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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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 Mascotte Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy, the Annual Report and Accounts of the Company to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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

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### **MASCOTTE HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 136)**

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

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A notice convening the Annual General Meeting of the Company to be held at The Aberdeen Marina Club, 4th Floor, Bridge Room, 8 Shum Wan Road, Aberdeen, Hong Kong on Thursday, 25th August 2005 at 3:00 p.m. or any adjournment thereof is set out on pages 13 to 18 in this circular. A form of proxy is also enclosed.

Whether or not you are able to attend the Annual General Meeting, you are advised to read the notice and to complete and return the enclosed proxy form, in accordance with the instructions printed thereon, to the Company's registrar, Secretaries Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting. Completion of the proxy form and its return will not preclude you from attending, and voting at, the Annual General Meeting or any adjourned meeting, if you so wish.

27th July 2005

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## DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at The Aberdeen Marina Club, 4th Floor, Bridge Room, 8 Shum Wan Road, Aberdeen, Hong Kong on Thursday, 25th August 2005 at 3:00 p.m., to consider and, if appropriate, to approve the Ordinary Resolutions and the Special Resolution or any adjournment thereof;
“Board”	the board of Directors;
“Bye-Laws”	the bye-laws of the Company;
“Code”	the Hong Kong Code on Takeovers and Mergers;
“Company”	Mascotte Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange;
“Directors”	directors of the Company;
“Existing Issue Mandate”	a general mandate granted to the Directors at the annual general meeting of the Company held on 25th August 2004 to allot, issue and deal with Shares not exceeding 20 per cent. of the aggregate number of shares comprised in the share capital of the Company in issue as at 25th August 2004;
“Existing Repurchase Mandate”	a general mandate granted to the Directors at the annual general meeting of the Company held on 25th August 2004 to repurchase Shares not exceeding 10 per cent. of the aggregate number of shares comprised in the share capital of the Company in issue as at 25th August 2004;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	25th July 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Model Code”	The Model Code for Securities Transactions by Directors of Listed Companies;
“Ordinary Resolutions”	the ordinary resolutions to be proposed and passed at the Annual General Meeting for the matters as set out in the notice of the Annual General Meeting;
“Proposed Issue Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to allot, issue and deal with Shares of not exceeding 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution granting such mandate;
“Proposed Repurchase Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to repurchase Shares not exceeding 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution granting such mandate;
“SFO”	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Special Resolution”	the special resolution to be proposed and passed at the Annual General Meeting for the matters as set out in the notice for the Annual General Meeting;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“HK\$” and “cents”	Hong Kong dollars and cents, the lawful currency in Hong Kong.

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## LETTER FROM THE BOARD

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### MASCOTTE HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 136)**

*Executive Directors:*

Ms. Chan Oi Ling, Maria Olimpia (*Chairperson*)

Mr. Lam Yu Ho, Daniel (*Managing Director*)

Mr. Cheng Lok Hing

Mr. Cheng Chun Kit

Ms. Ji Hong

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Principal place of business  
in Hong Kong:*

1st Floor

Po Chai Industrial Building

28 Wong Chuk Hang Road

Aberdeen

Hong Kong

27th July 2005

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED GENERAL MANDATES  
TO ISSUE AND REPURCHASE SHARES,  
PROPOSED AMENDMENTS TO THE BYE-LAWS,  
APPOINTMENT AND RE-ELECTION OF DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

The purpose of this circular is to give you information regarding the following resolutions to be proposed at the Annual General Meeting to enable the Shareholders to make an informed decision on whether to vote for or against the resolutions.

The resolutions include, inter alia, (i) granting to the Directors the Proposed Repurchase Mandate; (ii) granting to the Directors the Proposed Issue Mandate; (iii) approving the amendments to the Bye-laws; and (iv) appointment and re-election of Directors.

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## LETTER FROM THE BOARD

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### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 23rd August 2005 to 25th August 2005 (both days inclusive), during which period no transfer of Shares will be effected. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, will have to be lodged with the Company's registrar, Secretaries Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:00 p.m., 22nd August 2005.

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

At the annual general meeting of the Company held on 25th August 2004, ordinary resolutions were passed granting the Existing Issue Mandate and the Existing Repurchase Mandate to the Directors.

In accordance with the provision of the Listing Rules and the terms of the Existing Issue Mandate and the Existing Repurchase Mandate, the Existing Issue Mandate and the Existing Repurchase Mandate shall lapse at the conclusion of the Annual General Meeting.

Resolutions to consider, and if thought fit, to approve the Proposed Issue Mandate and the Proposed Repurchase Mandate and to authorise the Directors to issue Shares in an amount not exceeding the aggregate nominal amount of Shares purchased pursuant to the Proposed Repurchase Mandate as set out in Ordinary Resolutions numbered 5 to 7 will be proposed at the Annual General Meeting. With reference to the Proposed Issue Mandate and the Proposed Repurchase Mandate, the Directors wish to state that they have no immediate plans to issue or repurchase any Shares pursuant thereto.

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

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

At the Annual General Meeting, a special resolution will be proposed to amend the Bye-laws by

- (i) by inserting the words "voting by way of a poll is required by the rules of the Designated Stock Exchange or" after the words "a show of hands unless" in the existing Bye-law 66;

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## LETTER FROM THE BOARD

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- (ii) by deleting the word “or” at the end of the existing Bye-law 66(c), deleting the full-stop at the end of existing Bye-law 66(d) and replacing therewith a semicolon and the word “or” and inserting the following new Bye-law 66(e):

“(e) if required by the rules of the Designated Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. or more of the total voting rights of all the members having the right to vote at the meeting.”

- (iii) by deleting the existing Bye-law 68 in its entirety and substituting therefor the following:

“If a poll is duly demanded the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.”

- (iv) by deleting the last sentence of the existing Bye-law 86(2) and substituting therefor the following new sentence:

“Any Director so appointed by the Board to fill a casual vacancy on the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that general meeting. Any Director so appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that annual general meeting.”; and

- (v) by deleting the existing Bye-law 87(1) in its entirety and replacing with the following Bye-law 87(1):

“Subject to the manner of retirement by rotation of Directors as from time to time prescribed under the rules of the Designated Stock Exchange, and notwithstanding any contractual or other terms on which any Director may be appointed or engaged, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. In addition, there shall also be required to retire by rotation any Director who at an annual general meeting of the Company (the “Forthcoming AGM”) shall have been a Director at each of the two preceding annual general meetings of the Company (the “Preceding AGMs”) and who was not subject to retirement at any of the Preceding AGMs or any other general meeting of the Company before the Forthcoming AGM and who has not otherwise ceased to be a Director (either by resignation, retirement, removal or otherwise), notwithstanding any other provisions in these Bye-Laws, and that the total number of Directors to retire at the Forthcoming AGM would as a result exceed one-third of the Directors for the time being.”.

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## LETTER FROM THE BOARD

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### RE-ELECTION OF DIRECTORS

Pursuant to Bye-law 87 of the Bye-Laws, Mr. Cheng Lok Hing, an executive Director will retire from office at the Annual General Meeting by rotation, and being eligible, will offer himself for re-election. Pursuant to Bye-law 86(2), Mr. Lui Wai Shan, Wilson and Mr. Cheung Ngai Lam will retire from office at the Annual General Meeting and being eligible, will offer themselves for re-election.

### PROCEDURE BY WHICH A POLL MAY BE DEMANDED

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

- (a) the chairman of the meeting;
- (b) at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorized 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 Shareholder or in the case of a Shareholder being a corporation by its duly authorized representative shall be deemed to be the same as a demand by a Shareholder.

### ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting to be held at The Aberdeen Marina Club, 4th Floor, Bridge Room, 8 Shum Wan Road, Aberdeen, Hong Kong on Thursday, 25th August 2005 at 3:00 p.m. is set out on pages 13 to 18 in this circular. A form of proxy is also enclosed.



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## LETTER FROM THE BOARD

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Whether or not you intend to be present at the Annual General Meeting, you are requested to complete the form of proxy and return it to the Company's registrar, Secretaries Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time fixed for holding of the Annual General Meeting or any adjourned meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjourned meeting, if they so wish.

### RECOMMENDATION

The Directors consider that the proposed resolutions set out in the notice of Annual General Meeting, including the proposed resolutions granting the Proposed Issue Mandate and the Proposed Repurchase Mandate, are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of the proposed resolutions at the Annual General Meeting.

Yours faithfully,  
For and on behalf of the Board of  
**Mascotte Holdings Limited**  
**Chan Oi Ling, Maria Olimpia**  
*Chairperson*

*This Appendix contains the particulars that are required by the Listing Rules to be included in an explanatory statement to enable the Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the Annual General Meeting in relation to the Proposed Repurchase Mandate.*

## **LISTING RULES FOR REPURCHASE OF SHARES**

The relevant sections of the Listing Rules which permit companies with primary listing on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions are summarized below.

### **Sources of Funds**

Repurchases must be funded out of funds legally available for the purpose and in accordance with the Company's constitutive documents and the laws of the jurisdiction in which the Company is incorporated or otherwise established.

### **Share Capital**

As at the Latest Practicable Date, the number of Shares in issue was 424,000,100 Shares. Subject to the passing of the resolution granting the Proposed Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the Annual General Meeting, the Company will be allowed to repurchase up to a maximum of 42,400,010 Shares during the period ending on the earlier of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by law or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

### **Reasons for Repurchases**

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

The Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase Shares in circumstances where they consider that the repurchase would be in the best interests of the Company. The Directors consider that if the general mandate to repurchase Shares were to be exercised in full at the currently prevailing market value, it would have a material adverse impact on the working capital position and gearing position of the Company, as compared with the positions disclosed in the audited consolidated accounts of the Company as at 31st March 2005, being the date to which the latest published audited accounts of the Company were made up. The

Directors do not propose to exercise the mandate to repurchase Shares to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

### Share Prices

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the last thirteen months prior to the issue of this circular.

Month	Highest trade price HK\$	Lowest trade price HK\$
<b>2004</b>		
July	0.222	0.170
August	0.222	0.209
September	0.219	0.219
October	0.219	0.219
November	0.520	0.192
December	0.375	0.260
<b>2005</b>		
January	0.360	0.300
February	0.340	0.340
March	0.340	0.280
April	0.310	0.275
May	0.315	0.221
June	0.300	0.260
July (up to the Latest Practicable Date)	0.260	0.240

### GENERAL

To the best of their knowledge, having made all reasonable enquiries, none of the Directors nor any of their associates currently intends to sell any Shares to the Company or its subsidiaries in the event that the Proposed Repurchase Mandate is approved.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Proposed Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

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

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 purposes of the Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code.

As at the Latest Practicable Date, Ms. Chan Oi Ling, Maria Olimpia, Director of the Company was interested in approximately 45.6% of the Shares of the Company and was the only substantial shareholder of the Company as defined under the Listing Rules. In the event that the Directors exercise the Proposed Repurchase Mandate in full and assuming there is no change in the issued share capital of the Company as at the date of passing of the relevant resolution granting the Proposed Repurchase Mandate, the interest of Ms. Chan Oi Ling, Maria Olimpia in the Shares would be increased to approximately 50.67% of the issued Shares and such increase would give rise to an obligation to make a mandatory offer under Rule 26 of the Code. Subject to the aforesaid, the Directors are not aware of any consequence which will arise under the Code as a result of any purchase to be made under the Proposed Repurchase Mandate. The Directors do not have any intention to repurchase Shares up to an amount which would result in the above Shareholder becoming obliged to make a mandatory offer in accordance with Rule 26 of the Code.

The Listing Rules prohibit a company from making a repurchase of shares on the Stock Exchange if the result of the repurchase would be less than 25 per cent. (or such other prescribed percentage as determined by the Stock Exchange to constitute the minimum public float of a company) of the issued share capital would be in public hands. The Directors do not propose to repurchase Shares which would result in less than the prescribed minimum percentage of Shares in public hands.

The Company has not repurchased any Shares on the Stock Exchange in the six months preceding the date of this circular.

*Stated below are the details of the Directors who will be eligible for re-election at the Annual General Meeting:*

**Mr. Cheng Lok Hing**, aged 78, an executive Director, joined the Group in 1976. Mr. Cheng is responsible for the production planning, merchandising and quality control operations of the Group. Mr. Cheng has over 30 years' experience in the manufacturing of accessories for photographic products. Mr. Cheng Lok Hing is the elder brother of another executive director, Mr. Cheng Chun Kit. Mr. Cheng Lok Hing does not hold other directorship in any other companies listed on the Stock Exchange in the past three years.

As at the Latest Practicable Date, Mr. Cheng Lok Hing holds 8,000,000 ordinary shares of the Company. There is no service contract between the Company and Mr. Cheng Lok Hing and he is now entitled to HK\$390,000 Director's fee annually plus the annual bonus that will be determined by the Board from time to time with reference to his scope of duties and performance. Mr. Cheng did not receive any bonus for the year ended 31 March 2005. There is no fixed term for his appointment and he is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-Laws.

The Board would also like to draw the Shareholders' attention to a connected transaction on normal commercial terms that the Group pays to Dawnvast Limited rental expense for a rented office property located at Unit D, 1/F Wo Fung Industrial Building, 20 Yip Wo Street, Fanling, N.T. of HK\$369,600 each year. The rental expenses represent amounts agreed with reference to the market rate between Dawnvast Limited and the management of the Group. Both Mr. Cheng Lok Hit and Mr. Cheng Chun Kit are directors of Dawnvast Limited.

**Mr. Lui Wai Shan, Wilson**, aged 40, has been an independent non-executive Director since 4 October 2004. Mr. Lui has over 16 years of experience in the information technology sector. Mr. Lui holds a Bachelor of science degree in applied mathematics from University of California, Los Angeles, and a master of science degree in computer science and a master degree in business administration, both from University of Southern California. Other than the directorship with the Company, Mr. Lui does not hold any directorship in any other companies listed on the Stock Exchange in the past three years.

As at the Latest Practicable Date, Mr. Lui was not interested in and did not hold any short positions in any shares or underlying shares in or any debentures of the Company or any of its associated corporations within the meaning of PART XV of the SFO as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code. Mr. Lui has no relationships with any Directors, senior management or substantial or controlling Shareholder of the Company.

There is no service contract between the Company and Mr. Lui but he is entitled to a Director's fee as may be approved by the Board with reference to his roles and responsibilities and the prevailing market conditions. Currently, Mr. Lui is entitled to a Director fee in the amount of HK\$50,000 annually. Mr. Lui does not entitle to any bonus payment. Mr. Lui is also subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-Laws.

**Mr. Cheung Ngai Lam** aged 36, has been an independent non-executive Director since 9 March 2005. Mr. Cheung is now working as an Associate Director of Grant Thornton Corporate Finance Ltd., has over 14 years of experience in the financial services sector. He had worked for Daiwa Securities SMBC Hong Kong Limited and Japan Asia Securities Limited in Hong Kong for eight and three years respectively. Mr. Cheung obtained his Master of Science (Investment Management) and Bachelor of Social Sciences degrees from Hong Kong University of Science and Technology and University of Hong Kong respectively. Mr. Cheung is a member of Certified Public Accountants in Australian and American Institute of Certified Public Accountants. Other than the directorship with the Company, Mr. Cheung does not hold any directorship in any other companies listed on the Stock Exchange in the past three years.

As at the Latest Practicable Date, Mr. Cheung was not interested in and did not hold any short positions in any shares or underlying shares in or any debentures of the Company or any of its associated corporations within the meaning of PART XV of the SFO as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code. Mr. Cheung has no relationships with any Directors, senior management or substantial or controlling Shareholder of the Company.

There is no service contract between the Company and Mr. Cheung but he is entitled to a Director's fee as may be approved by the Board with reference to his roles and responsibilities and the prevailing market conditions. Currently, Mr. Cheung is entitled to a Director fee in the amount of HK\$50,000 annually. Mr. Cheung does not entitle to any bonus payment. Mr. Cheung is also subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-Laws.

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## NOTICE OF ANNUAL GENERAL MEETING

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### MASCOTTE HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 136)**

**NOTICE IS HEREBY GIVEN** that the 2005 Annual General Meeting of Mascotte Holdings Limited (the “Company”) will be held at The Aberdeen Marina Club, 4th Floor, Bridge Room, 8 Shum Wan Road, Aberdeen, Hong Kong on Thursday, 25th August 2005 at 3:00 p.m. for the following purposes:

#### **ORDINARY BUSINESS**

1. To receive and consider the audited financial statements of the Company for the year ended 31st March 2005 together with the reports of the directors of the Company (the “Directors”) and auditors thereon;
2. To declare a final dividend for the year ended 31st March 2005;
3. To re-elect retiring Directors and to authorize the Directors to fix all their remuneration;
4. To re-appoint Deloitte Touche Tohmatsu as Auditors and to authorize the Directors to fix their remuneration;

#### **SPECIAL BUSINESS**

5. To consider and, if thought fit, pass, with or without modification, the following resolution as an Ordinary Resolution:

**“THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and otherwise deal with additional shares of the Company (the “Shares”) or securities convertible into Shares, and to make or grant, offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall be in addition to any other authorizations given to the Directors and shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to:

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## NOTICE OF ANNUAL GENERAL MEETING

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- (i) a Rights Issue (as hereinafter defined);
- (ii) the exercise of rights of subscription or conversion under the terms of any warrant issued by the Company or any securities which are convertible into Shares;
- (iii) the exercise of any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares;
- (iv) any scrip dividend or similar arrangements providing for the allotment of shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company;

shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution and the said approval shall be limited accordingly;

- (d) subject to the passing of each of the paragraphs (a), (b) and (c) of this Resolution, any prior approvals of the kind referred to in paragraphs (a), (b) and (c) of this Resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and
- (e) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the bye-laws of the Company to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders of the Company in general meeting;

“Rights Issue” means the allotment, issue or grant of Shares pursuant to an offer of Shares open for a period fixed by the Directors to holders of Shares or any class thereof on the register on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusion 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 recognized regulatory body or any stock exchange in any territory outside Hong Kong).”



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## NOTICE OF ANNUAL GENERAL MEETING

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6. To consider and, if thought fit, pass, with or without modification, the following resolution as an Ordinary Resolution:

**“THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of the Company (the “Shares”) on The Stock Exchange of Hong Kong Limited or on any other stock exchanges on which the Shares may be listed and recognized for this purpose by the Securities and Futures Commission and The Stock Exchange of Hong Kong Limited for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or of any other stock exchanges (as amended from time to time), be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be repurchased pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution and the said approval shall be limited accordingly;
- (c) subject to the passing of each of the paragraphs (a) and (b) of this Resolution, any prior approvals of the kind referred to in paragraphs (a) and (b) of this Resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and
- (d) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the bye-laws of the Company to be held; or
  - (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders of the Company in general meeting.”

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## NOTICE OF ANNUAL GENERAL MEETING

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7. To consider and, if thought fit, pass, with or without modification, the following resolution as an Ordinary Resolution:

**“THAT** conditional upon the passing of Resolutions 5 and 6 as set out in the notice of this meeting, the general mandate granted to the directors of the Company (the “Directors”) to exercise the powers of the Company to allot, issue and otherwise deal with shares of the Company pursuant to Resolution 5 above be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted by the Directors 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 6 above, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution.”

8. To consider and, if thought fit, pass, with or without modification, the following resolution as a Special Resolution:

**“THAT** the existing bye-laws of the Company (“Bye-Laws”) be and are hereby amended in the following manner:

- (i) by inserting the words “voting by way of a poll is required by the rules of the Designated Stock Exchange or” after the words “a show of hands unless” in the existing Bye-law 66;
- (ii) by deleting the word “or” at the end of the existing Bye-law 66(c), deleting the full-stop at the end of existing Bye-law 66(d) and replacing therewith a semicolon and the word “or” and inserting the following new Bye-law 66(e):

“(e) if required by the rules of the Designated Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. or more of the total voting rights of all the members having the right to vote at the meeting.”

- (iii) by deleting the existing Bye-law 68 in its entirety and substituting therefor the following:

“If a poll is duly demanded the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.”

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## NOTICE OF ANNUAL GENERAL MEETING

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- (iv) by deleting the last sentence of the existing Bye-law 86(2) and substituting therefor the following new sentence:

“Any Director so appointed by the Board to fill a casual vacancy on the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that general meeting. Any Director so appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that annual general meeting.”; and

- (v) by deleting the existing Bye-law 87(1) in its entirety and replacing with the following Bye-law 87(1):

“Subject to the manner of retirement by rotation of Directors as from time to time prescribed under the rules of the Designated Stock Exchange, and notwithstanding any contractual or other terms on which any Director may be appointed or engaged, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. In addition, there shall also be required to retire by rotation any Director who at an annual general meeting of the Company (the “Forthcoming AGM”) shall have been a Director at each of the two preceding annual general meetings of the Company (the “Preceding AGMs”) and who was not subject to retirement at any of the Preceding AGMs or any other general meeting of the Company before the Forthcoming AGM and who has not otherwise ceased to be a Director (either by resignation, retirement, removal or otherwise), notwithstanding any other provisions in these Bye-Laws, and that the total number of Directors to retire at the Forthcoming AGM would as a result exceed one-third of the Directors for the time being.”;

By order of the Board  
**Au Kin Fai, Alfred**  
*Company Secretary*

Hong Kong, 27th July 2005

*Notes:*

1. A shareholder entitled to attend and vote at the above meeting may appoint one or, if he is the holder of two or more shares, more than one proxy to attend and to vote in his stead. A proxy need not be a shareholder of the Company.
2. Where there are joint registered holders of any Share, any one such person 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, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.

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3. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof must be delivered to the office of the Company's branch share registrars, Secretaries Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
4. The register of members of the Company will be closed from 23rd August 2005 to 25th August 2005 (both days inclusive), during which period no transfer of shares in the Company will be effected. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, will have to be lodged with the Company's registrar, Secretaries Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:00 p.m., 22nd August 2005.
5. The board of Directors has recommended a final dividend for the year ended 31st March 2005 (the "Final Dividend") of HK\$0.01 per share and, if such dividend is declared by the members passing Resolution 2, it is expected to be paid on or about 9th September 2005.
6. In relation to Resolution 3, pursuant to Bye-law 87 of the Bye-Laws, Mr. Cheng Lok Hing, an executive Director will retire from office at the Annual General Meeting by rotation, and being eligible, will offer themselves himself for re-election. Pursuant to Bye-law 86(2), Mr. Lui Wai Shan, Wilson and Mr. Cheung Ngai Lam will retire from office at the Annual General Meeting and being eligible, will offer themselves for re-election.
7. In relation to Resolution 6, an explanatory statement (as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the "Listing Rules") is set out in Appendix I to the circular containing this notice.
8. The Bye-Laws adopted by the Company are in the English language. Accordingly, the special resolution set out in the above notice (Resolution 8) will, if passed, be passed in the English language. The translation into the Chinese language of the above notice (including the special resolution) is included in this document for information only.
9. As at the date of this Announcement, the executive directors of the Company are Ms. Chan Oi Ling, Maria Olimpia, Mr. Lam Yu Ho, Daniel, Mr. Cheng Lok Hing, Mr. Cheng Chun Kit, Ms. Ji Hong and the independent non-executive directors of the Company are Mr. Wong Yui Leung, Larry, Mr. Lui Wai Shan, Wilson and Mr. Cheung Ngai Lam.