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If you have sold all your shares in Sun Hung Kai & Co. Limited, you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.



新鴻基有限公司

SUN HUNG KAI & CO. LIMITED

(Incorporated in Hong Kong with limited liability)

**PROPOSALS FOR GENERAL MANDATES
TO ISSUE SECURITIES AND REPURCHASE SHARES
AND AMENDMENTS OF THE ARTICLES OF ASSOCIATION**

A notice convening the Extraordinary General Meeting to be held at Plaza V, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Thursday, 5 June, 2003 at 10:15 a.m. or immediately after the closing of the Annual General Meeting to be held on the same day and place at 10:00 a.m. is set out on pages 10 to 23 of this circular. Whether or not you are able to attend the Extraordinary General Meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrars, Secretaries Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the meeting or any adjourned meeting if they so wish.

22 April, 2003

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DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held on Thursday, 5 June, 2003 at 10:00 a.m. at Plaza V, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong
“Articles of Association”	the articles of association of the Company adopted on 7 May, 1990 (as amended)
“Companies Ordinance”	the Companies Ordinance (Cap. 32 of the Laws of Hong Kong)
“Company”	Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held on Thursday, 5 June, 2003 at 10:15 a.m. or immediately after the closing of the Annual General Meeting to be held on the same day and place
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	16 April, 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	share(s) of HK\$0.20 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“summary financial report”	has the meanings ascribed to it in the Companies Ordinance

LETTER FROM THE CHAIRMAN



新鴻基有限公司

SUN HUNG KAI & CO. LIMITED

(Incorporated in Hong Kong with limited liability)

Executive Directors:

- * David Hui Yip Wing (*Deputy Chairman and CEO*)
- * Lee Seng Huang
- Patrick Lee Seng Wei

Registered office:

Level 12, One Pacific Place,
88 Queensway,
Hong Kong

Non-Executive Directors:

Arthur George Dew (*Chairman*)
Sir Gordon Macwhinnie

Independent Non-Executive Directors:

David Craig Bartlett
Peter Wong Man Kong

* *Members of the Executive Committee*

22 April, 2003

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR GENERAL MANDATES
TO ISSUE SECURITIES AND REPURCHASE SHARES
AND AMENDMENTS OF THE ARTICLES OF ASSOCIATION**

INTRODUCTION

At the annual general meeting of the Company held on 31 May, 2002, general mandates were granted to the Directors (i) to allot, issue or otherwise deal with additional Shares or convertible securities up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company as at 31 May, 2002 (being the date of passing of the resolution); (ii) to repurchase, on the Stock Exchange, securities of the Company up to a maximum of 10% of the aggregate nominal amount of the relevant class of securities of the Company in issue as at 31 May, 2002 (being the date of passing of the resolution); and (iii) to add such securities repurchased pursuant to the aforesaid mandate under (ii) to the general mandate under (i) granted on 31 May, 2002 to the Directors to allot, issue or otherwise deal with additional securities of the Company.

LETTER FROM THE CHAIRMAN

The above general mandates will expire at the conclusion of the Annual General Meeting. The Directors consider that it is in the interests of the Company and the Shareholders that the Directors shall continue to be granted these general mandates (i) to allot, issue or otherwise deal with additional Shares or securities convertible into Shares, or options, warrants or similar rights to subscribe for Shares, and to make or grant offers, agreements or options which might require the exercise of such powers; (ii) to repurchase Shares; and (iii) to extend the general mandate to issue Shares by adding to it the aggregate nominal amount of such Shares repurchased under the repurchase mandate.

The purpose of this circular is to provide the Shareholders with information reasonably necessary to enable them to make an informed decision on whether to vote for or against the resolutions to be proposed at the Extraordinary General Meeting.

GENERAL MANDATE TO ISSUE SECURITIES

At the Extraordinary General Meeting, an ordinary resolution as set out in Resolution 1 of the notice of the Extraordinary General Meeting will be proposed, inter alia, to grant to the Directors a general mandate to allot, issue and deal with other than by way of rights, Shares or securities convertible into Shares, or options, warrants or similar rights to subscribe for Shares, and to make or grant offers, agreements or options which might require the exercise of such powers, with an aggregate nominal value of not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the resolution. Such mandate will give the Directors greater flexibility to issue securities when it is in the interests of the Company.

GENERAL MANDATE TO REPURCHASE SHARES

Under the Companies Ordinance and the Listing Rules, listed companies are allowed to repurchase their own issued shares. Any shares so purchased shall be cancelled, and such purchases are subject to measures for the protection and fair treatment of shareholders and creditors of the company, as laid down in the Companies Ordinance, the Code on Share Repurchases issued by the Securities and Futures Commission, and the Listing Rules. The Articles of Association also permit such share repurchases. The Directors consider that these provisions increase the flexibility in the conduct of the Company's affairs in the interests of the Shareholders, and that the appropriate arrangements shall continue to be adopted by the Company.

At the Extraordinary General Meeting, an ordinary resolution will be proposed that the Directors be given a general mandate to exercise all powers of the Company to repurchase Shares subject to the criteria set out in this circular. Shareholders should note that the maximum number of Shares that may be repurchased pursuant to the mandate as set out in Resolution 2 of the notice of the Extraordinary General Meeting will be such number of Shares representing up to 10% of the aggregate nominal amount of the issued share capital of the Company as at

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the date of the resolution. A resolution authorising the extension of the general mandate to the Directors to issue Shares to include the aggregate nominal amount of such Shares (if any) repurchased under the mandate is to be proposed as Resolution 3 at the Extraordinary General Meeting.

The Appendix to this circular contains the explanatory statement required by the Listing Rules to be sent to Shareholders together with the notice of the Extraordinary General Meeting at which a share repurchase mandate will be proposed for the consideration and approval of the Shareholders.

AMENDMENTS OF THE ARTICLES OF ASSOCIATION

Pursuant to the Companies (Amendment) Ordinance 2001, the Companies Ordinance was amended to permit listed companies to offer to their shareholders a chance to elect to receive summary financial reports in place of complete annual reports and accounts, and the choice to receive copies of either complete annual reports and accounts or the summary financial reports by electronic means if the constitutional documents permit the same. Summary financial report will give a summary of the information and particulars contained in the complete annual report and accounts.

The Listing Rules had also been amended to permit listed companies to distribute summary financial reports instead of complete annual reports and accounts provided that they have complied with provisions no less onerous than the relevant provisions under the Companies Ordinance and Companies (Summary Financial Reports of Listed Companies) Regulation. The Listing Rules also permit listed companies to send or otherwise make available corporate communications to their shareholders, with such shareholders' express consent, by electronic means provided that the listed companies have complied with the applicable laws and their own constitutional documents. Corporate communications may also be made available to shareholders in English or Chinese under the Listing Rules provided that the listed companies have again complied with the relevant laws and its constitutional documents and have made adequate arrangement to ascertain the wishes of the shareholders with regard to their choice of language.

The Directors propose to amend the Articles of Association to permit the Company to take advantage of the amended legislation and the Listing Rules which will enable the Company to offer to the Shareholders the choice to receive either a complete annual report and accounts or summary financial report, the choice to forego the receipt of a printed copy in favour of the electronic form or relying on the versions of those documents published on the Company's website, and the choice of the language version of corporate communications. A special resolution will be proposed at the Extraordinary General Meeting to approve necessary amendments to the Articles of Association to cater for distribution of summary financial reports, corporate communications by electronic means and choice of language version, as well as other changes to update the provisions of the Articles of Association. If the proposed

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special resolution is carried in the Extraordinary General Meeting, the Directors will take all necessary measures in due course by, including but not limited to, issuing circular(s) to the Shareholders to invite them to make their elections.

Details of the proposed amendments to the Articles of Association are set out in Resolution 4 in the notice of the Extraordinary General Meeting on page 12 of this circular. Amongst these proposed amendments,

- (i) amendments to Article 2 under Resolution 4(iii), (v) and (vi) on page 13 and amendment to the original Article 162 which is to be renumbered as Article 164 under Resolution 4(xxix) on page 19 are relating to distribution of summary financial reports;
- (ii) amendment to the original Article 166 which is to be renumbered as Article 168 under Resolution 4(xxxi) on page 20, amendments to the original Articles 168 and 169 which are to be renumbered as Articles 170 and 171 respectively under Resolution 4(xxxiii) on pages 21 and 22 are to deal with corporate communications by electronic means;
- (iii) addition of a new sub-paragraph (b) to the original Article 172 which is to be renumbered as Article 174(a) under Resolution 4(xxxvi) on page 22 is to permit corporate communications in either English language or Chinese language or in both the English language and Chinese language;
- (iv) the remaining proposed amendments are to update or make clear certain provisions of the Articles of Association, including but not limited to,
 - (aa) updating of definition of recognized clearing house in Articles 2 and 89(a) as a result of the repeal of the Securities (Clearing House) Ordinance and the commencement of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
 - (bb) expressly permitting a Director to act in a professional capacity other than as an auditor in Article 100;
 - (cc) permitting in Article 124 to give notice of board meeting by e-mail or other communication equipment;
 - (dd) clarifying the participation rights in dividend of shares allotted as scrip dividend in Article 148(b)(i); and
 - (ee) adding new Articles 158 to 160 to deal with uncashed dividend warrants and power to sell shares of untraceable members, as well as distribution of realized capital profits.

LETTER FROM THE CHAIRMAN

The Directors believe that if the Company is permitted to issue summary financial reports in place of complete annual reports and accounts, and is permitted to distribute corporate communications by electronic means, there may be some savings in the costs spent in printing and distribution.

THE EXTRAORDINARY GENERAL MEETING

You will find a notice convening the Extraordinary General Meeting to be held at Plaza V, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Thursday, 5 June, 2003 at 10:15 a.m. or immediately after the closing of the Annual General Meeting to be held on the same day and place. Resolutions in respect of the general mandates and amendments to the Articles of Association as referred to above will be proposed at the Extraordinary General Meeting.

A proxy form for use at the Extraordinary General Meeting is enclosed. Whether or not you are able to attend, please complete and return the proxy form to the share registrars of the Company, Secretaries Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible, and in any event so as to arrive not less than 48 hours before the time fixed for the Extraordinary General Meeting. Completion and return of the proxy form will not preclude you from attending and voting in person at the Extraordinary General Meeting should you so wish.

RECOMMENDATION

The Directors consider that the grant of general mandates to issue securities and repurchase Shares, and to add the aggregate nominal amount of Shares that may be repurchased to the aggregate nominal amount of the Shares that may be allotted pursuant to the general mandate to issue securities, and the amendments of the Articles of Association are each in the best interests of the Company, and accordingly, recommend all Shareholders to vote in favour of the resolutions to be proposed at the Extraordinary General Meeting.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular. The English text of this circular shall prevail over the Chinese text.

Yours faithfully,
Arthur George Dew
Chairman

This Appendix contains the particulars that are required by the Listing Rules to be included in an explanatory statement to enable the Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the Extraordinary General Meeting in relation to the proposed repurchase mandate.

(a) Share Capital

As at 16 April, 2003 (being the Latest Practicable Date), the issued share capital of the Company was 1,248,911,156 fully paid-up ordinary shares of HK\$0.20 each. Subject to the passing of the relevant resolution at the Extraordinary General Meeting and on the basis that no further Shares are issued prior to the Extraordinary General Meeting, the Company will be allowed under the general mandate to repurchase on the Stock Exchange a maximum of 124,891,115 Shares.

(b) Shareholders' Approval

The Listing Rules require that:

- (1) all repurchases of shares must be approved by the shareholders in advance by means of an ordinary resolution either by way of a general mandate or by a specific approval in relation to specific transactions; and
- (2) an explanatory statement must be sent to all shareholders in connection with the repurchase of shares (at the same time as the notice of the relevant shareholders' meeting) to enable the shareholders to make a decision in voting for or against the proposed resolution.

(c) Reason for the Repurchase

Depending on market conditions and funding arrangements at the time, repurchases of Shares may lead to an enhancement of the net assets and/or earnings per share and will only be made when the Directors believe that a repurchase of Shares will benefit the Company and the Shareholders.

(d) Effect of the Codes

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 for the purpose of Rule 32 of the Hong Kong Codes on Takeovers and Mergers and Share Repurchases ("Codes"). As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and, depending on the level of increase of the Shareholder's interest, may become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Codes.

As at 16 April, 2003 (being the Latest Practicable Date), Allied Properties (H.K.) Limited (“AP”) indirectly through its wholly-owned subsidiaries, held 927,694,892 Shares according to the register maintained under section 336(1) of the Securities and Futures Ordinance, representing approximately 74.28% of the issued share capital of the Company. Based on such interest and in the event that the Directors exercise in full the power to repurchase Shares under the repurchase mandate, the interest of AP would be increased to approximately 82.53% of the issued share capital of the Company. The Directors are not aware of any consequences which may arise under the Codes as a result of any repurchases of Shares made under the repurchase mandate. In the event that the mandate to repurchase Shares is exercised in full, the number of Shares of the Company held by the public would fall below 25% of the total number of Shares in issue. The Directors have no intention to repurchase Shares to such an extent which will result in the number of the Shares held by the public being reduced to less than 25%.

(e) Source of Funds

Repurchases must be financed out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association of the Company and the Companies Ordinance. Such funds include but not limited to profits available for distribution.

- (f)** The Directors have undertaken to the Stock Exchange that they will exercise the share repurchase mandate in accordance with the Listing Rules and the applicable laws of Hong Kong.
- (g)** The Directors anticipate that the repurchase of Shares equivalent to 10% of the total issued share capital under the repurchase mandate to be granted on 5 June, 2003 may have an adverse effect on the working capital and gearing level of the Company. However, the Directors do not propose to exercise the repurchase mandate 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.
- (h)** None of the Directors, to the best of their knowledge having made all reasonable enquiries, nor their associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company or its subsidiaries if the repurchase mandate is exercised by the Company.

No other connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell any Shares held by them to the Company or have undertaken not to sell any of the Shares to the Company in the event that the Company is authorised to make repurchases of the Shares.

- (i) The highest and lowest prices of the Company's Shares in each of the past twelve months were as follows:

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2002		
April	1.23	1.10
May	1.25	1.16
June	1.17	1.00
July	1.06	0.93
August	1.04	0.86
September	1.06	0.68
October	1.02	0.88
November	1.10	0.86
December	1.09	1.03
2003		
January	1.07	1.00
February	1.13	0.95
March	1.00	0.84

(j) **Repurchase of Shares**

A total of 255,234,309 Shares had been repurchased by the Company at a price of HK\$1.30 per Share (HK\$0.30 in cash and HK\$1.00 in loan note) during the last six months pursuant to the conditional offer made under the offer document dated 16 January, 2003 of the Company.

In addition, the Shares repurchased by the Company on the Stock Exchange during the last six months up to and including the Latest Practicable Date are as follows:

Date of Repurchases	No. of Shares Repurchased	Purchase Price	
		Highest <i>HK\$</i>	Lowest <i>HK\$</i>
9 April, 2003	8,000	0.95	–
10 April, 2003	30,000	0.95	0.90
11 April, 2003	40,000	0.96	0.95

NOTICE OF THE EXTRAORDINARY GENERAL MEETING



新鴻基有限公司

SUN HUNG KAI & CO. LIMITED

(Incorporated in Hong Kong with limited liability)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Sun Hung Kai & Co. Limited (the “Company”) will be held at Plaza V, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Thursday, 5 June, 2003 at 10:15 a.m. or immediately after the closing of the annual general meeting of the Company to be held on the same date and place for the purpose of considering and, if thought fit, passing with or without modification the following resolutions:

AS ORDINARY RESOLUTIONS

1. **“THAT:**

- (a) subject to paragraph (c) of this Resolution, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with additional shares or securities convertible into shares, or options, warrants or similar rights to subscribe for any shares, and to make or grant offers, agreements or options which would or might require the exercise of such powers, be and is hereby generally and unconditionally approved;
- (b) the approval given in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements or options which would or might require the exercise of such powers 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 pursuant to the approval given in paragraph (a) of this Resolution, otherwise than pursuant to:
 - (i) a Rights Issue (as hereinafter defined);
 - (ii) the exercise of rights of subscription or conversion attaching to any warrants issued by the Company or any securities which are convertible into shares;

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

- (iii) any scrip dividends or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares pursuant to the Articles of Association of the Company from time to time; or
- (iv) the exercise of any option scheme or similar arrangement for the time being adopted for the grant or issue to the officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares in the Company;

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

- (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 the articles of association of the Company or any applicable laws to be held; and
 - (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting; and
- (e) for the purpose of this Resolution, ‘Rights Issue’ means the allotment, issue or grant of shares pursuant to an offer of shares open for a period fixed by the Directors to holders of shares of the Company whose names stand on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares at that date (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 applicable to the Company).”

2. **“THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

of Hong Kong and the Stock Exchange or otherwise, subject to and in accordance with all applicable laws and regulations, be and is hereby generally and unconditionally approved;

- (b) the aggregate nominal amount of Shares to be repurchased by the Company pursuant to paragraph (a) of this Resolution during the Relevant Period 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; and the approval granted under paragraph (a) of this Resolution 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 of the Company is required by the articles of association of the Company or any applicable laws to be held; and
 - (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

3. **“THAT** conditional upon the passing of Resolutions 1 and 2 as set out in the notice convening the Meeting, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue or otherwise deal with additional shares pursuant to Resolution 1 as set out in the notice convening the Meeting be and is hereby extended by the addition thereto an amount representing the aggregate nominal amount of the shares of the Company repurchased by the Company under the authority granted pursuant to Resolution 2 as set out in the notice convening the Meeting, 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 Resolution 2.”

AS SPECIAL RESOLUTION

4. **“THAT** the articles of association of the Company be amended as follows:
- (i) replacing the definition “the Chairman” in Article 2 by the following:

“the Chairman” shall mean the chairman presiding at any meeting of members or any meeting of the Board;’;

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

- (ii) adding the following definition immediately after the definition “the Chairman” in Article 2:

““Clearing House” shall mean a recognised clearing house within the meaning of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);”;

- (iii) adding the following definitions immediately after the definition of “dollars” in Article 2:

““electronic communication” shall mean a communication sent by electronic transmission in any form through any medium;

“Entitled Person” shall mean an “entitled person” as defined under Section 2(1) of the Companies Ordinance;

“Listing Rules” shall mean the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;”;

- (iv) adding the words ‘for Administration’ immediately after the last word in the definition of “newspaper” in Article 2;

- (v) adding the following definition immediately after the definition of “the register” in Article 2:

““relevant financial documents” shall mean the “relevant financial documents” as defined under section 2(1) of the Companies Ordinance;”;

- (vi) adding the following definition immediately after the definition of “shareholders” or “members” in Article 2:

““summary financial report” shall mean the “summary financial report” as defined under section 2(1) of the Companies Ordinance;”;

- (vii) adding the following words immediately after the last word of Article 3(b):

‘and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such new warrant’;

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

- (viii) replacing the words ‘(or such higher amount as may from time to time be permitted under the rules prescribed by The Stock Exchange of Hong Kong Limited)’ in Articles 15, 19 and 39(a) by the following:

‘(or such other amount not exceeding the maximum amount prescribed or permitted by The Stock Exchange of Hong Kong Limited)’;

- (ix) adding the words ‘Subject to the legislation,’ in front of the first word of Article 43 and change the first word ‘The’ into ‘the’;
- (x) replacing the words ‘death or bankruptcy’ in Articles 45 and 47 by the words ‘death, bankruptcy or winding up’;
- (xi) replacing the word ‘previously’ by the word ‘prior’ in Article 59;
- (xii) replacing the word ‘Chairman’ appearing in the first three occasions in Article 71 by the word ‘chairman’;
- (xiii) deleting the words ‘and have for every partly paid share of which he is the holder the fraction of one vote equal to the proportion which the nominal amount due and paid up thereon bears to the nominal value of the share’ and adding the following sentence at the end of Article 78:

‘Notwithstanding anything contrary in these Articles, where more than one proxy is appointed by a member which is a Clearing House (or its nominee), each such proxy shall have one vote on a show of hands.’;

- (xiv) replacing the words ‘office of the Company’ with the following words in Article 81:

‘registered office of the Company or such other place as is specified in accordance with these Articles for the deposit of instruments of proxy’;

- (xv) adding the following sentence at the end of Article 89(a): ‘References in these Articles to a member present in person at a meeting shall, unless the context otherwise requires, includes a corporation which is a member represented at the meeting by such duly authorized representatives.’; and

replacing the words ‘a recognised clearing house within the meaning of section 2 of the Securities (Clearing House) Ordinance (Chapter 420 of the Laws of Hong Kong)’ and the words ‘recognised clearing house’ by the words ‘the Clearing House’ in Article 89(b);

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

(xvi) adding the following words immediately after the last word of Article 92:

‘, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting’;

(xvii) adding the words ‘lunatic or’ before the words ‘of unsound mind’ in sub-paragraph (ii) of Article 99(a);

(xviii) adding a sub-paragraph after sub-paragraph (vii) of Article 99(a):

‘(viii) If he shall be removed from office by a special resolution of the Company under Article 107.’;

(xix) adding the following sub-paragraphs after the sub-paragraph (k) of Article 100:

‘(l) Any Director may act by himself or by his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as Auditor to the Company.

(m) The Company may by ordinary resolution ratify any transaction not duly authorised by reason of a contravention of this Article provided that no Director who is materially interested in such transaction, together with any of his associates, shall vote upon such ordinary resolution in respect of any shares in the Company in which he is interested.’;

(xx) adding the words ‘by ordinary resolution’ immediately after the words ‘may elect another person’ in Article 107;

(xxi) replacing the words ‘their meetings’ in Article 122 by the words ‘the Board’, and the word ‘Chairman’ by the word ‘chairman’ whenever it appears (except for the word ‘Chairman’ last appears) in the same Article;

(xxii) replacing the first two sentences in Article 124 by the following:

‘A Director may, and on request of a Director or the Secretary shall, at any time summon a meeting of the Board. Notice thereof shall be given to each Director either in writing or by telephone or by telex or telegram or e-mail or other communication equipment at the address or facsimile number or email address from time to time notified to the Company by such Director or in such other manner as the Board may from time to time determine.’;

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

- (xxiii) replacing the words ‘A resolution in writing signed by all the Directors in Hong Kong except such as are temporarily unable to act through ill-health or disability,’ in Article 132 by the words ‘A resolution in writing signed by all the Directors except such as are absent from Hong Kong or temporarily unable to act through ill-health or disability,’;
- (xxiv) adding the words ‘with or without offering any rights to shareholders to elect to receive such dividend in cash’ immediately after the words ‘or in any one or more of such ways,’ and the words ‘and may determine that fractional entitlements shall be aggregated and sold and the benefit shall accrue to the Company rather than to the shareholders concerned’ immediately after the words ‘in order to adjust the rights of all parties,’ in Article 147;
- (xxv) adding the words ‘or share premium account’ immediately after the words ‘to the credit of any reserve or reserves’ in sub-paragraph (dd) in Article 148(a)(i) and (ii);
- (xxvi) replacing the entire Article 148(b)(i) with the following:
- ‘(i) The shares allotted pursuant to the provisions of paragraph (a) shall rank *pari passu* in all respects with the shares of the same class (if any) then in issue save only as regards participation:
- (aa) in the relevant dividend (or the right to receive or to elect to receive an allotment of shares in lieu thereof as aforesaid);
- (bb) in any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneously with the payment or declaration of the relevant dividend

unless, contemporaneously with the announcement by the Board of its proposal to apply the provisions of sub-paragraph (i) or (ii) of paragraph (a) of this Article in relation to the relevant dividend or contemporaneously with the announcement of the distribution, bonus or rights in question, the Board shall specify that the shares to be allotted pursuant to the provisions of paragraph (a) of this Article shall rank for participation in such distribution, bonus or rights.’;

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(xxvii) deleting Article 158 and adding the following Articles immediately after Article 157:

‘Untraceable Members

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|---|--|
| 158. Without prejudice to the rights of the Company under Article 156 and the provisions of Article 159, the Company may cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. | Company may cease sending dividend warrants |
| 159. The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a member who is untraceable, but no such sale shall be made unless:

(i) all cheques or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorised by the Articles of the Company have remained uncashed;

(ii) so far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy, winding up or operation of law; and

(iii) the Company has caused an advertisement to be inserted in an English language newspaper and a Chinese language newspaper giving notice of its intention to sell such shares and has notified The Stock Exchange of Hong Kong Limited of such intention and a period of three months has elapsed since the date of such advertisement. | Company may sell shares of untraceable members |

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For the purpose of the foregoing, “relevant period” means the period commencing twelve years before the date of publication of the advertisement referred to in paragraph (iii) of this Article and ending at the expiry of the period referred to in that paragraph.

To give effect to any such sale the Board may authorise any person to transfer the said shares and the instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such shares, and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale will belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds. No trust shall be created in respect of such debt and no interest shall be payable in respect of it and the Company shall not be required to account for any money earned from the net proceeds which may be employed in the business of the Company or as it thinks fit. Any sale under this Article shall be valid and effective notwithstanding that the member holding the shares sold is dead, bankrupt, wound up or otherwise under any legal disability or incapacity.

Distribution of Realized Capital Profits

160. The Company in general meeting may at any time and from time to time resolve that any surplus moneys in the hands of the Company representing capital profits arising from moneys received or recovered in respect of or arising from the realization of any capital assets of the Company or any investments representing the same and not required for the payment or provision of any fixed preferential dividend instead of being applied in the purchase of any other capital assets or for other capital purposes be distributed amongst the shareholders on the footing that they receive the same as capital and in the

Distribution
of realized
capital profits

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share and proportion in which they would have been entitled to receive the same if it had been distributed by way of dividend, provided that no such profits as aforesaid shall be so distributed unless there shall remain in the hands of the Company a sufficiency of other assets to answer in full the whole of the liabilities and paid-up share capital of the Company for the time being.’;

(xxviii) renumbering the original Articles 159 to 161 to Articles 161 to 163 respectively;

(xxix) replacing the entire original Article 162 by the following and renumbering it to Article 164:

‘164(a) The Board shall from time to time in accordance with the provisions of the Companies Ordinance cause to be prepared and laid before the Company at its annual general meeting the relevant financial documents. Sending relevant financial documents or summary financial report annually

(b) Subject to paragraph (c) below, the Company shall send to every Entitled Person a copy of the relevant financial documents or (subject to compliance with the relevant provisions of the Companies Ordinance and the Listing Rules) the summary financial report not less than twenty-one days before the date of the annual general meeting before which the relevant financial documents shall be laid.

(c) Where any Entitled Person (“Consenting Person”) has, in accordance with the Companies Ordinance and the Listing Rules and any applicable laws, rules and regulations, consented or is deemed to have consented to treat the publication of the relevant financial documents and/or the summary financial report (as the case may be) on the Company’s computer network to which such person may have access as discharging the Company’s obligation under the Companies Ordinance to send a copy of the relevant financial documents and/or the summary financial report (as the case may be) to such person, then the publication by the Company on its computer network of the

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

relevant financial documents and/or the summary financial report (as the case may be) not less than twenty-one days before the date of the relevant annual general meeting shall, in relation to such Consenting Person, be deemed to discharge the Company's obligations under paragraph (b) of this Article.';

(xxx) renumbering the original Articles 163 to 165 to Articles 165 to 167 respectively;

(xxx) replacing the entire original Article 166 with the following Article and renumbering it to Article 168:

'168. Any notice or document to be given or issued under these Articles shall be in writing, except that any such notice or document to be given or issued by or on behalf of the Company under these Articles (including any "corporate communication" within the meaning ascribed thereto in the Listing Rules) shall be in writing which may or may not be in a transitory form and may be recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form (including an electronic communication and publication on a computer network) whether have physical substance or not and may be served or delivered by the Company by any of the following means subject to and to such extent permitted by and in accordance with the Companies Ordinance, the Listing Rules and any applicable laws, rules and regulations:

Service of
notices

- (a) personally;
- (b) by sending it through the post in a properly prepaid letter, envelope or wrapper addressed to a member at his registered address as appearing in the register (in case of an Entitled Person, to such address as he may provide);
- (c) by delivering or leaving it at such address as aforesaid;
- (d) by advertisement in an English language newspaper and a Chinese language newspaper in Hong Kong;

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

- (e) by transmitting it as an electronic communication to the Entitled Person at his electronic address as he may provide; or
- (f) by publishing it on the Company's computer network, giving access to such network to the Entitled Person and giving to such person a notice of publication of such notice or document.

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 sufficient notice to all the joint holders.';

(xxxii) renumbering the original Article 167 to Article 169;

(xxxiii) replacing the entire original Articles 168 and 169 by the following Articles and renumbering them to Articles 170 and 171 respectively:

'170. Any notice or document (including any "corporate communication" within the meaning ascribed thereto in the Listing Rules) given or issued by or on behalf of the Company:

When notice
deemed to be
served

- (a) if sent by post, shall be deemed to have been served on the day following that on which the envelope or wrapper containing the same is put into a post office situated within Hong Kong and in proving such service it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly prepaid (and in the case of any address outside Hong Kong where airmail service can be extended thereto airmail postage prepaid), addressed and put into such post office and a certificate in writing signed by the Secretary or other person appointed by the Board that the envelope or wrapper containing the notice or document was so properly prepaid, addressed and put into such post office shall be conclusive evidence thereof;

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

- (b) if sent as an electronic communication, shall be deemed to have been served at the time when the notice or document is transmitted electronically provided that no notification that the electronic communication has not reached its recipient has been received by the sender, except that any failure in transmission beyond the sender's control shall not invalidate the effectiveness of the notice or document being served; and
- (c) if published on the Company's computer network, shall be deemed to have been served 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 and the notice of such publication is given to such person.

171. A notice or document may be given by or on behalf of the Company to the person entitled to a share in consequence of the death, mental disorder or bankruptcy of a member in such manner as provided in Article 168 in which the same might have been given if the death, mental disorder or bankruptcy had not occurred.';

Service of notice to persons entitled on death, mental disorder or bankruptcy of a member

(xxxiv) renumbering the original Article 170 to Article 172;

(xxxv) renumbering the original Article 171 to Article 173 and replacing the words 'by post or left at the registered address of any member' by the words 'in such manner as provided in Article 168';

(xxxvi) renumbering the original Article 172 to Article 174(a) and adding immediately thereafter the following sub-paragraph:

'(b) Subject to any applicable laws, rules and regulations, any notice or document, including but not limited to the documents referred to in Article 164 and any "corporate communication" within the meaning ascribed thereto in the Listing Rules, may be given in either the English language or the Chinese language only or in both the English language and the Chinese language.';

Notices, corporate communications in English or Chinese or both languages

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

(xxxvii) renumbering the original Articles 173 to 175 to Articles 175 to 177 respectively and adding the following as new Article 178:

‘178. If the Company shall be wound up, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital paid up on the shares held by them respectively, and if such surplus assets shall be insufficient to repay the whole of the paid up capital, they shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them respectively, but all subject to the rights of any shares which may be issued on special terms or conditions.’;

Distribution of surplus assets in winding up

(xxxviii) renumbering the original Articles 176 and 177 to Articles 179 and 180 respectively.

By Order of the Board
Hester Wong Lam Chun
Company Secretary

22 April, 2003

Notes:

1. The register of members of the Company will be closed from 31 May, 2003 to 5 June, 2003, both days inclusive, during which period no transfer of shares will be registered. Shareholders whose name appear on the register of members of the Company on 5 June, 2003 will be entitled to attend and vote at the Extraordinary General Meeting.
2. The general purpose of the authority to be conferred on the Directors by Resolution 2 above is to increase flexibility and to provide discretion to the Directors in the event that it becomes desirable to repurchase Shares representing up to a maximum of 10% of the issued share capital of the Company at the date of the passing of the resolution.
3. Concerning Resolution 1 above, the directors wish to state that in respect of this general mandate, they have no immediate plans to issue any new securities of the Company; approval is being sought from members as a general mandate, in compliance with the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, in order to ensure flexibility and discretion to the Directors in the event that it becomes desirable to issue any securities of the Company up to 20% of the existing issued share capital.
4. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote in his stead. A proxy need not be a member of the Company. 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 notarially certified copy of such power or authority must be deposited at the office of the Company's share registrars, Secretaries Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time fixed for the meeting.