
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 your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in FAR EAST HOTELS AND ENTERTAINMENT LIMITED, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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FAR EAST HOTELS AND ENTERTAINMENT LIMITED
遠東酒店實業有限公司

(Incorporated in Hong Kong under the Companies Ordinance)

(Stock Code: 0037)

**GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES
AMENDMENTS TO MEMORANDUM AND ARTICLES OF ASSOCIATION
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of Far East Hotels And Entertainment Limited to be held at the Penthouse, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong on Friday, 27th August 2004 at 3:00 p.m. is set out in Appendix III of this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the registered office of the Company at Suite 3408, 34th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting.

Completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the annual general meeting or any adjourned meeting should they so wish.

30th July 2004

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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 at the Penthouse, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong on Friday, 27th August 2004 at 3:00 p.m., notice of which is set out in Appendix III of this circular
“Companies Ordinance”	the Companies Ordinance (Chapter 32) of the Laws of Hong Kong
“Company”	Far East Hotels And Entertainment Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries from time to time
“Latest Practicable Date”	27th July 2004, being the latest practicable date prior to the printing of this circular.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum and Articles of Association”	Memorandum and Articles of Association of the Company
“Repurchase Proposal”	the Repurchase Resolution to give a general mandate to the Directors to exercise the powers of the Company to repurchase during the period as set out in the Repurchase Resolution Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the Repurchase Resolution
“Repurchase Resolution”	the proposed ordinary resolution as referred to in resolution no. 4 of the notice of the Annual General Meeting
“Share(s)”	share(s) of \$1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Buy Back Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeover Code”	the Code on Takeovers and Mergers
“\$” and “cents”	Hong Kong dollars and cents respectively



FAR EAST HOTELS AND ENTERTAINMENT LIMITED
遠東酒店實業有限公司

(Incorporated in Hong Kong under the Companies Ordinance)

Executive Directors:

Deacon Te-ken CHIU, J.P. (*Chairman*)
Derek CHIU (*Managing Director and Chief Executive*)
Desmond CHIU (*Deputy Managing Director*)
Margaret CHIU

Registered Office:

Suite 3408, 34th Floor
Office Tower, Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

Non-Executive Directors:

Daniel Tat-jung CHIU (*Vice Chairman*)
CHIU JU Ching-lan, J.P.
Dick Tat-sang CHIU
David Tat-cheong CHIU
Dennis Tat-shing CHIU
Duncan CHIU

Independent Non-executive Directors:

Ho-fai MA
Shing-hing IP

Alternate Directors:

Chi-hing CHAN (*Alternate Director to Deacon Te-ken CHIU*)
Sung-ki TANG (*Alternate Director to Desmond CHIU*)

30th July 2004

To shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES
AMENDMENTS TO MEMORANDUM AND ARTICLES OF ASSOCIATION
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the Annual General Meeting.

LETTER FROM THE MANAGING DIRECTOR AND CHIEF EXECUTIVE

GENERAL MANDATE TO REPURCHASE SHARES

At the extraordinary general meeting of the Company held on 27th August 2003, a general mandate was given by the Company to the Directors to exercise the powers of the Company to repurchase Shares. Such mandate will lapse at the conclusion of the forthcoming annual general meeting of the Company. The Directors propose to seek your approval of the Repurchase Resolution to be proposed at the Annual General Meeting. An explanatory statement as required under the Share Buy Back Rules to provide the requisite information of the Repurchase Proposal is set out in the Appendix I to this circular.

GENERAL MANDATE TO ISSUE SHARES

It will also be proposed at the Annual General Meeting two ordinary resolutions respectively granting to the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company at the date of passing the resolution and adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of the Shares repurchased by the Company after the granting of the general mandate to repurchase up to 10% of the issued share capital of the Company at the date of passing the Repurchase Resolution.

AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

The Stock Exchange has recently announced amendments to the Listing Rules relating to, among other things, the articles of association or equivalent constitutional documents of listed issuers. The amendments to the Listing Rules have come into effect on 31 March 2004. Accordingly, the Directors propose to seek the approval of the Shareholders for the amendments to the Memorandum and Articles of Association to ensure its compliance with the amendments made to the Listing Rules.

The proposed major amendments to the Memorandum and Articles of Association of the Company are summarized as follows:

(I) Article 5A & 5B

To state the voting rights of different class of shares.

(II) Article 12A

Where power is taken to issue share warrants to bearer, that no new share warrant shall be issued to replace one that has been lost, unless the Company is satisfied beyond reasonable doubt that the original has been destroyed.

(III) Article 18

That any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.

LETTER FROM THE MANAGING DIRECTOR AND CHIEF EXECUTIVE

(IV) Article 20A

That fully-paid shares shall be free from any restriction on the right of transfer (except when permitted by The Stock Exchange of Hong Kong Limited) and shall also be free from all lien.

(V) Article 40A

Where the Company has the power to purchase for redemption a redeemable share:

- (1) purchases not made through the market or by tender shall be limited to a maximum price; and
- (2) if purchases are by tender, tenders shall be available to all shareholders alike.

(VI) Article 61A

Where any member 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 member in contravention of such requirement or restriction shall not be counted.

(VII) Article 65A

If a clearing house or a nominee of clearing house is a member of the Company, it may authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person so authorised under the provision of these Articles shall be entitled to exercise the same powers on behalf of the clearing house (or its nominee) which he represents as the clearing house (or its nominee) could exercise if it were an individual member of the Company.

(VIII) Article 74(b)

To state the circumstances where a director can vote on board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest.

(IX) Article 80 (b)

To state the period for lodgement of the notices to nominate a director will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting.

LETTER FROM THE MANAGING DIRECTOR AND CHIEF EXECUTIVE

(X) Article 113

A copy of either (i) the directors' report, accompanied by the balance sheet (including every document required by law to be annexed thereto) and profit and loss account or income and expenditure account, or (ii) the summary financial report shall, at least 21 days before the date of the ordinary general meeting, be delivered or sent by post to the registered address of every member.

(XI) Article 115

To allow notice or document of the Company to be given, inter alia, through the Company's computer network.

(XII) Article 117

To define the time of service or delivery of notice or document to members of the Company.

RE-ELECTION OF RETIRING DIRECTORS

Particulars of retiring Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix II.

ANNUAL GENERAL MEETING

Set out in Appendix III of this circular is a notice convening the Annual General Meeting at which resolutions will be proposed to:

Ordinary resolutions:

- grant to the Directors a general mandate to exercise all powers of the Company to purchase on the Stock Exchange Shares representing up to a maximum of 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution;
- grant to the Directors a general mandate to authorise the Directors to issue, allot and deal with Shares with an aggregate nominal value as at the date of passing such resolution not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing such resolution;
- extend the general mandate which will be granted to the Directors to issue, allot and deal with additional Shares by adding to it the number of Shares purchased under the Repurchase Proposal after the granting of the general mandate.

Special resolutions:

- amend the Memorandum and Articles of Association

LETTER FROM THE MANAGING DIRECTOR AND CHIEF EXECUTIVE

ACTION TO BE TAKEN

A proxy form for use at the Annual General Meeting is enclosed herein. Whether or not you intend to attend the Annual General Meeting, you are requested to complete the proxy form and return it to the registered office of the Company at Suite 3408, 34th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting. Completion and return of a proxy form will not prevent shareholders from attending and voting at the Annual General Meeting if they so wish.

Pursuant to Article 57 of the Company, every question submitted to a general meeting shall be determined in the first instance by a show of hands, but a poll may be demanded (on or before the declaration of result of the show of hands) by the Chairman or by

- (i) at least three shareholders entitled to vote, or
- (ii) by one Shareholder or two Shareholders so entitled, if that Shareholder or those two Shareholders together hold not less than fifteen per cent. of the paid up share capital of the Company.

Unless a poll is demanded, a declaration by the Chairman that a resolution has been carried or lost and an entry to the effect in the minute's book of the Company shall be conclusive evidence of the result of such resolution.

No shareholders of the Company shall be required to abstain from voting at the Annual General Meeting.

RECOMMENDATION

The Directors believe that all the above-mentioned resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders. Accordingly, the Directors recommend that all shareholders should vote in favour of the resolutions set out in the notice of Annual General Meeting.

Yours faithfully,
DEREK CHIU
*Managing Director and
Chief Executive*

APPENDIX I EXPLANATORY STATEMENT ON REPURCHASE OF SHARES

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution.

This appendix also constitutes the memorandum required under Section 49BA(3) of the Companies Ordinance.

1. LISTING RULES FOR REPURCHASE OF SHARES

The Share Buy Back Rules permit companies whose primary listing are on the Stock Exchange to repurchase their fully paid up shares on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(a) Shareholder's Approval

The Share Buy Back Rules provide that all on-market share repurchases by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a specific approval in relation to specific transactions or by a general mandate to the directors of the company to make such repurchase.

(b) Source of Funds

Repurchase must be made out of funds which are legally available for the purpose and in accordance with the company's constitutive document and the laws of the jurisdiction in which the company is incorporated or otherwise established.

(c) Maximum Number of Shares to be Repurchased

A maximum of 10% of the existing issued share capital of a company at the date of passing the resolution may be repurchased on the Stock Exchange.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued and fully paid up share capital of the Company comprised 488,842,675 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Resolution to repurchase a maximum of 48,884,267 Shares which representing not more than 10% of the issued share capital of the Company as at the date of passing the resolution.

3. REASONS FOR REPURCHASE

The Directors believe that the Repurchase Proposal is in the best interests of the Company and its shareholders. Such purchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share of the Company and will only be made when the Directors believe that such a purchase will benefit the Company and its shareholders.

APPENDIX I EXPLANATORY STATEMENT ON REPURCHASE OF SHARES

4. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum and Articles of Association and the Companies Ordinance. The Companies Ordinance provides that the amount of capital repaid in connection with a share repurchase may only be paid from the distributable profits of the Company and/or the proceeds of a new issue of Shares, made for the purpose of the repurchase to such an extent allowable under the Companies Ordinance.

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

5. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follows:

	Shares	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2003		
July	0.355	0.246
August	0.560	0.285
September	0.530	0.355
October	0.400	0.330
November	0.380	0.320
December	0.390	0.330
2004		
January	0.445	0.355
February	0.435	0.365
March	0.410	0.340
April	0.380	0.330
May	0.360	0.265
June	0.340	0.295

6. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Resolution and in accordance with the Listing Rules and the applicable laws of Hong Kong.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Proposal if such is approved by the shareholders.

No other connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Proposal is approved by the shareholders.

7. EFFECT OF TAKEOVER CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Proposal, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeover Code. As a result, a shareholder or group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeover Code.

As at the Latest Practicable Date, Messrs. Deacon Te-ken CHIU, Derek CHIU, Dick Tat-sang CHIU, CHIU JU Ching-lan, David Tat-cheong CHIU and Margaret CHIU, being directors of the Company together with their respective associates were beneficially interested in an aggregate of 276,675,475 Shares representing 56.60% of the issued share capital of the Company. Based on such shareholdings and in the event that the Directors exercised in full the power to repurchase Shares under the Repurchase Proposal, if so approved, the shareholdings of Messrs. Deacon Te-ken CHIU, Derek CHIU, Dick Tat-sang CHIU, CHIU JU Ching-lan, David Tat-cheong CHIU and Margaret CHIU together with their respective associates would be increased to 62.89% of the issued share capital of the Company.

The Directors are not aware of any consequences which may arise under the Takeover Code as a result of any repurchases made under the Repurchase Proposal. In the event that the Repurchase Proposal is exercised in full, the number of Shares held by the public would not fall below 25%.

8. SHARE PURCHASE MADE BY THE COMPANY

In the six months preceding the Latest Practicable Date, the Company had not purchased any of its own Shares on the Stock Exchange.

The following is the information, as required to be disclosed by the Listing Rules as recently amended by the Stock Exchange, on the retiring Directors proposed to be re-elected at the Annual General Meeting.

Madam Chiu Ju Ching-lan, J.P.

Aged 65. Joined the Company and was appointed as Director in 1979. Also a Non-executive Director of Far East Consortium International Limited (a listed company in Hong Kong). Since 1975, she is a Honorary Vice-President of Hong Kong Girl Guides Association. She has been active in social circles and was Lady Chairman of Yan Chai Hospital for 1977/78. Founder and Honorary Chairman of New Territories Women's and Juveniles Welfare Association. Also a committee member and Supervisor of Ju Ching Chu Secondary School and the Chairman of Kowloon Women's Welfare Club. She is the member of Shanghai Standing Committee Chinese People's Political Consultative Conference since 1982. Since 1997, also a Honorary Vice-President of Hong Kong Federation of Women. She beneficially owns 188,000 Shares, representing approximately 0.04% of the entire issued share capital of the Company and share option of 4,000,000 shares as at the Latest Practicable Date. Wife of Mr. Deacon Te-ken Chiu. Mother of Messrs. Dick Tat-sang Chiu, David Tat-cheong Chiu, Margaret Chiu, Dennis Tat-shing Chiu, Daniel Tat-jung Chiu, Derek Chiu, Desmond Chiu and Duncan Chiu. Madam Chiu receives emolument from the Company that is determined by the Board from time to time with reference to prevailing market conditions and director's fee of HK\$10,000 per annum (as approved by shareholders on the latest annual general meeting).

Mr. Dick Tat-sang Chiu, M.A.

Aged 53. Joined the Far East Group in 1974. Appointed as Director in 1979. Also a Director of Far East Consortium International Limited (a listed company in Hong Kong). Graduated from the University of Cambridge with an honour Master of Arts degree in Economics. He beneficially owns 34,449,833 Shares, representing approximately 7.05% of the entire issued share capital of the Company as at the Latest Practicable Date. Son of Mr. Deacon Te-ken Chiu and Madam Chiu Ju Ching-lan. Brother of Messrs. David Tat-cheong Chiu, Margaret Chiu, Dennis Tat-shing Chiu, Daniel Tat-jung Chiu, Derek Chiu, Desmond Chiu and Duncan Chiu. Mr. Chiu receives no emolument from the Company except director's fee of HK\$10,000 per annum (as approved by shareholders on the latest annual general meeting).

Mr. Daniel Tat-jung Chiu (*Vice Chairman*)

Aged 43. Joined the Company as a Director in 1984 and was appointed as Vice Chairman (Non-executive) of the Company in 1999. Also a Non-executive Director of Far East Consortium International Limited (a listed company in Hong Kong) and Far East Technology International Limited (a listed company in Hong Kong). Major shareholder and Vice Chairman of London-listing Fortune Oil Plc. Has extensive experience in China trade, petroleum trading and infrastructure investments and also takes an active part in several kinds of projects in Hong Kong and P.R.C.. He does not have any interests in Shares within the meaning of Part XV of the Securities and Futures Ordinance. Son of Mr. Deacon Te-ken Chiu and Madam Chiu Ju Ching-lan. Brother of Messrs. Dick Tat-sang Chiu, David Tat-cheong Chiu, Margaret Chiu, Dennis Tat-shing Chiu, Derek Chiu, Desmond Chiu and Duncan Chiu. Mr. Chiu receives no emolument from the Company except director's fee of HK\$10,000 per annum (as approved by shareholders on the latest annual general meeting).

Mr. Duncan Chiu, B.SC.

Aged 30. Joined and was appointed as Director of the Company in 1996. Also an Executive Director and Deputy Managing Director of Far East Technology International Limited (a listed company in Hong Kong) and an Executive Director of Chinasoft International Limited (a listed company in Hong Kong). He is also a member of the Audit Committee of the Company. He has vast experience and good relationship in China IT industry. He does not have any interests in Shares within the meaning of Part XV of the Securities and Futures Ordinance. Son of Mr. Deacon Te-ken Chiu and Madam Chiu Ju Ching-lan. Brother of Messrs. Dick Tat-sang Chiu, David Tat-cheong Chiu, Margaret Chiu, Dennis Tat-shing Chiu, Daniel Tat-jung Chiu, Derek Chiu and Desmond Chiu. Mr. Chiu receives emolument from the Company that is determined by the Board from time to time with reference to prevailing market conditions and director's fee of HK\$10,000 per annum (as approved by shareholders on the latest annual general meeting).

None of the above mentioned directors of the Company have a service contract with the Company or any of its subsidiaries. The term of office for director is the period up to his retirement by rotation in accordance with the Articles of Association of the Company.

Save as disclosed above, they do not hold directorship in other listed companies in the last three years.

Save as disclosed above, they do not hold any major appointment within the Group.

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Company will be held at the Penthouse, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong on Friday, 27th August 2004 at 3:00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed:

ORDINARY RESOLUTIONS

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31 March 2004.
2. To elect directors and to fix their fees.
3. To appoint auditors and to authorise the directors to fix their remuneration.
4. **“THAT:**
 - (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$1.00 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
 - (b) the aggregate nominal amount of shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date 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 law to be held; and
 - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”
5. **“THAT:**
 - (a) subject to paragraph (c) below and pursuant to Section 57B of the Companies Ordinance, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with

additional shares of HK\$1.00 each in the capital of the Company and to make or grant offers, agreements and options (including bonds and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares of the Company; (iii) an issue of shares as scrip dividends pursuant to the Articles of Association of the Company from time to time; or (iv) an issue of shares under any option scheme or similar arrangement for the grant or issue to employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing this Resolution, and the said approval shall be limited accordingly; and
- (d) 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 of the Company is required by law to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting;

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to the holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the Directors of the Company 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 applicable to the Company).”

6. “**THAT** subject to the passing of the Resolution Nos. 4 and 5 set out in the Notice convening this meeting, the general mandate granted to the Directors of the Company to allot and deal with additional shares pursuant to Resolution No. 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 shares in the capital of the Company repurchased by the Company under the authority granted pursuant to Resolution No. 4 set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the said Resolution.”

SPECIAL RESOLUTIONS

7. “**THAT** the Articles of Association of the Company be and are hereby amended in the following manner:

(I) Article 1:

By adding the following definitions in Article 1:

“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.

“associate” shall have the meaning ascribed to it under the Listing Rules.

“clearing house” shall mean a recognized clearing house as defined under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) as amended from time to time.

“Member(s)” shall mean the duly registered holder(s) from time to time of the shares in the Company.

- (II) By adding the following Article as Article 5A and Article 5B after the existing Article 5:

“5A. Where the capital of the Company includes shares which do not carry voting rights, the words “non-voting” must appear in the designation of such shares.

5B. Where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words “restricted voting” or “limited voting”.”

- (III) By adding the following Article as Article 12A after the existing Article 12:

“12A. Where power is taken to issue share warrants to bearer, that no new share warrant shall be issued to replace one that has been lost, unless the Company is satisfied beyond reasonable doubt that the original has been destroyed.”

(IV) By adding the following sentence at the end of the existing Article 18:

“Such payment in advance shall not entitle such Member to participate in respect thereof in a dividend subsequently declared.”

(V) By adding the following Article as Article 20A after the existing Article 20:

“20A. Fully-paid shares shall be free from any restriction on the right of transfer (except when permitted by The Stock Exchange of Hong Kong Limited) and shall also be free from all lien.”

(VI) By adding the following Article as Article 40A after the existing Article 40:

“40A Where the Company has the power to purchase for redemption a redeemable share:

- (1) purchases not made through the market or by tender shall be limited to a maximum price; and
- (2) if purchases are by tender, tenders shall be available to all shareholders alike.”

(VII) By adding the following Article as Article 61A after the existing Article 61:

“61A. Where any Member 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 member in contravention of such requirement or restriction shall not be counted.”

(VIII) By deleting the last two words “so authorised” of the existing Article 65 and by substituting therefor with the words “so duly authorised”;

(IX) By adding the following Article as Article 65A after the existing Article 65:

“65A. If a clearing house or a nominee of clearing house is a Member, it may authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the Company or at any meeting of any class of Members provided that, if more than one person is so authorized the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person so authorised under the provision of these Articles shall be entitled to exercise the same powers on behalf of the clearing house (or its nominee) which he represents as the clearing house (or its nominee) could exercise if it were an individual Member.”

(X) By deleting the existing Article 74(b) in its entirety and by substituting therefor the following:

“74(b) Notwithstanding such disclosure is made in Article 74(a), a Director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest nor shall he be counted in the quorum present at the meeting, but this prohibition shall not apply to any of the following matters, namely:

- (1) 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/have 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;
- (2) 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;
- (3) 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 associates is derived) or of the voting rights;
- (4) 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 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

- (5) 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.”

- (XI) By deleting the words “the latest date for lodgement of such notices will be not more than seven days prior to the date of the Meeting appointed for such election” in the existing Article 80 (b) and by substituting therefor the following:

“the period for lodgement of such notices will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting.”

- (XII) By deleting the words “returned undelivered” in the first sentence of the existing Article 107(a) and by adding the following sentence at the end of Article 107(a):

“However, such power to cease sending a dividend warrant by post may be exercised after the first occasion on which such a warrant is returned undelivered.”

- (XIII) By deleting the existing Article 113 in its entirety and by substituting therefor the following:

“113 A copy of either (i) the directors’ report, accompanied by the balance sheet (including every document required by law to be annexed thereto) and profit and loss account or income and expenditure account, or (ii) the summary financial report shall, at least 21 days before the date of the Ordinary General Meeting, be delivered or sent by post to the registered address of every Member.”

- (XIV) By adding in the existing Article 115 after the word “notice” in that Article the words “or document” and by deleting the words “by advertisement ‘published in the newspaper’ as defined in the Rules for the time being governing the Listing of Securities on the Stock Exchange of Hong Kong Limited” in that Article and by substituting therefor the following:

“by advertisement in an English language newspaper and a Chinese language newspaper in Hong Kong in accordance with the Listing Rules or by publishing it in accordance with applicable laws, rules and regulations on the Company’s computer network, giving access to such network to the entitled person.”

- (XV) By adding in the existing Article 116 after the word “notice” or “notices” where it appears in that Article the words “or document” or “or documents” accordingly.

- (XVI) By adding in the existing Article 117 after the word “notice” in that Article the words “or document” and by adding the following sentence at the end of that Article:

“Any notice or document if published by way of a newspaper advertisement, shall be deemed to have been served or delivered on the date on which it is advertised in one English language newspaper and one Chinese language newspaper in Hong Kong; or

if published on the Company's computer network, shall be deemed to have been served or delivered on the day on which the notice or document is published on the Company's computer network to which the entitled person may have access."

8. "THAT the words "the Colony of" wherever appear before the words "Hong Kong" in the Memorandum and Articles of Association of the Company be deleted."

By order of the Board
Sung-ki TANG
Secretary

Hong Kong, 30th July 2004

Notes:

1. A form of proxy for use at the meeting is enclosed herewith.
2. The register of members of the Company will be closed from 25 August 2004 to 27 August 2004 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for attending the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with Standard Registrars Limited, the Registrars of the Company, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00pm on 24 August 2004.
3. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.
5. In order 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 lodged with the registered office of the Company at Suite 3408, 34th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting (as the case may be).
6. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
7. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
8. As at the date hereof, the directors of the Company comprises executive directors namely Mr. Deacon Te-ken Chiu, Mr. Derek Chiu, Mr. Desmond Chiu, Ms. Margaret Chiu; non-executive directors namely Mr. Daniel Tat-jung Chiu, Mrs. Chiu Ju Ching-lan, Mr. Dick Tat-sang Chiu, Mr. David Tat-cheong Chiu, Mr. Dennis Tat-shing Chiu, Mr. Duncan Chiu; independent non-executive directors namely Mr. Ho-fai Ma, Mr. Shing-hing Ip and alternate directors namely Mr. Chi-hing Chan (alternate director to Mr. Deacon Te-ken Chiu) and Sung-ki Tang (alternate director to Mr. Desmond Chiu).