

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

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

If you have sold all your shares in **Hi Sun Technology (China) Limited**, you should at once hand this circular 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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## **HI SUN TECHNOLOGY (CHINA) LIMITED**

**高陽科技(中國)有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code : 818)**

### **GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES AND RE-ELECTION OF DIRECTORS**

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A notice convening the Annual General Meeting of Hi Sun Technology (China) Limited to be held at Suite 2316, 23rd Floor, One International Finance Centre, No.1 Harbour View Street, Central, Hong Kong on Monday, 23 May 2005 at 10:00 a.m. is set out in the Annual Report 2004 of the Company to be despatched to Shareholders together with this circular. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy accompanying the Annual Report 2004 of the Company in accordance with the instructions printed thereon and return it to the principal place of business of the Company at Suite 2316, 23rd Floor, One International Finance Centre, No.1 Harbour View Street, Central, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not prevent Shareholders from attending and voting at the Annual General Meeting or any adjourned meeting if they so wish.

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## DEFINITIONS

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

“AGM Notice”	notice of the Annual General Meeting which is set out in the Annual Report 2004 which is being despatched to the Shareholders together with this circular
“Annual General Meeting”	the annual general meeting of the Company to be held at Suite 2316, 23rd Floor, One International Finance Centre, No.1 Harbour View Street, Central, Hong Kong on Monday, 23 May 2005 at 10:00 a.m.
“Annual Report 2004”	the annual report of the Company for the year ended 31 December 2004
“Board”	the board of directors of the Company
“Bye-Laws”	the bye-laws of the Company as may be amended from time to time
“Company”	Hi Sun Technology (China) Limited (高陽科技(中國)有限公司*), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	25 April 2004, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ordinary Resolution(s)”	the proposed ordinary resolution(s) as referred to in the AGM Notice

\* For identification purpose only

## DEFINITIONS

“PRC”	the People’s Republic of China, and for the purpose of this circular excluding Hong Kong, Taiwan and the Macau Special Administrative Region
“Repurchase Mandate”	the general mandate proposed to be granted to the Directors at the Annual General Meeting to repurchase Shares not exceeding 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution approving the Repurchase Mandate
“Share(s)”	share(s) of HK\$0.01 each in the capital of the Company
“Share Issue Mandate”	the general mandate proposed to be granted to the Directors to exercise the powers of the Company to allot, issue and deal with shares of the Company up to 20% of the issued share capital of the Company as at the date of passing of the resolution approving the Share Issue Mandate;
“Shareholder(s)”	registered holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers and Share Repurchases
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE BOARD



**HI SUN TECHNOLOGY (CHINA) LIMITED**

**高陽科技(中國)有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code : 818)**

*Executive Directors:*

CHEUNG Yuk Fung (*Chairman*)

KUI Man Chun

LO Siu Yu

XU Wensheng

LI Wenjin

CHAN Yiu Kwong

XU Chang Jun

ZHOU Jian

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head Office and Principal*

*Place of Business:*

Suite 2316, 23rd Floor

One International Finance Centre

No.1 Harbour View Street

Central, Hong Kong

*Independent Non-Executive Directors:*

TAM Chun Fai

LEUNG Wai Man, Roger

XU Sitao

28 April 2005

*To the Shareholders*

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE  
SHARES AND REPURCHASE SHARES  
AND  
RE-ELECTION OF DIRECTORS**

**1. INTRODUCTION**

At the Annual General Meeting to be held on Monday, 23 May 2005, ordinary resolutions will be proposed, inter alia, (i) to grant to the Directors general mandates to allot, issue and deal with new Shares and to repurchase the Shares since the previous general mandates granted to the Directors on 28 May 2004 to issue Shares and to repurchase Shares will lapse at the conclusion of the Annual General Meeting, and (ii) to re-elect the retiring Directors.

\* For identification purpose only

## LETTER FROM THE BOARD

The purpose of this circular is to provide you with information regarding the Share Issue Mandate, Share Repurchase Mandate and re-election of Directors as required under the Listing Rules and to seek your approval of the Ordinary Resolutions relating to these matters at the Annual General Meeting. This circular also contains biographies of the Directors who will retire at the Annual General Meeting and, being eligible, will offer themselves for re-election.

### **2. GENERAL MANDATE TO ISSUE SHARES**

At the Annual General Meeting, an ordinary resolution will be proposed for the Shareholders to consider and, if thought fit, grant a general mandate to the Directors to exercise all powers of the Company to allot, issue and deal with the Shares. The Shares which may be allotted and issued pursuant to the Share Issue Mandate shall not exceed 20% of the issued share capital of the Company in issue as at the date of passing of the resolution approving the Share Issue Mandate. The Share Issue Mandate shall expire upon whichever is the earliest of (i) the conclusion of the next annual general meeting, (ii) the date by which the next annual general meeting of the Company is required to be held by law or the Bye-laws and (iii) the date upon which such authority given under the Share Issue Mandate is revoked or varied by an ordinary resolution of the Shareholders. Details of the Share Issue Mandate is set out in Ordinary Resolution No. 4 in the AGM Notice.

In addition, Ordinary Resolution No. 6 will also be proposed for the Shareholders to consider and, if thought fit, approve the extension of the Share Issue Mandate by adding to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the Share Issue Mandate the number of Shares repurchased pursuant to the Repurchase Mandate, if granted.

### **3. GENERAL MANDATE TO REPURCHASE SHARES**

At the Annual General Meeting, an ordinary resolution will be proposed for the Shareholders to consider and, if thought fit, grant a general mandate to the Directors to exercise all powers of the Company to repurchase issued and fully paid Shares in the capital of the Company. Under the Repurchase Mandate, the number of Shares that the Company may repurchase shall not exceed 10% of the issued share capital of the Company on the date of passing of the resolution approving the Repurchase Mandate. The Repurchase Mandate allows the Company to make repurchases only during the period ending on the earliest of (i) the conclusion of the next annual general meeting, (ii) the date by which the next annual general meeting of the Company is required to be held by law or the Bye-laws and (iii) the date upon which such authority given under the Share Repurchase Mandate is revoked or varied by an ordinary resolution of the Shareholders. Details of the Repurchase Mandate is set out in Ordinary Resolution No. 5 in the AGM Notice.

An explanatory statement as required under the Listing Rules, giving certain information regarding the Repurchase Mandate together with the details of the repurchases of the Shares made by the Company during the six months preceding the Latest Practicable Date, is set out in Appendix I to this circular.

## LETTER FROM THE BOARD

#### 4. RE-ELECTION OF DIRECTORS

In accordance with the Bye-laws, Mr. Lo Siu Yu, Mr. Xu Wensheng and Mr. Li Wenjin will retire at the Annual General Meeting and, being eligible, will offer themselves for re-election.

Mr. Zhou Jian was appointed as executive Director by the Board in May 2004 while Mr. Tam Chun Fai and Mr. Leung Wai Man Roger were appointed as independent non-executive Directors by the Board in May 2004 and September 2004 respectively. According to the Bye-laws, Mr. Zhou, Mr. Tam and Mr. Leung shall hold office only until the Annual General Meeting and shall then be eligible for re-election.

Biographies of the above Directors are set out in Appendix II to this circular.

#### 5. ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting to be held at Suite 2316, 23rd Floor, One International Finance Centre, No.1 Harbour View Street, Central, Hong Kong on Monday, 23 May 2005 at 10:00 a.m. is set out in the Annual Report 2004. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the Share Issue Mandate, the Share Repurchase Mandate and re-election of Directors.

#### 6. ACTION TO BE TAKEN

A form of proxy for use at the Annual General Meeting is enclosed with the Annual Report 2004. Whether or not you intend to be present at the meeting, you are requested to complete the form of proxy and return it to the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the holding of the Annual General Meeting. Completion and delivery of the form of proxy will not prevent Shareholders from attending and voting at the Annual General Meeting if they so wish.

#### 7. PROCEDURES FOR DEMANDING A POLL

Pursuant to Bye-Law 66 of the Bye-Laws, a resolution put to the vote of a general meeting shall be decided on a show of hands unless (before or on the declaration of the results of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:—

- (a) by the chairman of the meeting; or
- (b) by at least three members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person (or in the case of a member being a corporation by its duly authorized representative) 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

## LETTER FROM THE BOARD

- (d) by a member or members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which the 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.

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

### 8. RECOMMENDATION

The Directors consider that the granting to the Directors of the Share Issue Mandate and the Repurchase Mandate and the re-election of Directors are in the interests of the Group and its Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of the Ordinary Resolutions in relation to the above matters as set out in the AGM Notice which is contained in the Annual Report 2004.

### 9. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement in this circular misleading.

### 10. GENERAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,  
By Order of the Board  
**LI Wenjin**  
*Director*

*The following is the explanatory statement required to be sent to Shareholders under the Listing Rules in connection with the Repurchase Mandate and also constitutes the Memorandum required under Section 49BA of the Companies Ordinance.*

**SHARE CAPITAL**

As at the Latest Practicable Date, the number of Shares of the Company in issue was 333,054,030. Subject to the passing of Ordinary Resolution No. 5 granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the Annual General Meeting, the Company will be allowed to repurchase a maximum of 33,305,403 Shares during the period ending on the earliest of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by law or the Bye-laws or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

**REASONS FOR REPURCHASE**

The Directors believe that the ability to repurchase Shares is in the interests of the Company and its Shareholders.

Repurchases may, depending on the circumstances, result in an increase in net assets and/or earnings per share. The Directors are seeking the grant of a general mandate to repurchase Shares to give the Company the flexibility to do so if and when appropriate. The timing and the number, the price and other terms upon which the Shares are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

**FUNDING OF REPURCHASE**

Repurchases must be made out of funds which are legally available for such purpose in accordance with the memorandum of association of the Company and the Bye-Laws and the laws and regulations of Bermuda. It is envisaged that the funds required for any repurchase would be derived from the distributable profits of the Company.

There could be an adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the Annual Report 2004) in the event that the power to repurchase Shares pursuant to the Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the power to repurchase Shares pursuant to the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing level which in the opinion of the Directors is from time to time appropriate for the Company.

**GENERAL**

To the best of their knowledge, having made all reasonable enquiries, none of the Directors nor any of their associates (as defined in the Listing Rules) currently intend to sell any Shares to the Company under the Repurchase Mandate in the event that the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and the laws of Bermuda.

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 the Shareholders.

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, pursuant to Rule 32 of the Takeovers Code, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. As a result, 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 Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Mr. Kui Man Chun, the ultimate controlling shareholder of the Company, beneficially held 189,270,909 Shares, representing approximately 56.83 per cent. of the issued share capital of the Company. In the event that the Directors should exercise in full the Repurchase Mandate, the shareholding of Mr. Kui Man Chun in the Company will be increased to approximately 63.14 per cent. of the issued share capital of the Company. The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases made under the Repurchase Mandate. The Directors do not propose to exercise the Repurchase Mandate to such extent that the public shareholding would be reduced to less than 25 per cent. of the issued share capital of the Company.

The Company has not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months prior to the date of this circular.

## SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date and the month up to the Latest Practicable Date were as follows:

<b>Month</b>	<b>Lowest</b> <i>HK\$</i>	<b>Highest</b> <i>HK\$</i>
<b>2004</b>		
April	0.330	0.380
May	0.380	0.380
June	0.360	0.380
July	0.360	0.360
August	0.320	0.360
September	0.320	0.350
October	0.340	0.420
November	0.380	0.420
December	0.255	0.380
<b>2005</b>		
January	0.315	0.370
February	0.345	0.420
March	0.310	0.350
1 April to the Latest Practicable Date	0.310	0.360

The followings are the particulars of the retiring Directors proposed to be re-elected at the Annual General Meeting:-

**1. LO SIU YU**

Mr. Lo, aged 38, has been the Director of the Company since February 2003. He graduated from Peking University with a bachelor's degree in computer science and obtained a master's degree from the Institute of Psychology of the Science Academy of China. Mr. Lo was also an executive director of Founder Holdings Limited, a listed company on the Hong Kong Stock Exchange and has extensive experience in computer systems integration of the financial industry. Save as disclosed herein, Mr. Lo has not held any other directorships in listed public companies in the last three years.

Mr. Lo does not have any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. Apart from the 3,300,000 share options held by Mr. Lo under the share option scheme of the Company adopted in November 2001 (the "Share Option Scheme"), Mr. Lo does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures of the Company and its associated corporations within the meaning of Part XV of the SFO.

Mr. Lo has entered into a service agreement with the Company for a term of 1 year commencing from 1 January 2004 and shall continue thereafter unless and until terminated by either the Company or the Director giving to the other not less than 3 months' notice in writing. For the year 2005, his annual salary as an executive Director will be approximately HK\$421,800 which is determined by the Board with reference to his duties, responsibilities and the market conditions. Mr. Lo is entitled to bonus payments for his office as executive Director, the amount of which is determined by the Board at its absolute discretion.

**2. XU WENSHENG**

Mr. Xu, aged 36, has been the Director of the Company since February 2003. He graduated from the Dalian University of Technology with a bachelor's degree in computer science and engineering. Prior to joining the Company, Mr. Xu was the president of a system integration company and has extensive experience in computer systems integration of the financial industry. Apart from his directorship in the Company, Mr. Xu has not held any other directorships in listed public companies in the last three years.

Mr. Xu does not have any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. Apart from the 3,300,000 share options held by Mr. Xu under the Share Option Scheme, Mr. Xu does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures of the Company and its associated corporations within the meaning of Part XV of the SFO.

Mr. Xu has entered into a service agreement with the Company for a term of 1 year commencing from 1 January 2004 and shall continue thereafter unless and until terminated by either the Company or the Director giving to the other not less than 3 months' notice in writing. For the year 2005, his annual salary as an executive Director will be approximately HK\$421,800 which is determined by the Board with reference to his duties, responsibilities and the market conditions. Mr. Xu is entitled to bonus payments for his office as executive Director, the amount of which is determined by the Board at its absolute discretion.

### 3. LI WENJIN

Mr. Li, aged 41, has been the Director of the Company since June 2001. He graduated from Peking University in the PRC with a master's degree in law and has over 10 years of experience in investment and administrative affairs. Mr. Li is also the managing director of Hi Sun Limited ("HSL"), the Company's controlling shareholder. Prior to joining HSL in 1999, he had worked for several companies in the PRC and Hong Kong. Apart from his directorship in the Company, Mr. Li has not held any other directorships in listed public companies in the last three years.

Mr. Li does not have any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. Mr. Li holds 3,300,000 Options under the Share Option Scheme of the Company and holds 0.84% equity interest in HSL, which is the ultimate shareholding company of the Company. Save as disclosed above, Mr. Li does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures of the Company and its associated corporations within the meaning of Part XV of the SFO.

Mr. Li has entered into a service agreement with the Company for a term of 1 year commencing from 1 January 2004 and shall continue thereafter unless and until terminated by either the Company or the Director giving to the other not less than 3 months' notice in writing. For the year 2005, his annual salary as an executive Director will be HK\$477,000 which is determined by the Board with reference to his duties, responsibilities and the market conditions. Mr. Li is entitled to bonus payments for his office as executive Director, the amount of which is determined by the Board at its absolute discretion.

### 4. ZHOU JIAN

Mr. Zhou, aged 36, was appointed Director of the Company in May 2004. He graduated from E. M. Lyon in France with a master's degree in business administration. He has over 10 year's extensive experience in operations, administrative affairs and strategic planning. Save as disclosed herein, Mr. Zhou has not held any other directorships in listed public companies in the last three years.

Mr. Zhou does not have any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. Mr. Zhou does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures of the Company and its associated corporations within the meaning of Part XV of the SFO. Mr. Zhou has not entered into a

service agreement with the Company and there is no agreed term of his service. For the financial year ended 31 December 2004, Mr. Zhou received no remuneration for acting as Director of the Company.

#### 5. TAM CHUN FAI

Mr. Tam, aged 43, was appointed independent non-executive Director of the Company since May 2004. He graduated from the Hong Kong Polytechnic University with a bachelor of arts degree in accountancy. Mr. Tam is a member of Hong Kong Institute of Certified Public Accountants and is a member of Chartered Financial Analyst and has over 15 years' experience in auditing, corporate advisory services as well as financial management and compliance work. He is currently the financial controller and company secretary of Beijing Enterprises Holdings Limited, a company listed on the Main Board of the Stock Exchange. Save as disclosed herein, Mr. Tam has not held any other directorships in listed public companies in the last three years.

Mr. Tam does not have any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. Mr. Tam does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures of the Company and its associated corporations within the meaning of Part XV of the SFO.

Mr. Tam has not entered into a service agreement with the Company and there is no agreed term of his service. The director's fee for Mr. Tam is HK\$60,000 each year without any other emolument including bonus. His emoluments are determined by the Board with reference to his duties, responsibilities and the market conditions.

#### 6. LEUNG WAI MAN, ROGER

Mr. Leung, aged 48, was appointed independent non-executive Director since September 2004. He graduated with a Bachelor's degree in Law and a Postgraduate Certificate in Laws from The University of Hong Kong. He also graduated with a Bachelor's degree in Law from the University of Western Ontario, Canada. Mr. Leung has been a practising solicitor in Hong Kong since 1984 and is a partner of the law firm, Foo, Leung & Yeung. He is also admitted as a solicitor in England and Wales and as a barrister, solicitor and notary public in Ontario, Canada. Mr. Leung has extensive working experience in law both in Hong Kong and in Canada. He has been serving as a member of the Inland Revenue Board of Review since 1997 and appointed as a China-appointed Attesting Officer since January 2003. Mr. Leung was an independent non-executive Director of Plus Holdings Limited, a listed company in Hong Kong from 19 June 2000 to 30 September 2004.

Mr. Leung does not have any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. Mr. Leung does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures of the Company and its associated corporations within the meaning of Part XV of the SFO.

Mr. Leung has not entered into a service agreement with the Company and there is no agreed term of his service. The director's fee for Mr. Leung is HK\$60,000 each year without any other emolument including bonus. His emoluments are determined by the Board with reference to his duties, responsibilities and the market conditions.

Save as disclosed in this circular, the Board is not aware of any other matter which need to be brought to the attention of the Shareholders regarding the re-election of Directors.