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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in 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 HKC International Holdings Limited (the “Company”), you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee 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.

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**HKC INTERNATIONAL HOLDINGS LIMITED**

**香港通訊國際控股有限公司\***

*(incorporated in the Cayman Islands with limited liability)*  
(stock code: 248)

**ALTERATIONS TO THE ARTICLES OF ASSOCIATION,  
GRANT OF GENERAL MANDATES  
TO ISSUE AND REPURCHASE SHARES AND  
RE-ELECTION OF DIRECTORS**

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A notice convening the annual general meeting of the Company to be held at 2/F., Cypress Room, Novotel Century Harbourview, 508 Queen’s Road West, Western District, Hong Kong at 5:00 p.m. on Friday, 10 September 2004 is set out on pages 15 to 29 of this circular.

Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same as soon as possible and in any event not later than 48 hours before the time of the meeting or any adjournment thereof to the Company’s Hong Kong branch share registrar, Pilare Limited at 10th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof should you so wish.

\* *for identification only*

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## DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be convened and held at 2/F., Cypress Room, Novotel Century Harbourview, 508 Queen’s Road West, Western District, Hong Kong at 5:00 p.m. on 10 September 2004, the notice of which is set out on pages 15 to 29 of this circular, and any adjournment thereof
“Articles”	the articles of association of the Company adopted pursuant to a written resolution of the Shareholders passed on 12 September 2001
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	HKC International Holdings Limited (香港通訊國際控股有限公司), a company incorporated in the Cayman Islands and the issued Shares of which are listed on the Stock Exchange
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Extension Mandate”	a general and unconditional mandate to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Issue Mandate
“Group”	the Company and its subsidiaries
“Issue Mandate”	a general and unconditional mandate to the Directors to exercise the power of the Company to allot, issue or otherwise deal with Shares of up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution at the Annual General Meeting
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	27 July 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	a general and unconditional mandate to the Directors to enable them to repurchase Shares the aggregate nominal amount of which 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 the relevant resolution at the Annual General Meeting
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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## LETTER FROM THE BOARD

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### HKC INTERNATIONAL HOLDINGS LIMITED 香港通訊國際控股有限公司\*

*(incorporated in the Cayman Islands with limited liability)*

*Executive Directors:*

Chan Chung Yee, Hubert (*Chairman*)  
Kwok Cheuk Tim, Rockie  
Wu Kwok Lam  
Chan Chung Yin, Roy  
Chan Man Min  
Chan Ming Him, Denny  
Tsui Hon Wing  
Yeh Yui Fong

*Independent Non-Executive Directors:*

Chu Chor Lup  
Chiu Ngar Wing

*Registered office:*

Century Yard, Cricket Square  
Hutchins Drive  
P.O. Box 2681 GT  
George Town  
Grand Cayman  
Cayman Islands  
British West Indies

*Principal place of business  
in Hong Kong:*

2nd Floor  
Nos. 55 and 57 Hennessy Road  
Wanchai  
Hong Kong

30 July 2004

*To the Shareholders, and for information only, the holders of options of the Company*

Dear Sir/Madam

#### **ALTERATIONS TO THE ARTICLES OF ASSOCIATION, GRANT OF GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES AND RE-ELECTION OF DIRECTORS**

#### **INTRODUCTION**

The primary purpose of this circular is to provide you with information regarding the resolutions to be proposed at the Annual General Meeting and to give you notice of the Annual General Meeting. Resolutions to be proposed at the Annual General Meeting include ordinary/special resolutions relating to the proposed alterations to the Articles and grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate.

\* *for identification only*

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## LETTER FROM THE BOARD

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### ALTERATIONS TO THE ARTICLES

#### (A) Compliance with the revised Listing Rules

As announced by the Stock Exchange in its press release dated 30 January 2004, the Stock Exchange has revised the Listing Rules based on the results of the Consultation Conclusions on Proposed Amendments to the Listing Rules relating to Corporate Governance Issues issued in January 2003. Such revisions to the Listing Rules took effect on 31 March 2004 and include revisions to Appendix 3 to the Listing Rules which sets out the requirements that the articles of association or, as the case may be, bye-laws of listed issuers or listing applicants shall comply with.

To ensure compliance with the revised Appendix 3 to the Listing Rules, listed issuers must alter their articles of association or, as the case may be, bye-laws at the earliest opportunity and, in any event, no later than the conclusion of their next annual general meeting after 31 March 2004.

To align the Articles with the requirements of the revised Appendix 3 to the Listing Rules, the Board wishes to propose at the Annual General Meeting to alter the Articles. In general, the proposed alterations to the Articles in this respect are to be made to conform to the following in relation to corporate governance:

- (a) the minimum seven-day period for lodgment by the Shareholders of notice to nominate a Director shall commence no earlier than the date after the despatch of the notice of the meeting appointed for such election and end no later than seven days before the date of such meeting;
- (b) a Director shall abstain from voting at the meeting of the Board on any matter in which he or any of his associates has a material interest and shall not be counted towards the quorum of the relevant meeting of the Board; and
- (c) where any Shareholder is, under the revised Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or against any particular resolution, any vote cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted.

#### (B) Corporate communications by electronic means

Under the Listing Rules, listed issuers are permitted, to the extent permissible under the applicable laws and regulations and their own constitutional documents and where the listed issuers have made adequate arrangements to ascertain the wish of their shareholders, to send or make available corporate communications (as defined in the Listing Rules) to their shareholders using electronic means and in either the English or the Chinese language.

To align the Articles with the Listing Rules, the Company proposes that the Articles be altered to permit, to the extent permissible under the laws of the Cayman Islands, the distribution of corporate communications (as defined in the Listing Rules) to its Shareholders using electronic means and in either the English or the Chinese language.

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## LETTER FROM THE BOARD

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### (C) General

To align the Articles with the requirements of the revised Appendix 3 to the Listing Rules and to allow the Company to send or make available corporate communications to its Shareholders using electronic means, the Board wishes to propose a special resolution at the Annual General Meeting to alter the Articles. A full text of the proposed amendments to the Articles is set out in resolution numbered 5 in the notice of the Annual General Meeting set out on pages 15 to 29 of this circular.

### ISSUE MANDATE

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be given the Issue Mandate, i.e. a general and unconditional mandate to allot, issue or otherwise deal with new Shares of up to 20% of the aggregate nominal share capital of the Company in issue as at the date of passing of the relevant resolution. As at the Latest Practicable Date, a total of 449,637,603 Shares were in issue. Subject to the passing of the proposed resolution granting the Issue Mandate to the Directors and on the basis that no Shares will be issued or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed under the Issue Mandate to issue a maximum of 89,927,520 Shares.

The Directors have no immediate plans to exercise the Issue Mandate, if granted, other than for the allotment and issue of Shares pursuant to any scrip dividend scheme.

### REPURCHASE MANDATE AND EXTENSION MANDATE

At the Annual General Meeting, an ordinary resolution will also be proposed to give the Directors the Repurchase Mandate, i.e. a general and unconditional mandate to exercise all powers of the Company to repurchase, on the Stock Exchange or on any other stock exchange on which the Shares may be listed, Shares of up to a maximum of 10% of the nominal share capital of the Company in issue as at the date of passing of the relevant resolution.

An exercise of the Repurchase Mandate in full may have a material adverse impact on the working capital and gearing position of the Company compared with that as at 31 March 2004, being the date of its latest audited consolidated accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

In addition, an ordinary resolution regarding the Extension Mandate will be proposed at the Annual General Meeting providing that any Shares repurchased under the Repurchase Mandate (up to a maximum of 10% of the issued Shares as at the date of the grant of the Repurchase Mandate) will be added to the total number of Shares which may be allotted and issued under the Issue Mandate.

The Issue Mandate and the Repurchase Mandate would expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; or (b) the end of the period within which the Company is required by the Companies Law or the Articles to hold its next annual general meeting; or (c) when revoked or varied by ordinary resolution(s) of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

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## **LETTER FROM THE BOARD**

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Under the Listing Rules, the Company is required to give to all Shareholders all information which is reasonably necessary to enable Shareholders to make an informed decision as to whether to vote for or against the resolution in respect of the Repurchase Mandate at the Annual General Meeting. An explanatory statement for such purpose is set out in Appendix I to this circular.

### **ACTIONS TO BE TAKEN**

At the Annual General Meeting, ordinary/special resolutions will be proposed to approve, among other matters, the following:

- (a) the alterations to the Articles; and
- (b) the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate.

Whether or not you are able to attend the Annual General Meeting in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

### **RECOMMENDATION**

The Directors believe that the alteration to the Articles, the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate are beneficial to the Company and the Shareholders as a whole.

The Directors believe that an exercise of the Issue Mandate will enable the Company to take advantage of market conditions to raise additional capital for the Company.

The Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be exercised when the Directors believe that repurchases of Shares will benefit the Company and the Shareholders.

An exercise of the Repurchase Mandate in full may have a material adverse impact on the working capital and gearing position of the Company compared with that as at 31 March 2004, being the date of its latest audited consolidated financial statements. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary/special resolutions approving the alterations to the Articles and the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate at the Annual General Meeting.



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## LETTER FROM THE BOARD

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### RE-ELECTION OF DIRECTORS

In accordance with Article 108(A) of the Articles, Mr. Chan Chung Yin, Roy, Mr. Chiu Ngar Wing and Dr. Chu Chor Lup will retire as Directors by rotation and, being eligible, offer themselves for re-election as Directors at the Annual General Meeting. Particulars of the retiring Directors are set out in Appendix III to this circular.

### DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the memorandum of association of the Company and the Articles will be available for inspection at the principal place of business in Hong Kong of the Company at 2nd Floor, Nos. 55 and 57 Hennessy Road, Wanchai, Hong Kong during normal business hours on any business day from the date hereof up to and including the date of the Annual General Meeting.

### GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,  
For and on behalf of the Board of  
**HKC International Holdings Limited**  
**Chan Chung Yee, Hubert**  
*Chairman*

*This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information as to the proposed Repurchase Mandate.*

### **1. Listing Rules relating to the repurchase of shares**

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their shares on the Stock Exchange and any other stock exchange on which the securities of the company are listed and which is recognised by the Securities and Futures Commission of Hong Kong, subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchase of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general repurchase mandate or by specific approval of a particular transaction.

### **2. Share capital**

As at Latest Practicable Date, there were a total of 449,637,603 Shares in issue.

Subject to the passing of the proposed resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company will be allowed under Repurchase Mandate to repurchase a maximum of 44,963,760 Shares.

### **3. Reasons for the repurchase**

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares are listed. Share 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 earnings per Share and will only be made when the Directors believe that such repurchase will benefit the Company and the Shareholders.

### **4. Funding of repurchases**

Repurchase made pursuant to the Repurchase Mandate would be funded out of funds legally available for the purpose in accordance with the Company's memorandum of association, the Articles, the Companies Law and other applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under the Companies Law, repurchases by the Company may only be made out of profits of the Company or out of the proceeds of a fresh issue of Shares made for the purpose, or, if so authorised by the Articles and subject to the provisions of the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the Shares to be purchased must be provided for out of profits of the Company or out of the Company's share premium account, or, if so authorised by the Articles and subject to the provisions of the Companies Law, out of capital.

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position as at 31 March 2004, being the date of its latest audited consolidated financial statements. However, the Directors do not intend to make any repurchases to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

## 5. Share prices

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the 12 calendar months immediately preceding the Latest Practicable Date are as follows:

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
July 2003	0.198	0.135
August 2003	0.200	0.149
September 2003	0.230	0.182
October 2003	0.295	0.235
November 2003	0.300	0.249
December 2003	0.270	0.220
January 2004	0.235	0.218
February 2004	0.240	0.205
March 2004	0.218	0.203
April 2004	0.198	0.150
May 2004	0.204	0.128
June 2004	0.162	0.150
July 2004 (up to the Latest Practicable Date)	0.180	0.144

## 6. The Takeovers Code and minimum public holding

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Hong Kong Code on Takeovers and Mergers ("Takeovers Code"). As a result, a Shareholder or group of Shareholders acting in concert (as defined in the Takeovers Code) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the Securities and Futures Ordinance ("SFO") (Chapter 571 of the Laws of Hong Kong) and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, each of the following Shareholders and persons was interested in 5% or more of the issued share capital of the Company:

Name	Number of Shares interested as at the Latest Practicable Date	Approximate percentage of shareholding as at the Latest Practicable Date	Approximate percentage of shareholding if the Repurchase Mandate were exercised in full
1. Chan Chung Yee Hubert	230,476,575 (Note 1)	51.26%	56.96%
2. Matrix World Group Limited	226,176,575 (Note 1)	50.30%	55.89%
3. Chan Chung Yin Roy	70,417,400 (Note 2)	15.66%	17.40%
4. Star Global International Limited	68,417,400 (Note 2)	15.22%	16.91%
5. Chan Man Min	25,709,650 (Note 3)	5.72%	6.36%
6. Ocean Hope Group Limited	24,709,650 (Note 3)	5.50%	6.11%
7. Newcourt Trustees Limited	294,593,975 (Notes 1 and 2)	65.52%	72.80%

## Notes:

- Of these 230,476,575 Shares, (a) 8,484,848 Shares were held by Light Emotion Limited, a company wholly owned by Matrix World Group Limited, (b) 217,691,727 Shares were held by Matrix World Group Limited, a company wholly owned by Newcourt Trustees Limited as the trustee of a discretionary trust of which Mr. Chan Chung Yee Hubert is the founder (within the meaning ascribed to it under Part XV of the SFO) and (c) 4,300,000 Shares represented Shares that may fall to be allotted and issued upon exercise in full of option granted to Mr. Chan Chung Yee Hubert under the share option scheme of the Company. By virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO, Matrix World Group Limited was deemed to be interested in the Shares held by Light Emotion Limited and each of Mr. Chan Chung Yee Hubert and Newcourt Trustees Limited was deemed to be interested in the Shares in which Matrix World Group Limited was interested.
- Of these 70,417,400 Shares, (a) 68,417,400 Shares were held by Star Global International Limited, a company wholly owned by Newcourt Trustees Limited as the trustee for a discretionary trust of which Mr. Chan Chung Yin Roy is the founder (within the meaning ascribed to it under Part XV of the SFO) and (b) 2,000,000 Shares represented Shares that may fall to be allotted and issued upon exercise in full of option granted to Mr. Chan Chung Yin Roy under the share option scheme of the Company. By virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO, each of Mr. Chan Chung Yin Roy and Newcourt Trustees Limited was deemed to be interested in the Shares held by Star Global International Limited.
- Of these 25,709,650 Shares, (a) 24,709,650 Shares were held by Ocean Hope Group Limited, a company wholly owned by Mr. Chan Man Min and (b) 1,000,000 Shares represented Shares that may fall to be allotted and issued upon exercise in full of option granted to Mr. Chan Man Min under the share option scheme of the Company. By virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO, Mr. Chan Man Min was deemed to be interested in the Shares held by Ocean Hope Group Limited.

Assuming that each of Chan Chung Yee, Hubert, Matrix World Group Limited, Chan Man Min, Ocean Hope Group Limited, Chan Chung Yin Roy, Star Global International Limited and Newcourt Trustees Limited would not dispose of his/its respective Shares nor acquire additional Shares, if the Repurchase Mandate were exercised in full, their percentage interests of Shares would be increased to those shown in the right hand column of the above table.

On the basis of the shareholding of the persons interested in 5% or more of the issued share capital of the Company as at the Latest Practicable Date according to the register kept by the Company pursuant to section 336 of the SFO, the Directors are not aware of any person who will be obliged to make a mandatory offer under Rule 26 of the Takeovers Code if the Repurchase Mandate were exercised in full. The Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in the number of Shares in the hands of public falling below the prescribed minimum percentage of 25%.

#### **7. Share repurchase made by the Company**

The Company had not purchased any of the Shares (whether on the Stock Exchange or otherwise) in the six months immediately preceding the Latest Practicable Date.

#### **8. General**

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates have any present intention to sell any Shares to the Company if the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that they will only exercise the power of the Company to make repurchase pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

No connected person of the Company has notified the Company that he has a present intention to sell any Shares to the Company nor has any such connected person undertaken not to sell any Shares held by him to the Company in the event that the Repurchase Mandate is granted.

Pursuant to Article 72 of the Articles, at any general meeting of the Company a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (i) by the Chairman of the meeting; or
- (ii) by at least three shareholders present in person (or, in the case of a shareholder being a corporation, by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any shareholder or shareholders present in person (or, in the case of a shareholder being a corporation, by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all the shareholders having the right to vote at the meeting; or
- (iv) by a shareholder or shareholders present in person (or, in the case of a shareholder being a corporation, by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

**PARTICULARS OF DIRECTORS FOR RE-ELECTION**

The biographical details and other particulars of the Directors eligible for re-election at the Annual General Meeting are set out below:

*Mr. CHAN Chung Yin, Roy*

Mr. Chan, an executive Director, aged 42, has been a director of the Group since 1989. He graduated from the University of Toronto, Canada with a bachelor's degree in computer science. Mr. Chan has over 15 years' experience in the telecommunications industry. Mr. Chan is also a director of Superior Charm Limited, Circle Mobile Communications Limited, HKC Properties Limited, Generalvestor (HK) Limited and Hong Kong Communications Equipment Company Limited, all being wholly owned subsidiaries of the Company. Save as disclosed herein, Mr. Chan had not held any directorship in any other listed companies in Hong Kong during the last three years preceding the Latest Practicable Date.

Save that Mr. Chan is (a) the younger brother of Mr. Chan Chung Yee, Hubert who is the Chairman of the Group and an executive Director and (b) the founder of a trust whose trust properties include the Shares held by Star Global International Limited which is a substantial Shareholder, he is not otherwise related to any Directors, senior management or substantial or controlling Shareholders of the Company.

As at the Latest Practicable Date, Mr. Chan was taken as beneficially interested in 70,417,400 Shares pursuant to Part XV of the SFO.

Mr. Chan has entered into a service contract with the Company for an initial term of three years expiring on 31 August 2004 renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term. Under the service contract, Mr. Chan is currently entitled to the following remuneration which is determined with reference to his performance and contribution to the Group:

- (i) a monthly salary of HK\$9,500 subject to such increase as the Board may, subject to compliance with the provisions of the Articles for the time being in force, determine from time to time in its absolute discretion on or before the 20th day of April of each year during the term provided that such increase shall not exceed 10% per annum of the amount of salary paid during the previous 12 month period; and
- (ii) a management bonus in respect of each financial year of the Company during the term in an amount to be determined by the Board in its absolute discretion, provided that the total amount of bonuses payable to all the executive Directors for the time being shall not exceed 10% of the combined or, as the case may be, consolidated audited net profit of the Group (after taxation and minority interests and the payment of such bonuses but before extraordinary items) for that financial year.

*Mr. CHIU Ngar Wing*

Mr. Chiu, independent non-executive Director, aged 50, is a practising accountant. He is an associate member of the Hong Kong Society of Accountants and a fellow member of the Association of Chartered Certified Accountants. He is a director of T.C. Ng & Co, C.P.A. Ltd and has been practising for about 20 years. Mr. Chiu was appointed an independent non-executive Director in August 2001. Save as disclosed herein, Mr. Chiu had not held any directorship in any other listed companies in Hong Kong during the last three years preceding the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Chiu was not interested in shares or underlying shares of the Company pursuant to Part XV of the SFO.

Save that Mr. Chiu is an independent non-executive Director, he is not otherwise related to any Directors, senior management or substantial or controlling Shareholders of the Company.

Mr. Chiu has not entered into any service contract with the Company or any other members of the Group and is not appointed for a specific term of directorship, but is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles. Mr. Chiu is entitled to an annual director's fee of HK\$20,000 which was determined with reference to the time spent by Mr. Chiu on the affairs of the Company.

*Dr. CHU Chor Lup*

Dr. Chu, independent non-executive Director, aged 51, is a practising doctor. He is the fellow members of Hong Kong College of Physician and Hong Kong Academy of Medicine and Royal College of Physician (Glasgow). He has been the member of the Hospital Government Committee since 1997. Dr. Chu was appointed an independent non-executive Director in August 2001. Save as disclosed herein, Dr. Chu has not held any directorship in any other listed companies in Hong Kong during the last three years preceding the Latest Practicable Date.

As at the Latest Practicable Date, Dr. Chu was not interested in shares or underlying shares of the Company pursuant to Part XV of the SFO.

Save that Dr. Chu is an independent non-executive Director, he is not otherwise related to any Directors, senior management or substantial or controlling Shareholders of the Company.

Dr. Chu has not entered into any service contract with the Company or any other members of the Group and is not appointed for a specific term of directorship, but is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles. Dr. Chu is entitled to an annual director's fee of HK\$20,000 which was determined with reference to the time spent by Dr. Chu on the affairs of the Company.



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## NOTICE OF THE ANNUAL GENERAL MEETING

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### HKC INTERNATIONAL HOLDINGS LIMITED 香港通訊國際控股有限公司\*

*(incorporated in the Cayman Islands with limited liability)*  
(stock code: 248)

#### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting of HKC INTERNATIONAL HOLDINGS LIMITED (“Company”) will be held at 2/F., Cypress Room, Novotel Century Harbourview, 508 Queen’s Road West, Western District, Hong Kong at 5:00 p.m. on 10 September 2004 to consider and, if thought fit, transact the following ordinary business:

1. to receive and consider the audited consolidated financial statements and the reports of the directors of the Company and the Company’s auditors for the year ended 31 March 2004;
2. to approve the declaration of a final dividend for the year ended 31 March 2004;
3. to re-elect the retiring directors and to authorise the board of directors to fix the remuneration of directors;
4. to re-appoint the Company’s auditors and to authorise the board of directors to fix their remuneration;

and, as special business, to consider and, if thought fit, pass the following resolutions as ordinary and/or special resolutions:

#### SPECIAL RESOLUTION

5. **“THAT** the articles of association of the Company be and they are altered in the following manner:
  - (a) Article 1(A) be amended by:
    - i. deletion of the definition of “associates” and insertion of the following in its place:

““associates”, in relation to any Director, shall have the meaning as ascribed to it in the Listing Rules;”;

\* for identification only

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- ii. insertion of the following definition immediately before the definition of “debenture” or “debenture holder”:

““Company’s website” the website of the Company to which any shareholder may have access, the address or domain name of which has been notified to the shareholders at the time the Company seeks the relevant shareholder’s consent for the purposes of Article 180(B) or, as subsequently amended by notice given to the shareholders in accordance with Article 180;”;

- iii. insertion of the following definitions immediately before the definition of “month”:

““Hong Kong” shall mean the Hong Kong Special Administrative Region of the People’s Republic of China;

“Listing Rules” shall mean the rules governing the listing of securities on the main board operated by the stock exchange in the Relevant Territory from time to time, the appendices thereto or other contractual arrangement entered into with any party pursuant thereto, and rulings of such stock exchange made in pursuance thereof and applicable to the Company;”;

- iv. insertion of the following words immediate after the word “form” in the definition of “writing” or “printing”:

“and including where the representation takes the form of electronic display, provided that the same is available for download onto a user’s computer or for printing through conventional small office equipment or is placed on the Company’s website and, in each case, the shareholder concerned (where the relevant provision of these Articles requires the delivery or service of any document or notice on him in his capacity as shareholder) has elected for the receipt of the relevant document or notice through electronic means and both the mode of service of the relevant document or notice and the shareholder’s election comply with all applicable laws and regulations and the requirements of the stock exchange of the Relevant Territory.”;

- (b) Article 47 be amended by insertion of the words “or by any electronic means in such manner as may be accepted by the stock exchange in the Relevant Territory”, after the word “Newspapers” on the second line of that paragraph;

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(c) Article 84 be deleted in its entirety and replaced with the following:

“84. (A) Subject to paragraph (B) of this Article 84, no objection shall be raised to the qualification of any person exercising or purporting to exercise a vote or the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman, whose decision shall be final and conclusive.

(B) At all times during the Relevant Period (but not otherwise), where any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder (whether by way of proxy or, as the case may be, corporate representative) in contravention of such requirement or restriction shall not be counted.”;

(d) Article 107 be amended by:

- i. insertion of the words “or the appointment of any of his associates” immediately after the word “appointment” on the second line in paragraph (D);
- ii. insertion of the words “or any of the associate(s) of any such Director(s)” immediately after the word “Directors” on the third line in paragraph (E);
- iii. insertion of the words “or, as the case may be, the associate(s) of such Director” immediately after the words “each Director” on the sixth line in paragraph (E);
- iv. insertion of the words “or the appointment of any of his associates” immediately after the words “his own appointment” on the eighth line in paragraph (E);
- v. deletion of the words “together with any of his associates” and insertion of the word “and his associates in aggregate” in their place on the twelfth line in paragraph (E);
- vi. deletion of paragraph (G) in its entirety and insertion of the following in its place:

“(G) If to the knowledge of a Director, he or any of his associates, is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company, he shall declare the nature of his or, as the case may be, his associate(s)’ interest at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest or that of his associate(s) then exists, or in any other case at the first

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meeting of the Directors after he knows that he or his associate(s) is or has become so interested. For the purposes of this Article, a general notice to the Directors by a Director to the effect that (a) he or his associate(s) is a shareholder of a specified company or firm and is 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 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 connected with him or any of his associate(s), shall be deemed to be a sufficient declaration of interest under this Article 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 to secure that it is brought up and read at the next meeting of the Directors after it is given.”;

- vii. deletion of paragraph (H) in its entirety and insertion of the following in its place:

“(H) A Director shall not vote (nor be counted in the quorum) on any resolution of the Directors approving any contract or arrangement or proposal in which he or any of his associate(s) is to his knowledge materially interested, and if he shall do so his vote shall not be counted (nor is he counted in the quorum for that resolution), but this prohibition shall not apply to any of the following matters namely:

- (i) any contract or arrangement for the giving by the Company of any security or indemnity to the Director or his associate(s) in respect of money lent or obligation undertaken by him or any of them at the request of or for the benefit of the Company or any company in which the Company has interest;
- (ii) any contract or arrangement for the giving by the Company of any security or indemnity to a third party in respect of a debt or obligation of the Company or any company in which the Company has interest for which the Director or his associate(s) has himself/ themselves guaranteed or secured or otherwise assumed responsibility in whole or in part and whether alone or jointly under a guarantee or by the giving of security;
- (iii) any contract or arrangement by the Director or his associate(s) to subscribe for shares or debentures or other securities of the Company to be issued pursuant to any offer or invitation to the shareholders or debenture or securities holders of the Company or to the public which does not provide the Director and his associate(s) any privilege not accorded to any other shareholders or debenture or securities holders of the Company or to the public;

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- (iv) any contract or arrangement concerning an offer of the 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 and/or for the purposes of making any representations, the giving of any covenants, undertakings or warranties or assuming any other obligations in connection with such offer;
- (v) 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 respective interest in shares or debentures or other securities of the Company and/or his/their being the offeror or one of the offerors or is interested in one of the offerors for the purchase or effective acquisition of such shares, debentures or other securities;
- (vi) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly or as an officer or an executive or a shareholder in which the Director or his associate(s) is/are beneficially interested in shares of that company provided that such Director and any of his associates are not in aggregate beneficially interested in five (5) per cent. or more of the issued shares of any class of the voting equity share capital of such company or of the voting rights of any class of shares of such company (other than shares which carry no voting rights at general meetings and no or nugatory dividend and return of capital rights);
- (vii) any proposal or arrangement for the benefit of employees of the Company or its subsidiaries including the adoption, modification or operation of a pension fund or retirement, death or disability benefit scheme or personal pension plan under which a Director, his associate(s) and employees of the Company or of any of its subsidiaries may benefit and which has been approved by or is subject to and conditional on approval by the relevant taxing authorities for taxation purposes or relates to Directors, associate(s) of Directors and employees of the Company or of any of its subsidiaries and does not give the Director or his associate(s) any privilege not accorded to the class of persons to whom such scheme or fund relates;

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- (viii) any proposal concerning the adoption, modification or operation of any employees' share scheme involving the issue or grant of options over shares or other securities by the Company to, or for the benefit of the employees of the Company or its subsidiaries under which the Director or his associate(s) may benefit; and
  - (ix) any contract, transaction or proposal concerning the purchase and/or maintenance of any insurance policy for the benefit of any Director, his associate(s), officer or employee pursuant to these Articles.”;
- viii. deletion of paragraph (I) in its entirety and insertion of the following in its place:
  - “(I) A company shall be deemed to be a company in which a Director and his associates in aggregate own five (5) per cent. or more of any class of the voting 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 his associates are (either directly or indirectly) the holder of or beneficially interested in five (5) per cent. or more of any class of the issued voting equity share capital of such company (or of any third company, other than the Company or any of its subsidiaries, through which his interest is derived) or of the voting rights of any class of shares of the company. For the purpose of this paragraph there shall be disregarded any shares held by a Director or any of his associate(s) as bare or custodian trustee and in which he or such associate(s) has/have no beneficial interest, any shares comprised in a trust in which the interest of the Director or any of his associates is in reversion or remainder if and so long as some other person is entitled to receive the income thereof, any shares comprised in an authorised unit trust scheme in which the Director or any of his associates is interested only as a unit holder, and shares which carry no voting right at general meetings and no or nugatory dividend and return of capital rights.”;
- ix. deletion of the words “together with any of his associates” on the fifth line in paragraph (J) and insertion of the words “and any of his associates in aggregate” in their place;
- x. insertion of the words “or any of his associates” immediately after the words “interest of a Director” on the second line in paragraph (K);
- xi. insertion of the words “or his associates” immediately after the word “concerned” on the eighth line in paragraph (K) and immediately after the word “Chairman” on the fifteenth line in paragraph (K); and
- xii. insertion of the words “or any of his associates” immediately after the words “notwithstanding that he” on the fifth line in paragraph (L);

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- (e) Article 113 be amended by deletion of the words “at least seven clear days before the date of the general meeting.” and insertion of the following in their place on the seventh and eighth lines:

“during a period of at least seven days commencing no earlier than the day immediately after the despatch of the notice of the general meeting and ending no later than seven days before the date of such general meeting.”;

- (f) Article 175 be amended by:
- i. deletion of the word “Accounting” on the eighth line in paragraph (A) and insertion of the words “Financial Reporting” in its place;
  - ii. insertion of the words “affect the operation of paragraph (C) of this Article, or” immediately after the words “provided that this Article shall not” on the eleventh line in paragraph (B); and
  - iii. insertion of the following paragraph as new Article 175(C):

“(C) Subject to due compliance with the Statutes and the rules of the stock exchange in the Relevant Territory, and to obtaining all necessary consents, if any, required thereunder and such consents being in full force and effect, the requirements of Article 175(B) shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the Statutes and instead of such copies, a summary financial statement derived from the Company’s annual financial statements and the directors’ report thereon, which shall be in the form and containing the information required by applicable laws and regulation, 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, demands 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.”;

- (g) Article 180 be deleted in its entirety and replaced with the following:

“180. (A) Subject to Article 180(B), any notice or document to be given or issued under these Articles shall be in writing, and may be served by the Company on any shareholder either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such shareholder at his registered address as appearing in the register or by delivering or leaving it at such registered address as aforesaid or (in the case of a notice) by advertisement in the Newspapers or displaying the relevant notice conspicuously at the Registered Office and the Head Office. In the case of joint holders of a share, all notices shall be given to that one

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of the joint holders whose name stands first in the register and notice so given shall be sufficient notice to all the joint holders. Any notice or document may be given to a shareholder in the English language or the Chinese language, subject to due compliance with all applicable statutes, rules and regulations.

- (B) Subject to due compliance with the rules of the stock exchange in the Relevant Territory, and to obtaining all necessary consents, if any, required and such consents being in full force and effect, any notice or document (including any document or notice issued or to be issued by the Company for the information and/or action of holders of any of its securities and whether or not given or issued under these Articles) may also be served by the Company on any shareholder or holder of other securities of the Company by electronic means:
- (i) at his electronic address or website as appearing in the Register (if any); or
  - (ii) at any other electronic address or website supplied by him to the Company for the purpose of such transmission; or
  - (iii) by placing it on the Company's website provided that where the relevant documents are the Company's directors' report, annual financial statements, auditors' report, interim report (and where applicable, a summary interim report) and, where Article 175(C) applies, a summary financial statement, any service of such documents by placing on the Company's website shall also be accompanied by a notice of the publication ("notice of publication") of such documents on the Company's website given to the shareholder concerned in the manner referred to in Article 180(A) or in any other manner agreed between the shareholder concerned and the Company;

provided that (aa) in the case of joint holders of share, any consent required from the shareholder concerned for the purposes of this Article 180(B) shall be given by that one of the joint holders who is entitled to receive notice pursuant to Article 180(A); and (bb) the Company may, for the purposes of this Article 180(B), propose to its shareholders any one or more or all of the above means of electronic communication.”;



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(h) Article 181 be deleted in its entirety and replaced with the following:

“181. (A) Any shareholder whose registered address is outside the Relevant Territory may notify the Company in writing of an address in the Relevant Territory which for the purpose of service of notice shall be deemed to be his registered address. Where the registered address of the shareholder is outside the Relevant Territory, notice, if given through the post, shall be sent by prepaid airmail letter where available.

(B) Any shareholder who fails (and, where a share is held by joint holders, where the first joint holder named on the register fails) to supply his registered address or electronic address (in the event that the shareholder concerned has elected for service of any notice or document at his electronic address or website pursuant to Article 180(B)) or a correct registered address or electronic address (in the event that the shareholder concerned has elected for service of any notice or document at his electronic address or website pursuant to Article 180(B)) to the Company for service of notices and documents on him shall not (and where a share is held by joint holders, none of the other joint holders whether or not they have supplied a registered address or electronic address (in the event that the shareholder concerned has elected for service of any notice or document at his electronic address or website pursuant to Article 180(B)) be entitled to service of any notice or documents by the Company and any notice or document which is otherwise required to be served on him may, if the Directors in their absolute discretion so elect (and subject to them re-electing otherwise from time to time), be served, in the case of notices, by displaying a copy of such notice conspicuously at the Registered Office and the Head Office or, if the Directors see fit, by advertisement in the Newspapers, and, in the case of documents, by posting up a notice conspicuously at the Registered Office and the Head Office addressed to such shareholder which notice shall state the address within the Relevant Territory at which he may obtain a copy of the relevant document, or by displaying or otherwise making available the relevant notice or document on the Company’s website and stating the address within the Relevant Territory at which he may obtain a copy of the notice or document. Any notice or document served in the manner so described shall be sufficient service as regards shareholders with no registered or electronic address (in the event that the shareholder concerned has elected for service of any notice or document at his electronic address or website pursuant to Article 180(B)) or incorrect addresses, provided that nothing in this paragraph (B) shall be construed as requiring the Company to serve any notice or document on any shareholder with no or an incorrect registered address or electronic address (in the event that the shareholder concerned has elected for service of any notice or document at his electronic address or website pursuant to Article 180(B)) for the service of notice or document on him or on any shareholder other than the first named on the Register.

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- (C) If on three consecutive occasions notices or other documents have been sent through the post to any shareholder (or, in the case of joint holders of shares, the first holder named on the register) at his registered address or by electronic means to his electronic address or website (in the event that the shareholder concerned has elected for service of any notice or document at this electronic address or website pursuant to Article 180(B)) but have been returned undelivered, such shareholder (and, in the case of joint holders of a share, all other joint holders of the share) shall not thereafter be entitled to receive or be served (save as the Directors may elect otherwise pursuant to paragraph (B) of this Article) and shall be deemed to have waived the service of notices and other documents from the Company until he shall have communicated with the Company and supplied in writing a new registered address or electronic address (in the event that the shareholder concerned has elected for service of any notice or document at his electronic address or website pursuant to Article 180(B)) for the service of notices on him.
- (D) Notwithstanding any election by a shareholder, if the Company is advised that the sending of any notice or other document to any electronic address supplied by a shareholder may or might infringe the law of any relevant jurisdiction, or if the Company cannot verify the location of the server at which the electronic address of the shareholder is located, the Company may in lieu of the sending of any notice or other document to the electronic address supplied by the shareholder concerned, place the same on the Company's website, and any such placement shall be deemed effective service on the shareholder, and the relevant notice and document shall be deemed to be served on the shareholder on which the same is first placed on the Company's website.
- (E) Notwithstanding any election by a shareholder from time to time to receive any notice or document through electronic means, such shareholder may, at any time, require the Company to send to him, in addition to an electronic copy thereof, a printed copy of any notice or document which he, in his capacity as shareholder, is entitled to receive.”;
- (i) Article 182 be deleted in its entirety and replaced with the following:
- “182. (A) Any notice or document sent by post shall be deemed to have been served on the day following that on which the envelope or wrapper containing the same is put into a post office situated within the Relevant Territory and in proving such service it shall be sufficient to prove that the envelope or wrapper containing notice or document was properly prepaid (and in the case of an address outside the Relevant Territory where airmail service is available, airmail postage prepaid), addressed and put into such post office and a certificate in writing signed by the

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Secretary or other person appointed by the Directors that the envelope or wrapper containing the notice or document was so addressed and put into such post office shall be conclusive evidence thereof.

- (B) A notice served by advertisement in the Newspapers shall be deemed to have been served on the day on which the notice is first published.
  - (C) Any notice or document sent by electronic transmission shall be deemed to have been served on the day on which the notice is sent.
  - (D) Any notice or document placed on the Company's website is deemed given by the Company to a shareholder on the day the notice or document is placed on the Company's website except where the document is the Company's directors' report, annual financial statements or auditors' report and, where applicable, summary financial statement, then such document shall be deemed to be served on the day following that on which a notice of publication is deemed served on the shareholder.
  - (E) A notice served by display of the same at the Registered Office and Head Office shall be deemed to have been served 24 hours after the notice was first so displayed.
  - (F) Any notice or document served pursuant to Article 181(B) shall be deemed duly served 24 hours after the relevant notice was first displayed.”;
- (j) Article 183 be amended by
    - i. insertion of the words “by electronic means or” immediately after words “by sending it” on the third line of that paragraph; and
    - ii. insertion of the words “(including electronic address)” immediately after the words “at the address” on the sixth line of that paragraph;
  - (k) Article 184 be amended by deletion of the word “register” on the third line of that paragraph and insertion of the word “Register” in its place; and
  - (l) Article 185 be amended by insertion of the words “or electronic means” after the words “sent by post” on the first line of that paragraph; and

a copy of the revised articles of association of the Company, with mark-up indicating the above proposed amendments having been produced to the meeting marked “A” and signed by the chairman of the meeting for the purposes of identification.”

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### ORDINARY RESOLUTIONS

6. “THAT:

- (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”), the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with the unissued shares (each, a “Share”) of HK\$0.01 each in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the directors of the Company 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 and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue; or (ii) the exercise of any options granted under all share option schemes of the Company adopted from time to time in accordance with the Listing Rules; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue 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 upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares shall not exceed the aggregate of:
  - (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
  - (bb) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate nominal amount of any share capital of the Company purchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

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- (d) for the purposes 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 articles of association of the Company or the applicable law of the Cayman Islands to be held; or
- (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 of the Company by this resolution;

“Rights Issue” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the directors of the Company to holders of Shares on the Company’s register of members on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion 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, or the requirements of, or the expense 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 outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

7. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (c) below) of all powers of the Company to purchase shares (each, a “Share”) of HK\$0.01 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (“Stock Exchange”), or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission of Hong Kong, the Stock Exchange, the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be purchased or agreed to be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. 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

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- (c) for the purposes 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 articles of association of the Company or the applicable law of the Cayman Islands to be held; or
  - (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 of the Company by this resolution.”
8. “**THAT** conditional on the passing of resolutions numbered 6 and 7 above, the general mandate granted to the directors of the Company pursuant to paragraph (a) of resolution numbered 6 above be and it is hereby extended by the addition 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 or in accordance with such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company purchased or agreed to be purchased by the Company pursuant to or in accordance with the authority granted under paragraph (a) of resolution numbered 7 above.”

For and on behalf of the Board  
**HKC International Holdings Limited**  
**Chan Chung Yee, Hubert**  
*Chairman*

Hong Kong, 30 July 2004

*Principal Office in Hong Kong:*  
2nd Floor  
Nos. 55 and 57 Hennessy Road  
Wanchai  
Hong Kong

*Notes:*

1. A shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a shareholder of the Company.
2. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the offices of the Company’s Hong Kong branch share registrars (“Branch Registrar”), Pilare Limited at 10th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong not later than 48 hours before the time of the above meeting or any adjourned meeting.
3. In relation to the proposed resolution numbered 2 above, the register of members of the Company will be closed from 6 September 2004 to 10 September 2004, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Branch Registrar by no later than 5:00 p.m. on 3 September 2004.

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4. In relation to proposed resolutions numbered 6 and 8 above, approval is being sought from the shareholders for the grant to the directors of a general mandate to authorise the allotment and issue of shares under the Listing Rules. The directors have no immediate plans to issue any new shares of the Company other than shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme which may be approved by shareholders.
5. In relation to proposed resolution numbered 7 above, the directors wish to state that they will exercise the powers conferred thereby to purchase shares in circumstances which they deem appropriate for the benefit of the shareholders.
6. Delivery of an instrument appointing a proxy should not preclude a shareholder from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
7. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.