



YARDWAY GROUP LIMITED

啟帆集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 646)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2005 Annual General Meeting (the "Meeting") of Yardway Group Limited (the "Company") will be held at Crystal Room I-III, 3/F., Panda Hotel, 3 Tsuen Wah Street, Tsuen Wan, New Territories, Hong Kong on Monday, 22nd August, 2005 at 11:00 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 31st March, 2005.
2. To declare a final dividend for the year ended 31st March, 2005.
3. To re-elect the retiring directors and to authorise the Board of Directors to fix the remuneration of the directors.
4. To re-appoint auditors and to authorise the Board of Directors to fix their remuneration.
5. As special business, to consider and, if thought fit, pass with or without amendments the following resolution as an Ordinary Resolution:

"THAT

- (a) subject to paragraph (c) of this resolution, the exercise by the directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional 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) of this resolution shall authorise the directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of the shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) any Share Option Scheme (as hereinafter defined) of the Company; or (iii) any scrip dividend or other similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company pursuant to the articles of association of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the shares of the Company in issue at the date of passing of this resolution; and
- (d) 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 of the shareholders in a general meeting; and
 - (iii) 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 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 on the register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong); and

"Share Option Scheme" means a share option scheme or similar arrangement for the time being, as varied from time to time, adopted for the grant or issue to directors and employees of the Company and its subsidiaries of rights to acquire shares of the Company."

6. As special business, to consider and, if thought fit, pass with or without amendments the following resolution as an Ordinary Resolution:

"THAT

- (a) subject to paragraph (b) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase its own shares, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares of the Company to be repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the shares of the Company in issue at the date of passing of this resolution; 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 of the shareholders in a general meeting; and
 - (iii) 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 any applicable laws to be held."

7. As special business, to consider and, if thought fit, pass with or without amendments the following resolution as an Ordinary Resolution:

"THAT conditional upon the passing of Ordinary Resolutions 5 and 6 as set out in the notice convening this Meeting, the general mandate granted

to the directors to allot, issue and deal with additional shares in the capital of the Company pursuant to Ordinary Resolution 5 set out in the notice convening this Meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the shares of the Company repurchased by the Company under the authority granted pursuant to Ordinary Resolution 6 set out in the notice convening this Meeting provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the shares of the Company in issue at the date of passing of this resolution."

8. As special business, to consider and if thought fit, pass with or without amendments the following resolution as a Special Resolution:

"THAT the Articles of Association of the Company be and are hereby amended in the following manner:

- (a) By deleting Article 108(A) in its entirety and substituting therefor the following:
"At each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director, including those appointed for a specific term or holding the office of Chairman or Deputy Chairman under Article 132 or the office of Managing Director or Joint Managing Director under Article 122, shall be subject to retirement by rotation at least once every three years or such other period as the stock exchange in the Relevant Territory may from time to time prescribe. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office."
- (b) By deleting the last sentence of Article 111 and substituting therefor the following:
"Any Director so appointed shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board), and shall then be eligible for re-election at the meeting, but he/she shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation in case he/she retires at an annual general meeting."
- (c) By deleting Article 112 in its entirety and substituting therefor the following:
"The Directors shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director but so that the number of Directors as appointed shall not exceed the maximum number determined from time to time by the shareholders in general meeting. Any Director so appointed shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board), and shall then be eligible for re-election at the meeting, but he/she shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation in case he/she retires at an annual general meeting."
- (d) By deleting the last sentence of Article 114 and substituting therefor the following:
"Any person so elected shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at the meeting, but he/she shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation in case he/she retires at an annual general meeting."
- (e) By deleting the words "shall not be subject to the same provisions as to rotation but" in Article 124.
- (f) By deleting the words "at least one Directors' meeting shall be held in the Cayman Islands in each calendar year, but subject thereto," in Article 134."

By order of the Board
Cheng Siu Kwan
Company Secretary

Hong Kong, 27th July, 2005

Notes:

- (a) The Register of Members will be closed from Monday, 15th August, 2005 to Monday, 22nd August, 2005, both days inclusive, during which period no transfer of shares will be registered. In order to determine who are entitled to attend the 2005 Annual General Meeting and qualified for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Registrar in Hong Kong, Standard Registrars Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 12th August, 2005.
- (b) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or, if holding two or more shares, more than one proxy to attend and vote on his behalf. A proxy need not be a member of the Company.
- (c) To be valid, the form of proxy together with 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 deposited at the Company's Branch Registrar in Hong Kong, Standard Registrars 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 or adjournment thereof.
- (d) To be valid, the notification of corporate representative, in the case of appointment by a shareholder which is a corporate shareholder other than a clearing house, must be deposited at the Company's Branch Registrar in Hong Kong, Standard Registrars 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 or adjournment thereof.
- (e) The directors of the Company as at the date of this notice are Mr. Fong Kit Wah, Alan, being the Chairman and Managing Director, Mr. Rourke James Grierson and Ms. Cheung Miu Sin, being the Executive Directors, Mr. Yin Jie, being the Non-Executive Director and Mr. Wong Man Chung, Francis, Mr. Chan Ting Kwong and Ms. Fung Siu Wan, Stella, being the Independent Non-Executive Directors.