
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 your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in CEC International Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



CEC INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

**PROPOSED PRIVATE PLACING
OF
400,000,000 UNITS OF WARRANTS
BEING WARRANTS IN REGISTERED FORM
TO SUBSCRIBE FOR NEW SHARES IN THE CAPITAL OF
CEC INTERNATIONAL HOLDINGS LIMITED
AT AN ISSUE PRICE OF HK\$0.0625 PER UNIT OF WARRANT
AND
GENERAL MANDATE TO ISSUE NEW SHARES**

A notice convening a special general meeting of CEC International Holdings Limited to be held at 10:00 a.m. on 19th June, 2000 to consider, inter alia, the issue of the Warrants is set out on pages 25 to 28 of this circular. Whether or not you intend 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 to the Company's branch share registrar in Hong Kong, Central Registration Hong Kong Limited at Rooms 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting thereof should you so wish.

3rd June, 2000

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RESPONSIBILITY STATEMENT

This circular 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 circular 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.

The English text of this circular and proxy form shall prevail over the Chinese text.

EXPECTED TIMETABLE

2000

Latest time for lodging forms of proxy for the Special General Meeting	10:00 a.m. on Saturday, 17th June
Special General Meeting to approve, inter alia, the Warrant Issue	10:00 a.m. on Monday, 19th June
Despatch of prospectus for the Warrant Issue	Wednesday, 21st June
Allotment to the Placees on	Monday, 3rd July
Warrant certificates available on*	Monday, 3rd July
Commencement of dealings in the Warrants on the Stock Exchange	Thursday, 6th July

* *The Warrant certificates are expected to be issued in the name of HKSCC Nominees Limited and deposited into CCASS on Monday, 3rd July, 2000 for credit to the CCASS participants' stock accounts of the Placees or the stock accounts of the designated CCASS participants of the Placees.*

DEFINITIONS

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

“associates”	shall have the meaning as defined in the Listing Rules
“business day”	any day (excluding a Saturday) on which banks in Hong Kong are generally open for business
“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by Hongkong Clearing
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	CEC International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Completion”	completion of the Warrant Placing in accordance with clause 3.1 of the Warrant Placing Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hongkong Clearing”	Hong Kong Securities Clearing Company Limited
“Instrument”	the instrument by way of deed poll to be executed by the Company constituting the Warrants
“Latest Practicable Date”	31st May, 2000, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

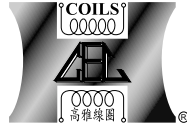
DEFINITIONS

“New Issue Mandate”	a new issue mandate to be granted to the Directors to allot and issue Shares
“New Share(s)”	new Share(s) which may fall to be issued upon the exercise of the subscription rights attached to the Warrants
“Placees”	not less than 100 selected independent professional, institutional and/or other investors
“Placing Agents”	New Japan Securities International (Hong Kong) Limited (an investment adviser and a dealer registered with the Securities and Futures Commission under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong)), Yicko Securities Limited (a dealer registered with the Securities and Futures Commission under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong)) and Yicko GA Network Securities Limited (a dealer registered with the Securities and Futures Commission under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong))
“Placing Manager”	New Japan Securities International (Hong Kong) Limited
“PRC”	the People’s Republic of China
“SDI Ordinance”	the Securities (Disclosure of Interests) Ordinance, Chapter 396 of the Laws of Hong Kong
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Special General Meeting”	a special general meeting of the Company to be held on 19th June, 2000 at 10:00 a.m. to consider and, if thought fit, to approve the Warrant Issue, the allotment and issue of the New Shares and the granting of the New Issue Mandate, a notice of which is set out on pages 25 to 28 of this circular
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Warrant(s)”	warrant(s) to be issued by the Company in registered form by way of deed poll in units of subscription rights of HK\$1.475 for every 10 units of Warrants entitling the holder(s) thereof to subscribe up to a maximum aggregate amount of HK\$59,000,000.00 in cash for New Shares at an initial subscription price of HK\$1.475 per New Share (subject to adjustment) at any time from the date of the issue of the Warrants, which is expected to be on or about 3rd July, 2000, to 30th September, 2003, both dates inclusive, constituted by the Instrument, details of which are set out in Appendix I to this circular
“Warrant Issue”	the proposed issue of 400,000,000 units of Warrants by the Company by way of private placement
“Warrant Placing”	a private placing of the Warrants at the Warrant Placing Price to the Placees pursuant to the Warrant Placing Agreement on a best effort basis
“Warrant Placing Agreement”	a conditional placing agreement dated 16th May, 2000 made between the Company, the Placing Manager and the Placing Agents in relation to the Warrant Placing
“Warrant Placing Price”	HK\$0.0625 per unit of Warrant to be issued pursuant to the Warrant Placing
“Warrant Subscription Price”	an initial subscription price of HK\$1.475 per New Share (subject to adjustment) at which the Warrantholders may subscribe for New Shares and such price may from time to time be adjusted in accordance with the terms of the Instrument
“Warrantholder(s)”	registered holder(s) of the Warrant(s)
“HK\$” and “cents”	Hong Kong dollars and cents respectively
“%”	per cent.

LETTER FROM THE BOARD



CEC INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Executive Directors:

Mr. Lam Wai Chun
Mr. Saito Misao
Ms. Tang Fung Kwan
Ms. Hu Yan Huan
Mr. Iwata Kenji

Registered office:

Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

Non-executive Directors:

Mr. Tang Tin Sek
Mr. Au Son Yiu (*Independent*)
Mr. Lee Wing Kwan, Denis (*Independent*)

Principal place of business in

Hong Kong:

Flats A and B, 2nd Floor
Hing Win Factory Building
No. 110 How Ming Street
Kwun Tong
Kowloon
Hong Kong

To the Shareholders

3rd June, 2000

Dear Sir or Madam,

**PROPOSED PRIVATE PLACING
OF
400,000,000 UNITS OF WARRANTS
BEING WARRANTS IN REGISTERED FORM
TO SUBSCRIBE FOR NEW SHARES IN THE CAPITAL OF
CEC INTERNATIONAL HOLDINGS LIMITED
AT AN ISSUE PRICE OF HK\$0.0625 PER UNIT OF WARRANT
AND
GENERAL MANDATE TO ISSUE NEW SHARES**

INTRODUCTION

On 16th May, 2000, the Directors announced that the Company, the Placing Manager and the Placing Agents had entered into the Warrant Placing Agreement in connection with a private placing of 400,000,000 units of Warrants with the Placees at a placing price of

LETTER FROM THE BOARD

HK\$0.0625 per unit of Warrant. Upon exercise in full of the subscription rights attached to the 400,000,000 units of Warrants at an initial subscription price of HK\$1.475 per New Share, 40,000,000 New Shares will be allotted and issued, representing 20% of the Company's existing issued share capital of 200,000,000 Shares as at the Latest Practicable Date and approximately 16.7% of the Company's issued share capital of 240,000,000 Shares as enlarged by the allotment and issue of the New Shares.

The purpose of this circular is to give you further information regarding the Warrant Issue and the Warrant Placing, to give you notice of the Special General Meeting and to seek your approval of, inter alia, the Warrant Issue, the allotment and issue of the New Shares and the granting of the New Issue Mandate.

THE WARRANT PLACING AGREEMENT

The Warrant Placing Agreement was entered into on 16th May, 2000 between the Company, the Placing Manager and the Placing Agents. Pursuant to the Warrant Placing Agreement, the Placing Agents jointly and severally agreed to procure, on a best effort basis, the Placees to subscribe for the Warrants at the Warrant Placing Price, payable in full on application, subject to the fulfilment of the conditions contained in the Warrant Placing Agreement. The Placing Manager and the Placing Agents are, and the Placees will be, independent of, not connected with and not acting in concert with any of the directors, chief executive and substantial shareholders of the Company and any of its subsidiaries, or any of their respective associates (as defined in the Listing Rules). The Warrant Placing will comply with the requirements set out in Appendix 6 to and Chapter 15 of the Listing Rules. Pursuant to the Warrant Placing Agreement, the Company will pay to the Placing Agents a placing commission of 3.5% on the total Warrant Placing Price and to the Placing Manager a documentation and advisory fee, and the expenses relating to the Warrant Placing.

CONDITIONS OF THE WARRANT PLACING

Completion of the Warrant Placing Agreement shall be subject to and conditional upon:–

- (a) the Placing Agents having successfully introduced the Placees to subscribe for all the Warrants;
- (b) the Shareholders passing at the Special General Meeting of ordinary resolutions approving the Warrant Issue and the allotment and issue of the New Shares;
- (c) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Warrants and the New Shares;
- (d) the Bermuda Monetary Authority granting its consent to the issue of the Warrants and the allotment and issue of the New Shares;

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- (e) the listing on the Stock Exchange of the Shares at Completion not having been revoked and such listing not being withdrawn as a result of the completion of the Warrant Placing Agreement;
- (f) (i) the delivery to the Stock Exchange a copy of the prospectus relating to the Warrant Placing, duly certified by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Board and having annexed to it all documents required to be annexed thereto; and (ii) the filing and registration by the Registrar of Companies in Hong Kong of a copy of such prospectus and such documents as annexed thereto in accordance with Section 342C of the Companies Ordinance; and
- (g) the filing with the Registrar of Companies in Bermuda of a copy of the prospectus relating to the Warrant Placing (and all documents required to be annexed thereto) in accordance with the Companies Act.

The Placing Manager and the Placing Agents may waive the condition mentioned under sub-paragraph (e) above by notice in writing to the Company.

TERMS OF THE WARRANTS

The 400,000,000 Warrants will be issued in registered form by way of deed poll in units of subscription rights of HK\$1.475 for every 10 units of Warrants entitling holders thereof to subscribe for the New Shares at an initial subscription price of HK\$1.475 per New Share (subject to adjustment) during the period from the date of the issue of the Warrants, which is expected to be on or about 3rd July, 2000, to 30th September, 2003, both dates inclusive. The amount payable on the exercise of the subscription rights of each board lot of Warrants at the initial Warrant Subscription Price will be HK\$5,900.

The 40,000,000 New Shares falling to be issued upon full exercise of the subscription rights attached to the Warrants represent 20% of the Company's existing issued share capital of 200,000,000 Shares as at the Latest Practicable Date and approximately 16.7% of the Company's issued share capital of 240,000,000 Shares as enlarged by the allotment and issue of the New Shares.

The New Shares, when fully paid, will rank *pari passu* in all respects with the then existing issued Shares save for any rights or entitlements to dividends or other rights or distributions on the record date for which precedes the date on which the subscription rights attached to the Warrants are exercised in accordance with the terms of the Warrants.

The Warrant Subscription Price of HK\$1.475 per New Share represents (i) a discount of approximately 29.8% to the closing price of HK\$2.1 per Share quoted on the Stock Exchange on 15th May, 2000; (ii) a discount of approximately 28% to the average closing price of

LETTER FROM THE BOARD

HK\$2.0495 per Share quoted on the Stock Exchange for the ten trading days up to and including 15th May, 2000; (iii) a discount of approximately 39.8% to the closing price of HK\$2.45 per Share quoted on the Stock Exchange on the Latest Practicable Date; and (iv) a discount of approximately 39.8% to the average closing price of HK\$2.45 per Share quoted on the Stock Exchange for the ten trading days up to and including the Latest Practicable Date.

The aggregate of the Warrant Placing Price and the Warrant Subscription Price of HK\$2.1 per New Share (i) was the same as the closing price of HK\$2.1 per Share quoted on the Stock Exchange on 15th May, 2000; and (ii) represents a discount of approximately 14.3% to the closing price of HK\$2.45 per Share quoted on the Stock Exchange on the Latest Practicable Date.

LISTING AND DEALINGS

An application has been made to the Stock Exchange for the listing of, and permission to deal in, the Warrants and the New Shares. Subject to the satisfaction of the conditions of the Warrant Placing as detailed in the section headed “Conditions of the Warrant Placing” above, dealings and trading in the Warrants are expected to commence on 6th July, 2000. The proposed board lot for trading in the Warrants will be 40,000 units of Warrants carrying rights to subscribe for a total of 4,000 New Shares on the basis of an initial subscription price of HK\$1.475 per New Share (subject to adjustment) in accordance with the terms of the Instrument.

Subject to the granting of the listing of, and permission to deal in, the Warrants and the New Shares on the Stock Exchange, the Warrants and the New Shares will be accepted as eligible securities by Hongkong Clearing for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Warrants on the Stock Exchange or such other date as may be determined by Hongkong Clearing. Settlement of transactions between members of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements will be made to enable the Warrants to be admitted into CCASS.

Dealings in the Warrants and the New Shares in Hong Kong will be subject to Hong Kong stamp duty.

No part of the New Shares or the Warrants is listed on or dealt in on any other stock exchange except the Stock Exchange, and no such listing or permission to deal is being or is currently proposed to be sought.

LETTER FROM THE BOARD

REASONS FOR THE WARRANT PLACING AND USE OF PROCEEDS

The Board considers that the Warrant Placing is an appropriate means of raising additional capital for the Company since the placement of Warrants will not have an instant dilutive effect on the shareholding of the existing Shareholders. In addition to the net proceeds that will be raised immediately upon the issue of the Warrants, further share capital will be raised upon exercise of the subscription rights attached to the Warrants by the Warrantholders during the subscription period.

The total net proceeds of the Warrant Placing of approximately HK\$22.9 million are intended to be used as to HK\$10 million for repayment of bank loans, as to HK\$2 million for the development of e-commerce functionality for its “on-line sales” systems and product specification simulation system as stated in the announcement of the Company dated 14th March, 2000, and as to the balance of HK\$10.9 million as general working capital. The “on-line sales” system allows the Group’s customers to place orders, request for samples, and set their product specifications through the Internet, thus enabling the Group to provide more tailor-made and value-added services to its customers. The total estimated expenses in relation to the Warrant Placing are approximately HK\$2.1 million.

As at 16th May, 2000, the net proceeds of approximately HK\$45 million raised at the time of its listing as disclosed in the prospectus of the Company dated 3rd November, 1999 had almost been fully applied on those plans as disclosed therein.

The Directors are of the view that part of the additional capital to be raised from the Warrant Placing helps reduce the interest expenses and the gearing level of the Group.

FUTURE PLANS AND PROSPECTS

Looking forward to the coming year, the Group will adhere to its principles and strive to materialise its existing plans.

Research and Development

Focusing on the world’s rapidly growing technologies: Local Area Networking (LAN), wireless broadband communications, and interactive voice, data and video applications, the Group’s research and development centre in Tokyo, Japan, plans to work more closely with its customers to capture opportunities arising from the fields and develop “design-in” components of information technology products such as LAN hubs, routers and switches, high-speed personal computer data interfaces, cable modems and power converters.

New Products Development

The new millennium is expected to be an age of explosive growth in information technology. In order to meet the new challenges and simultaneously capture the new sphere

LETTER FROM THE BOARD

for development, the Group plans to invest into new production facilities for the manufacture of ferrite cores-manganese zinc series to manufacture line filters, EMI filters and switching mode power supply (SMPS), which are indispensable components in computers, telecommunications equipment and household electrical appliances.

E-commerce

Entering into the Internet era, the Group is developing e-commerce functionality for its “on-line sales” system and product specification simulation system. System testing is underway and positive responses from sample customers have been received. Upon its completion, customers will be able to place orders, request for samples, and set their product specification through the Internet, which enables the Group to provide more tailor-made and value-added services to its customers. The Group also plans to extend the system to provide platforms for its over 6,000 business partners, customers and suppliers for business to business solutions in the electronic component field.

Further Vertical Integration

The Group is co-operating with the local authority in Shaoguan, Guangdong Province, the PRC to develop the technology in refining ferrite powder. The project is now at the stage of development and experiment, the result of which is expected to be available in the coming three months. An abundant supply of high-quality and low-cost ferrite powder to the Group is expected for the manufacture of ferrite cores, which will save considerable production cost and further improve the quality of the Group’s products.

Overseas Markets

To better serve the Group’s prestigious multinational customers who envisioned the booming industries of India and set up production facilities in the country, a new representative office in Bangalore, India, was set up in January 2000. Besides, the Group is also actively considering the feasibility of setting up new representative offices and manufacturing facilities around the world, in a bid to exploit the unique competitive edges, such as technology and human resources in different countries. Meanwhile, the Group will continue to explore more overseas markets and establish a much wider customer base.

GENERAL MANDATE TO ISSUE NEW SHARES

At the Special General Meeting, an ordinary resolution will be proposed to give the Directors the New Issue Mandate to allot, issue and deal with new Shares with an aggregate nominal amount not exceeding 20% of the share capital of the Company in issue as at the date on which the resolution is passed.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the Warrant Issue and the New Issue Mandate are both in the best interests of the Company and recommend the Shareholders to vote in favour of the resolutions to be proposed at the Special General Meeting in respect thereof.

SPECIAL GENERAL MEETING

A notice convening the Special General Meeting at which ordinary resolutions will be proposed to consider and, if thought fit, to approve the Warrant Issue, the allotment and issue of the New Shares and the granting of the New Issue Mandate is set out on pages 25 to 28 of this circular.

A form of proxy for use at the Special General Meeting is enclosed with this circular. Whether or not you intend to attend the Special General Meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Central Registration Hong Kong Limited at Rooms 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable and in any event by not less than 48 hours before the time appointed for holding such meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the Special General Meeting should you so wish.

Subject to, inter alia, the passing at the Special General Meeting of the ordinary resolutions to approve the issue of the Warrants and the allotment and issue of the New Shares, and following the registration and filing of the prospectus by the Registrar of Companies in Hong Kong in accordance with the provision of the Companies Ordinance and the filing of the prospectus with the Registrar of Companies in Bermuda in accordance with the Companies Act, the Directors intend to despatch the prospectus setting out, inter alia, the details of the Warrant Issue and the financial and general information of the Group, to prospective investors and, for information only, to the Shareholders on or about 21st June, 2000.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the office of F. Zimmern & Co., 7th Floor, Central Building, 1 Pedder Street, Central, Hong Kong, during normal business hours up to and including 19th June, 2000:

- (a) memorandum of association and bye-laws of the Company;
- (b) the Warrant Placing Agreement;

LETTER FROM THE BOARD

- (c) the interim report of the Company for the six months ended 31st October, 1999 and the third quarterly report of the Company for the three months and nine months ended 31st January, 2000; and
- (d) the draft Instrument (subject to amendments).

Yours faithfully,
For and on behalf of
CEC International Holdings Limited
Lam Wai Chun
Chairman

The Warrants will be issued subject to and with the benefit of an instrument by way of deed poll (the “Instrument”) to be executed by the Company and they will be issued in registered form and will form one class with and rank *pari passu* in all respects with each other.

The principal terms and conditions of the Warrants will be set out in the Warrant certificates and will include provisions to the effect set out below. Holders of Warrants will be entitled to the benefit of, be bound by, and be deemed to have notice of all such terms and conditions and of the provisions of the Instrument, copies of which will be available from the principal place of business for the time being of the Company in the Hong Kong.

1. SUBSCRIPTION RIGHTS

- (a) The registered holder for the time being of a Warrant will have the rights (the “Subscription Rights”) for every 10 units of Warrants to subscribe in cash the whole or part (in unit of HK\$0.1475) of the amount in respect of which the Warrant is issued for fully paid New Shares at an initial subscription price of HK\$1.475 per New Share (subject to the adjustments referred to below) (the “Subscription Price”). The Subscription Rights attached to the Warrants may be exercised from the date of the issue of the Warrants, which is expected to be on or about 3rd July, 2000, to 4:00 p.m. (Hong Kong time) on 30th September, 2003 (both days inclusive) (the “Subscription Period”). The business day falling during the Subscription Period on which any of the Subscription Rights are duly exercised is referred to in this summary as a “Subscription Date”. Any Subscription Rights which have not been exercised during the Subscription Period will lapse and the relevant Warrant certificates will cease to be valid for any purpose. References in this summary to “Shares” are to the existing Shares of the Company and all other (if any) Shares from time to time and for the time being ranking *pari passu* therewith.
- (b) Each Warrant certificate will contain a subscription form. In order to exercise his Subscription Rights, a holder of Warrants must complete and sign the subscription form (which will be irrevocable) and deliver the Warrant certificate (and, if the subscription form used is not the form endorsed on the Warrant certificate, the separate subscription form) to Central Registration Hong Kong Limited in Hong Kong or such other person, firm or company situated either in Hong Kong or in Bermuda as may be approved from time to time by the Directors to act as the registrar in relation to the Warrants and transfer of the Warrants (the “Registrars”) together with a remittance for the relevant subscription monies (or in case of partial exercise, the relevant portion of the subscription monies) for the New Shares in respect of which the Subscription Rights are being exercised. In each case compliance must also be made with any exchange control, fiscal or other laws or regulations for the time being applicable.

- (c) No fraction of a New Share will be allotted but any balance representing fractions of the subscription monies paid on the exercise of the Subscription Rights will be refunded to the person or persons whose name(s) stand(s) in the register of holders of Warrants as the holder(s) of the relevant Warrants, provided always that if the Subscription Rights comprised in one or more Warrant certificates are exercised on the same Subscription Date by the same holder of Warrants then, for the purpose of determining whether any (and if so what) fraction of a Share arises, the Subscription Rights represented by such Warrant certificates will be aggregated.
- (d) The Company undertakes in the Instrument that any New Shares will be allotted and issued not later than 28 days (or, if applicable, such other period as prescribed by the Stock Exchange) after the relevant Subscription Date and all New Shares so allotted shall, taking account of any adjustment which may have been made pursuant to paragraph 2, rank *pari passu* in all respects with the then existing fully issued shares on the relevant Subscription Date and shall accordingly entitle the holders to participate in full in all dividends or other distributions declared, paid or made on the New Shares on or after the relevant Subscription Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the relevant Subscription Date and notice of the amount and record date for which shall have been given to the Stock Exchange prior to the relevant Subscription Date.
- (e) As soon as practicable after the relevant allotment and issue of New Shares (and, in any event, not later than 28 days (or, if applicable, such other period as prescribed by the Stock Exchange) after the relevant Subscription Date) there will be issued free of charge to the holder(s) of Warrants:–
 - (i) a certificate (or certificates) for the relevant New Shares in the name(s) of such holder(s) of Warrants;
 - (ii) (if applicable) a balancing Warrant certificate in registered form in the name(s) of such holder(s) of Warrants in respect of any Subscription Rights remaining unexercised;
 - (iii) (if applicable) a cheque representing any fractional entitlement to New Shares not allotted as mentioned in sub-paragraph (c) above; and
 - (iv) (if applicable) a certificate mentioned in clause 6(A)(4) of the Instrument.

The certificate(s) for the New Shares, the balancing Warrant certificate (if any) and the cheque (if any) will be sent by post at the risk of such holder(s) of Warrants to the address of such holder(s) of Warrants or (in the case of a joint holding to that one of them whose name stands first in the register of holders of Warrants). If the Company agrees, such certificates and cheques may by prior arrangement be retained by the Registrars to await collection by the relevant holder(s) of Warrants.

2. ADJUSTMENTS OF SUBSCRIPTION PRICE

The Instrument contains detailed provisions relating to the adjustment of the Subscription Price in specified circumstances. The following is a summary of, and is subject to, the adjustment provisions of the Instrument:—

- (a) The Subscription Price will (except as mentioned in sub-paragraphs (b) and (c) below) be adjusted as provided in the Instrument in each of the following cases:—
 - (i) an alteration of the nominal amount of each Share by reason of any consolidation, subdivision or re-classification;
 - (ii) an issue (other than pursuant to a scrip dividend scheme in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account of capital redemption reserve fund);
 - (iii) a capital distribution (as defined in the Instrument) being made by the Company, whether on a reduction of capital or otherwise, to holders of Shares (in their capacity as such);
 - (iv) a grant by the Company to holders of the Shares (in their capacity as such) of rights to acquire for cash assets of the Company or any of its Subsidiaries (as defined in the Instrument);
 - (v) an offer or grant being made by the Company to holders of its Shares by way of rights or of options or warrants to subscribe for Shares at a price which is less than 90 per cent. of the market price (calculated as provided in the Instrument) provided that no such adjustment is to be made if the Company also makes a like offer or grant (as the case may be) at the same time to each holder of Warrant(s) (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) as if he had exercised the Subscription Rights represented by his Warrant certificate in full on the day immediately preceding the record date for such offer or grant;
 - (vi) an issue wholly for cash being made by the Company or any of its subsidiaries of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total Effective Consideration (as defined in the Instrument) per new Share is less than 90 per cent. of the market price (calculated as provided in the Instrument), or the conversion, exchange or subscription rights attaching to any such securities being altered so that the total Effective Consideration per new Share is less than 90 per cent. of the market price;

- (vii) an issue being made wholly for cash of Shares (other than pursuant to a Share Option Scheme (as defined in the Instrument)) at a price less than 90 per cent. of the market price (calculated as provided in the Instrument); and
 - (viii) the purchase by the Company of Shares or securities convertible into Shares or any rights to acquire the Shares (excluding any such purchases made on the Stock Exchange or any recognised stock exchange, being a stock exchange recognised for this purpose by the Securities and Futures Commission and the Stock Exchange) in circumstances where the Directors consider that it may be appropriate to make an adjustment to the Subscription Price.
- (b) Except as mentioned in sub-paragraph (c) below, no such adjustment as is referred to in sub-paragraphs (ii) to (vii) of paragraph (a) above will be made in respect of:–
 - (i) an issue of fully paid Shares upon the exercise of any conversion, exchange or subscription rights attached to securities wholly or partly convertible into or exchangeable for Shares or upon the exercise of any rights (including the Subscription Rights) to acquire Shares;
 - (ii) an issue by the Company of Shares or by the Company or any Subsidiary (as defined in the Instrument) of securities wholly or partly convertible into or exchangeable for or carrying rights to acquire Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;
 - (iii) an issue of fully paid Shares by way of capitalisation of all or part of the Subscription Right Reserve (as defined in the Instrument) to be established in certain circumstances pursuant to the terms and conditions contained in the Instrument provided that implementation of such terms and conditions is not prohibited by or inconsistent with any laws, rules or regulations to which the Company and the Warrants are subject from time to time (or other profits or reserves or any similar reserve which has been or may be established pursuant to the terms of any other securities wholly or partly convertible into, or exchangeable for, or carrying rights to acquire, Shares);
 - (iv) an issue of Shares pursuant to a scrip dividend scheme in lieu of a cash dividend whereby an amount of not less than the nominal amount of the Shares so issued is capitalised and the market value (calculated as provided in the Instrument) of such Shares is not more than 110 per cent. of the amount of dividend which holders of Shares could elect to or would otherwise receive in cash; and

- (v) an issue by the Company of Shares or by the Company or any Subsidiary (as defined in the Instrument) of securities wholly or partly convertible into or exchangeable for or carrying rights of subscription for Shares to full time employees or executives of the Company or any of its subsidiaries pursuant to a Share Option Scheme (as defined in the Instrument).
- (c) Notwithstanding the provisions referred to in sub-paragraphs (a) and (b) above, in any circumstances where the Directors shall consider that an adjustment to the Subscription Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Subscription Price should be made notwithstanding that no such adjustment is required under the said provisions or that an adjustment should take effect on a different date or with a different time from that provided for under the said provisions, the Directors may appoint either an approved merchant bank or the Auditors (as defined in the Instrument) to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if such an approved merchant bank or the Auditors (as the case may be) shall consider this to be the case, the adjustment shall be modified or nullified, or an adjustment made instead of no adjustment in such manner (including, without limitation, making an adjustment calculated on a different basis and/or the adjustment shall take effect from such other date and/or time) as shall be certified by such approved merchant bank or the Auditors (as the case may be) to be in its opinion appropriate.
- (d) Any adjustment to the Subscription Price shall be made to the nearest one cent (HK\$0.005 being rounded up) and in no event shall any adjustment be made to the Subscription Price in any case in which the amount by which the same would be reduced would be less than one cent and any adjustment which would otherwise then be required shall not be carried forward. In no event shall an adjustment be made (otherwise than upon the consolidation of Shares into shares of a larger nominal amount each or upon a repurchase of Shares) which would increase the Subscription Price.
- (e) Every adjustment to the Subscription Price shall be certified by the Auditors or an approved merchant bank and notice of each such adjustment (giving the relevant particulars) shall be given to the holders of Warrants. In giving any certificate or making any adjustment under the Instrument, the Auditors or the approved merchant bank shall be deemed to be acting as experts and not as arbitrators and in the absence of manifest errors, their decision shall be conclusive and binding on the Company and the holders of Warrants and all persons claiming through or under them respectively. Any such certificate of the Auditors and/or approved merchant bank will be available for inspection at the principal place of business for the time being of the Company in Hong Kong, where copies may be obtained.

- (f) No adjustments or modifications to the Subscription Price shall become effective unless and until the event(s) triggering such adjustments or modifications shall become unconditional and effective.

3. REGISTERED WARRANTS

The Warrants are issued in registered form. The Company shall be entitled to treat the registered holder of any Warrant as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction or required by law, be bound to recognise any equitable or other claim to or interest in such Warrant on the part of any other person, whether or not it shall have express or other notice thereof.

4. TRANSFER, TRANSMISSION AND REGISTER

The Warrants shall be in registered form and the Subscription Rights shall be transferable, in whole amounts or integral multiples of HK\$0.1475, by instrument of transfer in any usual or common form or such other form which may be approved by the Directors, or where the transferor or the transferee is HKSCC Nominees Limited or its successor thereto (or such other company as may be approved by the Directors for this purpose), by an instrument of transfer executed on behalf of HKSCC Nominees Limited by machine imprinted signature or under hand(s) by authorised person(s). For this purpose, the Company shall maintain a register of the holders of Warrants in Hong Kong (or in such other place as the Directors consider appropriate, having regard to applicable rules governing the listing of Warrants). The provisions of the bye-laws of the Company relating to the transfer, transmission and registration of the Shares and the register of members shall, save as provided in this paragraph 4, mutatis mutandis, apply to the transfer, transmission and registration of the Warrants and the register of the holders of Warrants. Transfers of Warrants must be executed by both the transferor and the transferee.

Since the Warrants will be admitted to the Central Clearing and Settlement System ("CCASS"), so far as applicable laws or regulations of relevant regulatory authorities, terms of the Instrument and circumstances permit, the Company may determine the last trading day of the Warrants to be a date falling at least three dealing days before 30th September, 2003.

Persons who hold the Warrants and have not registered the Warrants in their own names and wish to exercise the Warrants may incur additional costs and expenses in connection with any expedited re-registration of the Warrant(s) prior to the transfer or exercise of the Warrant(s) in particular during the period commencing on the date falling 10 business days prior to and including the last day of the Subscription Period.

5. CLOSURE OF REGISTER OF WARRANTHOLDERS

The registration of transfers may be suspended and the register of holders of Warrants may be closed for such period as the Directors may from time to time direct, provided that the same may not be closed for a period, or for periods together, of more than 60 days in any one year. Any transfer or exercise of the Subscription Rights attached to the Warrants made while the register of holders of Warrants is so closed shall, as between the Company and the person claiming under the relevant transfer of Warrants or, as the case may be, as between the Company and the holder of Warrant(s) who has so exercised the Subscription Rights attached to his Warrants (but not otherwise), be considered being made immediately after the reopening of the register of holders of Warrants.

6. PURCHASE AND CANCELLATION

The Company or any of the Subsidiaries (as defined in the Instrument) may at any time purchase Warrants:—

- (a) in the open market or by tender (available to all holders of Warrants alike) at any price; or
- (b) by private treaty at a price per Warrant, exclusive of expenses, not exceeding 110 per cent. of the closing price on the Stock Exchange per Warrant for one or more board lots of Warrants prior to the date of purchase of the Warrants on the Stock Exchange

but not otherwise. All Warrants purchased as aforesaid shall be cancelled forthwith and may not be re-issued or re-sold.

7. MEETINGS OF WARRANTHOLDERS AND MODIFICATION OF RIGHTS

- (a) The Instrument contains provisions for convening meetings of holders of Warrants to consider any matter affecting the interests of holders of Warrants, including the modification by Special Resolution (as defined in the Instrument) of the provisions of the Instrument and/or of the conditions endorsed on the Warrant certificates. A Special Resolution duly passed at any such meeting shall be binding on the holders of Warrants, whether present or not.
- (b) All or any of the rights for the time being attached to the Warrants (including any of the provisions of the Instrument) may from time to time, subject to subparagraph (a) above (whether or not the Company is being wound up), be altered or abrogated (including, but without prejudice to that generality by waiving compliance with, or by waiving or authorising any past or proposed breach of, any of the provisions of the conditions endorsed on the Warrant certificate and/or

the Instrument) with the prior sanction of a Special Resolution and may be effected only by deed poll executed by the Company and expressed to be supplemental to the Instrument.

- (c) Where the Warrantholder is a recognised clearing house (within the meaning of the Securities and Futures (Clearing Houses) Ordinance (Chapter 420 of the Laws of Hong Kong)) or its nominee(s), it may authorise such person or persons as it thinks fit to act as its representative (or representatives) or proxy (or proxies) at any Warrantholders' meeting provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number and class of Warrants in respect of which each such person is so authorised. The person so authorised will be entitled to exercise the same power on behalf of the recognised clearing house as that clearing house or its nominee(s) could exercise if it were an individual Warrantholder of the Company.

8. REPLACEMENT OF WARRANT CERTIFICATES

If a Warrant certificate is mutilated, defaced, lost or destroyed, it may, at the discretion of the Company, be replaced at the principal office of the Registrars (unless the Directors otherwise determine) on payment of such costs as may be incurred in connection therewith and on such terms as to evidence, indemnity and/or security as the Company may require and on payment of such fee not exceeding HK\$2.50 (or such other amount as may from time to time be permitted under the rules prescribed by the Stock Exchange) as the Company may determine. Mutilated or defaced Warrant certificates must be surrendered before replacements will be issued.

In the case of lost Warrant certificates, Section 71A (2), (3), (4), (6), (7) and (8) of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) shall apply as if "shares" referred to therein included Warrants.

9. PROTECTION OF SUBSCRIPTION RIGHTS

The Instrument contains undertakings by and restrictions on the Company designed to protect the Subscription Rights.

10. CALL

If at any time during the Subscription Period Warrants which have not been exercised carry rights to subscribe less than 10% of the amount of the exercise monies attached to the aggregate of all the Warrants issued under the Instrument, the Company may, on giving not less than three calendar months' notice to the holders of Warrants, require the holders of Warrants either to exercise their Subscription Rights represented thereby or to allow the Warrants held by them to lapse. On expiry of such notice, all unexercised Warrants will be automatically cancelled without compensation to the holders of Warrants.

11. ISSUE OF FURTHER WARRANTS

The Company shall be at liberty to issue further warrants to subscribe for Shares in such manner and on such terms as it may in its absolute discretion think fit.

12. UNDERTAKINGS BY THE COMPANY

In addition to the undertakings given by it in relation to the grant and exercise of the Subscription Rights and the protection thereof, the Company has undertaken in the Instrument that:–

- (a) it will send to each holder of Warrant(s) (or, in the case of joint holders of Warrants, to the holder of Warrant(s)) whose name stands first in the register of the holder of Warrants in respect of the Warrant(s) held by such joint holders of Warrant(s), at the same time as the same are sent to the holders of Shares, its audited accounts and all other notices, reports and communications despatched by it to the holders of Shares generally;
- (b) it will pay all stamp and capital duties, registration fees or similar charges (whether in Bermuda or Hong Kong or elsewhere), if any, payable in respect of the execution of the Instrument, the creation and initial issue of the Warrants in registered form, the exercise of the Subscription Rights and the issue of the New Shares;
- (c) it will keep available for issue sufficient Ordinary Capital (as defined in the Instrument) to satisfy in full all rights for the time being outstanding of subscription for and conversion into New Shares; and
- (d) it will use its best endeavours to procure that:–
 - (i) at all times during the Subscription Period, the Warrants may be dealt in on the Stock Exchange (save that this obligation will lapse in the event that the listing of the Warrants on the Stock Exchange is withdrawn following an offer for all or any of the Warrants (whether by way of proposal to the holders of Warrants or by way of a scheme of arrangement or otherwise)); and
 - (ii) all New Shares may, upon allotment or as soon as reasonably practicable thereafter, be dealt in on the Stock Exchange (save that this obligation will lapse in the event that the listing of the Shares on the Stock Exchange is withdrawn following an offer for all or any of the Shares (whether by way of a scheme of arrangement or otherwise) where a like offer is extended to holders of the Warrants or to holders of any Shares issued on exercise of the Warrants during the period of the offer (whether by way of proposal to the holders of Warrants or by way of a scheme of arrangement or otherwise)).

13. NOTICES

The Instrument contains provisions relating to notices to be given to the holders of Warrants.

14. OVERSEAS WARRANTHOLDERS

The Instrument contains provisions giving certain discretion to the Directors in the case of any holder of Warrant(s) who has a registered address in any territory (other than Hong Kong) where, in the opinion of the Directors, the issue of New Shares upon the exercise of any of the Subscription Rights represented by any Warrants held by such holder of Warrant(s) may be unlawful or impracticable.

15. WINDING UP OF THE COMPANY

If an effective resolution is passed during the Subscription Period for the voluntary winding-up of the Company, then:–

- (a) if such winding-up be for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the holders of Warrants, or some person designated by them for such purpose by a Special Resolution (as defined in the Instrument), shall be a party or in conjunction with which a proposal is made to the holders of Warrants and is approved by a Special Resolution, the terms of such scheme of arrangement or (as the case may be) proposal shall be binding on all holders of Warrants; and
- (b) in the event a notice is given by the Company to its shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to each holder of the Warrant(s) (or in the case of joint holders of the Warrant(s), to the holder of Warrant(s) whose name stands first in the register of the holders of Warrants in respect of the Warrants(s) held by such joint holders of Warrant(s)) and thereupon, every holder of Warrant shall be entitled by irrevocable surrender of his Warrant certificate(s) to the Registrars (such surrender to occur not less than two business days prior to the date of the proposed general meeting) with the subscription form(s) duly completed, together with payment of the subscription moneys or the relative portion thereof, to exercise the Subscription Rights represented by such Warrants and the Company shall, as soon as possible and in any event not later than the day immediately preceding the date of the proposed general meeting, to allot the Shares which fall to be issued pursuant to the exercise of the Subscription Rights represented by such Warrants to the holder of the Warrants. The Company shall give notice to the holders of Warrants of the passing of such resolution within seven days after the passing thereof.

Subject to the foregoing, if the Company is wound up, all Subscription Rights which have not been exercised at the date of the passing of such resolution shall lapse and the Warrant certificates shall cease to be valid for any purpose.

16. GOVERNING LAW

The Instrument and the Warrants are governed by and will be construed in accordance with the laws of Hong Kong.

NOTICE OF SPECIAL GENERAL MEETING



CEC INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that a Special General Meeting of CEC International Holdings Limited (the “Company”) will be held at Hennessy Room, Level 7, Conrad International Hong Kong, Pacific Place, 88 Queensway, Hong Kong at 10:00 a.m. on 19th June, 2000, for the purpose of considering and, if thought fit, passing the following resolutions, which will be proposed as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. **“THAT** conditional upon (i) the Listing Committee of The Stock Exchange of Hong Kong Limited granting the approval for the listing of, and permission to deal in, the Warrants (as defined below) and any shares of HK\$0.10 each in the capital of the Company (“Shares”) which may fall to be issued upon the exercise of the subscription rights attached to the Warrants; (ii) the Bermuda Monetary Authority approving the issue of the Warrants and any Shares which may fall to be issued upon the exercise of the subscription rights attached to the Warrants; and (iii) the obligations of New Japan Securities International (Hong Kong) Limited (as placing manager and placing agent), Yicko Securities Limited and Yicko GA Network Securities Limited (as placing agents) under a placing agreement dated 16th May, 2000 (the “Placing Agreement”, a copy of which marked “A” has been produced to the Meeting and signed by the Chairman of the Meeting for the purpose of identification) becoming unconditional:
 - (a) the creation and issue of 400,000,000 warrants (the “Warrants”) in registered form by way of deed poll, in units of subscription rights of HK\$1.475 for every 10 units of Warrants, entitling the holders thereof to subscribe up to an aggregate amount of HK\$59,000,000.00 in cash for new Shares at an initial subscription price of HK\$1.475 per new Share (subject to adjustment), from the date of the issue of the Warrants, which is expected to be on or about 3rd July, 2000, to 4:00 p.m. (Hong Kong time) on 30th September, 2003, both dates inclusive, by way of private placement to independent professional, institutional and/or other investors at an issue price of HK\$0.0625 per unit of Warrant (the “Warrant Issue”), upon the terms and subject to the conditions set out in a warrant instrument (the “Instrument”, a draft of which marked “B”, subject to further modification by the directors of the Company (the “Directors”), has been produced to the Meeting and signed by the Chairman of the Meeting for the purpose of identification) and in accordance with the terms of the Placing Agreement, a circular dated 3rd June, 2000 issued by the Company in connection with the Warrant Issue in which this notice forms part (the “Circular”) and a prospectus to be issued by the Company in connection with the Warrant Issue to be dated 21st June, 2000 (the “Prospectus”, a copy of which marked “C” has been produced to the Meeting by the Chairman of the Meeting for the purpose of identification) be and are hereby approved;

NOTICE OF SPECIAL GENERAL MEETING

- (b) the Directors be and are hereby authorised to do all such acts and things as they consider necessary or expedient to give effect to the Warrant Issue (including the finalisation of the terms of the Instrument) in accordance with the terms of the Instrument, the Placing Agreement, the Circular and the Prospectus and to allot and issue any new Shares which may fall to be issued upon the exercise of the subscription rights attached to the Warrants in accordance with the terms of the Instrument; and
 - (c) the Directors be and are hereby authorised to affix the common seal of the Company and to sign the Instrument on behalf of the Company in accordance with the bye-laws of the Company.”
- 2. **“THAT**, subject to the passing of Resolution No. 1 as set out in the notice convening this meeting:
 - (a) subject to paragraphs (b) and (c) of this Resolution, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company, and to allot, issue or grant securities convertible into such shares or options, warrants, or similar rights to subscribe for any shares of the Company or such convertible securities and to make or grant offers, agreements, option (including warrants to subscribe for shares) and rights of exchange or conversion, which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved in substitution for and to the exclusion of any existing authority previously granted;
 - (b) the approval in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements or options (including warrants to subscribe for shares) and rights of exchange or conversion 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 and issued (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this Resolution otherwise than pursuant to (i) a Rights Issue (as defined below); (ii) the exercise of the subscription rights under the Warrants (as defined in Resolution No. 1 as set out in the notice convening this meeting) or the exercise of options granted under the share option scheme of the Company; (iii) an issue of shares in lieu of the whole or part of a dividend on shares in accordance with the Company’s bye-laws; or (iv) any offer of any class of securities of the Company made pro rata (apart from fractional entitlements) by the Company to holders of such class of securities (excluding for that purpose any holder whose registered addresses as shown in the register of members of the Company on the relevant

NOTICE OF SPECIAL GENERAL MEETING

record date are outside Hong Kong), shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution and the said approval shall be limited accordingly; and

(d) for the purposes of this Resolution:

“Relevant Period” means the period from the time of 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 applicable laws or the bye-laws of the Company to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by passing an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to 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 may deem necessary or expedient in relation to fractional entitlements 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 applicable to the Company).”

By Order of the Board
Li Lai Sheung
Company Secretary

Hong Kong, 3rd June, 2000

Principal place of business in Hong Kong:

Flats A and B
2nd Floor
Hing Win Factory Building
110 How Ming Street
Kwun Tong
Kowloon
Hong Kong

NOTICE OF SPECIAL GENERAL MEETING

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. A form of proxy for the Meeting is enclosed herewith. Completion and return of the form of proxy will not preclude a member from attending the Meeting if he so wishes. In the event that a member who has lodged a form of proxy attends the Meeting, his form of proxy will be deemed to have been revoked.
3. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the branch share registrars of the Company in Hong Kong, Central Registration Hong Kong Limited at Rooms 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjourned meeting thereof.
4. In the case of joint holders of any share, any one of such holders may vote at the Meeting either personally or by proxy in respect of such shares as if he was solely entitled thereto; but if more than one of such joint holders be present at the Meeting personally or by proxy, the holder whose name stands first in the register of members of the Company shall alone be entitled to vote in respect of that share.