

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 you should take, 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 **UDL HOLDINGS LIMITED**, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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UDL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

**NOTICE OF ANNUAL GENERAL MEETING TOGETHER WITH
PROPOSED GENERAL MANDATES TO REPURCHASE SHARES
AND ISSUE SHARES, PROPOSED AMENDMENT
OF COMPANY BYE-LAWS AND
PROPOSED REFRESHMENT OF THE
NEW SHARE OPTION SCHEME MANDATE LIMIT**

A notice convening an annual general meeting of UDL HOLDINGS LIMITED to be held at Room 315, 3rd Floor, Hong Kong International Trade & Exhibition Centre, No. 1 Trademart Drive, Kowloon Bay, Hong Kong on 31st December 2003 at 10:00 a.m. is set out on the notice of Annual General Meeting on pages 12 to 15 of this circular. Whether or not shareholders propose to attend the meeting, they are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's 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 and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude shareholders from attending and voting in person at the meeting should they so wish.

Hong Kong, 8th December 2003

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RESPONSIBILITY STATEMENT

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

DEFINITIONS

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

“Annual General Meeting”	an annual general meeting of the Company to be held on 31st December 2003 at 10:00 a.m.
“Associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company or a duly authorised committee thereof
“Company”	UDL HOLDINGS LIMITED, an exempted company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company for the time being
“Eligible Participant”	means (i) any full-time employees of the Company or of any of its Subsidiaries; (ii) any directors (including non-executive directors and independent non-executive directors) of the Company or of any of its Subsidiaries; (iii) any advisers, consultants, suppliers and agents to the Company or to any of its Subsidiaries; and (iv) such other persons who have contributed to the Group, the assessment criteria of which are: (a) contribution to the development and performance of the Group; (b) quality of work performed for the Group; (c) initiative and commitment in performing his/her duties; and (d) length of service or contribution to the Group
“Employees”	any employee or executive director of the Company or any of its Subsidiaries
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“Old Share Option Scheme”	the share option scheme for the full-time employees or executive director of the Company or its Subsidiaries adopted by the Company at its special general meeting on 6th September 1991 and expired on 6th September 2001
“Grantee”	any Eligible Participant who accepts an offer in accordance with the terms of the New Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee
“Group”	the Company and its Subsidiaries
“Latest Practicable Date”	1st December 2003 being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Share Option Scheme”	the new share option scheme adopted by the Company at the Annual General Meeting on 31st December 2002
“Option(s)”	an option to subscribe for Shares granted pursuant to the New Share Option Scheme
“Option Period”	a period to be notified by the Board to each Grantee as being the period during which an Option may be exercised as the Board determines at its discretion, save that such period shall not be more than 10 years from the date of grant of the Option
“Ordinary Resolution(s)”	the proposed ordinary resolution(s) as referred to in the notice of Annual General Meeting
“Repurchase Mandate”	a general mandate to the Directors to exercise the powers of the Company to repurchase Shares during the period as set out in Ordinary Resolution No. 4 up to a maximum of 10 per cent of the issued share capital of the Company as at the date of passing of Ordinary Resolution No. 4
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Share Issue Mandate”	a general mandate to the Directors to exercise the powers of the Company to issue during the period as set out in the Ordinary Resolution No. 5 representing up to 20 per cent of the issued share capital of the Company as at the date of passing of Ordinary Resolution No. 5
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listings on the Stock Exchange of their own securities on the Stock Exchange
“Special Resolution”	the proposed special resolution as referred to in the Notice of AGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance of Hong Kong or The Companies Act 1981 of Bermuda (as amended)) of the Company
“Takeover Code”	the Hong Kong Code on Takeovers and Mergers

DEFINITIONS

- “UDL Scheme” a composite scheme of arrangement under S166 of the Companies Ordinance, Cap. 32 of the laws of the Hong Kong Special Administrative Region of the People’s Republic of China made between each of the Company and its 24 scheme participating subsidiaries with their respective creditors, which scheme of arrangement became effective on 28th April 2000
- “HK\$” Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of The People’s Republic of China

LETTER FROM THE CHAIRMAN



UDL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Executive Directors:

Mrs. Leung Yu Oi Ling, Irene (*Chairman*)

Miss. Leung Chi Yin, Gillian

Independent Non-executive Directors/Audit Committee:

Mr. Pao Ping Wing, JP

Prof. Yuen Ming Fai, Matthew

Registered Office:

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

Head Office and Principal

Place of Business:

Room 702, 7th Floor

Aitken Vanson Centre

61 Hoi Yuen Road

Kwun Tong

Hong Kong

8th December 2003

To the shareholders of the Company

Dear Sir or Madam,

**NOTICE OF ANNUAL GENERAL MEETING TOGETHER WITH
PROPOSED GENERAL MANDATES TO REPURCHASE SHARES
AND ISSUE SHARES, PROPOSED AMENDMENT
OF COMPANY BYE-LAWS AND
PROPOSED REFRESHMENT OF THE
NEW SHARE OPTION SCHEME MANDATE LIMIT**

1. INTRODUCTION

This circular contains an explanatory statement to be sent to shareholders of the Company in compliance with the Listing Rules to give all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the resolutions to approve the Repurchase Mandate, and the amendment of the Company's Bye-Laws and the refreshment of New Share Option Scheme Mandate Limit.

2. GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES

At the Annual General Meeting of the Company to be held on 31st December 2003, an Ordinary Resolution will be proposed to renew a general mandate previously granted to the Directors, on the terms set out in the notice of the Annual General Meeting, allowing them to exercise all powers of the Company to repurchase its fully-paid Shares. Under such a mandate, the number of Shares that the Company may repurchase shall not exceed 10 per cent of the issued share capital of the Company at the date of passing the Ordinary Resolution. The Company's authority shall be restricted to repurchases made on the Stock Exchange.

LETTER FROM THE CHAIRMAN

The mandate allows the Company to make repurchases only during the period ending on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required by any applicable law or the Company's Bye-Laws to be held or the date upon which such mandate is revoked or varied by an ordinary resolution of shareholders of the Company in general meeting.

It will also be proposed to grant a general mandate to the Directors, in the terms set out in the notice of the Annual General Meeting, allowing them to exercise all powers of the Company to allot, issue and deal with Shares not exceeding 20 per cent of the issued share capital of the Company at the date of passing the related Ordinary Resolution, to provide flexibility to the Directors if desirable.

An Ordinary Resolution will also be proposed at the Annual General Meeting to authorise the extension of the Share Issue Mandate by adding to the mandate the number of Shares to be repurchased by the Company under the Repurchase Mandate in the terms set out in the notice of Annual General Meeting.

An explanatory statement as required under the Share Repurchase Rules to provide the requisite information of the Repurchase Mandate is set out in Appendix hereto.

3. AMENDMENT OF COMPANY BYE-LAWS

It was observed by the Hong Kong Securities Clearing Company Limited ("HKSCC") that the existing Bye-Laws of the Company do not allow a corporation to appoint multiple corporate representatives. In order to comply with the Listing Rules, HKSCC has requested the Company to amend its Bye-Laws so as to incorporate such provisions. The Directors, after consulting the Company's Bermuda legal advisers have proposed that an amendment to the Company's Bye-Laws be adopted at the Annual General Meeting by way of special resolution. Details of the proposed amendment are shown in the Notice of Annual General Meeting.

4. REFRESHMENT OF THE NEW SHARE OPTION SCHEME MANDATE LIMIT

Pursuant to the resolution passed by the Shareholders at the annual general meeting of the Company held on 31st December 2002, the New Share Option Scheme was adopted. The purpose of the New Share Option Scheme is to enable the Company to provide incentives or rewards to the Eligible Participants, being (i) any full-time employees of the Company or of any of its Subsidiaries; (ii) any directors (including non-executive directors and independent non-executive directors) of the Company or of any of its Subsidiaries; (iii) any advisers, consultants, suppliers and agents to the Company or to any of its Subsidiaries; and (iv) such other persons who have contributed to the Group, the assessment criteria of which are: (a) contribution to the development and performance of the Group; (b) quality of work performed for the Group; (c) initiative and commitment in performing his/her duties; and (d) length of service or contribution to the Group.

Under the New Share Option Scheme, the Directors were authorised to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of the options granted under the New Share Option Scheme. The Company may grant options up to the limit imposed under the New Share Option Scheme, i.e. 10% (equivalent to 90,830,230 Shares) of the issued share capital of the Company as at the date of adoption of the New Share Option Scheme.

LETTER FROM THE CHAIRMAN

Up to the Latest Practicable Date, options carrying the rights to subscribe for 45,408,000 Shares, representing approximately 5% of the issued share capital of the Company as at the date of adoption of the New Share Option Scheme, have been granted under the New Share Option Scheme.

All the grantees of the above granted options fell within the category of Eligible Participants under the New Share Option Scheme and all these options were granted in accordance with the rules of the New Share Option Scheme and the relevant requirements of the Listing Rules. The following table shows the classes of Eligible Participants to whom the above share options were granted by the Company:

Class of Eligible Participants	Number of options granted
Executive Directors (Two)	18,166,000
Employees (Twelve)	9,076,000
Suppliers (Two)	18,166,000
	<hr/>
	45,408,000

As stated above, the options were granted to the Eligible Participants as incentives and rewards to them. None of the grantees has been granted with options which exceed the limit of 1% of the issued share capital of the Company as at the respective dates of grant.

Some of the options granted were exercised prior to the Latest Practicable Date. Accordingly, pursuant to the limit imposed under the New Share Option Scheme, the Company is only permitted to grant further options to subscribe for 45,422,230 Shares, representing approximately 5% and 4.9% of the issued share capital of the Company as at the date of adoption of the New Share Option Scheme and as at the Latest Practicable Date respectively.

Apart from the New Share Option Scheme, the Company has no other share option scheme currently in force. The Directors consider that the Company should refresh the limit under the New Share Option Scheme so that the Company could have more flexibility to provide incentives to those Eligible Participants of the New Share Option Scheme by way of granting share options to them.

In accordance to listing rule 17.03(3) note 1 and 2, the Group may seek approval by its shareholders in general meeting for “refreshing” the 10% limit under the scheme. However, the total number of securities which may be issued upon exercise of all options to be granted under all of the schemes of the Group (or the subsidiary) under the limit as “refreshed” must not exceed 10% of the relevant class of securities in issue as at the date of approval of the limit. Options previously granted under the schemes (including those outstanding, cancelled, lapsed in accordance with the scheme or exercised options) will not be counted for the purpose of calculating the limit as “refreshed”. However, the limit on the number of securities which may be issued upon exercise of all outstanding options granted and yet to be exercised under the scheme and any other schemes must not exceed 30% of the relevant class of securities of the Group (or the subsidiary) in issue from time to time. No options may be granted under any schemes of the Group (or the subsidiary) if this will result in the limit being exceeded.

LETTER FROM THE CHAIRMAN

If the refreshment of the Existing Scheme Mandate Limit is approved at the Annual General Meeting, based on the 935,551,302 Shares in issue as at the Latest Practicable Date and assume no further Shares are issued or repurchased after the Latest Practicable Date and up to the date of the Annual General Meeting, the Company will be allowed to grant further options under the Existing Share Option Scheme for subscription of up to a total of 93,551,130 Shares, representing 10% of the issued share capital of the Company as at the date of the Annual General Meeting.

The Directors consider that the refreshment of the limit under the New Share Option Scheme is in the interests of the Group and the Shareholders as a whole because it enables the Company to reward and motivate its employees and other Eligible Participants under the New Share Option Scheme.

The refreshment of the limit under the New Share Option Scheme is conditional upon:

- (i) the passing of the ordinary resolution at the Annual General Meeting; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in any new Shares which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the options that may be granted under the refreshed limit of the New Share Option Scheme up to 10% of the issued share capital of the Company as at the date of passing of the relevant ordinary resolution at the Annual General Meeting.

5. ANNUAL GENERAL MEETING

Notice of the Annual General Meeting is contained in this circular. A form of proxy for use at the Annual General Meeting is also enclosed therewith.

The following Ordinary Resolutions, as special business, will be respectively proposed at such meeting:

- to grant to the Directors a general mandate to authorise the Directors to issue, allot and deal with Shares with an aggregate nominal value not exceeding 20 per cent of the aggregate nominal amount of the issued share capital of the Company as at the date of passing Ordinary Resolution No. 5;
- to grant to the Directors a general mandate to exercise all powers of the Company to repurchase on the Stock Exchange Shares representing up to 10 per cent of the issued share capital of the Company as at the date of passing Ordinary Resolution No. 4;
- to extend the general mandate which will be granted to the Directors to issue, allot and deal with additional Shares by adding to it the number of Shares repurchased under the Repurchase Mandate after the granting of the Share Issue Mandate; and
- to approve refreshment of the New Share Option Scheme mandate limit with effect from the conclusion of the Annual General Meeting.

The following Special Resolution, as special business, will be proposed as such meeting:

- to approve amendment of Company's Bye-Laws with effect from the conclusion of the Annual General Meeting.

LETTER FROM THE CHAIRMAN

6. ACTION TO BE TAKEN

Whether or not you intend to attend the Annual General Meeting, you are requested to complete the accompanying proxy form and return it to the company registrar of the Company in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude shareholders of the Company from attending and voting in person at the Annual General Meeting if they so wish.

7. RECOMMENDATION

The Directors believe that the granting of the Repurchase Mandate and Share Issue Mandate, the amendment of Company Bye-Laws, and the refreshment of New Share Option Scheme mandate limit are all in the best interests of the Company and its shareholders and so recommend you to vote in favour of the related resolutions at the Annual General Meeting. The Directors will exercise their voting rights in respect of all of their shareholdings (if any) in favour of the resolutions.

Yours faithfully,
For and on behalf of the Board
Leung Yu Oi Ling, Irene
Chairman

This appendix serves as an explanatory statement, as required by the Share Repurchase Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of Shares up to a maximum of 10 per cent of the issued share capital of the Company as at the date of approval for the Repurchase Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the number of Shares in issue was 935,551,302. On the basis of such figure, assuming that no Shares would be issued or repurchased thereafter and prior to the Annual General Meeting, the Directors would be authorized to repurchase Shares up to a limit of 93,555,130 Shares.

REASON FOR REPURCHASES

The Directors have no present intention to make any repurchase of the Company's own Shares but consider that the mandate will provide the Company the flexibility to make such repurchases when appropriate and beneficial to the Company and its shareholders. Such repurchases may enhance the net asset value of the Company and/or earnings per Share. Based on the financial position of the Company as at 31st July 2003 (being the date of its latest published audited accounts), there could be a material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed repurchases were to be carried out in full during the proposed repurchase period. However, the Directors do not propose to make any repurchases in the circumstances that would have a material adverse impact on the working capital or gearing ratio of the Company.

FUNDING FOR REPURCHASES

Repurchases must be funded out of funds legally available for the purpose in accordance with the laws of Bermuda, the Memorandum of Association and the Bye-Laws of the Company. It is envisaged that the Company will derive the funds for repurchase of its shares in accordance therewith.

The Company is empowered by its Memorandum of Association and Bye-Laws to repurchase its own Shares. Bermuda law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or out of the funds of the company that would otherwise be available for distribution by way of dividend or the proceeds of a new issue of shares made for such purpose. The amount of premium payable on the repurchases, if any, may only be paid out of either the funds of the Company that would otherwise be available for distribution by way of dividend or out of the share premium of the Company. Further, the Company may not purchase its own Shares if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the Company is or, after the purchase would be, unable to pay its liabilities as they become due.

DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, nor any of their Associates has any present intention, in the event that the proposed general mandate is approved by shareholders, to sell Shares to the Company.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she has any present intention to sell Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company in the event that the Company is authorized to make repurchases of its own Shares.

UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases pursuant to the proposed Repurchase Mandate in accordance with the Listing Rules, all applicable laws of Bermuda and the regulations, and the Memorandum of Association and Bye-Laws of the Company.

EFFECT OF TAKEOVER CODE

If, on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the 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.

As at the Latest Practicable Date, to the best of the knowledge and belief of Directors, Mrs. Leung Yu Oi Ling, Irene ("Mrs. Leung"), the Chairman of the Company and her children and Associates together hold approximately 47 per cent of the issued share capital of the Company, while Mr. Matthew O' Driscoll, the administrator of the UDL Scheme holds approximately 27 per cent of the issued share capital of the Company on trust for the creditors under the UDL Scheme pending distribution pursuant to the terms of the UDL Scheme. In the event that the Directors should exercise the power in full to repurchase Shares which is proposed to be granted pursuant to the relevant Ordinary Resolution and if there is no other change in issued share capital of the Company, total interests of Mrs. Leung and Mr. Matthew O' Driscoll in the issued shares would be increased to approximately 52% and 30% respectively of the total issued share capital of the Company. In the opinion of the Directors, such an increase of shareholding may give rise to an obligation for Mrs. Leung and Mr. Matthew O' Driscoll to make a mandatory offer under the Takeover Code in which case the Executive would be consulted upon. The Directors do not have any present intention to exercise the proposed Repurchase Mandate to such an extent as would give rise to such an obligation. Save as disclosed above and for Value Partners Investment Limited, who holds 6.5% of the issued share capital of the Company, the Directors, to the best of their knowledge and belief, are not aware of any other substantial shareholders holding 5% or more of the issued share capital of the Company as at the Latest Practicable Date.

REPURCHASES AND SHARE PRICES

During each of the six months preceding the date of this circular, the Company has not repurchased any of its Shares. During each of the previous twelve months from 1st December 2002 to 30th November 2003, the highest and lowest traded prices for Shares on the Stock Exchange were as follows:

Month	Shares	
	Highest HK\$	Lowest HK\$
2002		
December	0.048	0.027
2003		
January	0.039	0.036
February	0.025	0.023
March	0.020	0.020
April	0.020	0.018
May	N/A	N/A (<i>Note</i>)
June	0.022	0.022
July	N/A	N/A (<i>Note</i>)
August	0.018	0.016
September	0.078	0.018
October	0.050	0.044
November	0.037	0.037

Note: The highest and lowest traded prices for shares on the Stock Exchange in May and July 2003 are not available as there were no trading of Share in those months.

NOTICE OF ANNUAL GENERAL MEETING



UDL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Room 315, 3rd Floor, Hong Kong International Trade & Exhibition Centre, No. 1 Trademart Drive, Kowloon, Hong Kong on 31st December 2003 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements and reports of the Directors and the auditors of the Company for the year ended 31st July 2003.
2. To re-elect Miss Leung Chi Yin, Gillian as a Director and authorise the Board to fix Directors' remuneration.
3. To re-appoint Grant Thornton as the Company's auditors and to authorise the Directors to fix their remuneration.
4. 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 (b) of this Resolution, the exercise by the Directors during the Relevant Period of all the powers of the Company to purchase shares of HK\$0.01 each in the capital of the Company be and is hereby generally and unconditionally approved;
- (b) the total nominal amount of the shares to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of this Resolution, and the said approval shall be limited accordingly; and
- (c) 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 revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting; and
 - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws of the Company or any applicable laws to be held.

NOTICE OF ANNUAL GENERAL MEETING

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 (c) of this Resolution, the exercise by the Directors during the Relevant Period of all the 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 may require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the Directors of the Company 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 share capital allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to (i) a rights issue; (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company; or (iii) 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 of the Company; or (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-Laws of the Company, shall not exceed 20% of the total nominal amount of the share capital of the Company in issue on the date of this Resolution and the said approval 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 revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting; and
 - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held,

“rights issue” means an offer of shares open for a period fixed by the Directors of the Company to holders of shares on the register on a fixed record date in proportion to their holdings of such shares, subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or of the requirements of any recognised regulatory body or any stock exchange.”

NOTICE OF 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** conditional upon Resolutions 4 and 5 set out in the notice convening this meeting above being duly passed, the general mandate granted to the Directors of the Company to exercise the powers of the Company to issue, allot and dispose of shares pursuant to Resolution 5 above be and is hereby extended by the addition to the total nominal amount of share capital and any shares which may be issued, allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to such general mandate an amount representing the total nominal amount of shares in the capital of the Company which has been purchased by the Company since the granting of such general mandate pursuant to Resolution 4 above, provided that such amount shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of this Resolution.”

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

“**THAT** the amendment of the Company’s Bye-Laws by the deletion of the existing Bye-Law 87 and the addition of new Bye-Law 87 set out below:

87(A) Any corporation which is a shareholder of the Company 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 corporate representatives, to the extent permitted by the Companies Act, at any meeting of the Company or of any class of shareholders 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 shareholder in respect of which each such person is authorised to act as such corporate representative. A person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise it is were an individual shareholder of the Company, save and except at any meeting on a show of hands the corporate representative or corporate representatives shall not have the right to vote individually but only one corporate representative may vote on a show of hands. References in these Bye-Laws to a shareholder present in person at a meeting shall, unless the context otherwise requires include a corporation which is a shareholder represented at the meeting by such duly authorised corporate representative or by one or more proxies. Nothing contained in this Bye-law shall prevent a corporation which is a shareholder of the Company from appointing one or more proxies to represent it pursuant to Bye-Law 81.

(B) If a Clearing House (or its nominee(s)) is a shareholder of the Company, it may authorise such person or persons as it thinks fit to act as its proxy or proxies or as its corporate representative or representatives at any meeting of the Company or at any meeting of any class of shareholders of the Company provided that if more than one proxy or corporate representative is so authorised, the proxy form or authorisation shall specify the number and class of shares in respect of which each such proxy or corporate representative is so appointed. A person so authorised under the provisions of this Bye-Law shall be entitled to exercise the same rights and powers on behalf of the Clearing House (or its nominee(s)) which he represents as that Clearing House (or its nominee(s)) could exercise as if it were an individual shareholder including the right to vote individually on a show of hands notwithstanding any contrary provisions

NOTICE OF ANNUAL GENERAL MEETING

contained in these Bye-Laws. The number of persons a Clearing House (or its nominee(s)) may appoint to act as its corporate representative or representatives shall not exceed the number of shares held by that Clearing House (or its nominee(s)), being shares in respect of which there is an entitlement to attend and vote at the relevant meeting.

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

“**THAT** subject to the terms and conditions of the New Share Option Scheme (“Scheme”) approved and adopted at the previous Annual General Meeting of the Company held on 31st December 2002 and in compliance with Rules 17.03(3) and 17.06 of the Listing Rules and/or such other requirements prescribed under the Listing Rules from time to time, the Scheme Limit referred to in paragraph 9.1 of the Scheme is hereby generally and unconditionally approved for increase and is hereby increased to 10 per cent of the Shares (as defined in the Scheme) in issue as at the date of this shareholders’ approval excluding:

- (a) the number of Shares which would be issued upon the exercise in full of all outstanding Options (as defined in the Scheme) and options granted under the other schemes;
- (b) the number of Shares which have been issued and allotted pursuant to the exercise of any Options or options granted under the other schemes;
- (c) any Cancelled Shares (as defined in the Scheme); and
- (d) any Shares which were the subject of Options which have lapsed in accordance with the Scheme and any shares which were the subject of options which have lapsed in accordance with the other schemes,

provided that such increase in the Scheme Limit shall in no event result in the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company or any of its Subsidiaries (as defined in the Scheme) exceed 30 per cent of the Shares in issue from time to time.”

9. Any other business.

By Order of the Board
Leung Yu Oi Ling, Irene
Chairman

Hong Kong, 4th December 2003

Notes:

- 1. A shareholder of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and, in the event of poll, vote on his behalf. A proxy needs not to be a shareholder of the Company.
- 2. In order to be valid, the form of proxy must be deposited at the Company’s Registrar in Hong Kong, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong together with a power of attorney or other attorney, if any, under which it is signed or a notarially certified copy of that power of attorney, not less than 48 hours before the time for holding the Annual General Meeting.