associate” shall have the meaning assigned to it by the rules of the Designated Stock Exchange from time to time.”

(b) By deleting the words “a recognized clearing house within the meaning of Section 2 of the Securities and Futures (Clearing Houses) Ordinance of Hong Kong” from the definition of “clearing house” in Article 1 and substituting therefor the words “a recognized clearing house within the meaning of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) and any amendments thereto for the time being in force”.

NOTICE OF ANNUAL GENERAL MEETING

- (c) By deleting the existing Article 66 in its entirety and substituting therefor the following:

“66. Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Articles, at any general meeting on a show of hands every Member present in person (or being a corporation, is present by a representative duly authorised), or by proxy shall have one vote and on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. Notwithstanding anything contained in these Articles, where more than one proxy is appointed by a Member which is a clearing house (or its nominee), each such proxy shall have one vote on a show of hands. 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 required under the rules of the Designated Stock Exchange or a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Member or Members present in person or in the case of a Member 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 Members having the right to vote at the meeting; or
- (d) by a Member or Members present in person or in the case of a Member 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.

A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorized representative shall be deemed to be the same as a demand by a Member.”

NOTICE OF ANNUAL GENERAL MEETING

- (d) By deleting the existing Article 67 in its entirety and substituting therefor the following:

“67. Unless a poll is so required under the rules of the Designated Stock Exchange or duly demanded and, in the latter case, the demand is not withdrawn, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution.”

- (e) By re-numbering the existing Article 76 as Article 76(1) and adding the following new Article 76(2) immediately thereafter:

“Where any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.”

- (f) By deleting the existing Article 88 in its entirety and substituting therefor the following:

“88. (1) No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the Office or at the head office for a minimum period of seven (7) days.

(2) The minimum period of seven (7) days for lodgment of the Notice referred to in paragraph (1) of this Article will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven (7) days prior to the date of such meeting.

(3) For the avoidance of doubt, paragraph (2) of this Article applies for the purposes of calculating the minimum period of seven (7) days, and it does not prevent the Company from accepting the Notice referred to in paragraph (1) of this Article earlier than the time when the notice of the meeting referred to in paragraph (2) of this Article is despatched.”

NOTICE OF ANNUAL GENERAL MEETING

- (g) By deleting the existing Article 103 in its entirety and substituting therefor the following:

“103. (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associate(s) is materially interested, but this prohibition shall not apply to any of the following matters namely:

- (i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of them or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company or any of its subsidiaries by virtue only of his/their interest in shares or debentures or other securities of the Company;
- (v) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder other than a company in which the Director and any of his associate(s) are beneficially interested in five (5) per cent. or more of the issued shares or of the voting rights of any class of shares of such company (or any third company through which his interest or that of any of his associate(s) is derived); or

NOTICE OF ANNUAL GENERAL MEETING

- (vi) any proposal concerning the adoption, modification or operation of a share option scheme or any other share incentive scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors (or their associate(s)) and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director or his associate(s), as such any privilege or advantage not accorded to the employees to which such scheme or fund relates.

For the purposes of this Article 103(1), “subsidiary” shall have the meaning assigned to it by the rules of the Designated Stock Exchange from time to time.

- (2) A company shall be deemed to be a company in which a Director and any of his associate(s) in aggregate own five (5) per cent. or more if and so long as (but only if and so long as) he and his associate(s) (either directly or indirectly) are in aggregate the holders of or beneficially interested in five (5) per cent. or more of the issued shares of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his interest or that of any of his associate(s) is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or any of his associate(s) as bare or custodian trustee and in which he has no beneficial interest, any shares comprised in a trust in which the interest of the Director or any of his associate(s) is in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is interested only as a unit holder and any shares which carry no voting right at general meetings and very restrictive dividend and return of capital right.
- (3) Where a company in which a Director and any of his associates in aggregate hold five (5) per cent. or more (with the meaning as described in Article 103(2)) is materially interested in a transaction, then that Director shall also be deemed materially interested in such transaction.
- (4) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director or his associate(s) (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting

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and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned or of his associate(s) as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman and of his associate(s) as known to such chairman has not been fairly disclosed to the Board.”

“(B) **THAT** the new memorandum and articles of association of the Company, consolidating all changes previously adopted by the Company and all of the changes referred to in part (A) above, a copy of which has been produced to this meeting marked “A”, be and is hereby adopted with immediate effect in replacement of the existing memorandum and articles of association of the Company.”

By Order of the Board
Yeung Ka Keung
Company Secretary

Hong Kong, 7 June 2004

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his stead. A proxy need not be a member of the Company.
2. To be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the Head Office and Principal Place of Business of the Company in Hong Kong at 9/F, One Harbourfront, 18 Tak Fung Street, Hunghom, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the meeting.
3. Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the meeting if the member so desires and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. The biographical details of Mr. Chui Keung and Mr. Cheung San Ping who offer themselves for re-election are provided in the section headed “Directors and Senior Management Profile” in the Six Months Report 2003.
5. A circular containing further details regarding resolutions Nos. 4 to 7 as required by the GEM Listing Rules will be despatched to shareholders.
6. Articles 66 and 67 of the Company’s articles of association set out the procedure by which shareholders may demand a poll:

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:

- (a) by the chairman of such meeting; or
- (b) by at least three Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or

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- (c) by a Member or Members present in person or in the case of a Member 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 Members having the right to vote at the meeting; or
- (d) by a Member or Members present in person or in the case of a Member 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.

Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution.