



YAU LEE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 406)

NOTICE OF ANNUAL GENERAL MEETING

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 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

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;”

““Statutes” 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;”

(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.”

- (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.”

(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 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;
 - (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 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 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 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 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*