

ALTERATION OF BYE-LAWS
&
NOTICE OF ANNUAL GENERAL MEETING

The board of directors of the Company announces that a special resolution for altering the Bye-laws of the Company will be proposed for Shareholders' approval at the Annual General Meeting of the Company to be held on Friday, 18th June, 2004.

The proposed alterations to the Bye-laws are to provide flexibility to the Company for the issue of summary financial report to Shareholders and the despatch of corporate communications (within the meaning ascribed thereto under the Listing Rules) by electronic means and either in English or Chinese pursuant to the amended provisions under The Companies Act of Bermuda and/or the Listing Rules as well as to conform with the new requirements promulgated by the recent changes in the Listing Rules on corporate governance issues which came into effect on 31st March, 2004.

The board of directors of Paliburg Holdings Limited (the "Company") (the "Directors") announces that a special resolution for altering the bye-laws of the Company (the "Bye-laws") (the "Special Resolution") will be proposed for the approval by the shareholders of the Company ("Shareholders") at the annual general meeting of the Company to be held on Friday, 18th June, 2004 at 11:30 a.m. (the "Annual General Meeting").

The proposed alterations to the Bye-laws are to provide flexibility to the Company for the issue of summary financial report to Shareholders and the despatch of corporate communications (within the meaning ascribed thereto under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) by electronic means and either in English or Chinese pursuant to the amended provisions under The Companies Act of Bermuda and/or the Listing Rules as well as to conform with the new requirements promulgated by the recent changes in the Listing Rules on corporate governance issues which came into effect on 31st March, 2004.

The proposed alterations to the Bye-laws are briefly described below:

- (1) The Company will be permitted to offer to Shareholders the choice to receive a summary financial report in place of the Company's full annual report and accounts from which the summary financial report is derived;
- (2) The Company will be permitted to send corporate communications to Shareholders with their prior approval by electronic means;
- (3) The Company will be permitted to send corporate communications to Shareholders either in English or Chinese;
- (4) If a Director or any of his associates (as defined in the Listing Rules) has a material interest in any contract, arrangement or proposal which requires approval of the Board of Directors of the Company, the Director concerned shall not vote on the

relevant board resolution approving such proposed transaction and shall not be counted in the quorum of the meeting of the Board of Directors to be held for considering the proposed transaction, except under certain circumstances permitted under the Listing Rules;

- (5) The minimum period for lodgment of a notice to nominate a person as a Director of the Company shall be from the day after the despatch of the notice of the general meeting appointed for the election of Director(s) and end no later than 7 days prior to the date of such meeting; and
- (6) where any Shareholder is, under the Listing Rules, required to abstain from voting on or restricted to vote only for or only against any particular resolution, any votes cast by or on behalf of that Shareholder in contravention thereto shall not be counted.

The Special Resolution setting out details of the proposed alterations to the Bye-laws is contained in the notice of the Annual General Meeting. The notice of the Annual General Meeting is published below together with this announcement.

GENERAL

The Board of Directors of the Company currently comprises Mr. LO Yuk Sui (Chairman and Managing Director), Mr. Donald FAN Tung, Mrs. Kitty LO LEE Kit Tai (Non-Executive Director), Mr. Jimmy LO Chun To, Mr. Kenneth NG Kwai Kai, Mr. NG Siu Chan (Independent Non-Executive Director), Hon SHEK Lai Him, JP (Independent Non-Executive Director) and Dr. Alex WU Shu Chih, CBE, LL D, FBIM FIOF, F Inst D, JP (Independent Non-Executive Director).

By Order of the Board
Paliburg Holdings Limited
Eliza Lam Sau Fun
Secretary

Hong Kong, 15th April, 2004

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Friday, 18th June, 2004 at 11:30 a.m. for the following purposes:

1. To receive and consider the Audited Financial Statements and the Reports of the Directors and the Auditors for the year ended 31st December, 2003.
2. To elect Directors.
3. To appoint Auditors and authorise the Board of Directors to fix their remuneration.
4. To consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

(A) "THAT:

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period of all the powers of the Company to purchase ordinary shares of HK\$0.01 each in the capital of the Company ("Ordinary 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, be and is hereby generally and unconditionally approved;
 - (b) the aggregate nominal amount of Ordinary Shares of the Company which may be purchased by the Company pursuant to paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the Ordinary Shares in issue at the date 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 earlier 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 is required by the Bye-laws of the Company or The Companies Act 1981 of Bermuda or any other applicable law of Bermuda to be held; and
 - (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders in general meeting."
 - (B) "THAT the exercise by the Directors during the Relevant Period (as defined in Resolution 4(A) set out in the Notice of this Meeting) of all the powers of the Company to issue, allot and dispose of additional Ordinary Shares of the Company (including making and granting offers, agreements and options which would or might require Ordinary Shares to be issued, allotted or disposed of, whether during or after the end of the Relevant Period) be and is hereby generally and unconditionally approved, provided that the exercise is pursuant to a rights issue where Ordinary Shares are offered to shareholders on a fixed record date in proportion to their then holdings of Ordinary 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, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong), the additional Ordinary Shares issued, allotted or disposed of (including Ordinary Shares agreed conditionally or unconditionally to be issued, allotted or disposed of, whether pursuant to an option or otherwise) shall not in aggregate exceed 20% of the aggregate nominal amount of the Ordinary Shares in issue at the date of this Resolution, and the said approval shall be limited accordingly."
 - (C) "THAT the general mandate granted to the Directors under Resolution 4(B) above be and is hereby extended by the addition of an amount representing the aggregate nominal amount of Ordinary Shares purchased by the Company pursuant to the general mandate approved in Resolution 4(A) above."
5. To consider and, if thought fit, pass the following resolution as a Special Resolution: "THAT the existing Bye-Laws of the Company be and are hereby altered as follows:
- (A) in Bye-Law 1(A):
- (a) by deleting the existing definition of "associates" in its entirety and substituting therefor the following new definition of "associate":
"associate" shall have the meaning attributed to it in the rules of the stock exchange in the Relevant Territory;";
 - (b) by deleting the word "and" at the end of the third paragraph of Bye-Law 1(B);
 - (c) by deleting the punctuation mark "." at the end of the fourth paragraph of Bye-Law 1(B) and substituting therefor the words "; and"; and
 - (d) by inserting the following new paragraph at the end of Bye-Law 1(B):
"expressions referring to writing shall, unless the contrary intention appears, be construed as including printing, lithography, photography and other modes of representing words or figures in a visible form, 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 and, in each case, the shareholder concerned (where the relevant provision of these Bye-laws require the delivery or service of any document or notice on him in his capacity as shareholder) has elected for the receipt of the relevant download 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 Statutes, rules and regulations."
- (B) by inserting the following new Bye-Law 1(F) immediately after Bye-Law 1(E):
- "(F) References to a document being executed include references to it being executed under hand or under seal or by electronic signature or by any other method and references to a notice or document include a notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not."
- (C) by re-numbering the existing Bye-Law 80(B) as Bye-Law 80(C);
- (D) by inserting the following as new Bye-Law 80(B):
- "When votes not to be counted (B) Where any shareholder of the Company is, under the rules of the stock exchange in the Relevant Territory, 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 Bye-Law 98(H) in its entirety and substituting therefor the following new Bye-Law 98(H):
- "(H) 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 associate(s) is/are materially interested, but this prohibition shall not apply to any of the following matters namely:
- (i) any contract, arrangement or proposal for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company or any of its subsidiaries undertaken by him or any of his associate(s) for the benefit of the Company or any of its subsidiaries;
 - (ii) any contract, arrangement or proposal for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company or any of its subsidiaries which the Director or his associate(s) has/have himself/themselves guaranteed or secured in whole or in part;
 - (iii) any contract, arrangement or proposal 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 holders or to the public which does not provide the Director or his associate(s) any privilege not accorded to any other shareholders or debenture holders or to the public;
 - (iv) any contract, arrangement or proposal 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 whether 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;
 - (v) any contract, arrangement or proposal 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;
 - (vi) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested directly or indirectly whether as an officer or a shareholder other than a company in which the Director and any of his associate(s) own five (5) per cent. or more of the issued shares of any class of the equity share capital of such company or of the voting rights of any class of shares of such company (or of any third party through which his interest or that of any of his associate(s) is derived) or of the voting 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 which relates both to the Director or his associate(s) 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; or
 - (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;"

- (F) by deleting the existing Bye-Law 98(J) in its entirety and substituting therefor the following new Bye-Law 98(J):

"(J) A Director and/or his associate(s) shall be deemed materially interested in a transaction in which a Director or his associate(s), in aggregate, beneficially own(s) five (5) per cent. or more of the issued shares or other securities of that company (or of any third company through which his interest or that of his associates is derived) is interested in such transaction;"

- (G) by deleting the existing Bye-Law 98(K) in its entirety and substituting therefor the following new Bye-Law 98(K):

"(K) Any question arising at any meeting of the Board as to the materiality of the interest of a Director or as to the entitlement of any Director to vote shall be referred to the Chairman of the meeting and his ruling shall be final and conclusive, whereas any question aforesaid arising in respect of the Chairman of the meeting shall be decided by a resolution of the Board for which purpose such Chairman shall not be counted in the quorum nor shall he vote thereon and such resolution shall be final and conclusive;"

- (H) by deleting the words "at least seven days before the date of the general meeting" in line 6 and 7 of Bye-Law 103 and substituting therefor the following proviso:

"provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven days and that the period for lodgment of such notice(s) shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting;"

- (I) by inserting the words "unless waived pursuant to section 88 of the Companies Act and subject to Bye-Law 162(C)", after the words "the Auditors' report" in line 7 of Bye-Law 162(B);

- (J) by inserting the following new Bye-Laws 162(C) and 162(D) immediately after Bye-law 162(B):

"(C) To the extent permitted by and subject to due Summary compliance with all applicable Statutes, rules and financial regulations, including, without limitation, the rules of the stock exchange in the Relevant Territory, and to obtaining all necessary consents, if any, required thereunder, the requirements of Bye-Law 162(B) shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the Statutes, a summary financial statement derived from the Company's annual financial statements and reports thereon may, if he so requires by notice in writing served on the Company, demand that the Company sends to him, in addition to a summary financial statement, a complete printed copy of the Company's annual financial statements and reports thereon.

- (D) The requirement to send to a person referred to in Bye-Law 162(B) the annual financial statements and reports referred to in that Bye-Law or a summary and reports referred to in that Bye-Law or a summary and reports referred to in that Bye-Law or a summary and reports referred to in that Bye-Law shall be deemed satisfied where, in accordance with all applicable Statutes, rules and regulations, including, without limitation, the rules of the stock exchange in the Relevant Territory, the Company publishes copies of the documents referred to in Bye-Law 162(B) and, if applicable, a summary financial report complying with Bye-Law 162(C), on the Company's computer network or in any other permitted manner (including by sending any form of electronic communication), and that person has agreed or is deemed to have agreed to treat the publication of such documents in such manner as discharging the Company's obligation to send to him a copy of such annual financial statements and reports;"

- (K) by deleting the existing Bye-Law 167 in its entirety and substituting therefor the following new Bye-Law 167:

"Service of notices 167. Any notice or document (including any "corporate communication" within the meaning ascribed thereto under the rules for the time being of the stock exchange in the Relevant Territory), whether or not to be given or issued under these Bye-Laws, from the Company to a shareholder shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or communication and any such notice and document may be served or delivered by the Company on or to any shareholder either personally or by sending it through the post in a prepaid letter, envelope or wrapper addressed to such shareholder at his registered address as appearing in the register or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of notice to him or which the person transmitting the notice reasonably and bona fide believes at the relevant time will result in the notice being duly received by the shareholder or may also be served by advertisement in appointed newspaper (as defined in the Companies Act) or in one or more newspapers published daily and circulating in the Relevant Territory and in accordance with the requirements of the stock exchange in the Relevant Territory or, to the extent permitted by the applicable laws, by placing it on the Company's website or the website of the stock exchange in the Relevant Territory, and giving to the shareholder a notice stating that the notice or other document is available there (a "notice of availability"). The notice of availability may be given to the shareholder by any of the means set out above. In the case of joint holders of a share all notices shall be given to that one of the joint holders whose name stands first in the register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders;" and

- (L) by inserting the following new Bye-Laws 169(A), 169(B) and 169(C) immediately after Bye-Law 169:

"When notice by electronic means deemed to be given 169. (A) Any notice sent by electronic communication shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. A notice placed on the Company's website or the website of the stock exchange in the Relevant Territory is deemed given by the Company to a shareholder on the day following that on which a notice of availability is deemed served on the shareholder.

When notice by other means deemed to be served or delivered (B) Any notice served or delivered in any other manner contemplated by these Bye-Laws, shall be deemed to have been served or delivered at the time of personal service or delivery or, as the case may be, at the time of the relevant despatch, transmission or publication; and in proving such service or delivery a certificate in writing signed by the Secretary or other officer of the Company or person appointed by the Board as to the fact and time of such service, delivery, despatch, transmission or publication shall be conclusive evidence thereof.

Language of notices (C) A notice may be given to a shareholder either in the English language or the Chinese language, subject to due compliance with all applicable Statutes, rules and regulations."

By Order of the Board
Eliza Lam Sau Fun
Secretary

Hong Kong, 15th April, 2004

Notes:

1. A shareholder entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a shareholder of the Company.
2. The form of proxy must be deposited with the Company's Registrars in Hong Kong, Tengis Limited of G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for the Meeting.
3. An explanatory statement containing further details as regarding Resolution 4(A) above will be sent to shareholders shortly together with the 2003 Annual Report.
4. With respect to section 5 above, approval is being sought from shareholders to alter the Bye-laws of the Company in order to (i) accord the Company with flexibility for the issue of summary financial report to its shareholders and the despatch of corporate communications (within the meaning ascribed thereto under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) by electronic means and either in English or Chinese pursuant to the amended provisions under The Companies Act of Bermuda and/or the Listing Rules and (ii) conform with the new requirements promulgated by the recent changes in the Listing Rules on corporate governance issues which came into effect on 31st March, 2004.