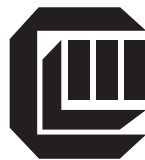

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Victory Group Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or 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 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.



VICTORY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1139)

PROPOSED AMENDMENTS TO THE BYE-LAWS OF THE COMPANY AND PROPOSED GRANTING OF GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE NEW SHARES OF THE COMPANY

A notice convening an annual general meeting of Victory Group Limited to be held at Garden Room, 2nd Floor, Hotel Nikko Hong Kong, 72 Mody Road, Tsimshatsui East Kowloon, Hong Kong on Friday, 28 May 2004 at 2:00 p.m. is set out on pages 13 to 19 of this circular. A form of proxy for use at the annual general meeting is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk).

Whether or not you are able to attend the annual general meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Share Registrar in Hong Kong, Tengis Limited, at Ground Floor, 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 or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if they so wish.

28 April 2004

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DEFINITIONS

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

“Annual General Meeting”	an annual general meeting of the Company to be held at Garden Room, 2nd Floor, Hotel Nikko Hong Kong, 72 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Friday, 28 May 2004 at 2:00 p.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 13 to 19 of this circular, or any adjournment thereof;
“Board”	the board of Directors;
“Buyback Mandate”	as defined in paragraph 3(a) of the Letter from the Board;
“Company”	Victory Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Current Bye-laws”	the current bye-laws adopted by the Company on 22 January 1998;
“Director(s)”	the director(s) of the Company;
“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;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Issuance Mandate”	as defined in paragraph 3(b) of the Letter from the Board;
“Latest Practicable Date”	23 April 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Shares”	ordinary share(s) of HK\$0.01 each in the capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company;

DEFINITIONS

“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Hong Kong Codes on Takeovers and Mergers issued by the Securities and Futures Commission in Hong Kong.

LETTER FROM THE BOARD



VICTORY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

Executive Directors:

Chan Chun Choi
Lam Mo Kuen, Anna
Lu Su Hua

Non-Executive Directors:

Liu Kwok Fai Alvan
Ng Chi Shing*
Yuen Kwok Wah, Bernard*

* *Independent non-executive directors*

Registered Office:

Clarendon House
Church Street
Hamilton HM 11
Bermuda

Principal Place of Business:

Suite 1609, New East Ocean Centre
9 Science Museum Road
T.S.T. East, Kowloon
Hong Kong

28 April 2004

To the Shareholders

Dear Sir or Madam,

**PROPOSED AMENDMENTS TO THE BYE-LAWS OF THE COMPANY
AND
PROPOSED GRANTING OF GENERAL MANDATES TO REPURCHASE
SHARES AND TO ISSUE NEW SHARES OF THE COMPANY**

1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with information in respect of the resolutions to be proposed at the Annual General Meeting for (i) the amendments to the Current Bye-laws; (ii) the granting of the Buyback Mandate to the Directors; (iii) the granting of the Issuance Mandate to the Directors; and (iv) the extension of the Issuance Mandate by adding to it the aggregate number of the issued Shares repurchased by the Company under the Buyback Mandate.

LETTER FROM THE BOARD

2. PROPOSED AMENDMENTS TO THE CURRENT BYE-LAWS

The Stock Exchange has announced amendments to the Listing Rules which include, among other things, amendments to Appendix 3 of the Listing Rules that came into effect on 31 March 2004. Such amendments to Appendix 3 of the Listing Rules require a listed issuer's articles of association/bye-laws to conform with certain provisions. The Directors therefore propose to amend the Current Bye-laws to ensure compliance with the amended provisions of the Listing Rules in the following aspects:–

- (i) Clause 66 of the Current Bye-laws shall be amended to the effect that where the Company has knowledge that any Shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted;
- (ii) Clause 88 of the Current Bye-laws shall be amended to the effect that the minimum length of the period during which the notice to the Company of the intention to propose a person for election as a Director and during which the notice to the Company by such person of his willingness to be elected are given shall be at least 7 days and that the period for lodgement of the aforesaid notices shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting; and
- (iii) Clause 103 of the Current Bye-laws shall be amended to the effect that a Director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates (as defined in the Listing Rules) has a material interest nor shall he be counted in the quorum present at such board meeting (subject to certain exceptions acceptable to the Stock Exchange).

With the repeal of the Securities and Futures (Clearing Houses) Ordinance and the enactment of the SFO on 1 April 2003, it is also proposed that the definition of “clearing house” under clause 1 of the Current Bye-laws shall be amended such that its reference to the Securities and Futures (Clearing Houses) Ordinance shall be deleted. Moreover, clause 84 of the Current Bye-laws shall also be amended to provide that all corporations which are Shareholders may appoint multiple corporate representatives.

In order to increase the flexibility of the Company in appointing auditors, the Directors further propose to amend clause 157 of the Current Bye-laws to the effect that if the office of auditor becomes vacant by the resignation or death of the auditor, or by his becoming incapable of acting by reason of illness or other disability at a time when his services are required, the Directors may appoint a qualified auditor to fill any casual vacancy in the office of auditor without the need to convene a special general meeting of the Shareholders. The proposed amendment to this clause 157 is not because of the recent changes of the Listing Rules.

The proposed amendments to the Current Bye-laws are stated in the proposed special resolution no. 4 in the notice convening the Annual General Meeting as set out on pages 13 to 19 of this circular. A copy of the Current Bye-laws will be available for inspection at the Company's principal place of business in Hong Kong at Suite 1609, New East Ocean Centre, 9 Science Museum Road, Tsimshatsui East, Kowloon, Hong Kong during normal business hours from the date hereof up to and including the date of the Annual General Meeting.

LETTER FROM THE BOARD

3. BUYBACK AND ISSUANCE MANDATES

At the special general meeting of the Company held on 3 November 2003, general mandates were given to the Directors to exercise the powers of the Company to repurchase shares of the Company and to issue new shares of the Company respectively. Such mandates will lapse at the conclusion of the Annual General Meeting.

Ordinary resolutions will be proposed at the Annual General Meeting to approve the granting of new general mandates to the Directors:

- (a) to purchase Shares on the Stock Exchange of an aggregate nominal amount of up to 10% of the aggregate nominal amount of the issued share capital of the Company on the date of passing of such resolution (the “Buyback Mandate”);
- (b) to allot, issue or deal with Shares of an aggregate nominal amount of up to 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of such resolution (the “Issuance Mandate”); and
- (c) to extend the Issuance Mandate by an amount representing the aggregate nominal amount of the Shares repurchased by the Company pursuant to and in accordance with the Buyback Mandate.

The Buyback Mandate and the Issuance Mandate will continue in force until the conclusion of the next annual general meeting of the Company held after the Annual General Meeting or any earlier date as referred to in ordinary resolutions nos. 5 and 6 set out in the notice of the Annual General Meeting. With reference to the Buyback Mandate and the Issuance Mandate, the Directors wish to state that they have no immediate plan to repurchase or issue any Shares pursuant thereto.

In accordance with the requirements of the Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Buyback Mandate. The explanatory statement as required by the Listing Rules in connection with the Buyback Mandate is set out in the Appendix I to this circular.

4. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 13 to 19 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the amendments to the Current Bye-laws, the granting of the Buyback Mandate and the Issuance Mandate and the extension of the Issuance Mandate by the addition thereto of the number of Shares repurchased pursuant to the Buyback Mandate.

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the website of the Stock Exchange (www.hkex.com.hk). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a

LETTER FROM THE BOARD

certified copy of that power of attorney or authority at the Company's Share Registrar in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish.

5. RECOMMENDATION

The Directors consider that the proposed amendments to the Current Bye-Laws, the granting of the Buyback Mandate and the granting/extension of the Issuance Mandate are in the interests of the Company, the Group and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

6. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix I (Explanatory Statement on the Buyback Mandate), Appendix II (Procedure by which the Shareholders may demand a poll at a general meeting pursuant to the Current Bye-laws) and Appendix III (Details of Directors proposed to be re-elected at the Annual General Meeting) to this circular.

Yours faithfully,
By Order of the Board
Chan Chun Choi
Chairman

APPENDIX I EXPLANATORY STATEMENT ON THE BUYBACK MANDATE

The following is an explanatory statement required by the Listing Rules to be sent to the Shareholders to enable them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the Annual General Meeting in relation to the granting of the Buyback Mandate.

1. REASONS FOR SHARE BUYBACK

The Directors believe that the granting of the Buyback Mandate is in the interests of the Company and the Shareholders.

Repurchases of Shares may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share. The Directors are seeking the granting of the Buyback Mandate to give the Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time, having regard to the circumstances then pertaining.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,075,011,600 Shares.

Subject to the passing of the ordinary resolution no. 5 set out in the notice of the Annual General Meeting in respect of the granting of the Buyback Mandate and on the basis that no Shares are issued or repurchased by the Company prior to the date of the Annual General Meeting, the Directors would be authorised under the Buyback Mandate to repurchase a maximum of 107,501,160 Shares (representing 10% of the Shares in issue as at the Latest Practicable Date) during the period in which the Buyback Mandate remains in force.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association, the Current Bye-laws, the laws of Bermuda and/or any other applicable laws.

The Company is empowered by its memorandum of association and the Current Bye-laws to repurchase Shares. The laws of Bermuda provide that the amount of capital paid in connection with a share repurchase by a company may only be paid out of either the capital paid up on the relevant shares, or the funds of the company which would otherwise be available for dividend or distribution or the proceeds of a fresh issue of shares made for such purpose. The amount of premium payable on repurchase may only be paid out of funds of the company which would otherwise be available for dividend or distribution or out of the share premium account of the company before the shares are repurchased.

APPENDIX I EXPLANATORY STATEMENT ON THE BUYBACK MANDATE

4. IMPACT OF REPURCHASES

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 December 2003) in the event that the Buyback Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Buyback Mandate 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.

5. TAKEOVERS CODE

If, on the exercise of the power to repurchase Shares pursuant to the Buyback Mandate, 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 Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code for all the Shares not already owned by such Shareholder or group of Shareholders.

As at the Latest Practicable Date, Chan Chun Choi, Chairman and Managing Director of the Company, was beneficially interested in 540,377,586 Shares representing approximately 50.27% of the total issued share capital of the Company of which 110,377,586 Shares are held by Eternal Victory Enterprise Inc. as trustee of a unit trust, the units of which are held by a discretionary trust established for the family members of Chan Chun Choi, including Lam Mo Kuen, Anna, a director of the Company and the remaining 430,000,000 Shares are held by Winsley Investment Limited. On the basis that no Shares are issued or repurchased prior to the date of the Annual General Meeting, in the event that the Directors exercise in full the power to repurchase Shares in accordance with the terms of the relevant ordinary resolution to be proposed at the Annual General Meeting, the interests of Chan Chun Choi in the issued Shares would be increased to approximately 55.85% of the total issued share capital of the Company. The Directors are not aware of any consequences which will arise under the Takeovers Code as a result of any repurchases to be made under the Buyback Mandate.

6. GENERAL

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the granting of the Buyback Mandate is approved by the Shareholders.

The Company has not been notified by any connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Buyback Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases of Shares pursuant to the Buyback Mandate in accordance with the Listing Rules and the laws of Bermuda.

APPENDIX I EXPLANATORY STATEMENT ON THE BUYBACK MANDATE

7. MARKET PRICES OF SHARES

The highest and lowest prices per Share at which the Shares have traded on the Stock Exchange during each of the previous 12 months were as follows:

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2003		
April	0.050	0.025
May	0.046	0.042
June	0.057	0.030
July	0.045	0.028
August	0.055	0.020
September	0.063	0.026
October	0.051	0.028
November	0.057	0.021
December	0.061	0.028
2004		
January	0.055	0.027
February	0.050	0.024
March	0.051	0.038
April (up to the Latest Practicable Date)	0.038	0.032

8. REPURCHASES OF SHARES MADE BY THE COMPANY

No repurchase of Shares has been made by the Company during the previous six months (whether on the Stock Exchange or otherwise).

APPENDIX II PROCEDURE BY WHICH THE SHAREHOLDERS MAY DEMAND A POLL AT A GENERAL MEETING PURSUANT TO THE CURRENT BYE-LAWS

The following paragraphs set out the procedure by which the Shareholders may demand a poll at a general meeting of the Company (including the Annual General Meeting) pursuant to the Current Bye-laws.

According to clause 66 of the Current Bye-laws, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (a) the chairman of such meeting; or
- (b) at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised 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 authorised 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 authorised representative) or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

Pursuant to the Listing Rules, the details of the Directors who will retire at the Annual General Meeting according to the Current Bye-laws and will be proposed to be re-elected at the Annual General Meeting are provided below.

(1) Ms LU Su Hua, aged 32, an executive Director

Experience

Ms LU Su Hua is the general manager of China San You High New Technical Group Zhu Hai Company in China. Ms LU was graduated from the Beijing Foreign Studies University in 1999 and in 2003. Ms LU obtained her MBA degree from the University of Ballarat in Australia. Ms LU joined the group on 6 October 2003.

Length of service

Ms LU has entered into a service contract with the Company on 1 January 2004 for acting as an executive Director for an initial term of 2 years commencing on 1 January 2004.

Relationships

Other than the relationship arising from her being an executive Director, Ms LU does not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

Interests in Shares

As at the Latest Practicable Date, Ms LU was not interested or deemed to be interested in any Shares or underlying Shares pursuant to Part XV of the SFO.

Director's emoluments

Pursuant to the service contract entered into between Ms LU and the Company, Ms LU is entitled to receive an annual remuneration of HK\$100,000 payable half yearly.

(2) Mr YUEN Kwok Wah, Bernard, aged 43, an independent non-executive Director*Experience*

Mr YUEN Kwok Wah, Bernard is a practicing Barrister-at-law in Hong Kong and a member of the Hong Kong Bar Association since 1986. Mr YUEN is the honorary adviser and the legal adviser of the Hong Kong Table Tennis Association Limited since 1985. Mr YUEN holds a bachelor degree in laws and a postgraduate certificate in laws from the University of London in 1985.

Length of service

Mr YUEN has entered into a letter of appointment with the Company on 1 January 2004 for acting as an independent non-executive Director for an initial term of 1 year commencing on 1 January 2004.

Relationships

Other than the relationship arising from his being an independent executive Director, Mr YUEN does not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

Interests in Shares

As at the Latest Practicable Date, Mr YUEN was not interested or deemed to be interested in any Shares or underlying Shares pursuant to Part XV of the SFO.

Director's emoluments

Pursuant to the letter of appointment entered into between Mr YUEN and the Company, Mr YUEN is entitled to receive an annual remuneration of HK\$100,000 payable half yearly.

NOTICE OF THE ANNUAL GENERAL MEETING



VICTORY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that an Annual General Meeting of Victory Group Limited (the “Company”) will be held at Garden Room, 2nd Floor, Hotel Nikko Hong Kong, 72 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Friday, 28 May 2004, at 2:00 p.m. for the following purposes:-

1. To receive and consider the audited financial statements and the reports of the directors and of the auditors for the year ended 31 December 2003;
2. To re-elect directors, to fix the maximum number of directors, and to authorise the board to appoint additional directors and fix the directors’ remuneration;
3. To re-appoint auditors and to authorise the board to fix their remuneration;
4. To consider as special business and, if thought fit, pass with or without amendments the following resolution as a special resolution:

“THAT the Bye-laws of the Company be and are hereby amended in the following manner:-

(a) Clause 1

- (i) By inserting the definition of “associate” immediately after the definition of “Act” as follows:

“associate” shall have the meaning attributed to it in the rules of the Designated Stock Exchange.

- (ii) By deleting the words “a recognised clearing house within the meaning of Section 2 of the Securities and Futures (Clearing Houses) Ordinance of Hong Kong or” in the definition of “clearing house”;

(b) Clause 66

By re-numbering the existing clause 66 as clause 66. (1) and inserting the following new clause 66. (2) immediately after the new clause 66. (1):

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

NOTICE OF THE ANNUAL GENERAL MEETING

(c) Clause 84

By deleting the existing clause 84 in its entirety and substituting therefore a new clause 84 as follows:

“84. Any corporation which is a Member may, by resolution of its directors or other governing body or by power of attorney, authorise such person or persons as it thinks fit to act as its corporate representative or representatives at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authority shall specify the number and class of shares held by the relevant member in respect of which each such person is authorised to act as such corporate representative. Each person so appointed under the provisions of this Bye-law shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise as if it were an individual Member including the right to vote individually on a show of hands notwithstanding the provisions of Bye-law 66(1). The number of persons a corporation may authorise to act as its corporate representative or representatives shall not exceed the number of shares held by that corporation (or its nominee), being shares in respect of which there is an entitlement to attend and vote at the relevant meeting.”;

(d) Clause 88

By deleting the existing clause 88 in its entirety and substituting therefore a new clause 88 as follows:

“88. No person other than a Director retiring at the meeting shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose such person for election as a Director, signed by a Member (other than the person to be proposed for election as a Director) duly qualified to attend and vote at the meeting for which such notice is given, and a notice in writing signed by such person of his willingness to be elected shall have been lodged at the head office or at the Registration Office. The minimum length of the period during which such notices are given shall be at least seven (7) days and the period for lodgement of such notices shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.”;

NOTICE OF THE ANNUAL GENERAL MEETING

(e) Clause 103

By deleting the existing clause 103 in its entirety and substituting therefore a new clause 103 as follows:

- “103. (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters namely:
- (i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
 - (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
 - (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
 - (iv) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
 - (v) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company or in which the Director and his associates are not in aggregate beneficially interested in five (5) per cent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associate(s) is derived); or

NOTICE OF THE ANNUAL GENERAL MEETING

- (vi) any proposal concerning the adoption, modification, or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates.
- (2) A company shall be deemed to be a company in which a Director and/or his associate(s) own(s) five (5) per cent or more if and so long as (but only if and so long as) he and/or his associates (either directly or indirectly) is/are the holder(s) of or beneficially interested in five (5) per cent or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his interest or that of any of his associates is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director and/or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorized unit trust scheme in which the Director and/or his associate(s) is/are interested only as a unit holder and any shares which carry no voting right at general meetings and very restrictive dividend and return of capital right.
- (3) Where a company in which a Director and/or his associate(s) hold(s) five (5) per cent or more is materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.
- (4) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or his associate(s) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director and/or his associate(s) concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.”; and

NOTICE OF THE ANNUAL GENERAL MEETING

(f) Clause 154(2)

By substituting the words “fourteen (14) days” with the words “twenty-one (21) days” in clause 154(2);

(g) Clause 157

By deleting the existing clause 157 in its entirety and substituting therefore a new clause 157 as follows:

“157. If the office of auditor becomes vacant by the resignation or death of the Auditor, or by his becoming incapable of acting by reason of illness or other disability at a time when his services are required, the Directors may fill any casual vacancy in the office of auditor.”;

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

“THAT:

- (a) subject to paragraph 5(c) below, the exercise by the directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase issued shares subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph 5(a) above shall be in addition to any other authorisation given to the directors;
- (c) the aggregate nominal amount of share capital purchased or agreed conditionally or unconditionally to be purchased by the directors pursuant to the approval in paragraph 5(a) above during the Relevant Period shall be no more than 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution, and the authority granted pursuant to paragraph 5(a) shall be limited accordingly; and
- (d) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier 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 an ordinary resolution of the shareholders of the Company in general meeting.”;

NOTICE OF THE ANNUAL GENERAL MEETING

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

“THAT:

- (a) subject to paragraph 6(c) below, the exercise by the directors during the Relevant Period (as hereinafter defined) of all powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph 6(a) above shall be in addition to any other authorisation given to the directors and shall authorise the directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted and issued, 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 6(a) above, otherwise than pursuant to a Rights Issue (as hereafter defined) or the exercise of options under the share option scheme of the Company, 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 the passing of this Resolution, and the authority granted pursuant to paragraph 6(a) shall be limited accordingly; and
- (d) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier 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 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 on a fixed record date in proportion to their holdings of such shares (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”; and

NOTICE OF THE ANNUAL GENERAL MEETING

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

“**THAT** conditional on the passing of the Ordinary Resolutions numbered 5 and 6 as set out in the notice of the Meeting of which this Resolution forms part, the aggregate nominal amount of the number of shares in the share capital of the Company that shall have been repurchased by the directors after the date of the passing of this Resolution pursuant to and in accordance with the said ordinary resolution numbered 5 shall be added to the aggregate nominal amount of share capital that may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the directors pursuant to the general mandate to allot and issue shares granted to the directors by the said ordinary resolution numbered 6.”

On behalf of the board
Chan Chun Choi
Chairman

Hong Kong, 27 April 2004

Notes:

1. A member of the Company who is entitled to attend and vote at the meeting convened by the above notice is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. Where there are joint holders of any share, any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and, for this purpose, seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
3. In order to be valid, the form of proxy together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power of authority, must be deposited with the Company's Branch Share Registrar in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time for holding the Meeting, or any adjournment thereof.
4. The register of members of the Company will be closed from 21 May 2004 to 28 May 2004 both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the meeting convened by the above notice, all transfers accompanied by the relevant share certificate and transfer forms must be lodged with the Company's Branch Share Registrar in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m. on 20 May 2004.