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For shareholders of the Company whose shares in the Company are registered on the UK branch register, 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 authorised under the UK Financial Services Act 1986 immediately.

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

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# **vtech**

## **VTech Holdings Limited**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 303)**

### **GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES AMENDMENTS TO BYE-LAWS AND NOTICE OF ANNUAL GENERAL MEETING**

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A letter from the Chairman of VTech Holdings Limited is set out on pages 3 to 8 (inclusive) of this document. A notice convening the annual general meeting of VTech Holdings Limited to be held at Lotus Room, 6th Floor, The Marco Polo Hongkong Hotel, Harbour City, 3 Canton Road, Tsimshatsui, Kowloon, Hong Kong at 3:30 p.m. (Hong Kong time) on 13th August, 2004 is set out on pages 9 to 18 (inclusive) of this document.

Whether or not you are able to attend the said meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting. Completion and return of the form of proxy shall not preclude you from attending and voting at the meeting or any adjourned meeting should you so desire.

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## DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held on 13th August, 2004 at 3:30 p.m. (Hong Kong time);
“AGM Notice”	notice of the AGM, which is set out on pages 9 to 18 (inclusive) of this circular;
“Board”	the board of Directors from time to time;
“Companies Act”	the Companies Act 1985 (as amended) of the UK;
“Company”	VTech Holdings Limited, an exempted company incorporated in Bermuda under the Companies Act 1981 of Bermuda (as amended), the shares of which are listed on the Main Board of the Hong Kong Stock Exchange and on the Official List of the UK Listing Authority;
“Directors”	the directors, including all the independent non-executive directors, of the Company from time to time;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Hong Kong Branch Register”	the register of members held in Hong Kong by Computershare Hong Kong Investor Services Limited of Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Hong Kong Stock Exchange Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;
“Latest Practicable Date”	7th July, 2004, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information included herein;
“London Stock Exchange”	London Stock Exchange plc;
“Shareholders”	holders of Shares;
“Share(s)”	ordinary share(s) of US\$0.05 each in the issued share capital of the Company;
“UK”	the United Kingdom of England, Wales, Scotland and Northern Ireland;

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## DEFINITIONS

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“UK Branch Register”	the register of members held in UK by Capital IRG Plc of Bourne House, 34 Beckenham Road, Kent BR3 4TU, DX91750, Beckenham West, United Kingdom;
“UK Listing Rules”	the rules and regulations made by the UK Listing Authority under Part IV of the Financial Services Act 1986 as amended from time to time; and
“US\$”	United States dollars, the lawful currency of the United States of America.



# VTech Holdings Limited

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 303)**

*Directors:*

Allan WONG Chi Yun (*Chairman  
and Group Chief Executive Officer*)  
Albert LEE Wai Kuen (*Deputy Chairman*)

*Registered office:*

Clarendon House  
Church Street  
Hamilton HM 11  
Bermuda

*Independent Non-Executive Directors:*

Raymond CH' IEN Kuo Fung  
William FUNG Kwok Lun  
Michael TIEN Puk Sun  
Patrick WANG Shui Chung

*Principal office in Hong Kong:*

23rd Floor  
Tai Ping Industrial Centre  
Block 1, 57 Ting Kok Road  
Tai Po, New Territories  
Hong Kong

12th July, 2004

*To the Shareholders and for information only,  
the holders of warrants  
of VTech Holdings Limited*

Dear Sirs or Madam,

## **GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES AMENDMENTS TO BYE-LAWS AND NOTICE OF ANNUAL GENERAL MEETING**

### **INTRODUCTION**

At the AGM, notice of which is set out on pages 9 to 18 (inclusive) of this document, resolutions will be proposed to approve, inter alia, the following:

- (i) the grant to the Directors of a general mandate to repurchase fully paid up Shares representing up to 10% of the issued share capital of the Company as at the date of the Annual General Meeting;
- (ii) the grant to the Directors of a general mandate to allot, issue and otherwise deal with Shares representing up to 20% of the issued share capital of the Company at the date of the Annual General Meeting;
- (iii) the grant to the Directors of a general authority to allot, issue and otherwise deal with Shares of the aggregate nominal amount of the Shares repurchased under the repurchase mandate; and
- (iv) amendments to the bye-laws of the Company.

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## LETTER FROM THE CHAIRMAN

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The purpose of this document is to explain these proposed resolutions.

### **GENERAL MANDATE TO REPURCHASE SHARES**

The previous general mandate granted to the Directors at the annual general meeting of the Company held on 6th August, 2003 to exercise the powers of the Company to repurchase Shares will expire at the AGM.

At the AGM, Resolution 5, as set out in the AGM Notice, will be proposed as an ordinary resolution pursuant to which the Directors will be granted a general and unconditional mandate to exercise all the powers of the Company to repurchase issued Shares subject to the criteria set out in the resolution. The authority relates only to repurchases made on the Hong Kong Stock Exchange and the London Stock Exchange and otherwise in accordance with the Hong Kong Stock Exchange Listing Rules and the UK Listing Rules. The general mandate covers repurchases made or agreed to be made only during the period ending on the date of the annual general meeting of the Company next following the AGM or until the authority given under Resolution 5 is renewed, revoked, or varied by ordinary resolution of the Shareholders in general meeting, whichever occurs first. In accordance with the Hong Kong Stock Exchange Listing Rules, the Company is required to send to its shareholders an explanatory statement containing all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the resolution to approve the granting of a mandate to exercise the powers of the Company to purchase its own Shares. This document sets out below such information, in relation to the mandate to repurchase Shares, as is required to be provided in accordance with the Hong Kong Stock Exchange Listing Rules and the UK Listing Rules.

### **Share Capital and Maximum Number of Shares that may be Repurchased**

The maximum number of Shares that may be repurchased on the Hong Kong Stock Exchange or on another stock exchange pursuant to the mandate will be such number of Shares as represents 10% of the share capital of the Company in issue on the date of the AGM. As at the Latest Practicable Date, there were in issue an aggregate of 225,627,133 Shares. Subject to the passing of the relevant resolution approving the mandate to repurchase Shares and on the basis that no Shares are issued or repurchased prior to the AGM, the Company would be permitted under the repurchase mandate to repurchase a maximum of 22,562,713 Shares. The mandate relates only to repurchases of Shares which are fully paid up.

As at the Latest Practicable Date, the total number of options and warrants to subscribe for Shares that are outstanding is 18,700,000 being equivalent to approximately 8.29% of the total issued share capital of the Company as at that date. If the repurchase of Shares under the currently existing mandate was carried out in full prior to the AGM and the repurchase of Shares under the new mandate to be passed at the meeting was also carried out in full following the AGM, the percentage of the total number of options and warrants to the total issued share capital would increase to approximately 9.21%.

### **Reasons for Repurchases**

While it is not possible to anticipate any specific circumstances in which the Directors might think it appropriate to repurchase Shares, the Directors believe that an authority to do so would give the Company additional flexibility that would be beneficial. The Directors have no current intention to repurchase any Shares.

In reaching a decision as to whether to make any such repurchase, the Directors will take account of market conditions and the Company's funding arrangements at the time and whether or not such repurchase would lead to an enhancement of the net asset value per Share of the Company and/or its earnings per Share.

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## LETTER FROM THE CHAIRMAN

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Shareholders can be assured that the Directors would only make a repurchase in circumstances where they consider it to be in the best interests of the Company and in circumstances where they consider that the Shares can be repurchased on favourable terms after obtaining all necessary consents which may be required under loan or finance documentation.

On the basis of the consolidated financial position of the Company as at 31st March, 2004, (being the date to which the latest published audited consolidated accounts of the Company have been made up) and in particular the working capital position of the Company at that time and the number of Shares to which the repurchase mandate relates, the Directors consider that it is likely that there would be adverse impact on the working capital position and the gearing position of the Company in the event that the repurchase mandate were to be exercised in full during the repurchase period. No repurchases would be made where such repurchases would have a material adverse impact on the working capital position of the Company unless the Directors consider that such repurchases were in the best interests of the Company.

### **Price to be Paid for Repurchases**

Under the UK Listing Rules, the maximum price which may be paid for each of the Shares to be repurchased is 5% above the middle market quotation of those Shares as derived from the London Stock Exchange Daily Official List for the five dealing days immediately prior to the repurchase. The minimum price that will be paid for each of the Shares is US\$0.05, being the nominal value of the Shares.

### **Funding of Repurchases**

The Company is empowered by its memorandum of association and bye-laws to repurchase its Shares. Purchases of Shares must be financed out of funds legally available for such purpose in accordance with the Company's memorandum of association and bye-laws and the laws of Bermuda and will be funded by the resources of the Company. Bermuda law provides that the amount of capital paid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant Shares or the funds of the Company that would otherwise be available for dividend or distribution of the proceeds of a fresh issue of Shares made for the purpose. The amount of premium payable on repurchase may only be paid out of the funds of the Company that would otherwise be available for dividend or distribution or out of the share premium account of the Company before the Shares are repurchased. Should the Directors consider it desirable, they would be able to finance the repurchase out of funds borrowed against any of the above-mentioned accounts.

### **Hong Kong Stock Exchange Listing Rules**

The reporting requirements contained in the Hong Kong Stock Exchange Listing Rules specify that, inter alia, a listed company shall report all repurchases of its securities to the Hong Kong Stock Exchange by not later than 9.00 a.m. (Hong Kong time) on the business day following the date of repurchase of any securities and shall include in its annual report a monthly breakdown of repurchases of securities.

### **UK Listing Rules**

The UK Listing Rules require the Company to notify the Company Announcements Office of the London Stock Exchange of any repurchases made by the Company no later than 7:30 a.m. (London time) on the business day following the day on which the repurchase took place.

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# LETTER FROM THE CHAIRMAN

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## Directors' Undertaking

The Directors have undertaken to the Hong Kong Stock Exchange to exercise the power of the Company to make repurchases pursuant to the proposed resolution in accordance with the Hong Kong Stock Exchange Listing Rules and the UK Listing Rules and all applicable Bermuda laws and in accordance with the regulations set out in the memorandum of association and bye-laws of the Company.

## Directors and Connected Persons

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, any of the associates (as defined in the Hong Kong Stock Exchange Listing Rules) of any of the Directors, have any present intention, in the event that the grant to the Directors of the repurchase mandate is approved by the shareholders, of selling Shares to the Company.

No persons who are connected persons of the Company have notified the Company that they have a present intention to sell Shares to the Company, nor have they undertaken not to sell any of the Shares held by them to the Company in the event that the Company is authorised to make repurchases of Shares.

## Hong Kong Code on Takeovers and Mergers

If, as a result of a share repurchase, a shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Code") and, if such increase results in a change of control, may in certain circumstances give rise to an obligation to make a mandatory offer for the securities of the Company under Rule 26 of the Code.

## Share Prices and Share Repurchase Records

During each of the 12 months preceding the Latest Practicable Date, the highest and lowest traded prices for Shares on the Hong Kong Stock Exchange were as follows:

	Share Price	
	Highest HK\$	Lowest HK\$
<b><u>2003</u></b>		
July	11.05	6.40
August	10.70	9.00
September	10.25	9.35
October	12.40	9.20
November	12.75	10.65
December	12.20	10.80
<b><u>2004</u></b>		
January	12.65	11.00
February	15.30	12.05
March	14.50	12.50
April	15.15	12.65
May	14.10	9.90
June	14.95	12.05



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## LETTER FROM THE CHAIRMAN

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During each of the six months preceding the Latest Practicable Date, no Shares were repurchased by the Company.

### **Status of Repurchased Shares**

Under Bermuda law, any Shares repurchased by the Company will be treated as cancelled and the issued share capital of the Company, but not the aggregate amount of its authorised share capital, will be reduced accordingly.

### **GENERAL MANDATE TO ISSUE SHARES**

The previous general mandate granted to the Directors at the annual general meeting of the Company held on 6th August, 2003 to exercise the powers of the Company to allot, issue and deal with Shares will expire at the AGM.

Resolution 6 as set out in the AGM Notice will be proposed as an ordinary resolution to renew a general and unconditional mandate to authorise the Directors to allot, issue and deal with further new Shares representing up to 20% of the aggregate nominal amount of the share capital of the Company in issue at the date the resolution is passed. As at the Latest Practicable Date, there were in issue an aggregate of 225,627,133 Shares. On the basis that no Shares are issued or repurchased prior to the AGM, the Company would be allowed to allot, issue and deal with a maximum of 45,125,426 further new Shares. In addition, if Resolution 5 is passed, authorising the repurchase of Shares by the Company, Resolution 7 set out in the AGM Notice will be proposed as an ordinary resolution to extend the authority of the Directors to allot, issue and deal with Shares to include an additional number of Shares equal to the number of Shares repurchased under the repurchase mandate.

The authority of the Directors to allot and issue Shares pursuant to Resolutions 6 and 7 shall expire on the earlier of the conclusion of the annual general meeting of the Company to be held in 2005, or the date of renewal of such authority prior to such time or the date on which such authority is revoked or varied by ordinary resolution of the Shareholders in general meeting. The Directors confirm that there are no pre-emption rights attaching to the Shares and that they have no present intention of allotting, issuing and dealing with Shares pursuant to the authority that would be vested in them pursuant to Resolutions 6 and 7 set out in the AGM Notice.

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

At the AGM, a special resolution, as set out in the notice of AGM as Resolution 8, will be proposed to amend the bye-laws in compliance with the changes made to the Hong Kong Stock Exchange Listing Rules by the Hong Kong Stock Exchange which became effective on 31st March, 2004. Such changes to the Hong Kong Stock Exchange Listing Rules mainly relate to corporate governance and continuing listing obligations of companies listed on the Stock Exchange. Details of the proposed amendments are set out in the notice of AGM.

### **RECOMMENDATION**

The Directors consider that the general mandate to repurchase Shares and the general mandates to allot, issue and deal with Shares and the amendment to the Bye-laws are each in the best interests of the Company and its shareholders as a whole. The Directors recommend that the shareholders of the Company vote in favour of these resolutions at the AGM. Those Directors who are also shareholders of the Company intend to vote in favour of the resolutions.

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## LETTER FROM THE CHAIRMAN

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### NOTICE OF ANNUAL GENERAL MEETING

The AGM Notice is set out on pages 9 to 18 (inclusive) of this document.

A form of proxy is enclosed with this document for use at the AGM. Whether or not you choose to attend this meeting, you are requested to complete and return the enclosed form of proxy to the Company's Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting. Completion of a form of proxy will not preclude you from attending and voting at the meeting in person if you so wish.

Yours faithfully  
**Allan WONG Chi Yun**  
*Chairman*

**vtech**  
**VTech Holdings Limited**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 303)**

**NOTICE IS HEREBY GIVEN** that the annual general meeting of shareholders of VTech Holdings Limited (the “Company”) will be held at Lotus Room, 6th Floor, The Marco Polo Hongkong Hotel, Harbour City, 3 Canton Road, Tsimshatsui, Kowloon, Hong Kong on 13th August, 2004 at 3:30 p.m. (Hong Kong time) for the following purposes:

**ORDINARY BUSINESS**

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31st March, 2004.
2. To declare a final dividend.
3. To re-elect Directors and to authorise the Board of Directors to fix their fees.
4. To re-appoint Messrs. KPMG as the auditors and to authorise the Board of Directors to fix their remuneration.

**SPECIAL BUSINESS**

Resolutions 5 to 7 will be proposed as ordinary resolutions of the Company and Resolution 8 will be proposed as a special resolution of the Company:

5. **“THAT:**
  - (a) subject to the provisions of paragraphs (b) and (c) below, the exercise by the Directors of all the powers of the Company to repurchase ordinary shares of US\$0.05 each in the share capital of the Company on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) subject to and in accordance with all applicable laws and the provisions of, in the manner specified in the Rules Governing the Listing of Securities on the Stock Exchange be and is hereby generally and unconditionally approved;
  - (b) the aggregate nominal amount of shares hereby authorised to be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the annual general meeting at which this resolution is passed;
  - (c) the authority hereby conferred on the Company pursuant to the approval in paragraph (a) above shall expire on the earlier of (i) the conclusion of the annual general meeting of the Company to be held in 2005 or (ii) such authority given under this resolution being renewed, revoked or varied by ordinary resolution of shareholders of the Company in general meeting.”

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## NOTICE OF ANNUAL GENERAL MEETING

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6. “**THAT:**
- (a) subject to the provisions of paragraphs (b) and (c) below, the exercise by the Directors of all the powers of the Company to allot, issue and deal with additional authorised and unissued shares in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for shares and other rights of subscription for or conversion into shares, which might require the exercise of such powers, be and is hereby generally and unconditionally approved;
  - (b) the aggregate nominal amount of the share capital to be allotted, issued and dealt with by the Directors of the Company pursuant to the approval in paragraph (a) above, other than as set out in paragraph (c) below, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the annual general meeting of the Company at which this resolution is passed and the authority conferred on the Directors pursuant to paragraph (a) above shall expire on the earlier of (i) the conclusion of the annual general meeting of the Company to be held in 2005 or (ii) such authority being revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, save that, in each case, this authority shall allow the Company before the expiry of this authority to make or grant offers, agreements and options (including warrants to subscribe for shares and other rights of subscription for or conversion into shares) which would or might require shares to be allotted and issued after such expiry and the Directors may allot, issue and deal with the shares in pursuance of such offers, agreements and options as if the authority conferred hereby had not expired;
  - (c) the provisions of paragraph (b) above shall not apply to the aggregate nominal amount of share capital allotted and/or issued or agreed to be conditionally or unconditionally issued and/or allotted by the Directors pursuant to:
    - (i) a rights issue where shares are offered for a fixed period to shareholders in proportion to their then holdings of shares on a fixed record date (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 stock exchange in, any territory applicable to the Company); or
    - (ii) any scrip dividend scheme or similar arrangements implemented in accordance with the Company’s bye-laws; and
  - (d) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors.”
7. “**THAT** conditional on the passing of Resolution 5 in the notice convening this meeting, the general mandate granted to the Directors and for the time being in force to exercise all the powers of the Company to allot, issue and deal with additional shares pursuant to Resolution 6 set out in the notice convening this meeting be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed to be conditionally or unconditionally allotted by the Directors pursuant to such general mandate of 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 5, provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution.”

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## NOTICE OF ANNUAL GENERAL MEETING

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8. “**THAT** the bye-laws of the Company be amended as follows:

(a) by inserting the following new definitions in bye-law 1:

“associate	the meaning attributed to it in the rules of the Designated Stock Exchange.
clearing house	a clearing house recognized by the laws of Hong Kong and The Stock Exchange of Hong Kong Limited.
document being executed	references to a document being executed include references to it being executed under hand or under seal or by electronic signature or by any other method and references to a notice or document include a notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not.
Designated Stock Exchange	a stock exchange which is an appointed stock exchange for the purposes of the Act in respect of which the shares of the Company are listed or quoted and where such appointed stock exchange deems such listing or quotation to be the primary listing or quotation of the shares of the Company.
Statutes	the Act and every other act of the Legislature of Bermuda for the time being in force applying to or affecting the Company, its memorandum of association and/or these Bye-laws.”;

(b) by substituting the existing definitions of “writing” and “printing” appearing in bye-law 1 with the following definitions:

““writing” or “printing” shall, unless the contrary intention appears, be construed as including printing, lithography, photography and other modes of representing words or figures in a visible form, and including where the representation takes the form of electronic display, provided that both the mode of service of the relevant document or notice and the Member’s election comply with all applicable Statutes, rules and regulations;”

(c) by substituting the existing bye-law 3(A) with the following new bye-law 3(A):

“(A) The share capital of the Company at the date on which these Bye-laws come into effect shall be divided into shares of US\$0.05 each.”;

(d) by substituting the existing bye-law 58(B) with the following new bye-law 58(B):

“The Company may from time to time by special resolution, subject to any confirmation or consent required by law, reduce its authorised or issued share capital or, save for the use of share premium as expressly permitted by the Act, any share premium account or other undistributable reserve.”

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## NOTICE OF ANNUAL GENERAL MEETING

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- (e) by inserting in bye-law 10 after the words “Subject to the provisions of the Companies Act and of these Bye-laws” with the following words:

“any direction that may be given by the Company in general meeting and, where applicable, the rules of any Designated Stock Exchange”;

- (f) by inserting the following sentence at the end of bye-law 13(C):

“The register of members including any overseas or local or other branch register of Members may, after notice has been given by advertisement in an appointed newspaper and where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange or by any means in such manner as may be accepted by the Designated Stock Exchange to that effect, be closed at such times or for such periods not exceeding in the whole thirty (30) days in each year as the board may determine and either generally or in respect of any class of shares.”

- (g) by deleting the existing bye-law 35 in its entirety and replacing therewith the following new bye-law 35:

“35. Subject to these Bye-laws, any member may transfer all or any of his shares by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange or in any other form approved by the board and may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.”

- (h) by inserting, in bye-law 42, after the words “The registration of transfers may”, the following words:

“, after notice has been given by advertisement in an appointed newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange or by any means in such manner as may be accepted by the Designated Stock Exchange to that effect”;

- (i) by inserting the following sentence at the end of bye-law 75:

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

- (j) by substituting the existing bye-law 80 of the Company’s bye-laws with the following new bye-law 80:

“80. Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Bye-laws, at any general meeting on a show of hands every member present in person (or being a corporation, is present by a representative duly authorised under Section 78 of the Act), or by proxy shall have one vote and on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as

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## NOTICE OF ANNUAL GENERAL MEETING

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paid up on the share. Notwithstanding anything contained in these Bye-laws, where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.”;

- (k) by inserting the following new bye-law 84(C):

“(C) 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.”;

- (l) by inserting the following words at the end of bye-law 85:

“In addition, proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.”;

- (m) by substituting the existing bye-law 92A of the Company’s bye-laws with the following new bye-law 92A:

“92A. Where a member is a clearing house (or its nominee(s) and, in each case, being a corporation), it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of members provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Bye-law shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee(s)) in respect of the number and class of shares specified in the relevant authorisation including the right to vote individually on a show of hands.”

- (n) by substituting the existing bye-law 103(C) with the following new bye-law 103(C):

“(C). (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associate 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;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (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 he is the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company or any of its subsidiaries by virtue only of his/their interest in shares or debentures or other securities of the Company;
  - (v) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder other than a company or in which the Director together with any of his associates (as defined by the rules, where applicable, of the Designated Stock Exchange) and any of/or his associate(s) is/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 associates is derived); or
  - (vi) any proposal or arrangement 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 accorded generally 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) owns 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) are the holders 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/their 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 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 authorised unit trust scheme in which the Director is interested only as a unit holder.
- (3) Where a company in which a Director together with and/or his associate(s) holds five (5) per cent. or more is/are materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.”



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## NOTICE OF ANNUAL GENERAL MEETING

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- (o) by substituting the existing bye-law 103(E) with the following new bye-law 103(E):

“(E) 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 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 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.”;

- (p) by deleting the words “not less than seven nor more than forty-two days (inclusive of the date on which the notice is given) before the date appointed for the meeting” appearing in bye-law 113(C) and by inserting the following words at the end of bye-law 113(C) before the full stop “.”:

“provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that the period for lodgment of such notice(s) 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.”

- (q) by inserting, in bye-law 156(A), after the words “Subject to Section 88 of the Act”, the following words:

“and Bye-law 156A”;

- (r) by inserting, in bye-law 156(B) after the words “not less than twenty-one days before the date of the meeting”, the words “and at the same time as the notice of the meeting”;

- (s) by inserting the following new bye-law 156A:

“156A. To the extent permitted by and subject to due compliance with all applicable Statutes, rules and regulations, including, without limitation, the rules of the Designated Stock Exchange, and to obtaining all necessary consents, if any, required thereunder, the requirements of Bye-law 156 shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the Statutes, a summary financial statement derived from the Company’s annual accounts and the directors’ report which shall be in the form and containing the information required by applicable laws and regulations, provided that any person who is otherwise entitled to the annual financial statements of the Company and the directors’ report thereon may, if he so requires by notice in writing served on the Company, demand that the Company sends to him, in addition to a summary financial statement, a complete printed copy of the Company’s annual financial statement and the directors’ report thereon.”

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## NOTICE OF ANNUAL GENERAL MEETING

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- (t) by inserting the following new bye-law 156B:

“156B. The requirement to send to a person referred to in Bye-law 156 the documents referred to in that provision or a summary financial report in accordance with Bye-law 156A shall be deemed satisfied where, in accordance with all applicable Statutes, rules and regulations, including, without limitation, the rules of the Designated Stock Exchange, the Company publishes copies of the documents referred to in Bye-law 156 and, if applicable, a summary financial report complying with Bye-law 156A, on the Company’s computer network or in any other permitted manner (including by sending any form of electronic communication), and that person has agreed or is deemed to have agreed to treat the publication or receipt of such documents in such manner as discharging the Company’s obligation to send to him a copy of such documents.”

- (u) by substituting the words “Any notice or document may be served by the Company on any member either personally or by sending it through the post in prepaid letter addressed to such member at his registered address as appearing in the register or by advertisement in a leading English language national daily newspaper circulating in the relevant territories including also, in the case of Hong Kong, a leading Chinese language daily newspaper circulating in Hong Kong.” appearing in the beginning of bye-law 160 with the following words:

“Any notice or document (including any “corporate communication” within the meaning ascribed thereto under the rules of the Designated Stock Exchange), whether or not, to be given or issued under these Bye-laws from the Company to a member shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or communication and any such notice and document may be served or delivered by the Company on or to any member either personally or by sending it through the post in a prepaid envelope addressed to such member at his registered address as appearing in the register of members or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of notice to him or which the person transmitting the notice reasonably and bona fide believes at the relevant time will result in the notice being duly received by the member or may also be served by advertisement in appointed newspapers (as defined in the Act) or in newspapers published daily and circulating generally in the territory of and in accordance with the requirements of the Designated Stock Exchange or, to the extent permitted by the applicable laws, by placing it on the Company’s website or the website of the Designated Stock Exchange, and giving to the member a notice stating that the notice or other document is available there (a “notice of availability”). The notice of availability may be given to the member by any of the means set out above.”;

- (v) by substituting the existing bye-law 162 with the following new bye-law 162:

“162. Any Notice or other document:

- (a) if served or delivered by post, shall where appropriate be sent by airmail and shall be deemed to have been served or delivered on the day following that on which the envelope containing the same, properly prepaid and addressed, is put into the post; in proving such service or delivery it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly addressed and put into the

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## NOTICE OF ANNUAL GENERAL MEETING

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post and a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the board that the envelope or wrapper containing the notice or other document was so addressed and put into the post shall be conclusive evidence thereof;

- (b) if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. A notice placed on the Company's website or the website of the Designated Stock Exchange, is deemed given by the Company to a member on the day following that on which a notice of availability is deemed served on the member;
- (c) if served or delivered in any other manner contemplated by these Bye-laws, shall be deemed to have been served or delivered at the time of personal service or delivery or, as the case may be, at the time of the relevant despatch, transmission or publication; and in proving such service or delivery a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the board as to the fact and time of such service, delivery, despatch, transmission or publication shall be conclusive evidence thereof; and
- (d) may be given to a member either in the English language or the Chinese language, subject to due compliance with all applicable Statutes, rules and regulations.”;

and

- (w) by inserting the following new bye-law 166A:

“166A. For the purposes of these Bye-laws, a cable or telex or facsimile or electronic transmission message purporting to come from a holder of shares or, as the case may be, a Director or alternate Director, or, in the case of a corporation which is a holder of shares from a director or the secretary thereof or a duly appointed attorney or duly authorised representative thereof for it and on its behalf, shall in the absence of express evidence to the contrary available to the person relying thereon at the relevant time be deemed to be a document or instrument in writing signed by such holder or Director or alternate Director in the terms in which it is received.”,

and that the directors be and are hereby authorised to do all such acts, deeds and things as they shall, in their absolute discretion, deem fit in order to effect and complete any of the foregoing.

By Order of the Board  
**Chang Yu Wai**  
*Company Secretary*

Hong Kong, 9th July, 2004

### Notes:

1. Any member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.

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2. To be valid, the form of proxy must be deposited with the Company's Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited of Rooms 1712-16, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the Meeting or any adjournment thereof.
3. The Register of Members of the Company will be closed from 9th August, 2004 to 13th August, 2004 (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 should be lodged with Computershare Hong Kong Investor Services Limited at the address mentioned above for registration not later than 4:00 p.m. (Hong Kong time) on 8th August, 2004.