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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 you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Symphony Holdings Limited, you should hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee at once.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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SYMPHONY

**SYMPHONY HOLDINGS LIMITED**

**(新豐集團有限公司)\***

*(Incorporated in Bermuda with limited liability)*

(Stock code: 1223)

**NOTICE OF ANNUAL GENERAL MEETING,  
PROPOSALS FOR RE-ELECTION OF RETIRING DIRECTORS,  
REFRESHMENT OF SCHEME MANDATE LIMIT OF  
THE SHARE OPTION SCHEME AND  
GENERAL MANDATE TO ISSUE AND REPURCHASE SHARES,  
AMENDMENT TO THE BYE LAWS**

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A notice convening an Annual General Meeting of Symphony Holdings Limited to be held at 10:30 a.m., on Wednesday, 24th May, 2006 at 10th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong is set out on the notice of Annual General Meeting on pages 21 to 31 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tengis Limited, at 26th Floor, Tesbury Centre, 28 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 holding such meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

\* For identification purposes only

Hong Kong, 26th April, 2006

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## DEFINITION

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

“Annual General Meeting”	an annual general meeting of the Company to be held on Wednesday, 24th May, 2006 at 10:30 a.m.
“Associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company or a duly authorised committee thereof
“CG Code”	the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules
“Bye-laws”	the bye-laws of the Company for the time being in force which was adopted by the Company on 12th May, 2004
“Company”	Symphony Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange
“Companies Act”	the Companies Act 1981 of Bermuda
“Designated Stock Exchange”	the definition of Stock Exchange as defined under the Bye-laws of the Company
“Directors”	the directors of the Company for the time being
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“Group”	the Company and its Subsidiaries
“Latest Practicable Date”	21st April, 2006 being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Ordinary Resolution(s)”	the proposed ordinary resolution(s) as referred to in the notice of Annual General Meeting
“Participants”	eligible participants as defined under the Share Option Scheme

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## DEFINITION

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“Repurchase Mandate”	a general and unconditional mandate enabling the Directors to repurchase Shares as defined in the section headed “General Mandate to Issue and Repurchase Shares”
“Scheme Mandate Limit”	has the meaning ascribed to that in the Letter from the Board
“Share(s)”	share(s) of HK\$0.25 each in the share capital of the Company
“Share Issue Mandate”	a general and unconditional mandate enabling the Directors to allot and issue Shares as described in the section headed “General Mandate to Issue and Repurchase Shares”
“Share Option Scheme”	the share option scheme of the Company adopted on 22nd October, 2001
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listings on the Stock Exchange of their own securities on the Stock Exchange
“Shareholder(s)”	registered holder(s) of Share(s)
“Special Resolution”	the proposed special resolution as referred to in the notice of the Annual General Meeting
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance of Hong Kong or The Companies Act 1981 of Bermuda (as amended)) of the Company
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of The People’s Republic of China

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## LETTER FROM THE BOARD

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SYMPHONY

# SYMPHONY HOLDINGS LIMITED

(新豐集團有限公司)\*

(Incorporated in Bermuda with limited liability)

(Stock code: 1223)

*Executive Directors:*

Mr. Li Kwok Lung, Alfred Ronald (*Chairman*)  
Mr. Sze Sun Sun, Tony (*Deputy Chairman and Managing Director*)  
Mr. Chang Tsung Yuan (*Deputy Chairman*)  
Mr. Ku Edward Y.  
Mr. Chan Lu Min  
Dr. Ho Ting Seng

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Non-executive Directors:*

Mr. Li I Nan  
Mr. Chan Ting Chuen

*Principal Place of Business in  
Hong Kong:*

10th Floor, Island Place Tower  
510 King's Road, North Point  
Hong Kong

*Independent non-executive Directors*

Mr. Cheng Kar Shing  
Mr. Feng Lei Ming  
Mr. Ho Shing Chak

26th April, 2006

*To the Shareholders*

Dear Sir/Madam,

**NOTICE OF ANNUAL GENERAL MEETING,  
PROPOSALS FOR RE-ELECTION OF RETIRING DIRECTORS,  
REFRESHMENT OF SCHEME MANDATE LIMIT OF  
THE SHARE OPTION SCHEME AND  
GENERAL MANDATE TO ISSUE AND REPURCHASE SHARES,  
AMENDMENT TO THE BYE LAWS**

### INTRODUCTION

The purpose of this circular is to provide you, the Shareholders with information reasonably necessary to enable you as Shareholders to make a decision on whether to vote for or against the following ordinary resolutions and special resolution to be proposed at the Annual General Meeting for the approval of, inter alia:

\* For identification purposes only

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## LETTER FROM THE BOARD

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### Ordinary resolutions

- (a) the re-election of retiring Directors;
- (b) the refreshment of the Scheme Mandate Limit on the grant of options under the Share Option Scheme;
- (c) the grant of the Shares Issue Mandate and Repurchase Mandate to the Directors to issue new Shares and repurchase Shares; and

### Special resolution

- (d) the amendment of the Bye-laws.

### RE-ELECTION OF RETIRING DIRECTORS

At the Annual General Meeting of the Company, Mr. Ku Edward Y., Mr. Cheng Kar Shing and Mr. Feng Lei Ming will retire as Directors by rotation and, being eligible, offer themselves for re-election in accordance with Bye-law 87 to 88 of the Bye-laws of the Company.

Particulars of Mr. Ku Edward Y., Mr. Cheng Kar Shing and Mr. Feng Lei Ming are set out in Appendix I of this circular.

### REFRESHMENT OF SCHEME MANDATE LIMIT OF THE SHARE OPTION SCHEME

The Company adopted the Share Option Scheme pursuant to an ordinary resolution passed by the Shareholders in general meeting on 22nd October, 2001 whereby an aggregate of 82,167,198 Shares may be issued upon exercise of options granted under the Share Option Scheme subject to the Scheme Mandate Limit. Under the terms of the Share Option Scheme:

- (1) the maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme must not in aggregate exceed 30 per cent. of the Shares in issue from time to time;
- (2) the total number of Shares which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme) to be granted under the Share Option Scheme and any other share option scheme must not in aggregate exceed 10 per cent. of the Company's issued Shares as at the date of approval of the Share Option Scheme ("Scheme Mandate Limit");
- (3) subject to (1) above and without prejudice to (4) below, the Company may seek approval of the Shareholders in general meeting to refresh the Scheme Mandate Limit provided that the total number of Shares which may be allotted and issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option scheme must not exceed 10 per cent. of the Shares in issue as at the date of the Shareholders' approval of the refreshing of the Scheme Mandate Limit (as at the Latest Practicable Date, 10 per cent. of

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## LETTER FROM THE BOARD

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the number of Shares in issue was 166,470,477) and, for the purpose of calculating the Scheme Mandate Limit as refreshed, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other option scheme) previously granted under the Share Option Scheme and any other share option scheme will not be counted;

- (4) subject to (1) above and without prejudice to (3) above, the Company may seek separate approval of the Shareholders in general meeting to grant options beyond the Scheme Mandate Limit or, if applicable, the refreshed limit referred to in (3) above to Participants specifically identified by the Company before such approval is sought.

As at the Latest Practicable Date, particulars of the options granted under the Share Option Scheme since the date of adoption of the Share Option Scheme are set forth below:

Date of grant	Number of options granted <i>(Note)</i>	Exercised	Lapsed <i>(Note)</i>	Cancelled	Outstanding as at the Latest Practicable	Exercise Price per Share <i>(HK\$)</i> <i>(Note)</i>	Exercise Period
9th Jan, 2004	81,160,000	12,232,000	75,820,043	Nil	Nil	1.91	7th Feb, 2004 – 6th Feb, 2006

*Note:*

Pursuant to a circular dated 20th April, 2004, the Company made a bonus issue on the basis of one ordinary share of HK\$0.25 each in the capital of the Company for every ten shares held to the registered holders of the shares whose names appeared on the register of the Company at the close of business on 12th May, 2004. The exercise price and the number of share options were thus adjusted accordingly.

As at the Latest Practicable Date, there remains no options outstanding and unexercised. The Directors have no present intention to grant any further options under the existing Scheme Mandate Limit prior to the Annual General Meeting. The Scheme Mandate Limit has been substantially utilized. With the increase in issued share capital, the Board wishes to take this opportunity to recommend for the Shareholders' approval at the Annual General Meeting that the existing Scheme Mandate Limit be refreshed so that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall be increased over a larger number of Shares (166,470,477 Shares) than the existing Scheme Mandate Limit (82,167,198 Shares). Options previously granted under the Share Option Scheme and any other share option schemes of the Company (including options outstanding, cancelled or lapsed in accordance with the relevant scheme rules or exercised options) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed.

If the Scheme Mandate Limit is refreshed, on the basis of 1,664,704,773 Shares in issue as at the Latest Practicable Date and assuming that no Shares are issued or repurchased prior to the Annual General Meeting, the Board will be able to grant options for subscription of up to 166,470,477 Shares, which do not include options that are outstanding, cancelled, or lapsed as at the Annual General Meeting. As at the Latest Practicable Date, the Company has not adopted any share option schemes other than the Share Option Scheme.

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## LETTER FROM THE BOARD

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The refreshing of the Scheme Mandate Limit is conditional on:

- (a) the passing of an ordinary resolution to approve the refreshing of the Scheme Mandate Limit by the Shareholders at the Annual General Meeting; and
- (b) the Stock Exchange granting listing of and permission to deal in the Shares (representing 10% of the issued share capital of the Company as at the date of the Annual General Meeting approving the refreshing of the Scheme Mandate Limit) which may fall to be issued pursuant to the exercise of options under the Share Option Scheme and any other share option scheme(s) of the Company.

Application will be made to the Stock Exchange for the approval of the listing of and permission to deal in the Shares (representing a maximum of 10% of the issue share capital of the Company as at the date of the Annual General Meeting approving the refreshing of the Scheme Mandate Limit) which may fall to be issued pursuant to the exercise of options under the Share Option Scheme and any other share option scheme(s) of the Company.

### **GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**

At the last annual general meeting of the Company held on 10th May, 2005, the Directors were granted a general mandate to allot and issue Shares and a general mandate to repurchase Shares. These mandates will expire at the forthcoming Annual General Meeting. The Directors propose to seek the approval of the Shareholders at the Annual General Meeting for the grant of:

- (a) the Shares Issue Mandate to issue Shares up to maximum of 20 per cent. of the issued share capital of the Company as at the date of passing of the relevant resolution;
- (b) the Repurchase Mandate to repurchase Shares up to a maximum of 10 per cent. of the Shares in issue as at the date of passing of the relevant resolution; and
- (c) to extend the Shares Issue Mandate to issue Shares by the number of Shares purchased under the Repurchase Mandate mentioned in (b) above.

The Directors believe that it is in the interests of the Company and the Shareholders as a whole if the above general mandates are granted at the Annual General Meeting. Such general mandates provide the Directors with flexibility to issue Shares especially in the context of a fund raising exercise or a transaction involving an acquisition by the Company where Shares are to be issued as consideration and which has to be completed speedily.

The explanatory statement to provide Shareholders with all the information necessary to enable them to make an informed decision whether to vote for or against the resolution concerning the Repurchase Mandate as required by the Listing Rules is set out in Appendix II to this circular.

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## **LETTER FROM THE BOARD**

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### **AMENDMENT TO THE BYE-LAWS**

In compliance with the CG Code which came into effective 1st January, 2005 and the other requirements prescribed by the Listing Rules, the Company has reviewed its Bye-laws and considers that it is necessary to bring the Bye-laws in line with the latest amended Listing Rules. Details of the proposed amendments to the Bye-laws are set out in Appendix III to this circular.

### **RIGHT TO DEMAND A POLL**

Pursuant to Bye-law 66 of the existing Bye-laws, a resolution put to the vote of a 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 of a poll) a poll is demanded:–

- (a) by the chairman of such meeting; or
- (b) by at least three (3) Shareholders present in person (or in the case of a Shareholder 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 Shareholder or Shareholders present in person (or in the case of a Shareholder 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 Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person (or in the case of a Shareholder 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 an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

### **ACTION TO BE TAKEN**

A form of proxy at the Annual General Meeting is enclosed herewith. Whether or not you intend to attend the Annual General Meeting, you are requested to complete the form of proxy and return it to the branch share registrar of the Company in Hong Kong, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.

### **ANNUAL GENERAL MEETING**

Notice of the Annual General Meeting is set out in pages 21 to 31 in this circular.

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## LETTER FROM THE BOARD

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### 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 enquires, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

### RECOMMENDATION

The Directors believe that the refreshment of the Scheme Mandate Limit and the extension of the Shares Issue Mandate, the grant of the General Mandate to issue and to repurchase Shares and the proposed amendments to the Bye-laws are in the interests of the Company and its Shareholders. The Directors thus recommend that the Shareholders vote in favour of the resolutions to be proposed at the Annual General Meeting accordingly.

### DOCUMENT FOR INSPECTION

Copy of the Share Option Scheme will be available for inspection at the principal place of business of the Company in Hong Kong, 10th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong during normal business hours on weekdays as from the date of this circular up to the date of the Annual General Meeting.

Yours faithfully,  
For and on behalf of  
**Symphony Holdings Limited**  
**Li Kwok Lung, Alfred Ronald**  
*Chairman*

Particulars of retiring Directors subject to re-election, at the Annual General Meeting are set out below:

**MR. KU EDWARD Y.**

Mr. Ku Edward Y., aged 63, joined the Group in 2002 as an executive Director. He was previously the senior partner of the law firm, Ku & Fong, in Los Angeles and is licensed to practise law in California and Taiwan. He served as an executive Director of First Public Bank in Los Angeles. He is also an executive Director of Yue Yuen Industrial (Holdings) Limited (“Yue Yuen”), a company engaged in shoe manufacturing which is listed on the Stock Exchange (HKSE code: 0551). Yue Yuen is deemed as a substantial shareholder of the Company under the Securities and Futures Ordinance (“SFO”). Mr. Ku holds a Bachelor-in-Law degree from National Taiwan University and received his J.D. degree from Washington University in St. Louis, United States.

There is no service contract between Mr. Ku and the Company. His appointment with the Company is subject to the relevant provisions for retirement and re-election pursuant to Bye-law 87 of the Bye-Laws of the Company. He received a total of HK\$120,000 for being an executive director for the financial year ended 31st December 2005. His remuneration will be revised annually by the Board with reference to his duties and responsibilities, the prevailing market conditions and the performance of the Company. Once the amount has been determined, a further announcement will be made.

Mr. Ku does not have any interest in shares of the Company within the meaning of Part XV of the SFO. There is no other information relating to Mr. Ku that is required to be disclosed pursuant to rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed above, Mr. Ku is not related to any Director, senior management, substantial or controlling Shareholders of the Company, nor does he have any interest in the Shares of the Company which is required to be disclosed under Part XV of the SFO. There is no other matter that needs to be brought to the attention of the Shareholders of the Company.

**MR. CHENG KAR SHING**

Mr. Cheng Kar Shing, aged 53, was appointed as an independent non-executive Director in 1997. He holds a Master’s degree in engineering from the University of California in Los Angeles. He has been a Director of NWD (Hotels Investments) Limited since 1984 and a director of New World Development Company Limited (“New World Development”) since 1994. New World Development is a company listed on the Stock Exchange (HKSE code: 0017). He is also an executive Director of New World China Land Limited, a company listed on the Stock Exchange (HKSE code: 0917) and a director of Chow Tai Fook Enterprises Limited.

There is no service contract between Mr. Cheng and the Company. His appointment with the Company is subject to the relevant provisions for retirement and re-election pursuant to Bye-law 87 of the Bye-Laws of the Company. He received a total of HK\$96,000 for the financial year ended 31st December 2005 for being an independent non-executive director. His remuneration will be revised annually by the Board with reference to his duties and responsibilities, the prevailing market conditions and the performance of the Company. Once the amount has been determined, a further announcement will be made.

Mr. Cheng does not have any interest in shares of the Company within the meaning of Part XV of the SFO. There is no other information relating to Mr. Cheng that is required to be disclosed pursuant to rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed above, Mr. Cheng is not related to any Director, senior management, substantial or controlling Shareholders of the Company, nor does he have any interest in the Shares of the Company which is required to be disclosed under Part XV of the SFO. There is no other matter that needs to be brought to the attention of the Shareholders of the Company.

#### **MR. FENG LEI MING**

Mr. Feng Lei Ming, aged 48, was appointed as an independent non-executive Director in 2003. He graduated with a MBA in finance from the University of Memphis, Tennessee, USA. Mr. Feng has over 10 years of experience in the Hong Kong securities industry and is a registered securities dealer and investment advisor with the Securities and Futures Commission of Hong Kong. He is currently the President of Taiwan Securities (HK) Co., Ltd., and has many years of managerial experience in several big securities companies in Hong Kong. He was responsible for sales planning at National Electric Appliance Corp. and A.C. Nielsen in Taiwan before he started to work in Hong Kong in 1994.

There is no service contract between Mr. Feng and the Company. His appointment with the Company is subject to the relevant provisions for retirement and re-election pursuant to Bye-law 87 of the Bye-Laws of the Company. He received a total of HK\$96,000 for the financial year ended 31st December 2005 for being an independent non-executive director. His remuneration will be revised annually by the Board with reference to his duties and responsibilities, the prevailing market conditions and the performance of the Company. Once the amount has been determined, a further announcement will be made.

Mr. Feng does not have any interest in shares of the Company within the meaning of Part XV of the SFO. There is no other information relating to Mr. Feng that is required to be disclosed pursuant to rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed above, Mr. Feng is not related to any Director, senior management, substantial or controlling Shareholders of the Company, nor does he have any interest in the Shares of the Company which is required to be disclosed under Part XV of the SFO. There is no other matter that needs to be brought to the attention of the Shareholders of the Company.

This explanatory statement contains information required under the Listing Rules to accompany the notice of a general meeting at which a resolution is to be proposed in relation to the repurchase by the Company of its own Shares. Its purpose is to provide Shareholders with all the information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution approving the Repurchase Mandate at the Annual General Meeting.

### **SHARE REPURCHASE RULES**

The Listing Rules contain provisions to regulate the repurchase by companies with primary listings on the Stock Exchange of their own securities on the Stock Exchange (the “Share Repurchase Rules”).

Under the Share Repurchase Rules, any share repurchase by a company with a primary listing on the Stock Exchange has to comply with the following provisions:

**(a) Shareholders’ Approval**

All on-market share repurchases by a company must be approved in advance by an ordinary resolution, either by way of a general mandate or by a specific approval in relation to specific transactions. The Shares to be repurchased must be fully paid up.

**(b) Source of Funds**

Repurchases must be funded out of funds which are legally available for the purpose in accordance with the Memorandum of Association and Bye-laws of the Company and the laws of Bermuda.

### **SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised of 1,664,704,773 Shares of HK\$0.25 each.

### **REASONS FOR SHARE REPURCHASE**

Although the Directors have no present intention to repurchase any Share, they believe that it is in the best interests of the Company and its Shareholders for the Directors to have a general authority from the Shareholders to enable the Company to repurchase Shares in the market. At any time in the future when Shares are trading at a discount to their underlying value, the ability of the Company to repurchase Shares will be beneficial to those Shareholders who retain their investment in the Company since their percentage interest in the assets of the Company would increase in proportion to the number of Shares repurchased by the Company, thereby resulting in an increase in net assets and/or earnings per share of the Company. Such repurchases will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

Subject to the passing of the ordinary resolution approving the Repurchase Mandate, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 166,470,477 Shares on the basis that no further Shares will be issued or repurchased prior to the date of the Annual General Meeting.

### **FUNDING OF REPURCHASES**

The Directors propose that repurchases of Shares under the Repurchase Mandate would be financed from the internal resources of the Company. In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Memorandum of Association, the Bye-laws and the laws of Bermuda.

The Company is empowered by its Memorandum of Association and the Bye-laws to repurchase its Shares. Bermuda law provides that the consideration paid in connection with a Share repurchase may only be paid out of the capital paid-up on the relevant Shares, or the funds of the Company that 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 that would otherwise be available for dividend or distribution or out of the share premium account of the Company before the Shares are repurchased.

Further, the Companies Act provided that a company may not repurchase its own shares if on the date on which the repurchase is to be effected, there are reasonable grounds for believing that the company is, or after the repurchase would be, unable to pay its liabilities as they become due.

No 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 31st December, 2005) is anticipated in the event that the Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. The Directors do not propose to exercise the Repurchase Mandate to such an extent that 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. The number of Shares to be repurchased on any occasion and the price and other terms upon which the Shares are purchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

**SHARE PRICES**

The highest and lowest prices at which Shares of the Company have been traded on the Stock Exchange during each of the previous 12 months were as follows:

	Shares	
	Highest price <i>HK\$</i>	Lowest price <i>HK\$</i>
<b>2005</b>		
April	1.750	1.580
May	1.710	1.550
June	1.730	1.590
July	1.680	1.240
August	1.290	1.110
September	1.300	1.150
October	1.330	0.960
November	1.150	1.010
December	1.130	0.950
<b>2006</b>		
January	1.190	0.960
February	1.230	1.020
March	1.230	1.060
April (up to and including the Latest Practicable Date)	1.280	1.130

**SHARES PURCHASES MADE BY THE COMPANY**

No purchase of Shares has been made by the Company during the last six months preceding the Latest Practicable Date (whether on the Stock Exchange or otherwise).

**DIRECTORS' UNDERTAKING**

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make purchases under the Repurchase Mandate in accordance with the Listing Rules the Bye-laws and the applicable laws of Bermuda.

**EFFECT ON THE TAKEOVERS CODE**

If as a result of a share repurchase 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 Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert (as defined in the Takeovers Code), depending on the level of such increase, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Well Success Investment Limited, the single largest substantial Shareholder of the Company, holds approximately 50.53% of the issued share capital of the Company. In the event where the Directors exercise in full the power to repurchase Shares in accordance with the Repurchase Mandate, the total interests of that substantial Shareholder in the issued Shares would be increased to approximately 56.14% of the total issued share capital of the Company (on the basis that no Shares are issued or repurchased by the Company prior to the Annual General Meeting). 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 Repurchase Mandate.

#### **DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS**

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their Associates presently intends to sell Shares in the Company to the Company or its subsidiaries in the event that the Repurchase Mandate is approved by the Shareholders of the Company.

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

#### **SHAREHOLDER'S APPROVAL**

The Listing Rules provides that all proposed repurchases of securities by a company with primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval of a particular transaction.

*Details of the proposed amendment to the Bye-laws are set out as follows:*

**1. Bye-law 66**

The existing Bye-law 66 be amended by:

- (i) inserting the words “voting by way of a poll is required by the rules of the Designated Stock Exchange or” after the words “on a show of hands unless” in the third sentence;
- (ii) inserting a semi-colon and the word “or” at the end of the existing bye-laws 66(d) and replacing therewith; and
- (iii) inserting the following as new Bye-law 66(e):

“if required by the rules of the Designated Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.”

**2. Bye-law 68**

The existing Bye-law 68 be amended by:

- (i) deleting the existing Bye-law 68 which is set out below in its entirety:

“If a poll is duly demanded the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. There shall be no requirement for the chairman to disclose the voting figures on a poll.”

- (ii) and replacing it with the following:

“If a poll is duly demanded, the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.”

**3. Bye-law 86(2)**

The existing Bye-law 86(2) be amended by:

- (i) deleting the existing Bye-law 86(2) which is set out below in its entirety;

“The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorisation by the Members in general meeting, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the Members in general meeting. Any Director so appointed by the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting.”

- (ii) replacing it with the following:

“The Directors shall have power from time to time and at any time to appoint any person as a Director either to fill casual vacancy on the Board or, subject to authorisation by the Members in general meeting, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the shareholders in general meeting. Any Director so appointed shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board), and shall then be eligible for re-election at the meeting.”

**4. Bye-law 86(4)**

The existing Bye-law 86(4) be amended by:

- (i) deleting the existing Bye-law 86(4) which is set out below in its entirety:

“Subject to any provision to the contrary in these Bye-laws 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 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 contain a statement of the intention so to do and be served on such Director fourteen (14) days before the meeting and at such meeting such Director shall be entitled to be heard on the motion for his removal.”

- (ii) and replacing it with the following:

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

**5. Bye-laws 87(1)**

The existing Bye-law 87(1) be amended by:

- (i) deleting the existing Bye-law 87(1) which is set out below in its entirety:

“Notwithstanding any other provisions in the Bye-laws, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not greater than one-third) shall retire from office by rotation 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.”

- (ii) and replacing it with the following:

“Notwithstanding any other provisions in these 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 but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years.”

**6. Bye-law 87(2)**

The existing Bye-law 87(2) be amended by:

- (i) deleting the existing Bye-law 87(2) which is set out below in its entirety:

“A retiring Director shall be eligible for re-election. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed pursuant to Bye-law 86(2) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.”

- (ii) and replacing it with the following:

“A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have

been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed pursuant to Bye-law 86(2) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.”

**7. Bye-law 88**

The existing Bye-law 88 be amended by:

- (i) deleting the existing Bye-law 88 which is set out below in its entirety:

“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 seven (7) days and that the period for lodgment of such Notice(s) shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.”

- (ii) and replacing it with the following:

“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 seven (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 seven (7) days prior to the date of such general meeting.”

**8. Bye-law 103(1)(v)**

The existing Bye-law 103(1)(v) be amended by:

- (i) deleting the existing Bye-law 103(1)(v) which is set out below in its entirety:

“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 other than a company-in which the Director and/or his associate(s) is/ are beneficially interested in five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or any third company through which his interest or that of any of his associates is derived); or”

- (ii) and replacing it with the following:

“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 five (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”

**9. Bye-law 103(1)(vi)**

The existing Bye-law 103(1)(vi) be amended by:

- (i) deleting the existing Bye-law 103(1)(vi) which is set out below in its entirety:

“any proposal 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 to the employees to which such scheme or fund relates.”

- (ii) and replacing it with the following:

“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.”

**10. Bye-law 122**

The existing Bye-law 122 be amended by adding the words, “Unless required otherwise by the rules of the Designated Stock Exchange”, before the words, “a resolution in writing signed by all the Directors” in the 1st line of Bye-law 122.

**11. Bye-law 129**

The existing Bye-law 129 be amended by:

- (i) deleting the existing Bye-law 129 which is set out below in its entirety:

“The president or the chairman, as the case may be, shall act as chairman at all meetings of the Members and of the Directors at which he is present. In his absence a chairman shall be appointed or elected by those present at the meeting.”

- (ii) and replacing it with the following:

“Subject to these Bye-laws, the president or the chairman, as the case may be, shall act as chairman at all meetings of the Members and of the Directors at which he is present.”

**12. Bye-law 159**

The existing Bye-law 159 be amended by:

- (i) deleting the existing Bye-law 159 which is set out below in its entirety:

“If the office of auditor becomes vacant by the resignation or death of the Auditor, or by his becoming incapable of acting by reason of illness or other disability at a time when his services are required, the Directors shall as soon as practicable convene a special general meeting to fill the vacancy.”

- (ii) and replacing it with the following:

“If the office of auditor becomes vacant by the resignation or death of the Auditor, or by his becoming incapable of acting by reason of illness or other disability at a time when his services are required, the Directors shall fill the vacancy and, subject to Members’ approval in accordance with Bye-law 158, fix the remuneration of the Auditor so appointed.”

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## NOTICE OF ANNUAL GENERAL MEETING

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SYMPHONY

# SYMPHONY HOLDINGS LIMITED

(新豐集團有限公司)\*

*(Incorporated in Bermuda with limited liability)*

(Stock code: 1223)

**NOTICE IS HEREBY GIVEN** that an annual general meeting (the “Annual General Meeting”) of the shareholders (the “Shareholders”) of Symphony Holdings Limited (the “Company”) will be held at 10th Floor, Island Place Tower, 510 King’s Road, North Point, Hong Kong on Wednesday, 24th May, 2006 at 10:30 a.m. for the following purposes:

### ORDINARY RESOLUTIONS

1. To receive and consider the audited financial statements of the Company and the reports of the directors and the auditors for the year ended 31st December, 2005;
2. To declare a final dividend for the year ended 31st December, 2005;
3.
  - (a) To accept the retirement of Mr. Ku Edward Y. as a director of the Company (“Director”) pursuant to the existing bye-law 87 of the Company and to re-elect Mr. Ku Edward Y. as a Director;
  - (b) To accept the retirement of Mr. Cheng Kar Shing as a Director pursuant to the existing bye-law 87 of the Company and to re-elect Mr. Cheng Kar Shing as a Director;
  - (c) To accept the retirement of Mr. Feng Lei Ming as a Director of the Company pursuant to the existing bye-law 87 of the Company and to re-elect Mr. Feng Lei Ming as a Director; and
  - (d) To elect Directors and to authorize the board of directors (the “Board”) to fix their remuneration.
4. To appoint auditors and to authorize the Board to fix their remuneration;

\* For identification purposes only

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## NOTICE OF ANNUAL GENERAL MEETING

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To consider as special business and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions of the Company:

5. **“THAT**

- (a) subject to sub-paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase Shares issued by the Company and to make offers, agreements and options (including warrants) which would or might require the exercise of such powers, subject to and in accordance with all applicable laws and the requirements of the Listing Rules and the Bye-laws of the Company, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares of the Company to be repurchased pursuant to the approval in sub-paragraph (a) of 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 on the date of the 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 date of the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the revocation or variation of the authority given under this resolution by ordinary resolution of the Shareholders of the Company in general meeting; and
- (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held.”;

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## NOTICE OF ANNUAL GENERAL MEETING

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6. “THAT

- (a) subject to sub-paragraph (c) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional Shares and to make or grant offers, agreements and options (including warrants) which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in sub-paragraph (a) of this resolution shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options (including warrants) which would or might require the exercise of the powers to allot, issue and deal with additional Shares in the capital of the Company under sub-paragraph (a) of this resolution after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in sub-paragraph (a) of this resolution, otherwise than pursuant to a Rights Issue (as hereinafter defined) or upon the exercise of rights of subscription or conversion under any outstanding warrants to subscribe for Shares or any securities which are convertible into Shares of the Company or the share option scheme of the Company or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares of the Company, or 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 in accordance with the Bye-laws of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution,

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the revocation or variation of the authority given under this resolution by ordinary resolution of the Shareholders in general meeting; and
- (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held; and

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## NOTICE OF ANNUAL GENERAL MEETING

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“Rights Issue” means an offer of Shares open for a period fixed by the Directors to Shareholders on the register on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusion 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, or the requirements of any recognized regulatory body or any stock exchange in, any territory applicable to the Company).”;

7. “**THAT** conditional upon the passing of the ordinary resolutions numbers 5 and 6 set out in the notice convening this meeting being passed, the general mandate granted to the Directors to allot, issue and deal with additional Shares pursuant to ordinary resolution number 6 above be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company under the authority granted pursuant to ordinary resolution number 5 above, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of passing this resolution.”
8. “**THAT** the existing scheme mandate limit under the share option scheme of the Company adopted by a resolution of the Shareholders dated 22nd October, 2001 (the “Share Option Scheme”) be refreshed so that the aggregate nominal amount of share capital of the Company to be allotted and issued pursuant to the grant or exercise of the options under the Share Option Scheme (excluding options previously granted, outstanding, cancelled, lapsed or exercised under the Share Option Scheme) shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution (the “Refreshed Limit”) and that the Directors be and are hereby authorized, subject to compliance with the Listing Rules, to grant options under the Share Option Scheme up to the Refreshed Limit and to exercise all the powers of the Company to allot, issue and deal with Shares of the Company pursuant to the exercise of such options.”
9. To consider and, if thought fit, pass the following resolution as a special resolution:

### SPECIAL RESOLUTION

“**THAT**:

the Bye-laws of the Company be amended as follows:

**1. Bye-law 66**

The existing Bye-law 66 be amended by:

- (i) inserting the words “voting by way of a poll is required by the rules of the Designated Stock Exchange or” after the words “on a show of hands unless” in the third sentence;
- (ii) inserting a semi-colon and the word “or” at the end of the existing bye-laws 66(d) and replacing therewith; and

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## NOTICE OF ANNUAL GENERAL MEETING

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(iii) inserting the following as new Bye-law 66(e):

“if required by the rules of the Designated Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.”

### 2. Bye-law 68

The existing Bye-law 68 be amended by:

(i) deleting the existing Bye-law 68 which is set out below in its entirety:

“If a poll is duly demanded the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. There shall be no requirement for the chairman to disclose the voting figures on a poll.”

(ii) and replacing it with the following:

“If a poll is duly demanded, the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.”

### 3. Bye-law 86(2)

The existing Bye-law 86(2) be amended by:

(i) deleting the existing Bye-law 86(2) which is set out below in its entirety; and

“The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorisation by the Members in general meeting, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the Members in general meeting. Any Director so appointed by the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting.”

(ii) replacing it with the following:

“The Directors shall have power from time to time and at any time to appoint any person as a Director either to fill casual vacancy on the Board or, subject to authorisation by the Members in general meeting, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the shareholders in general meeting. Any Director so appointed shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board), and shall then be eligible for re-election at the meeting.”

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## NOTICE OF ANNUAL GENERAL MEETING

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### 4. Bye-law 86(4)

The existing Bye-law 86(4) be amended by:

- (i) deleting the existing Bye-law 86(4) which is set out below in its entirety:

“Subject to any provision to the contrary in these Bye-laws 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 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 contain a statement of the intention so to do and be served on such Director fourteen (14) days before the meeting and at such meeting such Director shall be entitled to be heard on the motion for his removal.”

- (ii) and replacing it with the following:

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

### 5. Bye-laws 87(1)

The existing Bye-law 87(1) be amended by:

- (i) deleting the existing Bye-law 87(1) which is set out below in its entirety:

“Notwithstanding any other provisions in the Bye-laws, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not greater than one-third) shall retire from office by rotation 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.”

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## NOTICE OF ANNUAL GENERAL MEETING

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(ii) and replacing it with the following:

“Notwithstanding any other provisions in these 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 but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years.”

### 6. Bye-law 87(2)

The existing Bye-law 87(2) be amended by:

(i) deleting the existing Bye-law 87(2) which is set out below in its entirety:

“A retiring Director shall be eligible for re-election. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed pursuant to Bye-law 86(2) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.”

(ii) and replacing it with the following:

“A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed pursuant to Bye-law 86(2) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.”

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## NOTICE OF ANNUAL GENERAL MEETING

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### 7. **Bye-law 88**

The existing Bye-law 88 be amended by:

- (i) deleting the existing Bye-law 88 which is set out below in its entirety:

“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 seven (7) days and that the period for lodgment of such Notice(s) shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.”

- (ii) and replacing it with the following:

“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 seven (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 seven (7) days prior to the date of such general meeting.”

### 8. **Bye-law 103(1)(v)**

The existing Bye-law 103(1)(v) be amended by:

- (i) deleting the existing Bye-law 103(1)(v) which is set out below in its entirety:

“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 other than a company-in which the Director and/or his associate(s) is/ are beneficially interested in five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or any third company through which his interest or that of any of his associates is derived); or”

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## NOTICE OF ANNUAL GENERAL MEETING

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(ii) and replacing it with the following:

“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 five (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”

### **9. Bye-law 103(1)(vi)**

The existing Bye-law 103(1)(vi) be amended by:

(i) deleting the existing Bye-law 103(1)(vi) which is set out below in its entirety:

“any proposal 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 to the employees to which such scheme or fund relates.”

(ii) and replacing it with the following:

“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.”

### **10. Bye-law 122**

The existing Bye-law 122 be amended by adding the words, “Unless required otherwise by the rules of the Designated Stock Exchange”, before the words, “a resolution in writing signed by all the Directors” in the 1st line of Bye-law 122.

### **11. Bye-law 129**

The existing Bye-law 129 be amended by:

(i) deleting the existing Bye-law 129 which is set out below in its entirety:

“The president or the chairman, as the case may be, shall act as chairman at all meetings of the Members and of the Directors at which he is present. In his absence a chairman shall be appointed or elected by those present at the meeting.”

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## NOTICE OF ANNUAL GENERAL MEETING

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- (ii) and replacing it with the following:

“Subject to these Bye-laws, the president or the chairman, as the case may be, shall act as chairman at all meetings of the Members and of the Directors at which he is present.”

### 12. Bye-law 159

The existing Bye-law 159 be amended by:

- (i) deleting the existing Bye-law 159 which is set out below in its entirety:

“If the office of auditor becomes vacant by the resignation or death of the Auditor, or by his becoming incapable of acting by reason of illness or other disability at a time when his services are required, the Directors shall as soon as practicable convene a special general meeting to fill the vacancy.”

- (ii) and replacing it with the following:

“If the office of auditor becomes vacant by the resignation or death of the Auditor, or by his becoming incapable of acting by reason of illness or other disability at a time when his services are required, the Directors shall fill the vacancy and, subject to Members’ approval in accordance with Bye-law 158, fix the remuneration of the Auditor so appointed.”

By order of the Board

**Anna Chow**

*Company Secretary*

Hong Kong

26th April, 2006

*Notes:*

- (a) A member, who is the holder of two or more shares, entitled to attend and vote at the meeting is entitled to appoint more than one proxy to attend and vote on his behalf. A proxy need not be a member of the Company but must be present in person at the meeting to represent the member. 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 provided that on a show of hands, all proxies appointed by an individual shareholder shall, collectively, be entitled to one vote only.
- (b) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.
- (c) A form of proxy for the meeting is enclosed. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be lodged with the branch share registrars of the Company in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.

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## NOTICE OF ANNUAL GENERAL MEETING

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- (d) Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (e) The register of members of the Company will be closed for the purpose of determining the entitlements to the proposed final dividend from 22nd May, 2006 to 24th May, 2006, both dates inclusive, during which period no transfer of shares shall be effected. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration by 4:30 p.m. on 19th May, 2006.