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

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

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

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**I.T Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 999)**

**PROPOSED RE-ELECTION OF DIRECTORS,  
PROPOSED AMENDMENTS TO THE BYE-LAWS OF THE COMPANY  
AND PROPOSED GENERAL MANDATES TO REPURCHASE SHARES  
AND TO ISSUE NEW SHARES OF THE COMPANY**

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A notice convening an annual general meeting of I.T Limited to be held at 30/F, Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong on Thursday, 11 August 2005 at 3:00 p.m. is set out on pages 11 to 14 of this circular. A form of proxy for use at the annual general meeting is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited ([www.hkex.com.hk](http://www.hkex.com.hk)).

If you do not propose to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if they so wish.

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## DEFINITIONS

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

“Annual General Meeting”	an annual general meeting of the Company to be held at 30/F, Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong on Thursday, 11 August 2005 at 3:00 p.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 11 to 14 of this circular, or any adjournment thereof;
“Board”	the board of Directors;
“Buyback Mandate”	as defined in paragraph 4(a) of the Letter from the Board;
“Bye-laws”	the bye-laws of the Company;
“Company”	I.T Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Current Bye-laws”	the existing Bye-laws;
“Director(s)”	the director(s) of the Company;
“Group”	The Company and its subsidiaries from time to time;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Issuance Mandate”	as defined in paragraph 4(b) of the Letter from the Board;
“Latest Practicable Date”	24 June 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Shares”	ordinary share(s) of HK\$0.10 each in the capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Hong Kong Codes on Takeovers and Mergers issued by the Securities and Futures Commission in Hong Kong.

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# LETTER FROM THE BOARD

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## I.T Limited

*(Incorporated in Bermuda with limited liability)*

*Executive Directors:*

Sham Kar Wai

*(Chairman and Chief Executive Officer)*

Sham Kin Wai

Chan Wai Mo, Alva

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Non-executive Director:*

Yeung Chun Kam, Charles

*Principal Place of Business:*

31/F, Tower A

Southmark

11 Yip Hing Street

Wong Chuk Hang

Hong Kong

*Independent Non-executive Directors:*

Chan Mo Po, Paul

Lo Wing Yan, William

Wong Wai Ming

29 June 2005

*To the shareholders*

Dear Sir/Madam,

**PROPOSED RE-ELECTION OF DIRECTORS,  
PROPOSED AMENDMENTS TO THE BYE-LAWS OF THE COMPANY  
AND PROPOSED GENERAL MANDATES TO REPURCHASE SHARES  
AND TO ISSUE NEW SHARES OF THE COMPANY**

### 1. INTRODUCTION

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

### 2. RE-ELECTION OF DIRECTORS

Pursuant to Bye-law 87 of the Current Bye-laws, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office. The Directors to retire in every year shall be those who have been longest in office since their last election or appointment but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

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## LETTER FROM THE BOARD

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Pursuant to Bye-law 86(2) of the Current Bye-laws, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

Pursuant to Bye-law 87 of the Current Bye-laws, Mr Sham Kin Wai and Mr Chan Wai Mo, Alva shall retire at the Annual General Meeting. All the retiring Directors, being eligible will offer themselves for re-election.

Brief biographical details of the retiring Directors are set out in Appendix III of this circular.

### 3. PROPOSED AMENDMENTS TO THE CURRENT BYE-LAWS

In relation to the replacement of the Code of Best Practice in Appendix 14 in the Listing Rules by a new code on Corporate Governance Practices (“Corporate Governance Code”) and the addition of a new Appendix 23 on the requirement for a Corporate Governance Report to be included in annual reports of listed issuers, the Company has reviewed its corporate governance practices with reference to the provisions of the Corporate Governance Code and the Current Bye-laws and considers that it is necessary to bring the Bye-laws in line with the amended Listing Rules, in particular, paragraph A.4.2 of Appendix 14 which recommends that (a) every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years; and (b) all Directors appointed to fill a casual vacancy should be subject to election by Shareholders at the first general meeting after their appointment.

The proposed amendments to the Current Bye-laws are stated in the proposed special resolution no. 5 in the notice convening the Annual General Meeting as set out on pages 11 to 14 of this circular. A copy of the Current Bye-laws will be available for inspection at the Company’s principal place of business in Hong Kong at 31/F, Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong during normal business hours from the date hereof up to and including the date of the Annual General Meeting.

### 4. BUYBACK AND ISSUANCE MANDATES

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

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

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## LETTER FROM THE BOARD

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The Buyback Mandate and the Issuance Mandate will continue in force until the conclusion of the next annual general meeting of the Company held after the Annual General Meeting or any earlier date as referred to in ordinary resolutions nos. 6 and 7 set out in the notice of the Annual General Meeting. With reference to the Buyback Mandate and the Issuance Mandate, the Directors wish to state that they have no immediate plan to repurchase or issue any Shares pursuant thereto.

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

### 5. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 11 to 14 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the re-election of Directors, the amendments to the Current Bye-laws, the granting of the Buyback Mandate and the Issuance Mandate and the extension of the Issuance Mandate by the addition thereto of the number of Shares repurchased pursuant to the Buyback Mandate.

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish.

### 6. RECOMMENDATION

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

### 7. GENERAL INFORMATION

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

Yours faithfully,  
**SHAM Kar Wai**  
*Chairman and Chief Executive Officer*

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

## **1. REASONS FOR SHARE BUYBACK**

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

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

## **2. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,037,500,000 Shares.

Subject to the passing of the ordinary resolution no. 6 set out in the notice of the Annual General Meeting in respect of the granting of the Buyback Mandate and on the basis that no Shares are issued or repurchased by the Company prior to the date of the Annual General Meeting, the Directors would be authorised under the Buyback Mandate to repurchase a maximum of 103,750,000 Shares (representing 10% of the Shares in issue as at the Latest Practicable Date) during the period in which the Buyback Mandate remains in force.

## **3. FUNDING OF REPURCHASES**

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

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

## **4. IMPACT OF REPURCHASES**

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 28 February 2005) in the event that the Buyback Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Buyback Mandate to such extent as would, in the

circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

## 5. TAKEOVERS CODE

If, on the exercise of the power to repurchase Shares pursuant to the Buyback Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code for all the Shares not already owned by such Shareholder or group of Shareholders.

As at the Latest Practicable Date, Mr Sham Kar Wai and Mr Sham Kin Wai, directors of the Company, together with parties acting in concert with them were beneficially interested in 672,075,000 Shares, representing approximately 64.78% of the total issued share capital of the Company. On the basis that no Shares are issued or repurchased prior to the date of the Annual General Meeting, in the event that the Directors exercise in full the power to repurchase Shares in accordance with the terms of the relevant ordinary resolution to be proposed at the Annual General Meeting, the interests of Mr Sham Kar Wai and Mr Sham Kin Wai in the issued Shares would be increased to approximately 71.98% of the total issued share capital of the Company. The Directors are not aware of any consequences which will arise under the Takeovers Code as a result of any repurchases to be made under the Buyback Mandate.

## 6. GENERAL

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

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

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



**7. MARKET PRICES OF SHARES**

The highest and lowest prices per Share at which the Shares have traded on the Stock Exchange from 4 March 2005 (date of listing) to May were as follows:

<b>Month</b>	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2005</b>		
March	2.55	2.00
April	2.35	2.05
May	2.125	1.76

**8. REPURCHASES OF SHARES MADE BY THE COMPANY**

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

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

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

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

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

**(1) MR SHAM KIN WAI, AGED 35, AN EXECUTIVE DIRECTOR**

**Experience**

Mr Sham Kin Wai, aged 35, is an executive Director. Since founding the Group with his brother, Mr. Sham Kar Wai, in November 1988, his principal focus has been on merchandising and product design for the Company. As the Chief Creative Officer of the Company, Mr. Sham has 16 years of experience in the fashion retail industry and is responsible for the creative and aesthetic aspects of the Group's business. He has also been instrumental in creating the interior design concepts for the stores. Save as disclosed, Mr Sham did not hold any directorship in other listed public companies in last three years.

**Length of service and emoluments**

The Company entered into a service agreement with Mr Sham commencing 19 October 2004 for an initial term of three years (subject to renewal). Under the service agreement, Mr Sham will be entitled to a monthly remuneration of HK\$290,000. In addition, Mr Sham will be entitled to a discretionary bonus equivalent to his monthly remuneration on or around each Chinese new year falling after the first anniversary of the commencement of his service agreement, as well as an annual bonus in respect of each complete financial year of the Group during the term of his service agreement. His monthly remuneration and the discretionary bonus are determined by the Board with reference to his experience, performance and duties. The annual bonus shall be of such amount as the Board may determine, in its absolute discretion, from time to time and will be paid in arrears after the audited accounts of the Group in respect of the relevant financial year have been published. Mr Sham will also be entitled to all reasonable out-of-pocket expenses.

**Relationships**

Other than being the brother of Mr Sham Kar Wai, the Chairman and Chief Executive Officer of the Company, the aforesaid relationship and the relationship arising from his being an executive Director, Mr Sham Kin Wai does not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

**Interests in Shares**

As at the Latest Practicable Date, Mr Sham Kin Wai was interested in 672,075,000 shares of the Company pursuant to Part XV of the SFO.

There are no other matters which need to be brought to the attention of the Shareholders.

**(2) MR CHAN WAI MO, ALVA, AGED 49, AN EXECUTIVE DIRECTOR****Experience**

Mr Chan Wai Mo Alva, aged 49, is an executive Director. He joined the Group in March 2003 and is responsible for the Group's operations in the PRC and Taiwan. Mr. Chan has over 12 years of experience in fashion retailing in Asia, of which 6 years have been spent on business development in the PRC. Mr. Chan holds a Master's degree in Business Administration from The State University of New York and is a Member of the American Institute of Certified Public Accountants and a Fellow Member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan was an executive director of Esprit Holdings Limited for seven years, and China Resources Enterprise Limited for three years, which are both listed on the Stock Exchange, before joining the Group. Save as disclosed, Mr Chan did not hold any directorship in other listed public companies in last three years.

**Length of service and emoluments**

The Company entered into a service agreement with Mr Chan commencing 19 October 2004 for an initial term of three years (subject to renewal). Under the service agreement, Mr Chan will be entitled to an annual remuneration of HK\$150,000 which is determined by the Board with reference to his experience, performance and duties. Mr Chan will also be entitled to all reasonable out-of-pocket expenses.

**Relationships**

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

**Interests in Shares**

As at the Latest Practicable Date, Mr Chan Wai Mo, Alva was interested in 3,600,000 shares of the Company pursuant to Part XV of the SFO.

There are no other matters which need to be brought to the attention of the Shareholders.

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# NOTICE OF THE ANNUAL GENERAL MEETING

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## I.T Limited

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 999)**

**NOTICE IS HEREBY GIVEN** that an Annual General Meeting of I.T Limited (the “Company”) will be held at 30/F, Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong on Thursday, 11 August 2005 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the Directors and Auditors for the year ended 28 February 2005;
2. To declare a final dividend of HK4.3 cents per share;
3. To elect Directors and to authorise the Board of Directors to fix the Directors’ remuneration;
4. To appoint Auditors and to authorise the Board of Directors to fix their remuneration;
5. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as a special resolution:

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

- (a) By deleting the word “annual” immediately before the words “general meeting” in the existing Bye-law 86.(2);
- (b) By deleting the following from the existing Bye-law 87.(1):

provided that notwithstanding anything herein, the chairman of the Board and/or the managing director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year;

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

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

“**THAT**:

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to purchase its shares, subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;

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## NOTICE OF THE ANNUAL GENERAL MEETING

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- (b) the total nominal amount of shares of the Company 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 passing 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 earliest 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 passed by the Company’s shareholders in general meetings; 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.”;
7. 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) below, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with authorised and unissued shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors to make or grant offers, agreements and options during the Relevant Period 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 by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
  - (i) a Rights Issue (as defined below);
  - (ii) the exercise of options under a share option scheme of the Company; and
  - (iii) any scrip dividend scheme 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 aggregate nominal amount of the issued share capital of the Company on the date of the passing of this resolution and this approval shall be limited accordingly; and

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## NOTICE OF THE ANNUAL GENERAL MEETING

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(d) for the purposes of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the revocation or variation of the authority given under this resolution by ordinary resolution passed by the Company’s shareholders in general meetings; 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 to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such 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 any relevant jurisdiction or the requirements of any recognised regulatory body or any stock exchange).”; and

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

“**THAT** conditional upon the passing of resolutions nos. 6 and 7 set out in the notice convening this meeting, the general mandate referred to in resolution no. 7 above be and is hereby extended by the addition to the aggregate nominal amount of shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of shares purchased by the Company pursuant to the mandate referred to in resolution no. 6 above, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution.”.

On behalf of the Board

**SHAM Kar Wai**

*Chairman and Chief Executive Officer*

Hong Kong, 28 June 2005

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## NOTICE OF THE ANNUAL GENERAL MEETING

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### Notes:

1. Any Member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a Member of the Company. A Member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a Member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
3. The register of members of the Company will be closed from Monday, 8 August 2005 to Thursday, 11 August 2005, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the above meeting, unregistered holders of shares of the Company should ensure that all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on Friday, 5 August 2005.
4. In relation to the ordinary resolutions nos. 6, 7 and 8 set out in the above notice, the Directors wish to state that they have no immediate plan to issue any new shares or repurchase any existing shares of the Company.