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## IMPORTANT

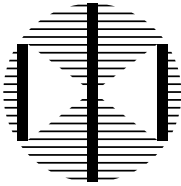
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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in China-Hongkong Photo Products Holdings Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer 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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**CHINA-HONGKONG PHOTO PRODUCTS HOLDINGS LIMITED**  
**中港照相器材集團有限公司**

*(Incorporated in Bermuda with limited liability)*

*(Stock Code: 1123)*

**PROPOSED AMENDMENTS TO THE BYE-LAWS**  
**AND**  
**PROPOSED GRANTING OF GENERAL MANDATES TO REPURCHASE SHARES**  
**AND**  
**TO ISSUE NEW SHARES**  
**AND**  
**RE-ELECTION OF DIRECTORS**

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A notice convening an annual general meeting of China-Hongkong Photo Products Holdings Limited to be held at 8th Floor, Tsuen Wan Industrial Centre, 220-248 Texaco Road, Tsuen Wan, Hong Kong on Thursday, 26 August 2004 at 10:00 a.m. is set out on pages 13 to 21 of this circular. A form of proxy for use at the annual general meeting is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited ([www.hkex.com.hk](http://www.hkex.com.hk)).

Whether or not you are able to attend the annual general meeting, please complete the accompanying form of proxy in accordance with the instruction printed thereon and return it to the Company's Share Registrar in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 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 or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if they so wish.

30 July 2004

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## DEFINITIONS

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

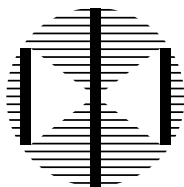
“Annual General Meeting”	an annual general meeting of the Company to be held at 8th Floor, Tsuen Wan Industrial Centre, 220-248 Texaco Road, Tsuen Wan, Hong Kong on Thursday, 26 August 2004 at 10:00 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 13 to 21 of this circular, or any adjournment thereof;
“Board”	the board of Directors;
“Buyback Mandate”	as defined in paragraph 3(a) of the Letter from the Board;
“Company”	China-Hongkong Photo Products Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Current Bye-laws”	the current bye-laws adopted by the Company on 30 August 1996;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Issuance Mandate”	as defined in paragraph 3(b) of the Letter from the Board;
“Latest Practicable Date”	26 July 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company;

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## DEFINITIONS

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“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Takeovers Code”	The Hong Kong Codes on Takeovers and Mergers issued by the Securities and Futures Commission in Hong Kong.



**CHINA-HONGKONG PHOTO PRODUCTS HOLDINGS LIMITED**  
**中港照相器材集團有限公司**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1123)

*Executive Directors:*

Sun Tai Lun, Dennis (*Chairman and Managing Director*)

Tang Kwok Tong, Simon

Ng Yuk Wah, Eileen

*Registered Office:*

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

*Independent Non-executive Directors:*

Au Man Chung, Malcolm

Chiang Yun, Rachel

Liu Hui, Allan

Wong Chi Yun, Allan

*Principal Place of Business in*

*Hong Kong:*

8th Floor

Tsuen Wan Industrial Centre

220-248 Texaco Road

Tsuen Wan

Hong Kong

30 July 2004

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED AMENDMENTS TO THE BYE-LAWS**  
**AND**  
**PROPOSED GRANTING OF GENERAL MANDATES TO REPURCHASE SHARES**  
**AND**  
**TO ISSUE NEW SHARES**  
**AND**  
**RE-ELECTION OF DIRECTORS**

**1. INTRODUCTION**

The purpose of this circular is to provide the Shareholders with information in respect of the resolutions to be proposed at the Annual General Meeting for (i) the amendments to the Current Bye-laws; (ii) the granting of the Buyback Mandate to the Directors; (iii) the granting of the Issuance Mandate to the Directors; (iv) the extension of the Issuance Mandate by adding to it the aggregate number of the issued Shares repurchased by the Company under the Buyback Mandate; and (v) re-election of directors.

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## LETTER FROM THE BOARD

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### 2. PROPOSED AMENDMENTS TO THE CURRENT BYE-LAWS

The Stock Exchange has announced amendments to the Listing Rules which include, among other things, amendments to Appendix 3 of the Listing Rules that came into effect on 31 March 2004. Such amendments to Appendix 3 of the Listing Rules require a listed issuer's articles of association/bye-laws to conform with certain provisions. The Directors therefore propose to amend the Current Bye-laws to ensure compliance with the amended provisions of the Listing Rules in the following aspects:-

- (i) Bye-law 3 of the Current Bye-laws shall be amended by inserting the provision in relation to the capital structure and redeemable shares to conform with the provision nos. 8 and 9 in Appendix 3 of the Listing Rules.
- (ii) Bye-law 9 of the Current Bye-laws shall be amended by inserting the provision in relation to the non-voting or restricted voting shares to conform with provision no. 10 in Appendix 3 of the Listing Rules.
- (iii) Bye-law 78 of the Current Bye-laws will be amended to the effect that a resolution put to the vote of a general meeting shall be decided on a show of hands unless a poll is demanded or otherwise required by the listing Rules.
- (iv) Bye-law 93 of the Current Bye-laws shall be amended by inserting the provision in relation to the proxies to conform with the provision no. 11(1) in Appendix 3 of the Listing Rules.
- (v) Bye-law 97 of the Current Bye-laws shall be amended by inserting the provision in relation to the untraceable members to conform with the provision no. 13(1) in Appendix 3 of the Listing Rules.
- (vi) Bye-law 85 of the Current Bye-laws shall be amended to the effect that where the Company has knowledge that any Shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted.
- (vii) Bye-law 105 of the Current Bye-laws shall be amended by inserting the provision in relation to the directors to conform with the provision no. 5 in the Appendix 13 of the Listing Rules.
- (viii) Bye-law 109 of the Current Bye-laws shall be amended to the effect that a Director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates (as defined in the Listing Rules) has a material interest nor shall he be counted in the quorum present at such board meeting (subject to certain exceptions acceptable to the Stock Exchange).

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## LETTER FROM THE BOARD

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- (ix) Bye-law 115 of the Current Bye-laws shall be amended to the effect that the minimum length of the period during which the notice to the Company of the intention to propose a person for election as a Director and during which the notice to the Company by such person of his willingness to be elected are given shall be at least 7 days and that the period for lodgement of the aforesaid notices shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

With the repeal of the Securities and Futures (Clearing Houses) Ordinance and the enactment of the SFO on 1 April 2003, it is also proposed that the definition of “clearing house” under Bye-law 1 of the Current Bye-laws shall be amended such that its reference to the Securities (Clearing Houses) Ordinance shall be deleted. Moreover, Bye-law 96 of the Current Bye-laws shall also be amended to provide clearly that all corporations which are Shareholders may appoint multiple corporate representatives.

The proposed amendments to the Current Bye-laws are stated in the proposed special resolution no. 5 in the notice convening the Annual General Meeting as set out on pages 13 to 21 of this circular. A copy of the Current Bye-laws will be available for inspection at the Company’s principal place of business in Hong Kong at 8th Floor, Tsuen Wan Industrial Centre, 220-248 Texaco Road, Tsuen Wan, Hong Kong during normal business hours from the date hereof up to and including the date of the Annual General Meeting.

### **3. BUYBACK AND ISSUANCE MANDATES**

At the annual general meeting of the Company held on 28 August 2003, general mandates were given to the Directors to exercise the powers of the Company to repurchase shares of the Company and to issue new shares of the Company respectively. Such mandates will lapse at the conclusion of the Annual General Meeting.

Ordinary resolutions will be proposed at the Annual General Meeting to approve the granting of new general mandates to the Directors:

- (a) to purchase Shares on the Stock Exchange of an aggregate nominal amount of up to 10% of the aggregate nominal amount of the issued share capital of the Company on the date of passing such resolution (the “Buyback Mandate”);
- (b) to allot, issue or deal with Shares of an aggregate nominal amount of up to 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing such resolution (the “Issuance Mandate”); and
- (c) to extend the Issuance Mandate by an amount representing the aggregate nominal amount of the Shares repurchased by the Company pursuant to and in accordance with the Buyback Mandate.

The Buyback Mandate and the Issuance Mandate will continue in force until the conclusion of the next annual general meeting of the Company held after the Annual General Meeting or any earlier date as referred to in ordinary resolutions nos. 6 and 7 set out in the notice of the Annual General Meeting. With reference to the Buyback Mandate and the Issuance Mandate, the Directors wish to state that they have no immediate plan to repurchase or issue any Shares pursuant thereto.

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## LETTER FROM THE BOARD

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In accordance with the requirements of the Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Buyback Mandate. The explanatory statement as required by the Listing Rules in connection with the Buyback Mandate is set out in the Appendix I to this circular.

#### 4. RE-ELECTION OF DIRECTORS

Mr Liu Hui, Allan and Dr Wong Chi Yun, Allan will retire as Directors, and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting. The details of Directors proposed to be re-elected at the Annual General Meeting are set out in the Appendix III to this circular.

#### 5. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 13 to 21 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the amendments to the Current Bye-laws, the granting of the Buyback Mandate and the Issuance Mandate and the extension of the Issuance Mandate by the addition thereto of the number of Shares repurchased pursuant to the Buyback Mandate.

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, 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 at the Company's Share Registrar in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish.

#### 6. RECOMMENDATION

The Directors consider that the proposed amendments to the Current Bye-Laws, the granting of the Buyback Mandate and the granting/extension of the Issuance Mandate are in the interests of the Company, the Group and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

#### 7. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix I (Explanatory Statement on the Buyback Mandate), Appendix II (Procedure by which the Shareholders may demand a poll at a general meeting pursuant to the Current Bye-laws) and Appendix III (Details of Directors proposed to be re-elected at the Annual General Meeting) to this circular.

Yours faithfully,  
**Sun Tai Lun, Dennis**  
*Chairman and Managing Director*



The following is an explanatory statement required by the Listing Rules to be sent to the Shareholders to enable them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the Annual General Meeting in relation to the granting of the Buyback Mandate.

**1.      REASONS FOR SHARE BUYBACK**

The Directors believe that the granting of the Buyback Mandate is in the interests of the Company and the Shareholders.

Repurchases of Shares may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share. The Directors are seeking the granting of the Buyback Mandate to give the Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time, having regard to the circumstances then pertaining.

**2.      SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,163,828,377 Shares.

Subject to the passing of the ordinary resolution no. 6 set out in the notice of the Annual General Meeting in respect of the granting of the Buyback Mandate and on the basis that no Shares are issued or repurchased by the Company prior to the date of the Annual General Meeting, the Directors would be authorised under the Buyback Mandate to repurchase a maximum of 116,382,837 Shares (representing 10% of the Shares in issue as at the Latest Practicable Date) during the period in which the Buyback Mandate remains in force.

**3.      FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association, the Current Bye-laws, the laws of Bermuda and/or any other applicable laws.

The Company is empowered by its memorandum of association and the Current Bye-laws to repurchase Shares. The laws of Bermuda provide that the amount of capital paid in connection with a share repurchase by a company may only be paid out of either the capital paid up on the relevant shares, or the funds of the company which would otherwise be available for dividend or distribution or the proceeds of a fresh issue of shares made for such purpose.

**4. IMPACT OF REPURCHASES**

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 March 2004) in the event that the Buyback Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Buyback Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

**5. TAKEOVERS CODE**

If, on the exercise of the power to repurchase Shares pursuant to the Buyback Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of 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 Rule 26 of the Takeovers Code for all the Shares not already owned by such Shareholder or group of Shareholders.

As at the Latest Practicable Date, Fine Products Limited, Searich Group Limited and Dr. Sun Tai Lun, Dennis, the Chairman and Managing Director of the Company, beneficially interested in 712,276,214 Shares representing approximately 61.20% of the issued share capital of the Company. Besides holding 1,000,000 shares directly, Dr. Sun Tai Lun, Dennis was also deemed to be interested in the Shares held by Fine Products Limited and Searich Group Limited in the Company. Fine Products Limited and Searich Group Limited are owned by two discretionary trusts set up for Dr. Sun Tai Lun, Dennis and/or his family members.

In the event that the Directors exercise in full the powers to repurchase Shares of the Company in accordance with the terms of the ordinary resolution to be proposed at the Annual General Meeting and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the interests of Fine Products Limited, Searich Group Limited and Dr. Sun Tai Lun, Dennis in the issued share capital of the Company would be increased from 61.20% to 68.00%. The Directors are not aware of any consequences which will arise under the Takeovers Code as a result of any purchases to be made under the Buyback Mandate. The Directors have no present intention to exercise the power to repurchase Shares to the extent that the aggregate amount of the share capital of the Company in public hands would be reduced to less than 25%.

**6. GENERAL**

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the granting of the Buyback Mandate is approved by the Shareholders and exercised.

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

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases of Shares pursuant to the Buyback Mandate in accordance with the Listing Rules and the laws of Bermuda.

## **7. MARKET PRICES OF SHARES**

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

<b>Month</b>	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2003</b>		
July	0.570	0.445
August	0.560	0.455
September	0.690	0.520
October	0.580	0.500
November	0.580	0.500
December	0.550	0.460
<b>2004</b>		
January	0.510	0.470
February	0.530	0.435
March	0.500	0.460
April	0.510	0.435
May	0.485	0.420
June	0.495	0.440
July (up to the Latest Practicable Date)	0.550	0.440

## **8. REPURCHASES OF SHARES MADE BY THE COMPANY**

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

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**APPENDIX II      PROCEDURE BY WHICH THE SHAREHOLDERS MAY DEMAND A POLL  
AT A GENERAL MEETING PURSUANT TO THE CURRENT BYE-LAWS**

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The following paragraphs set out the procedure by which the Shareholders may demand a poll at a general meeting of the Company (including the Annual General Meeting) pursuant to the Current Bye-laws.

According to Bye-law 78 of the Current Bye-laws, at any general meeting a resolution put to the vote of the 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 by:-

- (a) the chairman of such meeting; or
- (b) at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) a Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) a Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

Pursuant to the Listing Rules, the details of the Directors who will retire and stand for re-election at the Annual General Meeting according to the Current Bye-laws are provided below.

(1) **Liu Hui, Allan**, aged 47, independent non-executive director of the Company

Mr Liu Hui, Allan is the president and board member of The China Retail Fund LDC, an international direct investment fund sponsored by American International Group (“AIG”) in cooperation with the former Ministry of Internal Trade (“MOIT”) of the People’s Republic of China (“PRC”).

Prior to initiating and raising the fund, Mr Liu had had 14 years of experience in advising and assisting multinational corporations’ entries into China. From the early 1980’s, after receiving education in the U.K., he served as an official or an advisor to several PRC ministries. During 1984-1987, Mr Liu served as Deputy Director of Ministry of Foreign Trade & Economic Corporation’s Center for Market and Trade Development, one of the first ministerial organizations established to advise and assist foreign investors in China which have been involved in making over US\$1 billion direct foreign investment into China. From 1987, Mr Liu founded and served as President of the New York based China United Resources Corporation, on behalf of the Ministry of Foreign Trade & Economic Corporation, engaging in consulting and direct investment services for major US corporations investing in China.

Other than the above, Mr Liu also did not have directorship held in listed public companies in the last three years.

Mr Liu has been an independent non-executive director of the Company since 18 July 2000. The Company does not have any services contract with Mr Liu and the length of service is not specified. Mr Liu is entitled to receive a director’s fee of HK\$80,000 for the financial year of 2003/2004 and the director’s fee for 2004/2005 will be fixed by the Board and will be determined by reference to his duties and responsibilities with the Company.

Other than the relationship arising from his being an independent non-executive Director, Mr Liu does not have any relationship with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

As at the Latest Practicable Date, Mr Liu was not interested or deemed to be interested in any Shares or underlying Shares pursuant to Part XV of the SFO.

(2) **Wong Chi Yun, Allan**, *aged 53, independent non-executive director of the Company*

Dr. Wong Chi Yun, Allan, JP. is the Chairman & Chief Executive Officer of VTech Holdings Limited (stock code: 00303), a company listed on the Main Board of the Stock Exchange. Dr. Wong holds a Bachelor of Science degree in electrical engineering from the University of Hong Kong, a Master of Science degree in electrical and computer engineering from the University of Wisconsin and an honorary degree of Doctor of Technology from the Hong Kong Polytechnic University. Dr. Wong is the Chairman of the Hong Kong Applied Science and Technology Research Institute and a member of the Council of Advisors on Innovation and Technology, Hong Kong SAR. He is also a council member of the University of Hong Kong, an independent non-executive director of the Bank of East Asia Ltd. (stock code: 00023) and Li & Fung Ltd. (stock code: 00494), both companies are listed on the Main Board of the Stock Exchange.

Mr Wong has been an independent non-executive director of the Company since 28 October 1997. The Company does not have any services contract with Mr Wong and the length of service is not specified. Mr Wong is entitled to receive a director's fee of HK\$80,000 for the financial year of 2003/2004 and the director's fee for 2004/2005 will be fixed by the Board and will be determined by reference to his duties and responsibilities with the Company.

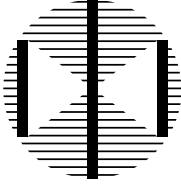
Other than the relationship arising from his being an independent non-executive Director, Mr Wong does not have any relationship with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

As at the Latest Practicable Date, Mr Wong was not interested or deemed to be interested in any Shares or underlying Shares pursuant to Part XV of the SFO.

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# NOTICE OF THE ANNUAL GENERAL MEETING

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## CHINA-HONGKONG PHOTO PRODUCTS HOLDINGS LIMITED 中港照相器材集團有限公司

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1123)

**NOTICE IS HEREBY GIVEN** that an Annual General Meeting of the Company will be held at 8th Floor, Tsuen Wan Industrial Centre, 220-248 Texaco Road, Tsuen Wan, Hong Kong on Thursday, 26 August 2004 at 10:00 a.m. for the following purposes:

1. To receive and consider the Audited Financial Statements and the Reports of the Directors and of the Auditors for the year ended 31 March 2004;
2. To declare a final special dividend;
3. To elect Directors, to authorise the Board to fix Directors' remuneration and to set a maximum number of Directors;
4. To appoint Messrs Ernst & Young as Auditors and to authorise the Board to fix their remuneration;
5. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as a special resolution:

**“THAT** the bye-laws (the “Bye-laws”) of the Company be and are hereby amended in the following manner:

(a) Bye-law 1

- (i) By inserting the definition of “associate(s)” before the definition of “Bermuda” as follows:

“associate(s)” shall have the meaning attributed to it in the rules of the Designated Stock Exchange.

- (ii) By inserting the definition of “Designated Stock Exchange” immediately after the definition of “capital” as follows:

“Designated Stock Exchange” a stock exchange which is an appointed stock exchange for the purposes of the Act in respect of which the shares of the Company are listed or quoted and where such appointed stock exchange deems such listing or quotation to be the primary listing or quotation of the shares of the Company.

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## NOTICE OF THE ANNUAL GENERAL MEETING

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(iii) By deleting the words “a recognised clearing house within the meaning of the Securities (Clearing Houses) Ordinance of Hong Kong or” in the definition of “clearing house”;

(b) Bye-law 3

By deleting the existing Bye-law 3(i) and inserting the following new Bye-law 3(i) as follows:

“3.(i) the Company may purchase its shares upon such terms and subject to such conditions as the Board thinks fit. Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price as may from time to time be determined by the Company in general meeting, either generally or with regard to specific purchases. If purchases are by tender, tenders shall be available to all members alike.”

(c) Bye-law 3A

By inserting the following as the new Bye-law 3A:

“3A. The authorised capital of the Company is HK\$200,000,000 divided into 2,000,000,000 ordinary shares of HK\$0.1 each.”

(d) Bye-law 9

By re-numbering the existing Bye-law 9 as new Bye-law 9(A) and inserting the following immediately after the new Bye-law 9(A):

“9.(B) Where the capital of the Company includes shares which do not carry voting rights, the words “non-voting” must appear in the designation of such shares. Where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words “restricted voting” or “limited voting”.”

(e) By inserting “required by the listing rules of the Designated Stock Exchange or” after the words “a poll is” in the second line of the existing Bye-law 78 and “a poll is otherwise” before the word “demanded” in the fourth line of the existing Bye-law 78.



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## NOTICE OF THE ANNUAL GENERAL MEETING

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(f) Bye-law 85

By re-numbering the existing Bye-law 85 as Bye-law 85(A) and inserting the following new Bye-law 85(B) immediately after the new Bye-law 85(A):

“85.(B) Where the Company has knowledge that any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.”

(g) Bye-law 93

By inserting the words “but not to preclude the use of the two-way form” immediately after the word “approve” on the second line of the existing Bye-law 93.

(h) Bye-law 96

By deleting the existing Bye-law 96 in its entirety and substituting therefor a new Bye-law 96 as follows:

“96. (A) Any corporation which is a Member may by resolution of its directors or other governing body authorise such person(s) as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of Members. The person(s) so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it/they were an individual Member and such corporation shall for the purposes of these Bye-laws be deemed to be present in person at any such meeting if the person(s) so authorised is/are present thereat.

(B) If a clearing house (or its nominee(s)), being a corporation, is a Member, it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Bye-law shall be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee(s)) including the right to vote individually on a show of hands notwithstanding the provisions of Bye-law 85(A).

(C) Any reference in these Bye-Laws to a duly authorised representative of a Member being a corporation shall mean a representative authorised under the provisions of this Bye-Law.”

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(i) Bye-law 97

By re-numbering the existing Bye-laws 97(A) to (E) as Bye-law 97(B) to (F) and inserting the following before the new Bye-law 97(B):

“97 (A) That where power is taken to cease sending dividend warrants by post, if such warrants have been left uncashed, it will not be exercised until such warrants have been so left uncashed on two consecutive occasions. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.”

(j) Bye-law 105

By re-numbering the existing Bye-law 105 as new Bye-Law 105(A) and inserting the following immediately after the new Bye-law 105(A):

“105. (B) The Board shall obtain the approval of the Company in general meeting before making any payment to any Director or past Director by way of compensation for loss of office, or as consideration for or in connection with his retirement from office (not being payment to which the Director is contractually entitled).”

(k) Bye-law 109

(i) By re-numbering the existing Bye-laws 109(B)(i) as Bye-law 109(B) and Bye-laws 109(C) & (D) as Bye-laws 109(D) & (E) and deleting the existing Bye-laws 109(B) (ii) to (v) and substituting therefor a new Bye-law 109(C):

“109.(C) (i) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters namely:

- (1) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associate(s) or obligations incurred or undertaken by him or any of his associate(s) at the request of or for the benefit of the Company or any of its subsidiaries;

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- (2) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/ themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (3) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (4) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
- (5) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company other than a company in which the Director and/or his associate(s) is/are beneficially interested in five (5) per cent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associate(s) is derived);  
or
- (6) any proposal concerning the adoption, modification, or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded to the employees to which such scheme or fund relates.

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- (ii) A company shall be deemed to be a company in which a Director and/or his associate(s) own(s) five (5) per cent. or more if and so long as (but only if and so long as) he and/or his associate(s) (either directly or indirectly) is/are the holder(s) of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his interest or that of any of his associate(s) is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director and/or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director and/or his associate(s) is/are interested only as a unit holder and any shares which carry no voting right at general meetings and very restrictive dividend and return of capital right.
- (iii) Where a company in which a Director and/or his associate(s) hold(s) five (5) per cent. or more is materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.
- (iv) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or his associate(s) or as to the entitlement of any Director (other than such chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not being counted in the quorum, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director and/or his associate(s) concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not be counted in the quorum and shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.”;

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(l) Bye-law 115

By deleting the existing Bye-law 115 in its entirety and substituting therefor a new Bye-law 115 as follows:

“115. No person other than a Director retiring at the meeting shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose such person for election as a Director, signed by a Member (other than the person to be proposed for election as a Director) duly qualified to attend and vote at the meeting for which such notice is given, and a notice in writing signed by such person of his willingness to be elected shall have been lodged at the head office or at the Registration Office. The minimum length of the period during which such notices are given shall be at least seven (7) days and the period for lodgement of such notices shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.”;

6. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to purchase its shares, subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;
- (b) the total nominal amount of shares of the Company to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of passing of this resolution and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the revocation or variation of the authority given under this resolution by ordinary resolution passed by the Company’s shareholders in general meetings; and
  - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held.”;

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7. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**“THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with authorised and unissued shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors to make or grant offers, agreements and options during the Relevant Period which would or 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 by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:

- (i) a Rights Issue (as defined below);
- (ii) the exercise of options under a share option scheme of the Company; and
- (iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company,

shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company on the date of the passing of this resolution and this approval shall be limited accordingly; and

- (d) for the purposes of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the revocation or variation of the authority given under this resolution by ordinary resolution passed by the Company’s shareholders in general meetings; and

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- (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held;

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognised regulatory body or any stock exchange).”; and

8. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** conditional upon the passing of resolutions nos. 6 and 7 set out in the notice convening this meeting, the general mandate referred to in resolution no. 7 above be and is hereby extended by the addition to the aggregate nominal amount of shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of shares purchased by the Company pursuant to the mandate referred to in resolution no. 6 above, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution.”.

By order of the Board  
**Cheng Man Kwong**  
*Company Secretary*

Hong Kong, 30 July 2004

*Notes:*

- (a) The register of members will be closed from 23 August 2004 (Monday) to 26 August 2004 (Thursday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed dividends, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Share Registrars in Hong Kong, Tengis Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m. on 20 August 2004 (Friday).
- (b) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or (if holding two or more shares) proxies to attend and, in the event of a poll, vote on his behalf. A proxy need not be a member of the Company.
- (c) The instrument appointing a proxy and the 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 lodged with the Company’s Share Registrars in Hong Kong, Tengis Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the Meeting.