
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Guoco Group Limited, you should at once hand this circular to the purchaser or 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 transferee.

This circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information about certain resolutions to be proposed at the forthcoming Annual General Meeting of Guoco Group Limited. The directors of Guoco Group Limited collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

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.



國浩集團有限公司
Guoco Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00053)

**ANNUAL GENERAL MEETING
AMENDMENTS TO THE BYE-LAWS
GENERAL MANDATES TO ISSUE AND REPURCHASE SECURITIES
AND
RE-ELECTION OF DIRECTORS**

A letter from the Board is set out on pages 2 to 4 of this circular. A notice convening the Annual General Meeting of Guoco Group Limited to be held at Room 1505, 15th Floor, The Center, 99 Queen's Road, Central, Hong Kong on Friday, 15 October 2004 is set out on pages 12 to 18 of this circular. Whether or not you intend to attend the meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the meeting or the adjourned meeting as the case may be. Completion and delivery of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

22 September 2004

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	2
Introduction	2
Amendment to the Bye-Laws	2
General Mandates to Issue and Repurchase Securities	3
Re-election of Directors	3
Annual General Meeting	4
Recommendation	4
APPENDIX I — EXPLANATORY NOTES TO REPURCHASE MANDATE	5
APPENDIX II — DETAILS OF PROPOSED DIRECTORS TO BE RE-ELECTED ...	9
APPENDIX III — PROCEDURES FOR DEMANDING A POLL	11
NOTICE OF ANNUAL GENERAL MEETING	12

DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held on 15 October 2004 at 9:30 a.m.
“Board”	the board of directors of the Company
“Bye-Laws”	the existing Bye-Laws of the Company
“Companies Act”	Companies Act 1981 of Bermuda (as amended)
“Director(s)”	director(s) of Guoco
“Group”	Guoco and its subsidiaries
“Guoco” or “Company”	Guoco Group Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Latest Practicable Date”	15 September 2004, being the latest practicable date prior to the printing of this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	share(s) of par value US\$0.50 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD



國浩集團有限公司
Guoco Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00053)

Directors:

Quek Leng Chan (*Executive Chairman*)

Kwek Leng Hai (*President, CEO*)

Sat Pal Khattar**

Kwek Leng San*

Tan Lim Heng

James Eng, Jr.

Harry Richard Wilkinson**

Volker Stoeckel**

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

Principal office:

50th Floor, The Center

99 Queen's Road Central

Hong Kong

* *Non-executive Director*

** *Independent Non-executive Directors*

22 September 2004

To the Shareholders

Dear Sir or Madam,

**ANNUAL GENERAL MEETING
AMENDMENTS TO THE BYE-LAWS
GENERAL MANDATES TO ISSUE AND REPURCHASE SECURITIES
AND
RE-ELECTION OF DIRECTORS**

Introduction

The purpose of this circular is to provide you with information in respect of resolutions to be proposed at the Annual General Meeting for (i) certain amendments to the Bye-Laws, (ii) the granting of general mandates to the Directors to issue and repurchase Shares and (iii) the re-election of Directors and other relevant information regarding the Annual General Meeting.

Amendments to the Bye-Laws

In light of the recent amendments to the Listing Rules, the Directors propose to amend the Bye-Laws in order to comply with the Listing Rules taking effect from 31 March 2004 and to incorporate certain other minor changes. Proposed amendments to the Bye-Laws include, inter alia,

LETTER FROM THE BOARD

the variation of the restrictions on voting by Shareholders at general meetings under Bye-Law 76 and by Directors at board meetings under Bye-Laws 98(G), 98(H), 98(I) and 98(K) respectively, as well as the setting of requirements for lodgement of notices for nomination of proposed Directors prior to election at general meetings under Bye-Law 103.

Details of the proposed amendments to the Bye-Laws are set out in special resolution no. 5 in the notice of the Annual General Meeting on pages 12 to 18 of this circular.

General Mandates to Issue and Repurchase Securities

At the annual general meeting of the Company held on 23 November 2003, ordinary resolutions were passed granting general mandates to the Directors, inter alia, (i) to repurchase Shares not exceeding 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at 23 November 2003; and (ii) to allot, issue and deal with additional Shares not exceeding 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at 23 November 2003 and those Shares not exceeding 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at 23 November 2003 repurchased by the Company (collectively referred to as “Existing General Mandates”). A copy of such resolutions had been delivered to the Stock Exchange in accordance with the Listing Rules. The Company had previously sent to the Shareholders an explanatory statement regarding the Existing General Mandates in compliance with the Listing Rules.

In accordance with the provisions of the Listing Rules and the terms of the Existing General Mandates, the Existing General Mandates shall lapse if, inter alia, they are revoked or varied by an ordinary resolution of the Shareholders in general meeting or at the conclusion of the next annual general meeting of the Company, whichever is earlier.

The Existing General Mandates will lapse at the conclusion of the Annual General Meeting. Accordingly, new general mandates to issue and to repurchase securities, respectively, as set out in ordinary resolution nos. 6A, 6B and 6C of the notice of the Annual General Meeting on pages 12 to 18 of this circular, are now proposed to be granted. With reference to the proposed new general mandates, the Directors wish to state that, as at the date hereof, they have no immediate plans to repurchase any existing Shares or to issue any new securities pursuant to the relevant mandates.

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the proposed general mandate to repurchase securities is set out in Appendix I to this circular. The explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the Annual General Meeting.

Re-election of Directors

Pursuant to the Bye-Laws of the Company, Messrs. Sat Pal Khattar, James Eng, Jr. and Volker Stoeckel will retire from office at the Annual General Meeting and, being eligible, offer themselves for re-election. Details of such Directors required to be disclosed under the Listing Rules are set out in Appendix II to this circular.

LETTER FROM THE BOARD

Annual General Meeting

A notice convening the Annual General Meeting is set out on pages 12 to 18 of this circular.

There is no Shareholder that is materially interested in the proposed resolutions regarding the amendments to the Bye-Laws and general mandates to issue and repurchase Shares and therefore none of the Shareholders shall abstain from voting in respect of such resolutions.

Pursuant to the Bye-Laws, at any general meeting of the Company a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded. Details of the procedures by which Shareholders may demand a poll are set out in Appendix III to this circular.

A form of proxy for use at the Annual General Meeting is enclosed. Shareholders are requested to complete the form of proxy and return it to the principal office of the Company at 50/F., The Center, 99 Queen's Road Central, Hong Kong in accordance with the instructions printed on it not less than 48 hours before the time fixed for holding the meeting, whether or not they intend to be present at the meeting.

Recommendation

The Directors believe that the amendments to the Bye-Laws, the granting of the mandates to repurchase Shares and issue Shares and the re-election of the said Directors are in the best interests of the Company and Shareholders as a whole and accordingly recommend Shareholders to vote in favour of the relevant resolutions set out in the notice of the Annual General Meeting on pages 12 to 18 of this circular.

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

Yours faithfully,
By Order of the Board
Quek Leng Chan
Executive Chairman

GENERAL MANDATE TO REPURCHASE SHARES AND TO ISSUE SHARES

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be given a general and unconditional mandate (the “Repurchase Mandate”) to exercise all the powers of the Company to repurchase on the Stock Exchange the issued and fully paid Shares. Under such mandate, the number of Shares that the Company may repurchase shall not exceed 10% of the share capital of the Company in issue on the date of passing the resolution.

Shareholders should note that the Repurchase Mandate covers purchases made only during the period ending on the earliest of the date of the next annual general meeting of the Company, the date by which the next annual general meeting of the Company is required to be held by its Bye-Laws or any applicable laws and the date upon which such authority is revoked or varied.

On the Latest Practicable Date, 329,051,373 Shares were in issue and fully paid. Assuming that there are no changes (from the Latest Practicable Date to the date of the Annual General Meeting) in the Company’s issued and fully paid share capital, the maximum number of Shares that may be repurchased by the Company pursuant to the Repurchase Mandate will be 32,905,137.

DIRECTORS AND CONNECTED PERSONS

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, any of their associates has a present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company on the Stock Exchange.

No persons who are connected persons (who are the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their associates (as defined in the Listing Rules)) have notified the Company that they have a present intention to sell Shares to the Company or have undertaken not to sell any of the Shares held by them to the Company, in the event that the Company is authorised to make purchases of Shares, on the Stock Exchange.

DIRECTORS’ UNDERTAKING

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make purchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and all applicable laws of Bermuda and in accordance with the regulations set out in the Company’s Memorandum of Association and Bye-Laws.

EFFECT OF THE HONG KONG CODE ON TAKEOVERS AND MERGERS

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights and may give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Hong Kong Code on Takeovers and Mergers ("Takeovers Code").

Furthermore, on 16 April 2004 GuoLine Overseas Limited ("GOL") made a mandatory general offer for the Shares at an offer price of HK\$58 per Share (the "Offer Price"). The relevant offer period ended on 7 May 2004. Pursuant to Rule 31.3 of the Takeovers Code, neither GOL nor any parties acting in concert with it may, without the consent of the Executive (as defined under the Takeovers Code), acquire any Share at a price higher than the Offer Price within 6 months after the end of such offer period. A share repurchase by the Company will be treated as acquisition of voting rights by a party acting in concert with GOL for the purpose of the Takeovers Code. Accordingly, any exercise of the power under the Repurchase Mandate to repurchase any Share at a price higher than the Offer Price on or before 6 November 2004, without the consent of the Executive, would constitute a breach of Rule 31.3 of the Takeovers Code by GOL. The Directors do not intend to exercise the Repurchase Mandate such that it would lead to a breach of Rule 31.3 of the Takeovers Code by GOL.

Based on the Company's information as at the Latest Practicable Date, GOL and parties acting in concert with it held a beneficial interest of approximately 67.75% of the issued share capital of the Company. In the event of the Directors exercising in full the powers to repurchase Shares pursuant to the Repurchase Mandate, assuming that no Share is sold by GOL or its associates, the shareholding of GOL in the Company would be increased to approximately 75.28%. The Directors are not aware of any general offer obligation which will arise under Rule 26 of the Takeovers Code as a result of any purchase made under the Repurchase Mandate.

PUBLIC FLOAT

The Directors do not have a present intention to exercise the Repurchase Mandate to such extent, causing the public float of the securities of the Company to fall below 25%.

LISTING RULES FOR REPURCHASE OF SHARES**Shareholders' Approval**

The Listing Rules provide that all securities repurchased on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific resolution in relation to specific transaction.

Reasons for Repurchase

The Directors consider that the Repurchase Mandate will provide the Company with the flexibility to make such repurchases when appropriate and beneficial to the Company and its shareholders. Such purchases 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.

Source of Funds

Repurchases must be made from internal resources, borrowings and/or other funds legally available for the purpose in accordance with the Company's Memorandum of Association and Bye-Laws and the laws of Bermuda. The laws of Bermuda provide that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant Shares, or the funds of the Company that would otherwise be available for dividend or distribution or the proceeds of a fresh issue of Shares made for the purpose. The amount of premium payable on the purchase may only be paid out of either the funds of the Company that would otherwise be available for dividend or distribution or out of the share premium account of the Company.

On the basis of the consolidated financial position of the Company as at 30 June 2004 (being the date to which the latest published audited financial statements of the Company have been made up) and in particular the working capital position and gearing ratio of the Company and the number of Shares in issue, the Directors consider that there will not be a material impact on the working capital or the gearing position of the Company in the event that the proposed purchases were to be carried out in full at any time during the proposed repurchase period. No purchase would be made in circumstances that would have a material adverse impact on the working capital of the Company (as compared with the position disclosed in the latest published audited financial statements) unless the Directors consider that such purchases were in the best interests of the Company.

SHARE REPURCHASE MADE BY THE COMPANY

The Company has not repurchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

GENERAL

During each of the twelve months preceding the Latest Practicable Date, the highest and lowest traded prices for Shares on the Stock Exchange were as follows:

Month	Price Per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2003		
September	53.75	51.00
October	59.25	52.00
November	56.75	54.50
December	58.00	54.25
2004		
January	61.00	55.75
February	60.50	58.50
March	62.25	57.25
April	63.75	61.75
May	64.75	60.00
June	65.00	62.75
July	65.75	64.00
August	67.75	65.00

APPENDIX II DETAILS OF PROPOSED DIRECTORS TO BE RE-ELECTED

As required by the Listing Rules, the following are the particulars of the three Directors proposed to be re-elected at the Annual General Meeting:

1. **Mr. Sat Pal Khattar**, aged 61, has been an independent non-executive Director since January 1991. He is the independent non-executive director and Chairman of GuocoLand Limited (“GuocoLand”), a 62.4% owned subsidiary of the Company listed on the Singapore Exchange Trading Limited (“SGX-ST”). He has been appointed as a non-executive director of GuocoLand since 1988 and regarded as independent since the date of his appointment. Since 1977, Mr. Khattar has been a director of Haw Par Corporation Limited, a SGX-ST listed company unrelated to the Group. He had been a non-executive director of Benchmark Group PLC, an ex-associate of GuocoLand in the United Kingdom during the period from 1996 to 30 June 2004. Mr. Khattar obtained a LLM degree and a LLB (Hons) degree from the University of Singapore. He is a consultant of Khattar Wong & Partners in Singapore. He does not have any relationship with any other Directors or senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Khattar was interested in 691,125 Shares within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”). There is no service contract being executed between Mr. Khattar and the Company. Mr. Khattar is not appointed for a specific term but subject to retirement by rotation and re-election at the annual general meeting pursuant to the Bye-Laws. For the financial year ended 30 June 2004, he is entitled to a Director’s fee of HK\$180,000 subject to Shareholders’ approval at the Annual General Meeting. Save as above, there are no other matters that need to be brought to the attention of Shareholders.

2. **Mr. James Eng, Jr.**, aged 62, has been an executive Director since July 2001. He joined Guoco Management Company Limited, a wholly owned subsidiary of the Company, in April 1994 as an executive director, responsible for all Group staff support functions for the Company. He also holds the offices of director in various subsidiaries of the Company and non-executive director of Lam Soon (Hong Kong) Limited, a fellow subsidiary of the Company listed on the Main Board of the Stock Exchange. Prior to his joining Guoco, he was with Hiram Walker, a Division of Allied-Lyons. Postings included New York, Miami, London, Hong Kong and Windsor Canada. Assignments included Senior Vice President, finance and administration for U.S.A., Senior Vice President for international strategic planning which included acquisitions, mergers and divestitures. He does not have any relationship with any other Directors or senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Eng was interested in 565,443 Shares within the meaning of Part XV of the SFO. He has executed a service contract with a wholly owned subsidiary of the Company. His emolument is based on the terms of such service contract with reference to the Group’s performance and his personal achievement. For the financial year ended 30 June 2004, he is entitled to an emolument of HK\$5,045,101. Mr. Eng is not appointed for a specific term but subject to retirement by rotation and re-election at the

APPENDIX II DETAILS OF PROPOSED DIRECTORS TO BE RE-ELECTED

annual general meeting pursuant to the Bye-Laws. For the financial year ended 30 June 2004, he is entitled to a Director's fee of HK\$150,000 subject to Shareholders' approval at the Annual General Meeting. Save as above, there are no other matters that need to be brought to the attention of Shareholders.

3. **Mr. Volker Stoeckel**, aged 59, is an independent non-executive Director newly appointed on 24 May 2004. He is a banker. He graduated in 1973 from the University of Munich in economics and also has a diploma in banking. He has worked in various senior banking positions in Hong Kong and Asia over the last 22 years. He is currently the Chairman, CEO of German Centre Ltd Hong Kong and German Centre For Industry and Trade Shanghai Co. Ltd. Before that, he was the Chief Executive Asia Pacific of Bayerische Landesbank. He did not hold any directorship in listed public companies in the past three years prior to the Latest Practicable Date. Mr. Stoeckel has wide experience in Asia relating to capital market transactions, corporate finance, project finance, infrastructure projects, mergers and acquisition, treasury and securities business and real estate finance. He does not have any relationship with any other Directors or senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Stoeckel did not have any interest in Shares within the meaning of Part XV of the SFO. There is no service contract being executed between Mr. Stoeckel and the Company. Mr. Stoeckel is not appointed for a specific term but subject to retirement by rotation and re-election at the annual general meeting pursuant to the Bye-Laws. For the period from 24 May 2004 to 30 June 2004, he is entitled to a Director's fee of HK\$15,574 subject to Shareholders' approval at the Annual General Meeting. Save as above, there are no other matters that need to be brought to the attention of Shareholders.

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

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

NOTICE OF ANNUAL GENERAL MEETING



國浩集團有限公司
Guoco Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00053)

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Guoco Group Limited (“the Company”) will be held at Room 1505, 15th Floor, The Center, 99 Queen’s Road Central, Hong Kong, on Friday, 15 October 2004 at 9:30 a.m. for the following purposes:

As ordinary business, to consider and, if thought fit, pass with or without amendments, the following ordinary resolutions:

1. To receive and consider the audited Statement of Accounts together with the Reports of the Directors and Auditors thereon for the year ended 30 June 2004.
2. To declare a final dividend.
3. To fix the fees of the Directors for the year ended 30 June 2004 and to re-elect retiring Directors.
4. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

As special business, to consider and, if thought fit, pass the following special resolution:

5. Special Resolution

“**THAT** the existing Bye-Laws of the Company be and are hereby amended as follows:

- (a) by deleting the definitions of “associates” and “Clearing House” in the existing Bye-Law 1(A) and substituting therefor the following new definitions:

“associate(s)” in relation to any Director, shall have the meaning ascribed to it in the Listing Rules as may be amended from time to time;

“Clearing House” shall mean a recognized clearing house within the meaning of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) or a clearing house or authorised share 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;

- (b) by deleting the words “, considering and adopting” in the existing Bye-Law 65 and substituting therefor the words “and receiving”;

NOTICE OF ANNUAL GENERAL MEETING

- (c) by renumbering the existing Bye-Law 76 as Bye-Law 76(A) and adding the following new Bye-Law 76(B) immediately thereafter:
- (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 vote cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.
- (d) by deleting the existing Bye-Laws 98(G), 98(H), 98(I) and 98(K) and substituting therefor the following new Bye-Laws 98(G), 98(H), 98(I) and 98(K):
- (G) A Director who to his knowledge is interested or has an associate who is interested in any way, whether directly or indirectly, in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest or the interest of his associate(s) at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest or the interest of his associate(s) then exists, or in any other case at the first meeting of the Board after he knows that he is or his associate(s) is or has become so interested. For the purposes of this Bye-Law, a general notice to the Board by a Director to the effect that (a) he or any of his associates is a shareholder of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with that company or firm or (b) he or any of his associates is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with a specified person who is connected with him, shall be deemed to be a sufficient declaration of interest under this Bye-Law in relation to any such contract or arrangement; provided that no such notice shall be effective unless either it is given at a meeting of the Board or the Director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.
- (H) A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or proposal in which he or his associate(s) is/are to his/their knowledge 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) the giving of any security or indemnity either:
- (a) 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; or
- (b) 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;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) 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;
 - (iii) 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 5% 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 associate(s) is derived) or of the voting rights;
 - (iv) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
 - (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme involving the issue or grant of options over shares or other securities by the Company under which the Director or his associate(s) may benefit; or
 - (b) 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
 - (v) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their 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 together with any of his associates owns 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 if and so long as (but only if and so long as) he together with his associates are (either directly or indirectly) the holders of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights of any class of shares available to shareholders 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

NOTICE OF ANNUAL GENERAL MEETING

trustee and in which no beneficial interest is held, any shares comprised in a trust in which the Director's or his associate(s)'s interest is 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 or his associate(s) is/are interested only as a unit holder.

(K) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director or his associate(s) (other than the Chairman 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 to be counted in the quorum, such question shall be referred to the Chairman and his ruling in relation to such other Director or his associate(s) 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 Board. 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 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 or his associate(s) as known to him has not been fairly disclosed to the Board.

(e) by deleting the existing Bye-Law 103 and substituting therefor the following new Bye-Law 103:

103. No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Head Office or at the Registration Office provided that the minimum length of the period for lodgment of the notices referred to herein shall be at least seven (7) days, which 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 (7) days prior to the date of such general meeting.

As special business, to consider and, if thought fit, pass with or without amendments, the following ordinary resolutions:

6. Ordinary Resolutions

A. **“THAT:**

(a) subject to paragraph (b), the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to repurchase shares in the capital of the Company on The Stock Exchange of Hong Kong Limited, subject to and in accordance with all applicable laws and the Bye-Laws of the Company, be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

(b) the aggregate nominal amount of shares of the Company to be purchased by the Directors of the Company pursuant to the approval in paragraph (a) 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 and the said approval shall be limited accordingly; and

(c) for the purposes 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 of the Company is required by the Bye-Laws of the Company or any applicable laws to be held; and

(iii) the date upon which the authority set out in this resolution is revoked or varied by way of ordinary resolution in general meeting.”

B. “THAT:

(a) subject to paragraph (b), the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to allot and issue 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 either during or after the Relevant Period be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to:

(i) a Rights Issue;

(ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company;

(iii) the exercise of any option under the Company’s share option schemes; or

(iv) any scrip dividend 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,

NOTICE OF ANNUAL GENERAL MEETING

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

(c) for the purposes 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 of the Company is required by the Bye-Laws of the Company or any applicable laws to be held; and
- (iii) the date upon which the authority set out in this resolution is revoked or varied by way of ordinary resolution in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares on the register 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, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

- C. “**THAT** conditional upon the passing of resolution nos. 6A and 6B of the notice convening this meeting, the general mandate granted to the Directors of the Company to exercise the powers of the Company to allot and issue shares pursuant to resolution no. 6B be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to resolution no. 6A, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution.”

By Order of the Board
Stella Lo Sze Man
Company Secretary

Hong Kong, 21 September 2004

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A shareholder entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy does not need to be a shareholder of the Company.
2. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a copy of such authority notarially certified, must be deposited at the Company's principal office at 50th Floor, The Center, 99 Queen's Road Central, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting, as the case may be. Completion and return of the form of proxy will not preclude a shareholder from attending and voting at the meeting if the shareholder so desires.
3. With respect to resolution no. 5, approval is being sought from shareholders for amendments to the existing Bye-Laws of the Company.
4. With respect to resolution no. 6A, approval is being sought from shareholders for a general mandate to repurchase shares to be given to the Directors.
5. With respect to resolution no. 6B, approval is being sought from shareholders for a general mandate to issue shares to be given to the Directors.
6. With respect to resolution no. 6C, approval is being sought from shareholders for an extension of the general mandate granted to the Directors to allot and issue shares by adding to it the number of shares purchased under the authority granted pursuant to resolution no. 6A.
7. In accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Code on Share Repurchases, an explanatory statement containing further details regarding resolution no. 6A is set out in Appendix I to the circular to shareholders of the Company dated 22 September 2004.
8. The Register of Members of the Company will be closed from 12 October 2004 to 15 October 2004, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all share transfers accompanied by the requisite share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on 11 October 2004.