
IMPORTANT

This circular is for information purposes only and does not constitute an invitation or offer to acquire or subscribe for securities.

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a 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 Grandy Corporation (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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.



GRANDY CORPORATION

泓迪有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8143)

PROPOSED GENERAL MANDATES TO ISSUE NEW SHARES AND REPURCHASE SHARES, PROPOSED RE-ELECTION OF DIRECTORS AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening the annual general meeting of the Company to be held at 10/F., Luk Kwok Centre, 72 Gloucester Road, Wanchai, Hong Kong on Thursday, 30 September 2004, at 10:15 a.m. or immediately after the extraordinary general meeting to be held on the same date (the “Annual General Meeting”) is set out on pages 11 to 14 of this circular for the financial year ended 31 March 2004 (the “Annual Report 2004”).

A form of proxy for the Annual General Meeting is enclosed with this circular. Whether or not you are able to attend the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instruction printed thereon and return the same to the principal place of business of the Company at 10/F., Luk Kwok Centre, 72 Gloucester Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the annual general meeting.

This circular will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at www.grandy.com.hk.

6 September 2004

* for identification purpose only

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. GEM-listed issuers are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at 10/F., Luk Kwok Centre, 72 Gloucester Road, Wanchai, Hong Kong on Thursday, 30 September 2004 at 10:15 a.m. or immediately after the EGM to be held on the same date and any adjournment thereof, a notice of which is set out on pages 11 to 14 of this circular
“Board”	Board of Directors
“Company”	Grandy Corporation
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be held at 10/F., Luk Kwok Centre, 72 Gloucester Road, Wanchai, Hong Kong on Thursday, 30 September 2004 at 10:00 a.m. and any adjournment thereof, a notice of which is set out in a separate circular dated on 6 September 2004
“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Rules of the Stock Exchange”	the “Rules of the Exchange” relating to the trading of Securities and Options
“SFO”	The Hong Kong Securities and Futures Ordinance
“Shareholder(s)”	shareholder(s) of the Company
“Shares”	shares of HK\$0.01 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers



GRANDY CORPORATION
泓迪有限公司*

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8143)

Executive Directors:

Mr. Chan Hon Chiu

Mr. Yeung Kam Yan

Independent Non-executive Directors:

Mr. Hsu Shiu Foo, William

Mr. Yu Chai Mei, Jimmy

Registered Office:

Century Yard

Cricket Square

Hutchins Drive

P.O. Box 2681 GT

George Town

Grand Cayman

British West Indies

Principal Place of Business:

10/F., Luk Kwok Centre

72 Gloucester Road

Wanchai

Hong Kong

6 September 2004

To Shareholders of the Company

Dear Sir or Madam,

**PROPOSED GENERAL MANDATES TO ISSUE
NEW SHARES AND REPURCHASE SHARES,
PROPOSED RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A. INTRODUCTION

The purpose of this circular is to provide you with information relating to the Ordinary Resolutions Nos. 4 to 6 (each the “Ordinary Resolution”) to be proposed at the forthcoming annual general meeting of the Company to be held on 30 September 2004 (the “Annual General Meeting”) (i) to grant a general mandate to the Directors (the “Directors”) of Grandy Corporation (the “Company”) to exercise the powers of the Company to repurchase the Company’s fully paid up shares representing up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company on the date of the relevant ordinary resolution being approved, (ii) to grant a general mandate to the Directors to issue new

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LETTER FROM THE BOARD

shares up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company on the date of the relevant ordinary resolution being approved and (iii) to increase the number of shares which the Directors may issue under their general mandate by the number of shares repurchased.

B. PROPOSED GENERAL MANDATE TO ISSUE SHARES

At the Annual General Meeting an ordinary resolution will be proposed that the Directors be given a general mandate to allot, issue and deal with shares up to a limit equal to 20% of the issued share capital of the Company at the date of passing of such resolution. Another ordinary resolution will be proposed to increase limit of this 20% by the amount of any shares of the Company repurchased by the Company up to a maximum of 10% of the issued share capital of the Company at the date of passing of the relevant resolution.

As at 31 August 2004, being the latest practicable date (the “Latest Practicable Date”) prior to the printing of this circular, the issued Shares of the Company was 1,158,671,667. Assuming no shares are being repurchased or issued before the date of passing of the ordinary resolution giving a general mandate to issue new shares of the Company, the maximum number of shares to be issued is 231,734,333 Shares.

C. PROPOSED GENERAL MANDATE TO REPURCHASE SHARES

At the Annual General Meeting, an ordinary resolution will be proposed to grant to the Directors a general mandate to repurchase its own shares of HK\$0.01 each in the issued share capital of the Company on the GEM of the Stock Exchange or on any other stock exchange on which the shares of the Company may be listed. Under such mandate, the number of shares that the Company may repurchase shall not exceed 10% of the issued share capital of the Company in issue on the date of passing of the relevant resolution.

As at the Latest Practicable Date prior to the printing of this circular, the issued Shares of the Company was 1,158,671,667. Assuming no shares are being repurchased or issued before the date of passing of the ordinary resolution giving a general mandate to repurchase shares of the Company, the maximum number of shares to be repurchased is 115,867,167 Shares.

D. DIRECTORS PROPOSED TO BE RE-ELECTED

In accordance with Article 87 of the Company’s Articles of Association, the Director who will retire by rotation at the Annual General Meeting is Mr. Chan Hon Chiu, who, being eligible, offer himself for re-election.

Mr. Chan Hon Chiu, aged 44, is an executive Director of the Company and director of eight subsidiaries under the Group. Mr. Chan is responsible for marketing and business development of the Group’s operations in Hong Kong. During the three years immediately prior to joining the Group in April 2000, Mr. Chan was a director of Sanki Rampart Environmental Services Limited (being a private limited company incorporated in Hong Kong) and a partner of Rampart Environmental Service both of which are engaged in cleaning and waste disposal services. Mr. Chan is responsible for marketing and business development of these two companies.

LETTER FROM THE BOARD

On 20 April 2002, Mr. Chan has entered into a service contract with the Company for an initial fixed term of two years commencing from 10 May 2002 and the contract shall continue after 10 May 2004 unless three months' prior written notice in writing is given by either party. As at the LPD, no notice of termination has been served by either the Company or Mr. Chan.

Under the service contract, Mr. Chan is entitled to a monthly salary of HK\$30,000 for the first twelve months and a monthly salary of HK\$40,000 for the next twelve months (subject to the discretion of the Board, be increased by not more than 15% of his salary at the time of the relevant review). Mr. Chan is also entitled to a fixed sum bonus equal to one month's fixed salary plus a discretionary bonus in respect of each financial year to be proposed by the Board of the Company and be approved by the Shareholders in general meeting provided that the total discretionary bonuses to be given to all the Directors shall not exceed 30% of the audited consolidated net profits after taxation and minority interests but before extraordinary and exceptional items of the Group for the same financial year. Mr. Chan's remuneration package is determined with reference to factors including (a) his previous relevant working experiences in marketing and business development, (b) his market and business connections and the expected level of businesses to be made by Mr. Chan and (c) the degree of responsibility of Mr. Chan as an executive director of a GEM-listed company.

Due to losses suffered by the Group, Mr. Chan has agreed to keep his salary at HK\$30,000 during the second twelve months of the initial term. Furthermore, as one of the measures for a turnaround plan of the Group, Mr. Chan has also agreed to receive only a notional salary of HK\$1 commencing from 1 October 2003 until the Group's financial positions have been improved significantly.

Mr. Chan does not have any relationship with any other directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company and/or its subsidiaries. Mr. Chan is the holder of 20,783,993 Shares of the Company. Save as disclosed above, Mr. Chan does not have any interests in any Shares within the meaning of Part XV of the SFO. Furthermore, Mr. Chan is not aware of any other matters that should be brought to the attention of the Stock Exchange or the Shareholders of the Company.

E. EXPLANATORY STATEMENT

An explanatory statement containing all relevant information relating to the Repurchase Mandate and pursuant to the GEM Listing Rules, in particular Rule 13.08, is set out in the Appendix to this letter. The information in the explanatory statement is to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions relating to the Repurchase Mandate.

F. ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting of the Company to be held at 10/F., Luk Kwok Centre, 72 Gloucester Road, Wanchai, Hong Kong on Thursday, 30 September 2004, at 10:15 a.m. or immediately after the extraordinary general meeting to be held on the same date is set out on pages 11 to 14 of this circular.

LETTER FROM THE BOARD

A form of proxy for the Annual General Meeting is enclosed with this circular. Whether or not you are able to attend the Annual General Meeting in person, please complete and return the form of proxy in accordance with the instructions printed thereon to the principal place of business of the Company at 10/F., Luk Kwok Centre, 72 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting or any adjourned meeting (as the case may be) should you so wish.

Pursuant to Article 66 of the Company's Articles of Association, at any general meeting 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 for a poll) a poll is demanded or otherwise required under the GEM Listing Rules. A poll may be demanded by (a) the Chairman of the meeting; or (b) at least three members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or (c) a member or members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or (d) by a member or members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring the right.

G. SHAREHOLDERS ABSTAIN FROM VOTING

There is no shareholder that is materially interested in the general mandates to issue and repurchase Shares of the Company and therefore none of the shareholders shall abstain from voting in respect of the proposed resolutions on these general mandates.

H. RECOMMENDATION

The Directors consider that the granting of the general mandates to issue Shares of the Company (as for the reason of providing flexibility for issuing new Shares when it is in the interests of the Company) and repurchase Shares (for the sake of enhancing the net asset value per Share and/or earnings per Share) of the Company are in the best interests of the Company and its Shareholders and so recommend all Shareholders to vote in favour of the resolutions to be proposed at the forthcoming Annual General Meeting.

Yours faithfully,
On behalf of the Board
Grandy Corporation
Chan Hon Chiu
Executive Director

This is an explanatory statement given to all Shareholders of the Company relating to the resolution to be proposed at the Annual General Meeting authorizing the Repurchase Mandate. It contains all the relevant information required pursuant to Rule 13.08 of the GEM Listing Rules which is set out as follows:

1. REGULATIONS OF THE GEM LISTING RULES

All repurchase of securities on GEM by a company with its primary listing on GEM must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval in relation to specific transactions.

2. SHARE CAPITAL

As at the Latest Practical Date, the issued share capital of the Company comprised 1,158,671,667 Shares of HK\$0.01 each.

Subject to the passing of the resolution in relation to the Repurchase Mandate and on the basis that no Shares are issued or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 115,867,167 Shares equivalent to 10% of the issued share capital of the Company. The Shares repurchased by the Company shall, subject to applicable laws, be automatically cancelled upon such repurchase.

3. REASONS FOR REPURCHASES

The Directors have no present intention to repurchase any Shares but consider that the Repurchase Mandate will provide the Company the flexibility to make such repurchases when appropriate and beneficial to the Company. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or its earning per Share.

4. FUNDING OF REPURCHASES

Repurchase of Shares will be funded out of funds legally available for such purpose in accordance with the Memorandum and Articles of Association of the Company and the applicable laws of the Cayman Islands.

The Company may not purchase its own securities on the GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

5. GENERAL

There might be a material adverse impact on the working capital or the gearing positions of the Company and its subsidiaries (collectively the “Group”) as compared with the position disclosed in the audited financial statements for the year ended 31 March 2004, being the date to which the latest published audited financial statements of the Company were made up, in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Group or on the gearing positions which in the opinion of the Directors are from time to time appropriate for the Group.

6. CONNECTED PERSONS

At the date of this circular, the Company’s Board consisted of four directors. The executive Directors are Mr. Chan Hon Chiu and Mr. Yeung Kam Yan and the Independent non-executive Directors are Mr. Hsu Shiu Foo, William and Mr. Yu Chai Mei. None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquires, any of the associates (as defined in the GEM Listing Rules) of any of the Directors has any present intention, in the event that the proposed Repurchase Mandate is approved by the Company’s shareholders, to sell Shares to the Company.

At the Latest Practicable Date, no connected person (as defined in the GEM Listing Rules) of the Company has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company in the event that the Company is authorized to make repurchases of Shares.

7. SHARE PRICES

The highest and lowest prices at which Shares have been traded on GEM in each of the past twelve months preceding the LPD were as follows:–

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2003		
August	0.030	0.028
September	0.080	0.030
October	0.100	0.075
November	0.152	0.090
December	0.133	0.100
2004		
January	0.112	0.060
February	0.091	0.072
March	0.100	0.075
April	0.089	0.080
May	0.090	0.080
June	0.090	0.085
July	0.085	0.075

8. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make repurchases pursuant to the proposed resolution in accordance with the GEM Listing Rules and the applicable laws of Hong Kong and in accordance with the regulations set out in the Memorandum and Articles of Association of the Company and also any applicable laws of the Cayman Islands.

9. THE HONG KONG CODE ON TAKEOVERS AND MERGERS

If as a result of a Share repurchase, 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 Rule 32 of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). Accordingly, a shareholder or group of shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, the register of the substantial shareholders maintained by the Company pursuant to Part XV of the Securities and Futures Ordinance (Disclosure of Interests) showed that the Company has been notified of the following interests, being 5% or more of the Company's issued share capital:

Name of Shareholder(s)	Number of Shares held	Approximate percentage of existing shareholding	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
Key Engineering Co., Ltd	347,000,000	29.95%	33.28%
Top Rainbow Ltd (<i>Note a</i>)	224,506,294	19.38%	21.53%
Mr. Yang Pei Gen (<i>Note b</i>)	224,506,294	19.38%	21.53%
Top Accurate Limited	59,229,995	5.11%	5.68%
Mr. Ma She Shing, Albert (<i>Note c</i>)	59,229,995	5.11%	5.68%

Notes:

- (a) Top Rainbow Ltd, a company incorporated in the British Virgin Islands, is the beneficial owner of these 224,506,294 Shares.
- (b) Mr. Yang Pei Gen was deemed to have interest in 224,506,294 Shares by virtue of his equity interest in Top Rainbow Ltd.
- (c) Mr. Ma She Shing, Albert was deemed to have interest in 59,229,995 Shares by virtue of his equity interest in Top Accurate Limited.

In the event that the Directors shall exercise in full the Repurchase Mandate, the total interests of the above shareholders would be increased to approximately the respective percentages shown in the last column above and such increase may give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code by Key Engineering Co., Ltd. However, the Directors have no current intention to exercise the Repurchase Mandate to such an extent as would give rise to this obligation.

Assuming that there is no issue of Shares in the Company between the Latest Practicable Date and the date of a repurchase, an exercise of the Repurchase Mandate whether in whole or in part will not result in less than the relevant prescribed minimum percentage of 25% of the Shares of the Company being held by the public as required by the Stock Exchange. The Directors have no intention to exercise the Repurchase Mandate to an extent as may result in a public shareholding of less than such prescribed minimum percentage.

10. SHARE REPURCHASE MADE BY THE COMPANY

From the date of its listing on 10 May 2002 to the Latest Practicable Date, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any of the Company's listed securities.

11. PROXY

A form of proxy for use at the Annual General Meeting is also enclosed. Whether or not a Shareholder is able to attend the meeting, the Shareholder is requested to complete and return the form of proxy to the principal place of business of the Company at 10/F., Luk Kwok Centre, 72 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the Annual General Meeting, or any adjournment thereof, should the Shareholders so desire.

NOTICE OF ANNUAL GENERAL MEETING



GRANDY CORPORATION

泓迪有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8143)

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the shareholders of Grandy Corporation (the “Company”) will be held at 10/F., Luk Kwok Centre, 72 Gloucester Road, Wanchai, Hong Kong on Thursday, 30 September 2004, at 10:15 a.m. or immediately after the extraordinary general meeting to be held on the same date for the following purposes:–

1. to receive and consider the audited financial statements and the reports of the directors of the Company (the “Directors”) and auditors for the year ended 31 March 2004;
2. to re-elect Directors and authorize the board of Directors (the “Board”) to fix their remuneration;
3. to appoint auditors and authorize the Board to fix their remuneration; and

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

4. **“THAT:**
 - (a) subject to paragraph (c) of this resolution, and pursuant to the Rules Governing the Listing of Securities on The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) of this resolution shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers 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 options or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue; or (ii) the grant or exercise of any options under the share option schemes of the Company or any other option, scheme or similar

* for identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (iii) any scrip dividend 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 Articles of Association of the Company in force from time to time; or (iv) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any existing warrants of the Company or any existing securities of the Company which carry rights to subscribe for are convertible into shares of the Company, shall not exceed the aggregate of:

- (i) 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this Resolution; and
 - (ii) (if the Directors are so authorized by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution).
- (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 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 the Memorandum and Articles of Association of the Company, or any other applicable laws of the Cayman Islands to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.

“Rights Issue” means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors to holders of shares in the Company on the register on a fixed record date in proportion to their holdings of shares (subject to such exclusion and 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, or the expenses or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognized regulatory body or any stock exchange applicable to the Company).”

NOTICE OF ANNUAL GENERAL MEETING

5. **“THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to purchase its shares on the GEM or any other stock exchange on which the shares of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong (“SFC”) and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the SFC, the Stock Exchange or any other stock exchange as amended from time to time and all applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company which may be purchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution 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 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 the Memorandum and Articles of Association of the Company, or any other applicable laws of the Cayman Islands to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.

NOTICE OF ANNUAL GENERAL MEETING

6. “**THAT** the Directors be and they are hereby authorized to exercise the authority referred to in paragraph (a) of resolution No. 4 set out in the notice convening this meeting in respect of the share capital of the Company referred to in sub-paragraph (ii) of paragraph (c) of such resolution.”

By order of the Board
Wilfred Wong
Company Secretary

Hong Kong, 6 September 2004

Principal place of business:

10/F., Luk Kwok Centre
72 Gloucester Road
Wanchai
Hong Kong

Notes:

1. A shareholder entitled to attend and vote at the meeting is entitled to appoint a person or persons as his proxy or proxies to attend and, on a poll, vote instead of him. A proxy need not be a shareholder of the Company.
2. 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 certified copy of that power of attorney or authority must be deposited with the Company's principal place of business at 10/F., Luk Kwok Centre, 72 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time of the meeting or any adjourned meeting.
3. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.