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

**If you have sold or transferred** all your shares in AEON Credit Service (Asia) Company 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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**AEON CREDIT SERVICE (ASIA) COMPANY LIMITED**

**AEON 信貨財務(亞洲)有限公司**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 900)

**GENERAL MANDATES TO ISSUE SHARES AND  
TO REPURCHASE SHARES  
AMENDMENTS TO THE ARTICLES OF ASSOCIATION  
RE-ELECTION OF DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening an annual general meeting of the Company to be held at Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Thursday, 17th June 2004 at 11:30 a.m. is set out on pages 11 to 22 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time fixed for holding the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

18th May 2004

LETTER FROM THE BOARD



**AEON CREDIT SERVICE (ASIA) COMPANY LIMITED**

**AEON 信貨財務(亞洲)有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 900)**

*Directors:*

Yoshiki MORI (*Chairman*)\*  
Masanori KOSAKA (*Managing Director*)  
LAI Yuk Kwong  
KOH Yik Kung  
Kazuhide KAMITANI\*  
Yoichi KIMURA\*  
SHAO You Bao\*\*  
TSANG Wing Hong\*\*

*Registered Office:*

37th Floor  
The World Trade Centre  
280 Gloucester Road  
Causeway Bay  
Hong Kong

\* *Non-executive Directors*

\*\* *Independent non-executive Directors*

18th May 2004

*To the Shareholders*

Dear Sir or Madam

**GENERAL MANDATES TO ISSUE SHARES AND  
TO REPURCHASE SHARES  
AMENDMENTS TO THE ARTICLES OF ASSOCIATION  
RE-ELECTION OF DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the forthcoming annual general meeting to be held on 17th June 2004 (the "**Annual General Meeting**") relating to (i) the granting to the Directors of general mandates to issue shares and to repurchase shares; (ii) the proposed amendments to the Company's Articles of Association; and (iii) the re-election of Directors.

## LETTER FROM THE BOARD

### 2. GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES

At the last annual general meeting of the Company held on 19th June 2003, ordinary resolutions were passed giving general mandates to the Directors (i) to repurchase shares of the Company of up to 10% of the issued share capital of the Company as at 19th June 2003 (the “**Repurchase Mandate**”), and (ii) to allot, issue and deal with shares of the Company not exceeding 20% of the shares in issue as at 19th June 2003, plus the nominal amount of any shares repurchased by the Company pursuant to the mandate referred to in (i) above. No shares have been repurchased and no shares have been allotted, issued or dealt with pursuant to these mandates. These general mandates will lapse at the conclusion of the Annual General Meeting, unless renewed at that meeting. It is therefore proposed to renew these mandates and an explanatory statement required by the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) to be sent to shareholders in connection with the proposed Repurchase Mandate is set out in Appendix I to this circular. With reference to these resolutions, the Directors wish to state that they have no immediate plans to repurchase any shares or to issue any new shares pursuant to the relevant mandates.

### 3. AMENDMENTS TO ARTICLES OF ASSOCIATION

A special resolution will be proposed at the Annual General Meeting to approve amendments to the Articles of Association of the Company to reflect the changes to the Companies Ordinance and to incorporate the changes required under the Listing Rules and to update certain provisions.

The principal changes proposed to be made to the Articles of Association are as follows:

- (1) Article 2 will be amended to include new definitions of associate, clearing house, electronic communication, Hong Kong, Listing Rules, relevant financial documents, and summary financial report.
- (2) Article 65 will be amended to provide for voting of shareholders by poll in certain circumstances prescribed by the Listing Rules.
- (3) Article 76 will be added to provide that where any shareholder is subject to voting restrictions under the Listing Rules, any votes cast by or on behalf of such shareholder in contravention of such restriction shall not be counted.
- (4) Article 86 will be amended to provide that a Director may be removed by an ordinary resolution instead of a special resolution.
- (5) Article 87 will be amended to specify the lodgment period for the nomination of a Director by shareholders, which will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven days prior to the date of such meeting.

## LETTER FROM THE BOARD

- (6) Articles 95, 96, 97 and 98 will be amended to provide 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 has a material interest nor shall he be counted in the quorum present at the meeting except otherwise provided in the Articles.
- (7) Articles 152, 153, 157, 159, 160, 162, and 163 will be amended to provide the Company with the flexibility to offer shareholders the choice of receiving either a full annual report and accounts or a summary financial report and the choice of receiving such documents and/or other corporate communication via electronic means and in English only or Chinese only or in both English and Chinese.
- (8) Article 167 will be amended to reflect the current practice of keeping instruments of transfer of shares for seven years and Article 167A will be added to provide the Company with the flexibility to destroy documents which have been microfilmed or electronically stored.
- (9) Article 171 will be amended to include the auditors as a party entitled to be indemnified by the Company against liabilities incurred by them in the execution and discharge of their duties and Article 171A will be added to allow the Company to purchase and maintain liability insurance for its Directors, officers or auditors.

The full text of the proposed amendments to the Articles of Association is set out in the notice of Annual General Meeting on pages 11 to 22 of this circular.

#### **4. RE-ELECTION OF DIRECTORS**

The Board currently consists of eight Directors, namely Mr. Yoshiki Mori, Mr. Masanori Kosaka, Mr. Lai Yuk Kwong, Ms. Koh Yik Kung, Mr. Kazuhide Kamitani, Mr. Yoichi Kimura, Dr. Shao You Bao and Mr. Tsang Wing Hong.

According to Article 101 of the Articles of Association of the Company, at each annual general meeting all the Directors for the time being shall retire from office. The retiring Directors shall be eligible for re-election. Accordingly, all the Directors shall retire and, being eligible, offer themselves for re-election at the Annual General Meeting. The biographical details of the Directors are set out in Appendix II to this circular.

#### **5. ANNUAL GENERAL MEETING**

The notice convening the Annual General Meeting is set out on pages 11 to 22 of this circular.

A form of proxy for use at the Annual General Meeting is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time fixed for holding the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

## LETTER FROM THE BOARD

Under the Articles of Association of the Company, 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 the withdrawal of any other demand for a poll) a poll is demanded by:

- (i) the chairman of the meeting; or
- (ii) at least three members present in person or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) by a member or members present in person 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 the shares conferring that right.

Unless a poll be so demanded and the demand is not withdrawn, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, shall be final and conclusive and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against such resolution.

### 6. RECOMMENDATION

The Directors consider that the ordinary resolutions and the special resolution as set out in the notice of Annual General Meeting are in the best interests of the Company and shareholders. Accordingly, the Directors recommend shareholders to vote in favour of the proposed resolutions.

Yours faithfully  
For and on behalf of the board of Directors of  
**AEON Credit Service (Asia) Company Limited**  
**Masanori KOSAKA**  
*Managing Director*

The following is the explanatory statement required to be sent to shareholders under the Listing Rules in connection with the proposed Repurchase Mandate and also constitutes the memorandum under section 49BA(3) of the Companies Ordinance.

## SHARE CAPITAL

As at 12th May 2004 (the latest practicable date prior to the printing of this circular) (the “**Latest Practicable Date**”), the issued share capital of the Company comprised 418,765,600 shares of HK\$0.10 each (the “**Shares**”).

Subject to the passing of the ordinary resolution approving the Repurchase Mandate, and on the basis that no further Shares will be issued or repurchased prior to the date of the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to purchase a maximum of 41,876,560 Shares.

## REASONS FOR REPURCHASES

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

## FUNDING OF REPURCHASES

Repurchases pursuant to the Repurchase Mandate would be funded from the available cash flow and/or working capital facilities of the Company. The funds employed by the Company in connection with a repurchase of Shares would be those legally available for such purpose under the Company’s Memorandum and Articles of Association and the Companies Ordinance.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its audited financial statements as at 20th February 2004) in the event the Repurchase Mandate were exercised in full. However, the Directors do not propose to exercise the Repurchase 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.

## GENERAL

- (a) None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates have any present intention, if the Repurchase Mandate is approved and exercised, to sell any Shares to the Company.

- (b) No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so in the event that the Repurchase Mandate is approved by shareholders.
- (c) If, as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a shareholder or a group of shareholders acting in concert, depending on the level of increase of the shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.
- (d) As at the Latest Practicable Date, **AEON** Credit Service Co., Ltd. and **AEON** Co., Ltd. were interested in 217,514,000 Shares and 277,288,000 Shares representing approximately 51.94 per cent and 66.22 per cent of the issued share capital of the Company respectively. In the event that the Directors exercise in full the Repurchase Mandate, the shareholdings of **AEON** Credit Service Co., Ltd. and **AEON** Co., Ltd. would be increased to approximately 57.71 per cent and 73.57 per cent respectively. Such an increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code and would not result in the aggregate amount of the share capital of the Company in public hands being reduced to less than 25 per cent.

#### **DIRECTORS' UNDERTAKING**

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

#### **SHARE REPURCHASES MADE BY THE COMPANY**

No purchases of Shares have been made by the Company, whether on the Stock Exchange or otherwise, in the previous six months.

## SHARE PRICES

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

	Share Price	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2003</b>		
May	2.62	2.42
June	2.85	2.60
July	3.55	2.70
August	3.78	3.28
September	4.45	3.35
October	4.82	4.12
November	5.10	4.50
December	5.45	4.65
<b>2004</b>		
January	5.45	4.88
February	6.20	5.25
March	5.95	5.55
April	5.90	5.40
May (up to Latest Practicable Date)	5.20	4.80



Biographical details of the Directors to be re-elected at the Annual General Meeting are set out below:

1. **Mr. Yoshiki Mori**, aged 53, was appointed the Chairman of the Company on 16th June 1999. Mr. Mori has been a Non-executive Director of the Company since 1992. He is a director of **ÆON Co., Ltd.** and a founder and the president of **ÆON Credit Service Co. Ltd.**, both being the substantial shareholders of the Company and the shares of all of which are listed on the Tokyo Stock Exchange. He joined **ÆON Co., Ltd.** in 1973. Mr. Mori graduated from Nanzan University with a Bachelor's degree in Economics. Save as disclosed, Mr. Mori does not have any relationship with any Director, senior management or substantial or controlling shareholder of the Company. He has a personal interest in 440,000 shares of the Company. There is no service contract between the Company and Mr. Mori. He is entitled to a director's fee determined by the board.
2. **Mr. Masanori Kosaka**, aged 47, was appointed the Managing Director of the Company on 20th June 2002. Mr. Kosaka was formerly with the Company from March 1993 to June 1996 and rejoined the Company in April 2002. He joined **ÆON Credit Service Co., Ltd.** in 1981 which is a substantial shareholder of the Company. Mr. Kosaka graduated from Kyoto Sangyo University with a Bachelor's degree in Law. Save as disclosed, Mr. Kosaka does not have any relationship with any Director, senior management or substantial or controlling shareholder of the Company. He has a personal interest in 110,000 shares of the Company. There is no service contract between the Company and Mr. Kosaka. His emoluments are determined by the board with reference to his duties and responsibilities with the Company, the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.
3. **Mr. Lai Yuk Kwong**, aged 41, was appointed an Executive Director of the Company on 16th June 1999. Mr. Lai joined the Company in July 1996. He was working in Deloitte Touche Tohmatsu from 1985 to 1991. Mr. Lai graduated from Hong Kong Polytechnic University with a Professional Diploma in Accountancy. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Society of Accountants. Mr. Lai does not have any relationship with any Director, senior management or substantial or controlling shareholder of the Company nor any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. There is no service contract between the Company and Mr. Lai. His emoluments are determined by the board with reference to his duties and responsibilities with the Company, the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.
4. **Ms. Koh Yik Kung**, aged 48, was appointed an Executive Director of the Company on 21st June 2001. Ms. Koh is also the Company Secretary. She was formerly with the Company from August 1992 to June 1994 and rejoined the

- Company in November 1998. Ms. Koh graduated from South Bank University with a Bachelor's degree in Law. She is a barrister. Ms. Koh does not have any relationship with any Director, senior management or substantial or controlling shareholder of the Company nor any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. There is no service contract between the Company and Ms. Koh. Her emoluments are determined by the board with reference to her duties and responsibilities with the Company, the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.
5. **Mr. Kazuhide Kamitani**, aged 47, was appointed a Non-executive Director of the Company on 20th June 2002. Mr. Kamitani was the managing director of the Company from June 1990 to June 2002. He is the senior managing director of **ÆON Credit Service Co., Ltd.**, which is a substantial shareholder of the Company and the shares of which are listed on the Tokyo Stock Exchange. He joined **ÆON Credit Service Co., Ltd.** in 1982. Mr. Kamitani graduated from Ritsumeikan University with a Bachelor's degree in Management. Save as disclosed, Mr. Kamitani does not have any relationship with any Director, senior management or substantial or controlling shareholder of the Company. He has a personal interest in 1,045,000 shares of the Company. There is no service contract between the Company and Mr. Kamitani. He is entitled to a director's fee determined by the board.
  6. **Mr. Yoichi Kimura**, aged 59, was appointed a Non-executive Director of the Company on 16th June 1999. Mr. Kimura is a director of **ÆON Co., Ltd.**, which is a substantial shareholder of the Company and the shares of which are listed on the Tokyo Stock Exchange. Prior to joining **ÆON Co., Ltd.** in 1998, he was the general manager of Dai-Ichi Kangyo Bank, Ltd. which he joined in 1968. Mr. Kimura graduated from Hitotsubashi University with a Bachelor's degree in Economics. Save as disclosed, Mr. Kimura does not have any relationship with any Director, senior management or substantial or controlling shareholder of the Company nor any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. There is no service contract between the Company and Mr. Kimura. He is entitled to a director's fee determined by the board.
  7. **Dr. Shao You Bao**, aged 83, was appointed an Independent Non-executive Director on 26th June 1995. Dr. Shao is also an independent non-executive director of **AEON Stores (Hong Kong) Co., Limited**, a fellow subsidiary of the Company and the shares of which are listed on the Stock Exchange. He is the deputy general manager of The Bank of Tokyo-Mitsubishi, Ltd., Hong Kong Branch which he joined in 1953. Prior to that, he was with Bank of China, Shanghai Branch from 1945 to 1953. He is the Chairman of Van Yu Trading Co., Ltd., Van Yu Holding Co., Ltd., and Van Fung Co., Ltd. He was a Hong Kong Affairs Adviser to the People's Republic of China and a member of the Preparatory Committee for the Hong Kong Special Administrative Region. He

was awarded the Silver Bauhinia Star by the Government of HKSAR in 1998. He was also awarded The Order of Sacred Treasure, Gold Rays with Rosette by His Majesty The Emperor of Japan in 1987. Dr. Shao graduated from Kobe University with a Bachelor's degree in Economics and received an Honorary Doctorate of Law from Ohio University. Save as disclosed, Dr. Shao does not have any relationship with any Director, senior management or substantial or controlling shareholder of the Company. He has a personal interest in 330,000 shares of the Company. There is no service contract between the Company and Dr. Shao. He is entitled to a director's fee determined by the board.

8. **Mr. Tsang Wing Hong**, aged 77, was appointed an Independent Non-executive Director on 26th June 1995. Prior to his appointment, Mr. Tsang held various senior positions in Wing Hang Bank until his retirement in 1995. He joined Wing Hang Bank in 1957 and was appointed director in 1960, vice chairman in 1985, chairman and chief executive in 1987. He was a member of the Banking Advisory Committee from 1991 to 1993. He is a member of the Board of Trustees of United College, Chinese University of Hong Kong. Mr. Tsang does not have any relationship with any Director, senior management or substantial or controlling shareholder of the Company. He has a personal interest in 220,000 shares of the Company. There is no service contract between the Company and Mr. Tsang. He is entitled to a director's fee determined by the board.

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2004 Annual General Meeting of AEON Credit Service (Asia) Company Limited (the “Company”) will be held at Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Thursday, 17th June 2004 at 11:30 a.m. for the following purposes:

1. To receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 20th February 2004.
2. To declare a Final Dividend for the year ended 20th February 2004.
3. To re-elect Directors and authorise the Board of Directors to fix their remuneration.
4. To re-appoint Auditors and authorise the Board of Directors to fix their remuneration.

To consider as special business and, if thought fit, pass with or without amendments, the following resolutions as Ordinary Resolutions and Special Resolution respectively:

### **Ordinary Resolutions**

5. **“THAT:**
  - (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with additional shares or securities convertible into shares, or options, warrants or similar rights to subscribe for any shares, and to make or grant offers, agreements, options and warrants which would or might require the exercise of such powers, be and is hereby generally and unconditionally approved;
  - (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements, options and warrants which would or might require the exercise of such powers after the end of the Relevant Period;
  - (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) below), (ii) the exercise of the rights of subscription or conversion attaching to any warrants issued by the Company or any securities which are convertible into shares, (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

## NOTICE OF ANNUAL GENERAL MEETING

its subsidiaries of shares or rights to acquire shares of the Company, or (iv) any scrip dividend scheme or similar arrangement providing for the allotment of shares of the Company in lieu of the whole or part of a dividend on shares in accordance with the articles of association of the Company, shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution and the said approval shall be limited accordingly; and

(d) for the purposes of this Resolution:

“Relevant Period” means the period from the 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 articles of association of the Company to be held; and
- (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking or varying the authority given to the Directors of the Company by this Resolution.

“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 then 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, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

6. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as defined in paragraph (c) below) of all powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

## NOTICE OF ANNUAL GENERAL MEETING

- (b) the aggregate nominal amount of the shares of the Company which the Company is authorised to repurchase pursuant to the approval in paragraph (a) above, shall not exceed 10 per cent of the aggregate nominal amount of the issued share capital of the Company at the date of passing this Resolution and the said approval shall be limited accordingly; and
  - (c) for the purposes 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 articles of association of the Company to be held; and
      - (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking or varying the authority given to the Directors of the Company by this Resolution.”
7. **“THAT** conditional upon the passing of Resolutions 5 and 6 set out in the notice convening this meeting, the general mandate granted to the Directors of the Company to allot, issue and deal with additional shares pursuant to Resolution 5 set out in the notice convening this meeting be and is hereby extended by the addition thereto 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 6 set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10 per cent of the aggregate nominal amount of the issued share capital of the Company at the date of passing this Resolution.”

### Special Resolution

8. **“THAT** the Articles of Association of the Company be and are hereby amended in the following manner:
- (a) Article 2
    - (i) By adding the following definitions:
      - “associate” shall have the meaning ascribed to it under the Listing Rules;
      - “clearing house” shall mean a recognised clearing house within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);

## NOTICE OF ANNUAL GENERAL MEETING

“electronic communication” shall mean a communication sent by electronic transmission in any form through any medium;

“Hong Kong” shall mean the Hong Kong Special Administrative Region of the People’s Republic of China;

“Listing Rules” shall mean the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time;

“relevant financial documents” shall mean the “relevant financial documents” as defined under the Ordinance;

“summary financial report” shall mean the “summary financial report” as defined under the Ordinance;

- (ii) By adding the words “including an electronic communication” immediately following the words “non-transitory form” in the definition of “writing” or “printing”.
- (iii) By adding the following as the last paragraph of Article 2:

“References to a document being executed include references to its being executed under hand or under seal or, to the extent permitted by and in accordance with the Ordinance and other applicable laws, rules and regulations, by electronic signature or by any other method. References to a document or notice, to the extent permitted by and in accordance with the Ordinance and other applicable laws, rules and regulations, include references to any information in visible form whether having physical substance or not.”

- (b) Article 54  
By deleting the words “within five months after the end of the last preceding financial year” in the first to second lines of Article 54.
- (c) Article 65  
By deleting the word “At” in Article 65 and substituting therefor the words “Subject to the rules prescribed by the Stock Exchange from time to time, at”.
- (d) Article 76  
By adding the following as new Article 76:  

“76. Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.”

## NOTICE OF ANNUAL GENERAL MEETING

- (e) Article 86  
By deleting the word “special” in the first line of Article 86 and substituting therefor the word “ordinary”.
- (f) Article 87  
By deleting the words “at least seven and not more than twenty-eight clear days before the day appointed for the meeting, there have” in the second to fourth lines of Article 87 and substituting therefor the words “not earlier than the day after the despatch of the notice of the meeting and not later than seven days prior to the date appointed for the meeting, there has”.
- (g) Article 95
  - (i) By adding the words “or any of his associates”:
    - a. immediately after the word “Director” in fourth line of Article 95;
    - b. immediately after the word “he” in the ninth line of Article 95;
  - (ii) By adding the words “or whose associate(s) so contracting or being such member or so interested” immediately after the word “interested” in the sixth line of Article 95;
  - (iii) By adding the words “or that of his associates” immediately after the words “his interest” in the ninth line of Article 95.
- (h) Article 96
  - (i) By deleting the words “in which he is” in the second line of Article 96 and substituting therefor the words “or other proposal in which he or any of his associates is to his knowledge”;
  - (ii) By adding the words “or any of his associates”:
    - a. immediately after the word “meeting)” in the fourth line of Article 96;
    - b. immediately after the words “the Director” in the ninth line of Article 96;
    - c. immediately after the word “meeting” in the eleventh line of Article 96;
    - d. immediately after the word “chairman” in the fourteenth line of Article 96;
  - (iii) By deleting the word “other” immediately before the word “Director” in the eighth line of Article 96.



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(i) Article 97

By deleting Article 97 in its entirety and substituting therefor the following:

“97. Save as otherwise provided by these Articles, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or other proposal in which he or any of his associates is to his knowledge materially interested, but this prohibition shall not apply to any of the following matters:

- (i) the giving of any security or indemnity either:
  - (a) to the Director or any of his associates in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or
  - (b) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his associates has assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (ii) any proposal 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 any of his associates is or is to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iii) any proposal concerning any other company in which the Director or any of his associates is interested only, whether directly or indirectly, as an officer or shareholder or in which the Director or any of his associates is beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in five per cent or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associates is derived) or of the voting rights;

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- (iv) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
  - (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or any of his associates may benefit; or
  - (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, their associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his associates as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates;
- (v) any contract or arrangement in which the Director or any of his associates is interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his or their interest in shares or debentures or other securities of the Company; and
- (vi) any contract for the purchase or maintenance for any Director of insurance against any liability.

For the purposes of this Article 97:

- (i) a company shall be deemed to be one in which a Director and any of his associates in aggregate own five per cent or more if and so long as (but only if and so long as) they are (either directly or indirectly) the holder of or beneficially interested in five per cent or more of any class of the issued equity share capital of that company (or of any third company through which the interest of the Director or that of his associates is derived) or of the voting rights available to members of that company, for which purpose there shall be disregarded any shares held by the Director or any of his associates as bare or custodian trustee and in which the Director and his associates have no beneficial interest, any shares comprised in a trust in which the interest of the Director and his associates is in reversion or remainder if and so long as some other person is entitled to receive the income of the trust and any shares comprised in an authorised unit trust scheme in which he or any of his associates is interested only as a unit holder; and

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- (ii) where a company in which a Director and any of his associates in aggregate own five per cent or more is materially interested in a contract, he also shall be deemed materially interested in that contract.”
  
- (j) Article 98
  - (i) By adding the words “or any of his associates” immediately after the word “he” in the sixteenth line of the first paragraph and in the first line of the second paragraph of Article 98;
  
  - (ii) By adding the words “managing director, joint managing director,” immediately after the word “director” in the seventeenth line of the first paragraph of Article 98.
  
- (k) Article 152  
By deleting Article 152 in its entirety and substituting therefor the following:  
  
“152. The Board shall from time to time in accordance with the provisions of the Ordinance cause to be prepared and laid before the Company at its annual general meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports as are required by the Ordinance. The Board may also cause to be prepared any other financial documents (including without limitation any summary financial report) as the Board thinks fit.”
  
- (l) Article 153
  - (i) By deleting Article 153 in its entirety and substituting therefor the following:  
  
“153. Every balance sheet of the Company shall be signed pursuant to the provisions of the Ordinance, and subject to Article 153A, a copy of the relevant financial documents or the summary financial report together with other reports as may be required by the Ordinance shall, not less than twenty-one days before the date of the meeting, be sent to every member of, and every holder of debentures of, the Company and every other person entitled to receive notices of general meetings of the Company, provided that this Article shall not require a copy of those documents to be sent to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.”

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- (ii) By adding the following as new Article 153A:

“153A. Where a member of, or debenture holder of, the Company has, in accordance with the provisions of the Ordinance and other applicable laws, rules and regulations, consented to treat the publication or the making available of the relevant financial documents and/or the summary financial report on a computer network or by such other means as discharging the Company’s obligations under the Ordinance to send a copy of the relevant financial documents and/or the summary financial report, then the publication or the making available by the Company, in accordance with the provisions of the Ordinance, on such computer network or by such other means of the relevant financial documents and/or the summary financial report shall, in relation to each such member of, or debenture holder of, the Company, be deemed to discharge the Company’s obligations under Article 153.”

- (m) Article 157

- (i) By adding the words “or delivered” immediately after the word “served” in the second line of Article 157;
- (ii) By deleting the word “delivery” in the fourth line of Article 157 and substituting therefor the words “delivering”;
- (iii) By adding the words “or by sending it in accordance with the Ordinance and other applicable laws, rules and regulations as an electronic communication to the member at his electronic address or by publishing it in accordance with the Ordinance and other applicable laws, rules and regulations on the Company’s computer network” immediately after the word “Ordinance” in the ninth line of Article 157.

- (n) Article 159

- (i) By adding the words “or document” immediately after the word “notice” in the first, fourth, and sixth lines of Article 159;
- (ii) By adding the following sentence at the end of Article 159:

“Any notice or other document sent as an electronic communication shall be deemed to have been served on the day on which it is transmitted from the server of the Company or its agent. Any notice or other document published on the Company’s computer network shall be deemed to have been served on the day it was so published. Any notice or other document served or delivered by the Company by any other means authorised in writing by the member concerned shall be deemed to have been served when the

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Company has carried out the action it has been authorised to take for that purpose.”

(o) Article 160

By deleting Article 160 in its entirety and substituting therefor the following:

“160. A notice or document may be given by or on behalf of the Company to the person entitled to a share in consequence of the death, mental disorder or bankruptcy of a member in such manner as provided in Article 157 in which the same might have been given if such death, mental disorder or bankruptcy had not occurred.”

(p) Article 162

By deleting the words “by post to, or left at the registered address of any member in pursuance of these Articles” in the first to second lines of Article 162 and substituting therefor the words “to any member in such manner as provided in Article 157.”

(q) Article 163

(i) By deleting the words “written or printed” and substituting therefor the words “written, printed or made electronically.”

(ii) By adding the following as new Article 163A:

“163A. Subject to any applicable laws, rules and regulations, any notice or document including but not limited to documents referred in Article 152 and any corporate communication (as defined in the Listing Rules), may be given in the English language only, in the Chinese language only or in both the English language and the Chinese language.”

(r) Article 167

(i) By deleting the word “twelve” appearing in sub-paragraphs (iii) and (iv) of Article 167 and substituting therefor the word “seven”.

(ii) By adding the following as new Article 167A:

“167A. Notwithstanding Article 167, the Directors may, if permitted by applicable law, authorise the destruction of documents set out in Article 167 and any other documents in relation to share registration which have been microfilmed or electronically stored by the Company or by the share registrar of the Company on its behalf provided always this provision shall apply only to the destruction of a document in good faith and without

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express notice to the Company that presentation of such document was relevant to a claim.”

- (s) Article 171
- (i) By adding the words “or Auditor” immediately after the word “officer” in the first and fifth lines of Article 171;
  - (ii) By deleting the words “paragraph (c) of the proviso to Section 165” in the third line of Article 171 and substituting therefor the words “Section 165(2)”;
  - (iii) By deleting the word “of” in the fifth and seventh lines of Article 171 and substituting therefor the word “or” in Article 171;
  - (iv) By adding the following as new Article 171A:

“171A. Subject to the provisions of the Ordinance, the Company may purchase and maintain for any Director, Secretary, officer or Auditor of the Company:

- (a) insurance against any liability to the Company, a related company or any other party in respect of any negligence, default, breach of duty or breach of trust (save for fraud) of which he may be guilty in relation to the Company or a related company; and
- (b) insurance against any liability incurred by him in defending any proceedings, whether civil or criminal, taken against him for any negligence, default, breach of duty or breach of trust (including fraud) of which he may be guilty in relation to the Company or a related company.

For the purpose of this Article 171A, “related company” means any company that is the Company’s subsidiary or holding company or a subsidiary of the Company’s holding company.”

- (t) Articles 76 to 172
- By re-numbering the existing Articles 76 to 172 as Articles 77 to 173 and by making all necessary consequential alterations in cross-reference.”

By Order of the Board  
**KOH Yik Kung**  
*Company Secretary*

Hong Kong, 18th May 2004

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Notes:

- (1) A member entitled to attend and vote at the above meeting 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.
- (2) In order to be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the office of the Company's Share Registrar Secretaries Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.
- (3) The register of members of the Company will be closed from Friday, 11th June 2004 to Thursday, 17th June 2004 (both days inclusive) during which period no transfer of shares can be registered. In order to qualify for the final dividend to be approved at the annual general meeting, all share transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's Share Registrar Secretaries Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:00 p.m. on Thursday, 10th June 2004.
- (4) The translation into Chinese language of this notice (including the Special Resolution which contains the proposed new Articles) is for reference only. In case of inconsistency, the English version shall prevail.