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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, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Yau Lee Holdings Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or other 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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**YAU LEE HOLDINGS LIMITED**

**有利集團有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 00406)**

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

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A letter from the Board of Directors of Yau Lee Holdings Limited is set out on pages 1 to 8 of this circular.

A notice convening the annual general meeting of Yau Lee Holdings Limited to be held on 25th August 2004 at 10th Floor, Tower I, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong at 10:00 a.m. is set out on pages 9 to 20 of this circular.

If you are not able to attend such meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the principal place of business of the Company in Hong Kong at 10th Floor, Tower I, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of such meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so desire.

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LETTER FROM THE BOARD



**YAU LEE HOLDINGS LIMITED**

**有利集團有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 00406)**

*Directors:–*

Wong Ip Kuen (*Chairman*)  
Wong Tin Cheung (*Vice Chairman*)  
Sun Chun Wai  
So Yau Chi  
Dr. Yeung Tsun Man, Eric\*  
Wu King Cheong\*  
Chan, Bernard Charnwut\*

*Registered Office:–*

Clarendon House, Church Street  
Hamilton HM 11  
Bermuda

*Principal Office:–*

10th Floor, Tower I  
Enterprise Square  
9 Sheung Yuet Road  
Kowloon Bay  
Kowloon, Hong Kong

\* *Independent non-executive director*

30th July 2004

*To the shareholders*

Dear Sirs,

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

**INTRODUCTION**

This circular includes information required by the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) to be given to shareholders concerning (1) the re-election of retiring Directors, (2) the proposed general mandates for the issue of shares and repurchase of fully-paid shares to be granted to the Directors of the Company; and (3) the proposed amendments to the bye-laws (the “**Bye-laws**”) of the Company, to be approved by shareholders at the annual general meeting of the Company to be held on 25th August 2004 (the “**AGM**”).

**RE-ELECTION OF RETIRING DIRECTORS**

Pursuant to Bye-law 98 (as amended by Bye-law 189(4)), at each annual general meeting, one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then

\* *for identification only*

## LETTER FROM THE BOARD

the number nearest one-third, shall retire from office by rotation provided that no Director holding office as Chairman shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. The Directors to retire shall be those who have been longest in office since their last election. A retiring Director shall be eligible for re-election.

Accordingly, Dr. Yeung Tsun Man, Eric (Dr. Yeung) and Mr. Wu King Cheong (Mr. Wu) shall retire at the AGM who shall then be eligible for re-election. Brief biographical details of the retiring Directors are set out below.

**Dr. Yeung Tsun Man, Eric** aged 58, has joined the Company as an independent Non-Executive Director since 1993. Dr. Yeung is Director and Vice President of Perfekta Enterprises Limited, a toy manufacturing company. He holds directorship in companies in Hong Kong, Macau, China, the United States of America and Australia, which are engaged in electronics, trading and agriculture businesses. He is a National Standing Committee Member of The Chinese People's Political Consultative Conference, an Executive Committee Council Member of the Hong Kong Management Association, the Chairman of Macau Productivity and Technology Transfer Centre, Trustee of Macau Foundation, Member of Macau Economic Council, Member of Macau Science of Technology Council, Member of World Presidents' Organisation and Chief Executives' Organisation. He was awarded the Medal of Merit by the Macau Government in 1994, Commander of the Order of Merit by the Government of Portugal in 1998 & the Medal of Professional Merit by the Macau SAR Government in 2001. He is also listed in "The Marquis Who's Who in the World" and "The International Who's Who of Professionals". Dr. Yeung has not held any directorship in other listed companies in the last three years.

**Mr. Wu King Cheong** aged 53, has joined the Company as an independent Non-Executive Director since 1994. Mr. Wu is a Councillor of the Legislative Council of the HKSAR (Financial Services Constituency), Councillor of the Eastern District Council of the HKSAR, Vice Chairman of the Chinese General Chamber of Commerce, Member of Hong Kong Housing Authority, a Member of Lord Wilson Heritage Trust – Board of Trustees, the Honorary Permanent President of the Chinese Gold & Silver Exchange Society and the Honorary Permanent President of the Hong Kong Stockbrokers Association. He is an Executive Director of Lee Cheong Gold Dealers Limited (which is not listed on the Stock Exchange). Since 2002 Mr. Wu is also a Non-Executive Director of Chevalier iTech Holdings Limited, a company listed on the Stock Exchange. Save as disclosed above, Mr. Wu has not held any directorship in any list companies in the last three years.

Both Dr. Yeung and Mr. Wu do not hold any other positions with the Company or any of its subsidiaries and their contracts of appointment which expire on 31st March 2006 entitle each of them to a fixed annual salary of HK\$250,000. Neither Dr. Yeung nor Mr. Wu is entitled to any bonus payments. Dr. Yeung and Mr. Wu do not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company nor they have any interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. As far as the Directors are aware, there are no other matters which are required to be brought to the attention of the Shareholders of the Company.

## LETTER FROM THE BOARD

### EXERCISE OF THE SHARE ISSUE MANDATE

Resolution No. 6(1) set out in the notice of AGM (the “**AGM Notice**”) dated 30th July 2004 will, if passed, give a general unconditional mandate (the “**Share Issue Mandate**”) to the Directors authorizing the exercise by the Directors of the powers of the Company to allot additional shares of HK\$0.20 each in the capital of the Company (“**Shares**”). This authority would apply to up to 20% of the nominal amount of the share capital of the Company in issue at the date of the AGM and could be exercised at any time during the Relevant Period (as defined in Resolution No. 6(1) set out in the AGM Notice).

### EXERCISE OF THE REPURCHASE MANDATE

Resolutions No. 6(2) and 6(3) set out in the AGM Notice will, if passed, give a general unconditional mandate (the “**Repurchase Mandate**”) to the Directors authorizing the repurchase by the Company of up to 10% of the fully paid Shares in issue at the date of the AGM at any time during the Relevant Period (as defined in Resolution No. 6(2) set out in the AGM Notice).

The Directors believe that these proposals, which are similar to those approved by shareholders in previous years, will provide the Board with a prudent measure of flexibility for them to act in the Company’s interests. The information set out below constitutes an Explanatory Statement (as defined in Rule 10.06 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”)) for the purpose of the Listing Rules:–

#### (1) Share Capital

Exercise in full of the Repurchase Mandate (on the basis of 440,949,600 Shares in issue as at 27th July 2004, being the latest practicable date (the “**Latest Practicable Date**”) prior to the printing of this circular) would result in up to 44,094,960 Shares being repurchased by the Company during the Relevant Period as defined in Resolution No. 6(2).

#### (2) 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. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement in the value of the Shares and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its shareholders.

#### (3) Funding of Repurchases

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the laws of Bermuda and the Memorandum of Association and Bye-laws of the Company. Such funds may include profits available for distribution and the proceeds of a fresh issue of Shares made for the purpose of the repurchases.

## LETTER FROM THE BOARD

There might be an adverse impact on the working capital requirements or gearing levels of the Company (as compared with the position disclosed in the annual report of the Company for the year ended 31st March 2003) in the event that the Repurchase Mandate is exercised in full at any time during the Relevant Period (as defined in Resolution No. 6(2)). However, the Directors do not propose to exercise 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 the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

#### (4) Share Price

The highest and lowest prices at which Shares have been traded on the Stock Exchange during each of the previous twelve months from 1st July 2003 were as follows:

	Traded Market Price	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2003</b>		
July	0.170	0.121
August	0.240	0.130
September	0.290	0.215
October	0.245	0.180
November	0.270	0.161
December	0.290	0.245
<b>2004</b>		
January	0.490	0.250
February	0.640	0.365
March	0.540	0.400
April	0.495	0.400
May	0.430	0.290
June	0.425	0.340
July (up to the Latest Practicable Date)	0.440	0.305

#### (5) Disclosure of Interests

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) currently intends to sell any Shares to the Company or its subsidiaries under the Repurchase Mandate if such Repurchase Mandate is approved by shareholders.

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 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 shareholders.

## LETTER FROM THE BOARD

### **(6) Hong Kong Code on Takeovers and Mergers**

If as a result of a repurchase of Shares by the Company, 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 "Code"). Accordingly, a shareholder, or a 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 Code. All Fine Investment Company Limited holds 230,679,599 Shares, representing approximately 52.31% of the issued share capital of the Company as at the Latest Practicable Date. Mr. Wong Ip Kuen, a Director of the Company, owns the entire issued share capital of All Fine Holdings Company Limited, which in turn owns the entire issued share capital of All Fine Investment Company Limited. The Directors are not aware of any such consequences which would arise under the Code as a consequence of any purchase pursuant to the Repurchase Mandate. In the event that any exercise of the Repurchase Mandate would, to the knowledge of the Directors, have such a consequence, the Directors would not exercise the mandate to such an extent.

In addition, assuming that the Repurchase Mandate is exercised in full, the share capital of the Company in issue will be reduced to 396,854,640 Shares (on the basis of 440,949,600 Shares in issue as at the Latest Practicable Date). Mr. Wong Ip Kuen, through All Fine Holdings Company Limited and All Fine Investment Company Limited, will hold 230,679,599 Shares, representing approximately 58.12% of the issued share capital of the Company after the exercise of the Repurchase Mandate in full. As far as the Directors are aware, the full exercise of the Repurchase Mandate will not have any impact on the relevant minimum public shareholding requirements as stipulated in the Listing Rules.

### **(7) Repurchases made by the Company**

The Company has not repurchased Shares (whether on the Stock Exchange or otherwise) in the six months up to the Latest Practicable Date.

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

Following the recent changes to the Listing Rules which came into effect on 31st March 2004, it has become necessary for the Company to amend its Bye-laws to reflect the changes required by the amended Listing Rules. The Directors also wish to take this opportunity to up-date the Bye-laws. In addition, several other amendments are proposed to the Bye-laws which would allow a more efficient administration and management. The following is a summary of the more significant amendments to the Bye-laws to be proposed at the AGM:

### **(1) Amendments required by the new Listing Rules**

The amended Appendix 3 of the Listing Rules requires that (1) a Director shall not vote on any Board resolution approving any contract, arrangement or other proposal in which he or his associates (as defined in the Listing Rules) has a material interest; (2) the minimum period of seven days during which a shareholder may give notice to propose a person for election as a Director shall commence no earlier than the day after the despatch

## LETTER FROM THE BOARD

of the notice of the meeting appointed for such purpose and end no later than seven days prior to the date of such meeting; and (3) if any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against thereon, any votes cast by such shareholder or on his behalf in contravention of such requirement or restriction shall not be counted. The amended Bye-laws reflect these provisions accordingly.

### **(2) Provisions relating to clearing houses**

The Securities and Futures (Clearing Houses) Ordinance was repealed upon the commencement of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) on 1st April 2003. Accordingly, the Board proposes to amend the Bye-laws by deleting the reference to Securities and Futures (Clearing Houses) Ordinance.

### **(3) Removal of Directors**

In line with current Bermuda law and Hong Kong law, the Board proposes to amend the Bye-laws to reflect the fact that a Director of the Company can be removed from his office as Director at any time in general meeting by Ordinary Resolution (instead of Special Resolution).

### **(4) Distribution of summary financial reports**

Taking advantage of the flexibility now permitted under the Listing Rules, the Board further proposes that amendments be made to the Bye-laws to allow the Company, unless otherwise notified by shareholders in writing:

- (a) to distribute summary financial reports to shareholders in place of the full set of the annual reports and accounts; and
- (b) to distribute either the annual reports and accounts or summary financial reports to the shareholders through the Company's computer network or in any other permitted manner.

These provisions provide shareholders with a choice, so if the Company should choose to implement these provisions, shareholders will be entitled to continue to receive a full set of the annual reports and accounts if they choose to do so. Shareholders will also be able to elect to receive an electronic version of either the annual reports and accounts or summary financial reports, as the case may be.

### **(5) Corporate communications**

Taking advantage of other recent changes to the Listing Rules, the Board also recommends that amendments be made to the Bye-laws to allow the Company to offer the flexibility of sending any corporate communications (as defined in the Listing Rules) to the shareholders by electronic means and in the English language or the Chinese language.

## LETTER FROM THE BOARD

### **(6) Amendments to allow a more efficient administration and management**

- (a) The Board proposes to amend the Bye-laws in order to allow the Company to change the currency denomination of its share capital at its general meetings by Ordinary Resolution.
- (b) The Board proposes to amend the Bye-laws so that any person contracting or dealing with the Company in the ordinary course of business shall be entitled to rely on any written or oral contract or agreement or deed, document or instrument entered into or executed as the case may be by any two of the Directors acting jointly on behalf of the Company and the same shall be deemed to be validly entered into or executed by the Company as the case may be and shall, subject to any rule of law, be binding on the Company.
- (c) It is also proposed that the Bye-laws should be amended to give the Board the power to redomicile the Company to a jurisdiction outside Bermuda.
- (d) The existing provisions of the Bye-laws provide that a person other than a retiring auditor shall not be capable of being appointed as auditor at an annual general meeting unless notice of an intention to nominate that person to the office of auditor has been given to the Company not less than 14 days before the annual general meeting. The Board proposes to amend the Bye-laws so that 21 days notice (instead of 14 days) will be required.

The proposed amendments to the Bye-laws will comply with the Listing Rules and are subject to the passing of the Special Resolution by shareholders at the AGM. The full text of the proposed amendments to the Company's Bye-laws is set out in Special Resolution No. 7 of the AGM Notice.

### **PROCEDURES BY WHICH A POLL MAY BE DEMANDED**

Pursuant to Bye-law 79 of the Company's Bye-laws, a resolution put to the vote at the general meeting shall be determined by a show of hands of the members present in person or by proxy and entitled to vote unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded by:

- (a) the Chairman of the meeting; or
- (b) 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) any 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) any 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 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.

### ANNUAL GENERAL MEETING

The AGM Notice is set out on pages 9 to 20 of this circular. A form of proxy for use at the AGM is enclosed with 2003/2004 Annual Report. If you do not intend to be present at the AGM, you are requested to complete the form of proxy and return it to the Company's principal place of business in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the AGM. Completion and deposit of the form of proxy will not preclude you from attending and voting at the AGM if you so wish.

### RECOMMENDATION

The Directors believe that the re-election of the retiring Directors, the Share Issue Mandate, the Repurchase Mandate and the proposed amendments to the Bye-laws are in the interests of the Company and the shareholders of the Company as a whole. Accordingly, the Directors recommend that all shareholders should vote in favour of the relevant Resolutions to be proposed at the AGM.

Yours faithfully,  
For and on behalf of the Board  
**Yau Lee Holdings Limited**  
**Wong Ip Kuen**  
*Chairman*

## NOTICE OF ANNUAL GENERAL MEETING



### YAU LEE HOLDINGS LIMITED

有利集團有限公司\*

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 00406)**

**NOTICE IS HEREBY GIVEN** that the annual general meeting of Yau Lee Holdings Limited (the “**Company**”) will be held at 10th Floor, Tower I, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong on 25th August 2004 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following Resolutions:

1. To receive the audited consolidated accounts and Reports of the Directors and Auditors for the financial year ended 31st March 2004;
2. To declare a final dividend;
3. To re-elect Directors (please read Note 3);
4. To re-appoint auditors and to fix their remuneration;

As special business to consider and, if thought fit, pass the following Resolutions as Ordinary Resolutions:

5. “**THAT** for the period up until the next annual general meeting each of the Directors is authorised to be paid a director’s fee of such sum not exceeding HK\$300,000 as the board of Directors shall determine.”
6. (Please read Note 4)
  - (1) “**THAT:**
    - a) the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to allot, issue and deal with additional shares in the capital of the Company, including making and granting offers, agreements and options which would or might require shares to be allotted, issued or dealt with whether during or after the end of the Relevant Period, be and is hereby generally and unconditionally approved, provided that, otherwise than pursuant to a rights issue where shares are offered to shareholders on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having

\* for identification only

## NOTICE OF ANNUAL GENERAL MEETING

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 outside Hong Kong), the additional shares allotted, issued or dealt with, (including shares agreed conditionally or unconditionally to be allotted, issued or dealt with, whether pursuant to an option or otherwise) shall not in aggregate exceed 20 per cent of the nominal amount of the share capital of the Company in issue at the date of this Resolution;

- b) 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 expiration of the period within which the next annual general meeting of the Company is required by any applicable law of Bermuda or the bye-laws of the Company (the “**Bye-laws**”) to be held; and
  - iii. the revocation or variation of the authority given under this Resolution by way of Ordinary Resolution of the shareholders of the Company in general meeting; and
- c) the authority contained in this Resolution shall replace the similar authority granted at the general meeting of the Company held on 22nd August 2003.”

(2) **“THAT:**

- a) there be granted to the Directors of the Company an unconditional general mandate to repurchase shares in the capital of the Company, and that the exercise by the Directors of the Company of all powers of the Company to purchase shares subject to and in accordance with all applicable laws, rules and regulations be and is hereby generally and unconditionally approved, subject to the following conditions:
  - i. such mandate shall not extend beyond the Relevant Period (as hereinafter defined);
  - ii. such mandate shall authorise the Directors of the Company to procure the Company to repurchase shares at such prices as the Directors of the Company may at their discretion determine;
  - iii. the aggregate nominal amount of the shares repurchased by the Company pursuant to this Resolution during the Relevant Period shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution; and

## NOTICE OF ANNUAL GENERAL MEETING

- b) 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; and
    - ii. the expiration of the period within which the next annual general meeting of the Company is required by any applicable law of Bermuda or the Bye-laws to be held; and
    - iii. the revocation or variation of this Resolution by an Ordinary Resolution of the shareholders of the Company in general meeting.
  - c) the authority contained in this Resolution shall replace the similar authority granted at the general meeting of the Company held on 22nd August 2003.”
- (3) “**THAT** conditional upon the passing of Resolutions No. 6(1) and 6(2) as set out in the Notice convening this Meeting, the aggregate nominal amount of the shares which are repurchased by the Company pursuant to and in accordance with Resolution No. 6(2) above shall be added to the aggregate nominal amount of the shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to and in accordance with Resolution No. 6(1).”
7. As special business to consider and, if thought fit, pass the following Resolution as a Special Resolution:

“**THAT** the Bye-laws of the Company be and are hereby amended as follows:

- (1) By deleting the existing definition of “associate” in its entirety and replacing therewith the following new definition in Bye-law 1:–

““associate” shall have the meaning attributed to it in the rules of the stock exchange of the Relevant Territory;”;

- (2) By inserting the following new definitions in Bye-law 1:–

““clearing house” shall mean a clearing house recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction;”

““Notice” shall mean written notice unless otherwise specifically stated and as further defined in these Bye-laws;”

““Statues” shall mean the Companies Act and every other act of Legislature of Bermuda for the time being in force applying to or affecting the Company, its memorandum of association and/or these Bye-laws;”

## NOTICE OF ANNUAL GENERAL MEETING

- (3) By deleting the existing definition of “writing” or “printing” in its entirety and replacing therewith the following new definition in Bye-law 1:–

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

- (4) By inserting the following paragraphs as the last paragraph in Bye-law 1:–

“References to a document being executed include references to it being executed under hand or under seal or by electronic signature or by any other method and references to a notice or document include a notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not.”

- (5) By deleting the second sentence of the existing Bye-law 5 and replacing therewith the following new sentence:–

“Where share warrants have been issued, no new share warrant shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original has been destroyed.”

- (6) By deleting the existing Bye-law 7 in its entirety and replacing therewith the contents of the existing Bye-law 189(1).

- (7) By inserting the words “or in a form prescribed by the stock exchange in the Relevant Territory” in the third line of the existing Bye-law 34.

- (8) By inserting the following sentence as the second sentence in the existing Bye-law 34:–

“If the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.”

- (9) By deleting the comma “,” and the word “and” in the sixth line of the existing Bye-law 35 and inserting a full stop “.” immediately after the words “to do so)”.

- (10) By inserting the following sentence as the second sentence in the existing Bye-law 35:–

“Without prejudice to Bye-law 34, the Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers.”

## NOTICE OF ANNUAL GENERAL MEETING

- (11) By deleting the word “and” at the end of the existing Bye-law 62(A)(4), by re-numbering the existing Bye-law 62(A)(5) as Bye-law 62(A)(6) and inserting the following new Bye-law 62(A)(5):–

“(5) change the currency denomination of its share capital; and”

- (12) By deleting the words “(the holder of such proxy being himself a member)” in the eighth and ninth lines of the existing Bye-law 85.

- (13) By inserting the following sentence after the words “paid up on the share).” in the fifteenth line of the existing Bye-law 85:–

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

- (14) By re-numbering the existing Bye-law 87 as Bye-law 87(A).

- (15) By inserting the following new Bye-law 87(B):–

“(B) Any person entitled under Bye-law 44 to be registered as the holder of any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that 48 hours at least before the time of the holding of the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his entitlement to such shares, or the Board shall have previously admitted his right to vote at such meeting in respect thereof.”

- (16) By re-numbering the existing Bye-law 88(B) as Bye-law 88(C).

- (17) By inserting the following new Bye-law 88(B):–

“(B) Where the Company has knowledge that any member is, under the rules of the stock exchange in the Relevant Territory, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.”

- (18) By deleting the sentence “Only a member may be appointed to act as a proxy” in the eighth and ninth lines of the existing Bye-law 89 and replacing therewith the following sentence:–

“A proxy need not be a member.”

## NOTICE OF ANNUAL GENERAL MEETING

- (19) By deleting the existing Bye-law 95A in its entirety and replacing therewith the following new Bye-law 95A:–

“95A. Where a member is a clearing house (or its nominee(s) and, in each case, being a corporation), it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of members/provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Bye-law shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee(s)) in respect of the number and class of shares specified in the relevant authorisation/including the right to vote individually on a show of hands.”

- (20) By deleting the existing Bye-law 98(A) in its entirety and replacing therewith the contents of the existing Bye-law 189(4).

- (21) By deleting the existing Bye-law 101 in its entirety and replacing therewith the following new Bye-law 101:–

“101. No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the Head Office or at the Registration Office provided that the minimum length of the period, during which such Notice(s) are given, shall be at least 7 days and that (if the Notices are submitted after the dispatch of the notice of the general meeting appointed for such election) the period for lodgment of such Notice(s) shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.”

- (22) By deleting the existing Bye-law 102 in its entirety and replacing therewith the following new Bye-law 102:–

“102. (A) The members may, at any general meeting convened and held in accordance with these Bye-laws, by ordinary resolution remove a Director at any time before the expiration of his period of office notwithstanding anything to the contrary in these Bye-laws or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement) provided that the Notice of any such meeting convened for the purpose of removing a Director shall

## NOTICE OF ANNUAL GENERAL MEETING

contain a statement of the intention so to do and be served on such Director 14 days before the meeting and at such meeting such Director shall be entitled to be heard on the motion for his removal.

- (B) A vacancy on the Board created by the removal of a Director under the subparagraph (A) of this Bye-law may be filled by the election or appointment by the members at the meeting at which such Director is removed to hold office until the next appointment of Directors or until their successors are elected or appointed or, in the absence of such election or appointment such general meeting may authorise the Board to fill any vacancy in the number left unfilled.”

By deleting the marginal note of the existing Bye-law 102 in its entirety and replacing therewith the following new marginal note “Power to remove Director by ordinary resolution”.

- (23) By deleting the first sentence of the existing Bye-law 104(A) and replacing therewith the contents of the existing Bye-law 189(5).
- (24) By deleting the first sentence of the existing Bye-law 105 and replacing therewith the contents of the existing Bye-law 189(6).
- (25) By deleting the existing Bye-laws 111(A)(2) – (4) and replacing therewith the following new Bye-laws 111(A)(2) – (4):-

“(2) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters namely:

- (i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/ themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

## NOTICE OF ANNUAL GENERAL MEETING

- (iv) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
  - (v) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in 5 per cent or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or
  - (vi) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.
- (3) A company shall be deemed to be a company in which a Director and/or his associate(s) owns 5 per cent. or more if and so long as (but only if and so long as) he and/or his associates, (either directly or indirectly) are the holders of or beneficially interested in 5 per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his interest or that of any of his associates is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder.
- (4) Where a company in which a Director and/or his associate(s) holds 5 per cent. or more is materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.”
- (26) By re-numbering the existing Bye-law 116(B) as Bye-law 116(C).
- (27) By inserting the following new Bye-law 116(B):-
- “(B) Any person contracting or dealing with the Company in the ordinary course of business shall be entitled to rely on any written or oral contract or agreement or deed, document or instrument entered into or executed as the case may be

## NOTICE OF ANNUAL GENERAL MEETING

by any two of the Directors acting jointly on behalf of the Company and the same shall be deemed to be validly entered into or executed by the Company as the case may be and shall, subject to any rule of law, be binding on the Company.”

- (28) By deleting the word “and” at the end of the re-numbered Bye-law 116(C)(1), by deleting the full stop “.” at the end of the re-numbered Bye-law 116(C)(2) with a semi-colon “;”, by inserting the word “and” immediately after the semi-colon and by inserting the following new Bye-law 116(C)(3):–

“(3) to resolve that the Company be discontinued in Bermuda and continued in a named country or jurisdiction outside Bermuda subject to the provisions of the Companies Act.”

- (29) By deleting the first and second sentences of the existing Bye-law 122 and replacing therewith the contents of the existing Bye-law 189(7).

- (30) By deleting the existing Bye-law 166(B) in its entirety and replacing therewith the following new Bye-law 166(B):–

“(B) Subject to Section 88 of the Companies Act and Bye-law 166(C), a printed copy of the Directors’ report, accompanied by the balance sheet and profit and loss account, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the Auditors’ report, shall be sent to each person entitled thereto at least 21 days before the date of the general meeting and at the same time as the notice of annual general meeting and laid before the Company in general meeting in accordance with the requirements of the Companies Act provided that this Bye-law shall not require a copy of those documents to be sent to any person whose address the Company is not aware of or to more than one of the joint holders of any shares or debentures.”

- (31) By inserting the following new Bye-law 166(C) and Bye-law 166(D):–

“(C) To the extent permitted by and subject to due compliance with all applicable Statutes, rules and regulations, including, without limitation, the rules of the stock exchange in the Relevant Territory, and to obtaining all necessary consents, if any, required thereunder, the requirements of Bye-law 166(B) shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the Statutes, a summary financial statement derived from the Company’s annual accounts and the directors’ report which shall be in the form and containing the information required by applicable laws and regulations, provided that any person who is otherwise entitled to the annual financial statements of the Company and the directors’ report thereon may, if he so requires by notice in writing served on the Company, demand that the Company

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sends to him, in addition to a summary financial statement, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

- (D) The requirement to send to a person referred to in Bye-law 166(B) the documents referred to in that provision or a summary financial report in accordance with Bye-law 166(C) shall be deemed satisfied where, in accordance with all applicable Statutes, rules and regulations, including, without limitation, the rules of the stock exchange in the Relevant Territory, the Company publishes copies of the documents referred to in Bye-law 166(B) and, if applicable, a summary financial report complying with Bye-law 166(C), on the Company's computer network or in any other permitted manner (including by sending any form of electronic communication), and that person has agreed or is deemed to have agreed to treat the publication or receipt of such documents in such manner as discharging the Company's obligation to send to him a copy of such documents."
- (32) By deleting the word "14" in the fifth line of the existing Bye-law 169 and replacing therewith the word "21".
- (33) By deleting the existing Bye-law 171 in its entirety and replacing therewith the following new Bye-law 171:–
- "171. Any Notice or document (including any "corporate communication" within the meaning ascribed thereto under the rules of the stock exchange in the Relevant Territory), whether or not, to be given or issued under these Bye-laws from the Company to a member shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or communication and any such Notice and document may be served or delivered by the Company on or to any member either personally or by sending it through the post in a prepaid envelope addressed to such member at his registered address as appearing in the register or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of Notice to him or which the person transmitting the notice reasonably and bona fide believes at the relevant time will result in the Notice being duly received by the member or may also be served by advertisement in appointed newspapers (as defined in the Companies Act) or in newspapers published daily and circulating generally in the territory of and in accordance with the requirements of the stock exchange in the Relevant Territory or, to the extent permitted by the applicable laws, by placing it on the Company's website or the website of the stock exchange in the Relevant Territory, and giving to the member a notice stating that the notice or other document is available there (a "notice of availability"). The notice of availability may be given to the member by any of the means set out above. In the case of joint holders of a share all

## NOTICE OF ANNUAL GENERAL MEETING

notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.”

- (34) By deleting the existing Bye-law 173 in its entirety and replacing therewith the following new Bye-law 173:–

“173. Any Notice or other document:

- (a) if served or delivered by post, shall where appropriate be sent by airmail and shall be deemed to have been served or delivered on the day following that on which the envelope containing the same, properly prepaid and addressed, is put into the post; in proving such service or delivery it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly addressed and put into the post and a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board that the envelope or wrapper containing the notice or other document was so addressed and put into the post shall be conclusive evidence thereof;
- (b) if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. A notice placed on the Company’s website or the website of the stock exchange in the Relevant Territory, is deemed given by the Company to a member on the day following that on which a notice of availability is deemed served on the member;
- (c) if served or delivered in any other manner contemplated by these Bye-laws, shall be deemed to have been served or delivered at the time of personal service or delivery or, as the case may be, at the time of the relevant despatch, transmission or publication; and in proving such service or delivery a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board as to the fact and time of such service, delivery, despatch, transmission or publication shall be conclusive evidence thereof; and
- (d) may be given to a member either in the English language or the Chinese language, subject to due compliance with all applicable Statutes, rules and regulations.”

- (35) By deleting the existing Bye-law 177 in its entirety and replacing therewith the following new Bye-law 177:–

“177. For the purposes of these Bye-laws, a cable or telex or facsimile or electronic transmission message purporting to come from a holder of shares or, as the case may be, a Director or alternate Director, or, in the case of a corporation which is a holder of shares from a director or the secretary thereof or a duly

## NOTICE OF ANNUAL GENERAL MEETING

appointed attorney or duly authorised representative thereof for it and on its behalf, shall in the absence of express evidence to the contrary available to the person relying thereon at the relevant time be deemed to be a document or instrument in writing signed by such holder or Director or alternate Director in the terms in which it is received.”

- (36) By deleting the existing Bye-law 189 in its entirety.
- (37) By re-numbering the existing Bye-laws 190, 191 and 192 as Bye-law 189, 190 and 191 respectively.

By Order of the Board  
**Chui Man Lung, Everett**  
*Company Secretary*

Hong Kong, 30th July 2004

*Registered Office:–*

Clarendon House, Church Street  
Hamilton HM 11  
Bermuda

*Principal place of business in Hong Kong:–*

10th Floor, Tower I  
Enterprise Square  
9 Sheung Yuet Road  
Kowloon Bay  
Kowloon, Hong Kong

*Notes:*

1. A member entitled to attend and vote at the meeting convened by the notice 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. To be valid, a form of proxy, together with the power of attorney or other authority, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company's principal place of business at 10th Floor, Tower I, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong at least 48 hours before the time fixed for holding the meeting or any adjournment thereof.
3. Dr. Yeung Tsun Man, Eric and Mr. Wu King Cheong are retiring Directors subject to re-election at the forthcoming general meeting.
4. With regard to the Ordinary Resolutions referred to in agenda items 6(1) and 6(2), approval is being sought from the shareholders for a general mandate to (a) allot shares of the Company and (b) re-purchase shares up to the relevant 20 per cent and 10 per cent limits. These authorities are sought in order that the Directors might take advantage of any relevant circumstances but the Directors have no immediate plans to issue any new shares of the Company or re-purchase any shares of the Company pursuant to such mandates.
5. Members are recommended to read the circular of the Company containing information concerning the Resolutions proposed in this notice.

As at the date hereof, the board of Directors of the Company comprises Mr. Wong Ip Kuen, Mr. Wong Tin Cheung, Mr. Sun Chun Wai, Mr. So Yau Chi, Dr. Yeung Tsun Man, Eric\*, Mr. Wu King Cheong\* and Mr. Chan, Bernard Charnwut\*.

\* *independent non-executive Director*



# YAU LEE HOLDINGS LIMITED

有利集團有限公司\*

(incorporated in Bermuda with limited liability)

(Stock Code: 00406)

## FORM OF PROXY FOR ANNUAL GENERAL MEETING TO BE HELD ON 25th AUGUST, 2004 AND AT ANY ADJOURNMENT THEREOF

No. of shares to which this Proxy relates <small>(Note 1)</small>	
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I/We (Note 2) \_\_\_\_\_

of \_\_\_\_\_

being (a) register shareholder(s) of YAU LEE HOLDINGS LIMITED (the "Company") hereby appoint (Note 3) the Chairman of the Meeting or \_\_\_\_\_

of \_\_\_\_\_

as my/our proxy to attend for me/us and on my/our behalf at the Annual General Meeting of the Company ("the Meeting") to be held at 10th Floor, Tower 1, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon on Wednesday, 25th August, 2004 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the resolutions set out in the Notice convening the Meeting and at the Meeting, or at any adjournment thereof to vote for me/us and in my/our name(s) in respect of the said resolutions as hereunder indicated, and, if no such indication is given, as my/our proxy thinks fit.

RESOLUTIONS		For <small>(Note 4)</small>	Against <small>(Note 4)</small>
1.	To receive and consider the Audited Consolidated Accounts and the Reports of the Directors and Auditors for the year ended 31st March, 2004.		
2.	To declare a final dividend for the year ended 31st March, 2004.		
3.	(A) To re-elect Dr. Yeung Tsun Man, Eric as a Director.		
	(B) To re-elect Mr. Wu King Cheong as a Director.		
	(C) To authorise the Board of Directors to fix the Directors' fee.		
4.	To re-appoint Messrs. PricewaterhouseCoopers as Auditors and authorise the Board of Directors to fix their remuneration.		
5.	(A) To give a general mandate to the Board of Directors to issue, allot and deal with additional shares of the Company not exceeding 20 per cent. of the existing issued share capital of the Company.		
	(B) To give a general mandate to the Board of Directors to repurchase shares of the Company not exceeding 10 per cent. of the existing issued share capital of the Company.		
	(C) That the aggregate nominal amount of shares in the capital of the Company which are repurchased by the Company shall be added to the aggregate nominal amount of shares that may be allotted by the Board of Directors pursuant to the general mandate.		
6.	To approve the amendments to the Bye-laws of the Company.		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2004. Signature (Note 5) \_\_\_\_\_

### Notes:

- Please insert the number of shares registered in your name(s) to which the proxy relates. If no number is inserted, this form of proxy will be deemed to relate to all the shares in the capital of the Company registered in your name(s).
- Please insert full name(s) and address(es) in BLOCK CAPITALS.
- If any proxy other than the Chairman of the Meeting is preferred, strike out the relevant reference and insert the name and address of the proxy desired in the space provided. A member may appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. ANY ALTERATION MADE TO THIS FORM OF PROXY MUST BE DULY INITIALED.
- IMPORTANT: IF YOU WISH TO VOTE FOR OR AGAINST THE RESOLUTIONS, PLEASE PLACE A "✓" IN THE APPROPRIATE BOXES. If you do not indicate how you wish your proxy to vote, your proxy will be entitled to exercise his discretion whether to vote for or against the Resolutions or to abstain from voting. Your proxy will be entitled to vote at his discretion on any resolutions properly put to the Meeting other than those referred to in the Notice convening the Meeting.
- This form of proxy must be signed under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised on that behalf.
- If two or more persons are jointly entitled to a share of the Company and are present at the meeting, only the joint holder whose name stands first in the Register of Member of the Company in respect of the joint holding is entitled to vote at the Meeting.
- To be valid, this 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 other authority must be deposited at the principal place of business of the Company at 10th Floor, Tower I, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong not less than 48 hours before the time appointed for the Meeting or any adjournment thereof.
- Completion and return of this form of proxy will not preclude you from attending and voting in person at the Meeting or any adjournment thereof if you so wish.

\* for identification only