



# TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)  
(Stock code: 00687)

## ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2004

### RESULTS

The Board of Directors is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2004 together with the comparative figures as follows:

		Notes		2004	2003
		HKS'000	HKS'000	HKS'000	HKS'000
		(Restated)			
TURNOVER			702,592	1,225,451	
Cost of sales			(710,001)	(1,142,681)	
Gross profit/(loss)			(7,409)	82,770	
Other revenue and gains	3		17,372	20,791	
Selling expenses			(848)	(1,990)	
Administrative expenses			(29,334)	(30,617)	
Surplus arising from revaluation of investment properties			109,480	16,550	
Other operating expenses			(5,173)	(4,852)	
PROFIT FROM OPERATING ACTIVITIES	4		84,088	82,652	
Finance costs	5		(7,350)	(12,480)	
Share of profits and losses of associates			—	27	
PROFIT BEFORE TAX			76,738	70,199	
Tax	6		47	(15,383)	
PROFIT BEFORE MINORITY INTERESTS			76,785	54,816	
Minority interests			(60,901)	(35,391)	
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS			15,884	19,425	
EARNINGS PER SHARE	7				
Basic			2.16 cents	2.65 cents	
Diluted			2.13 cents	2.65 cents	

### Notes:

1. In the current year, the Group has adopted the Statement of Standard Accounting Practice No. 12 (Revised) "Income taxes" issued by the Hong Kong Society of Accountants which is effective for accounting periods commencing on or after 1 January 2003.

This change in accounting policy has resulted in an increase in the Group's deferred tax liability as at 31 March 2003 by HK\$4,775,000. As a consequence, the consolidated net profit attributable to shareholders for the year ended 31 March 2003 have been increased by HK\$3,925,000, and the consolidated retained profits at 1 April 2003 and 2002 have been reduced by HK\$4,775,000 and HK\$8,700,000, respectively.

### 2. Segment information

#### (a) Business segments

Segment revenue:	Foundation piling				EAM engineering and building construction				Machinery leasing and trading				Property investment and management				Property development				Unallocated	Eliminations	Consolidated
	2004		2003		2004		2003		2004		2003		2004		2003		2004		2003				
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000			
Sales to external customers	380,829	630,639	204,952	361,311	15,369	19,451	91,565	87,511	9,777	126,539	—	—	—	—	—	—	—	—	—	—	—	702,592	1,225,451
Intersegment sales	—	1,788	—	—	—	1,297	4,138	600	—	—	—	—	—	—	(1,897)	(6,526)	—	—	—	—	—	—	—
Total	380,829	632,427	204,952	361,311	15,369	20,748	95,703	88,511	9,777	126,539	—	—	—	—	(1,897)	(6,526)	702,592	1,225,451	—	—	—	—	—
Segment results	(30,682)	31,842	4,274	16,138	(9,439)	(9,060)	109,084	93,364	(4,031)	38,145	(26,981)	(29,391)	—	—	—	—	83,125	81,630	—	—	—	—	—
Interest income	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	962	1,620
Dividend income from listed investments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Profit from operating activities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	84,088	82,652
Finance costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(7,350)	(12,480)
Share of profits and losses of associates	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	27
Profit before tax	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	76,738	70,199
Tax	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	47	(15,383)
Profit before minority interests	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	76,785	54,816
Minority interests	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(60,901)	(35,391)
Net profit from ordinary activities attributable to shareholders	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	15,884	19,425

#### (b) Geographical segments

Segment revenue:	Hong Kong				Elsewhere in the PRC				Consolidated			
	2004		2003		2004		2003		2004		2003	
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	
Sales to external customers	602,271	1,013,481	100,321	211,970	702,592	1,225,451	—	—	—	—	—	

### 3. Other revenue and gains

	2004	2003
	HKS'000	HKS'000
Interest income	962	1,620
Insurance claims	1,188	427
Gain on disposal of an investment property	3,000	—
Gain on disposal of fixed assets	5,124	7,694
Gain on disposal of an associate	—	6
Gain on sale of steel scrap	1,171	1,390
Refund of provident fund contributions	28	1,810
Unrealised holding gains on short term listed investments	50	7
Negative goodwill recognised as income during the year	3,793	3,793
Others	2,056	4,044
	17,372	20,791

### 4. Profit from operating activities

The Group's profit from operating activities is arrived at after charging/(crediting):

		2004	2003
		HKS'000	HKS'000
Goodwill:			
Amortisation for the year		1,653	1,031
Impairment arising during the year		920	—
		2,573	1,031
Depreciation		67,247	80,926
Impairment of other assets		420	—
Loss on disposal of other assets		210	—
Dividend income from listed investments		(1)	(2)

### 5. Finance costs

	2004	2003
	HKS'000	HKS'000
Interest on bank loans and overdrafts wholly repayable within five years	10,980	15,928
Interest on other loans	—	82
Interest on finance leases	480	1,005
Total interest	11,460	17,015
Less: Interest capitalised in properties under development	(4,110)	(4,535)
	7,350	12,480

### 6. Tax

		2004	2003
		HKS'000	HKS'000
Provision for tax in respect of profit for the year:			
PRC:			
Hong Kong		1,200	4,322
Elsewhere		7,264	13,452
Underprovision/(overprovision) in the prior year:			
PRC:			
Hong Kong		(8)	(10)
Elsewhere		(247)	419
Deferred tax		8,209	18,183
		(8,256)	(2,800)
Total tax charge/(credit) for the year		(47)	15,383

### 7. Earnings per share

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the year of HK\$15,884,000 (2003 (restated): HK\$19,425,000), and the weighted average of 734,135,302 (2003: 731,865,903) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the net profit attributable to shareholders for the year of HK\$15,884,000 (2003 (restated): HK\$19,425,000). The weighted average number of ordinary shares used in the calculation is the 734,135,302 (2003: 731,865,903) ordinary shares in issue during the year, as used in the basic earnings per share calculation and the weighted average of 12,900,029 (2003: 38,939) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the year.

### 8. Comparative figures

Certain comparative figures have been adjusted as a result of change in accounting policy as set out in note 1.

### DIVIDEND

The Board considered that more earnings should be retained for internal resources. As such, it was resolved that no recommendation for the payment of a final dividend would be made for the year ended 31 March 2004 (2002/03: Nil). No interim dividend was paid for the six months ended 30 September 2003 (2002/03: Nil).

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 11 August 2004 to 18 August 2004, (both dates inclusive), during which period no transfer of shares will be registered. All transfers and relevant share certificates must be lodged with the Company's Hong Kong branch share registrars, Tengis Limited, at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong by no later than 4:30 p.m. on 10 August 2004.

### BUSINESS REVIEW

#### Hong Kong Market

During the beginning of the financial year, Hong Kong's economy was depicted by persistent deflation, high unemployment rate, outbreak of SARS and general loss of confidence. Such unpleasant factors choked economic activities and suffocated many business sectors. Fortunately, the economic sentiment improved towards the latter half of the financial year as the global economy showed continuous growth while the government injected a series of boosters to stimulate Hong Kong's economy.

#### Foundation Piling

It was a competitive year for the foundation industry. During the year under review, turnover of the foundation division was HK\$381 million while net contribution before depreciation was HK\$16 million. Approximately 53% of the Group's contracts during the year under review were from the private sector while the remaining were from the public sector. The Group's major contracts on hand include, inter alia, Route 9 — Lai Chi Kok Road, Liu Chong Hing Bank Building and the recently awarded HK\$122 million contract of Stonecutters Bridge. With the gradual recovery of the prolonged downturn of the property market, the foundation industry is expected to follow its footprint.

#### Other Construction Related Sectors

During the year under review, the turnover of the Group's electrical and mechanical division and building construction division amounted to HK\$205 million while operating profit was HK\$4 million. With its lean and efficient structure, the Group continues to expect profitable returns from the divisions despite a competitive and difficult environment.

The Group's machinery hiring and trading arm recorded a turnover of HK\$15 million with major contribution from the tower cranes market. Though the division still suffered a loss, the tower cranes rental market has gradually improved. As planned, the division has successfully downsized its fleet to its optimal level and thus is now in a "fit shape" to compete in the market. Furthermore, it is steadily building up its trading activities with other Asian countries which include Korea, Japan, Taiwan and Thailand.

#### PRC Market

Tysan Group's investment and development properties in China are located in Shanghai and Tianjin. In 2003, China's GDP grew 9.1% to over US\$1,400 billion with a per capita GDP of US\$1,090. It was the first time that China's per capita GDP exceeded US\$1,000. Shanghai, being the commercial and financial center of China, recorded a GDP growth of 11.8% to US\$75 billion in 2003 with a per capita GDP of over US\$5,600. Tianjin, on the other hand, experienced a GDP growth of 14.5% to about US\$29 billion in 2003 with a per capita GDP of over US\$3,100.

#### Property Investment and Management

Given the rising number of business activities in Shanghai, there is an increasing demand for quality service apartments. During the financial year under review, both the rentals and occupancies of our service apartments, China Garden and Aidu, have enjoyed satisfactory growth. In anticipation of growing competitiveness in Tianjin as a result of the city's recent accelerating growth and development, we have recently renovated Tianjin International Building's main lobby and office floors with state of the art design. Though Tianjin International Building continues to stand head and shoulders above the competition and commands the highest rental rates in Tianjin, we will revamp all its service apartments to ensure optimum return on the property.

#### Property Development

With our technical expertise in construction project management, the success of our development projects, Talent Court and Tiffany Court in Shanghai, our Group has successfully established and positioned ourselves as a high quality medium size developer in Shanghai with major focus in the residential market. Our

development project, with a total area of about 150,000 sqm, is located in Shanghai's Putuo district overlooking Suzhou river. This site will be developed into a high quality residential complex with about 1,100 units. In addition to its prime location, transportation is also extremely convenient as it is right next to a light rail station and there will be a subway station right outside the site. The project will be developed in 2 phases and the first phase will commence in the second half of 2004 while presale will be scheduled a year later in the second half of 2005.

As planned, the Group acquired a new site in Tianjin's key development area: the Haihe River Project area. As the city government has made a strategic decision to transform the areas along the Haihe River area to a modern economic, scenery and cultural belt which is expected to become the landmark of Tianjin, our site is thus situated at a prime and great potential location. With a total area of about 75,000 sqm, it will be developed into a high quality residential complex with over 600 units. The project will be developed in 2 phases and the first phase will commence in the second half of this financial year while presale will be scheduled a year later.

### PROSPECTS

The outlook of the construction industry relies heavily on the economic atmosphere in Hong Kong. With the support of the central government through the signing of the Closer Economic Partnership Arrangement (CEPA) and the relaxation of travel restrictions for individuals wishing to visit Hong Kong, the overall sentiment in Hong Kong has indeed strengthened. One key indication is the recent rebound in the property market. Furthermore, the recent upgrade on Hong Kong dollar by Standard and Poor's from "negative" to "stable" also signifies the return of international confidence and thereby officially closes the chapter of the "doom and gloom period". So far as the economy continues to sustain its path of recovery, the construction industry will gradually recuperate and the Group, being the top leading foundation company in Hong Kong, is bound to capitalize on such opportunities.

Despite the central government's prompt austerity measures to control the over concentration of investments in certain business and geographical areas, we are of the view that China's economy will continue to grow at a healthy pace. With the opening up of the market due to WTO requirements, China will continue to attract foreign investments en masse. Shanghai and Tianjin, both being municipalities directly under the Central Government and at the same time among the highest GDP growth cities in China, will bound to continue their leadership position in China's economic development. Leveraging on our established presence in China since the mid-1990s, we are confident in the immense prospects of our property business in China.

### FINANCIAL REVIEW

The Group continues to adopt a prudent financing policy and sustain a sound capital structure with healthy cashflow. As at 31 March 2004, the Group's cash on hand was approximately HK\$86 million (31 March 2003: HK\$141 million) while total assets and net assets were approximately HK\$1,776 million (31 March 2003: HK\$1,718 million) and HK\$662 million (31 March 2003: HK\$642 million) respectively. The drop in cash was primarily due to the increase in investment in property projects in the PRC. As at 31 March 2004, the Group's working capital recorded a net liability of HK\$11 million. This situation will be rectified as the Group has already arranged to replace short term bank borrowings by long term bank loans which will be in place before September 2004.

The Group's net borrowings were HK\$250 million as compared to HK\$191 million in the previous period. Total liabilities to total assets gearing ratio was maintained at the prudent level of 31 per cent, as compared to 33 per cent, last year. As at 31 March 2004, contingent liabilities decreased from HK\$156 million to HK\$41 million in relation to guarantees of performance bonds while certain of the Group's fixed assets with a book value of approximately HK\$328 million have been pledged to secure certain banking facilities of the Group. The Group's bank borrowings were mostly denominated in Hong Kong dollars but Renminbi loan facilities have also been arranged for its PRC subsidiaries. Currency exposure in the Renminbi borrowings has been hedged by the Group's Renminbi assets and revenue as generated by its PRC properties.

### EMPLOYMENT AND REMUNERATION POLICIES

The Group, including its subsidiaries and joint ventures in Hong Kong and the PRC, employed approximately 1,000 employees as at 31 March 2004. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Fringe benefits which include provident fund, medical insurance and training are provided. In addition, share options may also be granted in accordance to the terms of the Group's approved share option scheme.

### APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to all our staff for their dedication, hard work and contribution especially during such challenging period. In addition, we would also like to thank all our shareholders for their support of the Group.

### CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Hong Kong Listing Rules throughout the accounting period covered by the annual report, except that the independent non-executive directors of the Company were not appointed for specific terms as required by paragraph 7 of the Code. The independent non-executive directors are subject to retirement by rotation and re-election at the annual general meeting of the Company, in accordance with the provisions of the Company's bye-laws.

### AUDIT COMMITTEE

The Group's Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters including the review of the Group's audited results for the year ended 31 March 2004.

### PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

### PUBLICATION OF ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") will be published on the Stock Exchange's website in due course.

On behalf of the Board  
FRANCIS CHEUNG  
Chairman

Hong Kong, 8 July 2004



# TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 00687)

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Marina Room II, 2nd Floor, The Excelsior, 281 Gloucester Road, Causeway Bay, Hong Kong at 4:00 p.m. on Wednesday, 18 August 2004 for the following purposes:

- To receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31 March 2004.
- To re-elect Miss Jennifer Kwok and Mr. Chau Cham Son as Directors and to authorize the Board of Directors to fix the remuneration of the Directors.
- To re-appoint Messrs. Ernst & Young as Auditors for the ensuing year and to authorize the Directors to fix their remuneration.
- To consider and, if thought fit, pass with or without modification, the following proposed resolutions as Ordinary Resolutions by way of special business:

### ORDINARY RESOLUTIONS

#### A. "THAT

- subject to paragraph (2) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase fully paid up issued shares of the Company on the Stock Exchange of Hong Kong Limited ("Stock Exchange") or on any other stock exchange on which shares of the Company may be listed and recognized by the Stock Exchange and the Securities and Futures Commission of Hong Kong for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange applicable to the Company, as amended from time to time, be and is hereby generally and unconditionally approved;
- the amount of the shares of the Company which the Company is authorized to repurchase pursuant to the approval in paragraph (1) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution; and
- for the purposes of this Resolution:  
"Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:
  - the conclusion of the next annual general meeting of the Company;
  - 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 law to be held; or
  - the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting."

#### B. "THAT

- subject to paragraph (3) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue, grant and deal with additional shares in the capital of the Company, to allot, issue, grant and deal with other securities of the Company, including warrants and debentures convertible into shares of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power, be and is hereby generally and unconditionally approved;
- the approval in paragraph (1) above shall be in addition to (and shall not in any way prohibit or limit) any other authority or power of or given to the Directors of the Company, and shall authorize the Directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- 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 of the Company pursuant to the approval or authority in paragraph (1) above, otherwise than pursuant to (a) a Rights Issue (as hereinafter defined); (b) an issue of shares upon the exercise of the subscription rights attaching to any warrant of the Company; (c) an issue of shares in lieu of the whole or part of a dividend on shares of the Company pursuant to the Bye-laws of the Company from time to time or any securities which are convertible into shares of the Company; or (d) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to Directors or employees of the Company and/or any of its subsidiaries of shares or rights of the Company, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this Resolution, and the said approval shall be limited accordingly; and
- for the purpose of this Resolution:  
"Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:
  - the conclusion of the next annual general meeting of the Company;
  - 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 law to be held; and
  - the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting; and

"Rights Issue" means an offer of shares open for a period fixed by the Directors of the Company to the holders of shares of the Company whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognized regulatory body or any stock exchange, in any territory outside Hong Kong applicable to the Company)."

#### C. "THAT

- subject to the passing of Ordinary Resolutions A and B set out in paragraph 4 of the notice convening this meeting, the general mandate to the Directors of the Company to allot, issue, grant and deal with additional securities pursuant to Resolution B set out in paragraph 4 of the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares of the Company repurchased by the Company pursuant to the authority granted under Resolution A set out in paragraph 4 of the notice convening this meeting, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing the said Resolution A as set out in paragraph 4 of the notice convening this meeting."

- To consider and, if thought fit, pass the following proposed resolution as a Special Resolution by way of special business:

### SPECIAL RESOLUTION

"THAT the Bye-laws of the Company be and is hereby amended in the following manner:

- Bye-law 1 be amended as follows:
  - By adding the following definition immediately after the definition of "Act":  
"associate" shall bear the meaning ascribed to it under the Listing Rules.;"
  - By adding the following definition immediately after the definition of "head office":  
"Listing Rules" means the rules and regulations of the Designated Stock Exchange from time to time in force.;"
- By adding the following bye-law as a new Bye-law (to be numbered as Bye-law 76A) immediately after Bye-law 76:  
"76A. Where any Member is, under the Listing Rules, required to abstain from voting on any particular resolution, or is restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted for the purposes of the resolution concerned.;"
- By deleting the existing Bye-law 89 in its entirety and substituting therefor the following new Bye-law 89:  
"89. No person, other than a retiring Director, shall, unless recommended by the Directors for election, be eligible for election as a Director at any General Meeting, unless there shall have been given to the Company at the head office or at the Registration Office a notice in writing 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 as a Director together with a notice in writing signed by that person to be proposed of his willingness to be elected. The period for the lodgment of such a notice shall commence no earlier than the day next after the dispatch of the notice of the General Meeting appointed for such election and end no later than the day seven days prior to the date of such General Meeting, provided that such period shall be at least seven days.;"
- By deleting the existing Bye-law 103 in its entirety and substituting therefor the following new Bye-law 103:  
"103. A Director who or whose associate(s) is/are in way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his/their interest at the first meeting of the Directors at which the question of entering into the contract or arrangement is to be taken into consideration, if he knows his/their interest then exists, or in any other case at the first meeting of the Directors after he knows that he/they is/are or has/have become so interested. For the purposes of this Bye-law, a general notice by a Director to the Directors to the effect that (a) he or his associate(s) is/are a member of a specified company or firm and is/are to be regarded as interested in any contract or arrangement which may after the date of the notice be made with that company or firm or (b) he or his associate(s) is/are to be regarded as interested in any contract or arrangement which may after the date of the notice be made with a specified person who is/are connected with him or his associate(s), shall be deemed to be a sufficient declaration of interest under this Bye-law in relation to any such contract or arrangement; provided that no such notice shall be effective unless either it is given at a meeting of the Directors or the Director takes reasonable steps such that it is brought up and read at the next meeting of Directors after it is given.;"
- By deleting the existing Bye-law 104 in its entirety and substituting therefor the following new Bye-law 104:  
"104. (1) A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Directors in respect of any contract or arrangement or proposal in which he or any of his associate(s) is/are materially interested, and if he shall do so his vote shall not be counted for the purposes of the resolution concerned (nor shall he be counted in the quorum of such resolution), provided that this Bye-law 104(1) and the prohibition and provision hereof shall not apply to any of the following matters namely:
  - any contract or arrangement for the giving by the Company or any of its subsidiaries of any security or indemnity to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
  - any contract or arrangement for the giving by the Company or any of its subsidiaries 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/have himself/themselves assumed responsibility or guaranteed or secured in whole or in part whether alone or jointly with any other person(s) under a guarantee or indemnity or by giving of security;
  - any contract, arrangement or proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries 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;
  - any contract, arrangement or proposal concerning any other company in which the Director or his associate(s) is/are interested, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director or his associate(s) is/are beneficially interested in the shares or other securities of that company, provided that the Director and any of his associate(s) is/are not in aggregate beneficially interested in five (5) per cent. or more of the issued shares of any class of the equity share capital of such company (or of any third company through which his interest or that of his associate(s) is/are derived) or of the voting rights of the company concerned;
  - any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries or associated companies including:

- the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his associate(s) may benefit; or
  - the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to the Director, his associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- 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 or any of its subsidiaries by virtue only of his/their interest in shares or debentures or other securities of the Company.

- A company shall be deemed to be a company in which a Director and/or any of his associates own(s) five (5) per cent. or more of the issued shares of any class of the equity share capital of such company or of the voting rights of any class of shares of such company if and so long as (but only if and so long as) he and/or his associate(s) is/are (either directly or indirectly) the holder(s) of or is/are beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company (or of any third company through which his/their interest is derived) or of the voting rights of any class of shares available to shareholders of the company. For the purpose of this Bye-law 104(2) 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 or benefit thereof, and any shares comprised in a unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder.
- Where a company in which a Director and/or any of his associates hold(s) five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights of any class of shares available to shareholders of the company is materially interested in a transaction, then that Director shall also be deemed materially interested in such transaction.
- Where any proposal or arrangement is under consideration concerning the appointment (including the arrangement or variation of the terms, or the termination thereof) of two or more Directors to offices or places of profit with the Company or any other company in which the Company is interested, a separate resolution may be proposed in relation to each Director and in such case each of the Directors concerned shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment (or the arrangement or variation of the terms, or the termination thereof, as the case may be) and except (in the case of an office or place of profit with any such other company as aforesaid) where the other company is a company in which the Director together with any of his associates owns five (5) per cent. or more of the issued shares of any class of the equity share capital of such company or of the voting rights of any class of shares of such company.
- If any question shall arise at any meeting of the Directors as to the materiality of the interest of a Director (other than the chairman of the meeting) or his associate(s) or as to the entitlement of any Director (other than such chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director or his associate(s) shall be final and conclusive except in a case where the nature or extent of the interest of the Director and/or his associate(s) concerned as known to such Director has not been fairly disclosed to the Directors. If any question as aforesaid shall arise in respect of the chairman of the meeting or his associate(s) such question shall be decided by a resolution of the Directors (for which purpose such chairman shall not be counted in the quorum and shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman and/or his associate(s) as known to such chairman has not been fairly disclosed to the Directors.
- The Company may by ordinary resolution ratify any transaction not duly authorized by reason of a contravention of this Bye-law 104 provided that no Director or any of his associates having a material interest in such transaction shall vote upon such ordinary resolution in respect of any shares in the Company in which he/they is/are interested or be counted in the quorum."

- To transact any other business.

By Order of the Board  
Chan Kit Yan  
Company Secretary

Hong Kong, 8 July 2004

#### Notes:

- Any member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend vote instead of him. A proxy need not be a member of the Company.
- To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's principal office in Hong Kong at 6th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting.
- With respect to Resolutions 4A and 4C (being Resolutions A and C set out in paragraph 4 of the Notice), approval is being sought from members for general mandates to be given to the Directors to repurchase shares and to issue further shares not exceeding the aggregate number of securities so repurchased.
- With respect to the matters set out in Resolution 4B (being Resolution B in paragraph 4 of the Notice), a general mandate is being sought from members to authorize the allotment and issue of securities under the Listing Rules in order to provide flexibility to the Directors should it become desirable for the Company to exercise such powers. The Directors have no immediate plans to issue any new share or other securities under the general mandate.
- With respect to the matters set out in Resolution 5 (being the proposed Special Resolution set out in paragraph 5 of the Notice), approval is being sought to revise the Bye-laws of the Company to bring them in line with and to comply with the recent amendments of the Listing Rules.
- The register of members will be closed from 11 August 2004 to 18 August 2004 (both dates inclusive), during which period no transfer of shares of the Company will be registered. All transfers and relevant share certificates must be lodged with the Company's Hong Kong branch share registrars, Tengis Limited, at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, by no later than 4:30 p.m. on 10 August 2004.