

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2004 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 Wednesday, 25th August, 2004 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, 2004.
2. To re-elect the retiring director and to authorise the Board of Directors to fix the remuneration of the directors.
3. To re-appoint auditors and to authorise the Board of Directors to fix their remuneration.
4. 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.”

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 (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.”

6. 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 4 and 5 as set out in the notice convening this Meeting, the general mandate granted to the directors to issue and dispose of additional shares in the capital of the Company pursuant to Ordinary Resolution 4 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 5 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.”

7. 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 the existing definition of “associates” in Article 1.(A) in its entirety and substituting therefor the following new definition:

“associates” shall have the meaning ascribed to it in the Listing Rules or by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction;
- (b) By deleting the existing definition of “clearing house” in Article 1.(A) in its entirety and substituting therefor the following new definition:

“clearing house” shall mean a clearing house or authorised shares depository recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction;
- (c) By adding the following definition of “Listing Rules” immediately after the definition of “holding company” and “subsidiary” in Article 1.(A):

“Listing Rules” shall mean the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time;
- (d) By renumbering the existing Article 84 as Article 84.(A) and adding the following new article as Article 84.(B) after Article 84.(A):

“84.(B) 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 in contravention of such requirement or restriction shall not be counted.”
- (e) By deleting the existing Articles 107.(H), (I), (J), (K) and (L) in their entirety and substituting therefor the following new Articles 107.(H), (I), (J), (K) and (L):

“(H) A Director shall not vote (nor be counted in the quorum) on any resolution of the Directors in respect of any contract or arrangement or proposal in which he or any of his associates is materially interested, and if he shall do so his vote shall not be counted (nor shall he be 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 or proposal for the giving of any security or indemnity to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
 - (ii) any contract or arrangement or proposal 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;

- (iii) any proposal 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;
- (iv) any proposal 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 shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company, provided that the 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 such company (or of any third company through which his interest or that of his associates is derived) or of the voting rights;
- (v) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including the adoption, modification or operation of any employees’ share scheme or any share incentive or share option scheme under which the Director or his associate(s) may benefit;
- (vi) any proposal or arrangement concerning 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 benefits scheme which relates both to Directors, his associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (vii) 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.

- (I) A company shall be deemed to be a company in which a Director and his associate(s) in aggregate own 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/or his associate(s) is/are (either directly or indirectly) the holder(s) of or beneficially interested in 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 or his associate’s/associates’ interest is/are 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 his associate(s) as bare or custodian trustee and in which he or his associate(s) has/have no beneficial interest, any shares comprised in a trust in which the Director’s or his associate’s/associates’ interest is/are 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 his associate(s) is/are 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.

- (J) Where a company (other than a company which is a wholly owned subsidiary of the Company or a subsidiary or associated company of the Company in the voting equity capital of which neither the Director nor his associate(s) has/have any interests) in which a Director and his associate(s) in aggregate hold 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 available to shareholders of the company is materially interested in a transaction, then that Director or his associate(s) shall also be deemed materially interested in such transaction.

- (K) If any question shall arise at any meeting of the Directors as to the materiality of the interest of a Director or his associate(s) or as to the entitlement of any Director to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question (unless it relates to the Chairman or his associate(s)) shall be referred to the Chairman and his ruling in relation to such Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director or his associate(s) concerned as known to such Director has not been fairly disclosed to the other Directors. If any question as aforesaid shall arise in respect of the Chairman or his associate(s) such question shall be decided by a resolution of the Directors (for which purpose the 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 the Chairman or his associate(s) as known to him has not been fairly disclosed to the other Directors.

- (L) The provisions of paragraphs (D), (E), (H), (I), (J) and (K) of this Article 107 shall apply during the Relevant Period but not otherwise. In respect of all periods other than the Relevant Period, a Director may vote in respect of any contract, arrangement or transaction or proposed contract, arrangement or transaction notwithstanding that he or his associate(s) is/are or may be interested therein and, if he does so, his vote shall be counted and he may be counted in the quorum at any meeting of the Directors at which any such contract, arrangement or transaction or proposed contract, arrangement or transaction shall come before the meeting for consideration provided that he has, where relevant, first disclosed his or his associate’s/associates’ interest in accordance with paragraph (G).”

- (f) By deleting the existing Article 107.(M) in its entirety.
- (g) By deleting the words “but no more than seven clear days before the date of the general meeting” after “the Registration Office” and substituting therefor the following before the full stop in Article 113:

“during a period commencing no earlier than the day after the despatch of the notice of the general meeting appointed for such election and ending no later than seven days prior to the date of such meeting, provided that such period shall be at least seven days subject to and to such extent permitted by and in accordance with the laws and the Listing Rules. Nothing in this provision shall be deemed to prevent the Company from accepting the said notice earlier than the day after the despatch of the notice of the meeting appointed for such election of Director(s).”

- (h) by making all necessary consequential alterations in cross-reference.”

By order of the Board
Cheng Siu Kwan
Company Secretary

Hong Kong, 30th July, 2004

Notes:

- (a) The Register of Members will be closed from Wednesday, 18th August, 2004 to Wednesday, 25th August, 2004, both days inclusive, during which period no transfer of shares will be registered. In order to determine who are entitled to attend the 2004 Annual General Meeting, 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 Tuesday, 17th August, 2004.
- (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, in the event of a poll, 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 notariated 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 announcement 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. Law Yui Lun and Mr. Wong Man Chung, Francis, being the Independent Non-Executive Directors.