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If you have sold all your shares in **MELBOURNE ENTERPRISES LIMITED**, you should at once hand this circular and the accompanying proxy form to the purchaser or to the bank, the licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser.

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萬邦投資有限公司
MELBOURNE ENTERPRISES LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 158)

**PROPOSALS INVOLVING
GENERAL MANDATE TO ISSUE SHARES,
AMENDMENTS TO EXISTING ARTICLES OF ASSOCIATION
AND RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of Melbourne Enterprises Limited (the "Company") to be held at Tsui Hang Village Restaurant, 2/F., New World Tower, 18 Queen's Road Central, Hong Kong on Friday, 28 January 2005 at 3:00 p.m. is set out on pages 9 to 26 of this circular. Whether or not you propose 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 Room 2102-4, Melbourne Plaza, 33 Queen's Road Central, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting or the adjourned meeting (as the case may be). Completion and return of a proxy form will not preclude shareholders from attending and voting at the annual general meeting if they so wish.

5 January 2005

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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 Tsui Hang Village Restaurant, 2/F., New World Tower, 18 Queen’s Road Central, Hong Kong on Friday, 28 January 2005 at 3:00 p.m.
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Melbourne Enterprises Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance
“Directors”	directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Latest Practicable Date”	31 December 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	fully paid-up share(s) of HK\$5.00 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE CHAIRMAN



萬邦投資有限公司
MELBOURNE ENTERPRISES LIMITED

(incorporated in Hong Kong with limited liability)

Directors:

Executive Directors:

Dato' Dr. CHENG Yu Tung (*Chairman*)

CHUNG Ming Fai

CHUNG Yin Shu, Frederick

Registered Office:

Room 2102-04,

Melbourne Plaza,

33 Queen's Road Central,

Hong Kong.

Non-executive Directors:

Dr. FONG Yun Wah, S.B.S., J.P.*

YUEN Pak Yiu, Philip*

CHUNG Wai Shu, Robert

LO Pak Shiu*

YUEN Sik Ming, Patrick*

** Independent Non-executive Director*

5 January 2005

To the shareholders,

Dear Sir or Madam,

**PROPOSALS INVOLVING
GENERAL MANDATE TO ISSUE SHARES,
AMENDMENTS TO EXISTING ARTICLES OF ASSOCIATION,
AND RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

At the annual general meeting of the Company held on 6 February 2004, general mandate was given to the Directors to exercise the powers of the Company to issue new Shares. Such mandate will lapse at the conclusion of the Annual General Meeting. The Listing Rules have also

LETTER FROM THE CHAIRMAN

been amended which require certain changes to be made to the articles of association of listed companies. Ordinary resolution and special resolution will therefore be proposed at the Annual General Meeting to renew the general mandate to issue new Shares and to amend the Articles of Association of the Company.

GENERAL MANDATE TO ISSUE SHARES

It will be proposed at the Annual General Meeting an ordinary resolution 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 the resolution.

AMENDMENTS TO EXISTING ARTICLES OF ASSOCIATION

In addition, a special resolution will be proposed at the Annual General Meeting to approve certain amendments to the existing Articles of Association of the Company.

The SFO came into effect on 1 April 2003 and the Companies (Amendment) Ordinance 2003 came into operation on 13 February 2004. In addition, the Stock Exchange has announced certain amendments to the Listing Rules which subject to certain transitional arrangements came into effect on 31 March 2004.

In the circumstances, in order to comply with the aforesaid new requirements and to bring the Articles of Association of the Company up to date and in line with the current practice in Hong Kong, it is also proposed at the Annual General Meeting to amend the Articles of Association by special resolution as set out in the notice convening the Annual General Meeting. A brief background to the proposed amendments to the existing Articles of Association of the Company is set out as follows:

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|--------------------------------|--|
| (a) Article 2 | To amend existing definitions and provide additional definitions for certain terms for the purpose of clarification. |
| (b) Article 3 | To be consistent with the provisions of Appendix 3 of the Listing Rules which stipulates that where the Company has the power to purchase for redemption a redeemable shares, i) purchases not made through the market or by tender shall be limited to a maximum price; and ii) if purchases are by tender, tenders shall be available to all shareholders alike. |
| (c) Articles 16, 20, 40 and 43 | To stipulate the time limit for issuance of share certificates in accordance with the Listing Rules and the Companies Ordinance and to revise those provisions on the amount payable for new share certificates, replacement of share certificates and registration of instruments of transfer to the effect that such sum shall not exceed the maximum amount as may from time to time be prescribed by the Stock Exchange. |

LETTER FROM THE CHAIRMAN

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|-----------------------------|--|
| (d) Article 37 | To clarify that all transfer of shares may be effected by an instrument of transfer in the usual or common form or in such other form as prescribed by the Stock Exchange and to permit the Company to accept machine imprinted signatures on the instrument of transfer if the transferor or transferee is a clearing house or its nominee. |
| (e) Article 38 | To permit the Company to accept machine imprinted signatures on the instrument of transfer. |
| (f) Article 74 | To reflect the requirement of voting by poll under the Listing Rules. |
| (g) Article 84 | To reflect the restriction on voting by shareholders whom the Company has knowledge is restricted from voting, as required by the amended Appendix 3 of the Listing Rules. |
| (h) New Article 91A | To reflect the power and rights of authorized representative or proxy on behalf of a clearing house or a nominee of a clearing house being a member of the Company at any meeting of the Company. |
| (i) Article 95 | To clarify the liability of alternate director and his relationship with his appointing director in the light of the Companies (Amendment) Ordinance 2003. |
| (j) Articles 101(A) and 109 | To reflect the change of the method on removal of director by means of a special resolution and to substitute therefore an ordinary resolution in the light of the Companies (Amendment) Ordinance 2003. |
| (k) Article 102 | To be consistent with the provisions of the amended Appendix 3 of the Listing Rules so that subject to certain exceptions, a Director shall abstain from voting at the board meeting on any contract, arrangement or proposal in which he or any of his associates has a material interest nor shall be counted towards the quorum of the relevant board meeting and to clarify the conditions under which the Director may contract with the Company. |
| (l) Article 107 | To be consistent with the amended Appendix 3 of the Listing Rules which stipulates the minimum seven-day period for lodgment by a shareholder of the notice to nominate a director and the nomination shall commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven days before the date of such meeting. |
| (m) Article 167 | To permit the Company to deliver summary financial report in accordance with the Companies Ordinance and other applicable laws, rules and regulations. |

LETTER FROM THE CHAIRMAN

- (n) Articles 171 to 174, 176 and 177 To permit the Company to serve notice or document, in the English language only, in the Chinese language only or in both, to entitled persons personally, through the post or by means of advertisement in newspapers, electronic communication or computer network and to add provision for deemed services of such notice or document.
- (o) Article 183 To amend the provision for indemnity on the liability of the directors or other officers in the light of the Companies (Amendment) Ordinance 2003 and to extend the provision for indemnity to include the liability of every auditor.
- (p) New Article 184 To permit the Company to purchase liability insurance for any Director or other officer or auditors in the light of the Companies (Amendment) Ordinance 2003.

RE-ELECTION OF THE RETIRING DIRECTORS

As at 31 December 2004, the Latest Practicable Date, the Executive Directors of the Company are Dato' Dr. CHENG Yu Tung, Mr. CHUNG Ming Fai and Mr. CHUNG Yin Shu, Frederick; the Non-executive Director of the Company is Mr. CHUNG Wai Shu, Robert and the Independent Non-executive Directors of the Company are Dr. FONG Yun Wah, S.B.S., J.P., Mr. YUEN Pak Yiu, Philip, Mr. LO Pak Shiu and Mr. YUEN Sik Ming, Patrick.

Pursuant to Article 103(A) of the existing Articles of Association of the Company, Mr. CHUNG Yin Shu, Frederick and Mr. YUEN Pak Yiu, Philip shall retire from office and shall be eligible for re-election. Pursuant to Article 94 of the existing Articles of Association of the Company, Mr. YUEN Sik Ming, Patrick shall retire from office at the Annual General Meeting and shall be eligible for re-election. Details of the Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix hereto.

ANNUAL GENERAL MEETING

Set out on pages 9 to 26 of this circular is the notice convening the Annual General Meeting to be held at Tsui Hang Village Restaurant, 2/F., New World Tower, 18 Queen's Road Central, Hong Kong on Friday, 28 January 2005 at 3:00 p.m.

At the Annual General Meeting, resolutions will be proposed to the shareholders in respect of ordinary business to be considered at the Annual General Meeting, including the re-election of Directors, and special business to be considered at the Annual General Meeting, being the Ordinary Resolution proposed to approve the general mandate to issue new Shares and the Special Resolution proposed to approve the amendments to the existing Articles of Association.

LETTER FROM THE CHAIRMAN

ACTION TO BE TAKEN

A proxy form for use at the Annual General Meeting is enclosed herewith. 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 Room 2102-04, Melbourne Plaza, 33 Queen's Road Central, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting or the adjourned meeting (as the case may be). Completion and return of a proxy form will not prevent shareholders from attending and voting at the Annual General Meeting if they so wish.

RIGHT TO DEMAND A POLL

Pursuant to existing Article 74 of the Articles of Association of the Company, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

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

RECOMMENDATION

The Directors believe that the proposed general mandate for Directors to issue new Shares, the proposed amendments to the existing Articles of Association and the proposed re-election of the retiring Directors are all in the best interests of the Company and its shareholders. Accordingly, the Directors recommend that all shareholders should vote in favour of the resolutions to be proposed at the Annual General Meeting to give effect to them.

Yours faithfully,
For and on behalf of
Melbourne Enterprises Limited
Dato' Dr. CHENG Yu Tung
Chairman

Mr. CHUNG Yin Shu, Frederick

Mr. CHUNG Yin Shu, Frederick, aged 60, was appointed Executive Director of the Company in December 1967. He is also a director of Aik San Realty Limited, Fu Hop Investment Company Limited and Good Earning Investment Company Limited. Mr. CHUNG has not held any other directorships in listed public companies in the last three years.

There is no service contract between the Company and Mr. CHUNG. He has no fixed term of service with the Company but will be subject to rotational retirement and re-election requirements at annual general meeting pursuant to article 103(A) of the Articles of Association of the Company. There is no agreement on the amount of the remuneration payable to Mr. CHUNG. The director's fee of HK\$20,000.00 was paid to him during the year ended 30 September 2004 as determined by the Board of Directors under the authority granted by the shareholders at 2004 annual general meeting. For the year ended 30 September 2004, Mr. CHUNG also received remuneration of HK\$667,800.00 together with retirement benefit contributed by the Company of HK\$50,538.00. Mr. CHUNG is the son of Mr. CHUNG Ming Fai and brother of Mr. CHUNG Wai Shu, Robert. Save as disclosed above, Mr. CHUNG is and was not connected with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. CHUNG is interested in 1,875 shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. CHUNG has confirmed that there are no other matters that need to be brought to the attention of the shareholders in connection with his re-election.

Mr. YUEN Pak Yiu, Philip

Mr. YUEN Pak Yiu, Philip, aged 69, has been appointed Non-executive Director of the Company since December 1993. Mr. YUEN is a solicitor of The Supreme Court of Hong Kong and a senior partner of the firm of Yung, Yu, Yuen & Co. He has over 40 years' experience in legal practice in Hong Kong. Mr. YUEN is also a director of Henderson Investment Limited, Henderson China Holdings Limited, APT Satellite Holdings Limited, Hopson Development Holdings Limited, Venturepharm Laboratories Limited, which are companies listed on the Stock Exchange; Guangzhou Shipyard International Company Limited and Beiya Industrial (Group) Co., Ltd., which are companies listed in Shanghai; and Dragon Pharmaceuticals Incorporation, which is a company listed in USA. Save as disclosed above, Mr. YUEN has not held any other directorships in listed public companies in the last three years.

There is no service contract between the Company and Mr. YUEN. He has no fixed term of service with the Company but will be subject to rotational retirement and re-election requirements at annual general meeting pursuant to article 103(A) of the Articles of Association of the Company. There is no agreement on the amount of the remuneration payable to Mr. YUEN.

The director's fee of HK\$20,000.00 was paid to him during the year ended 30 September 2004 as determined by the board of Directors under the authority granted by the shareholders at 2004 annual general meeting. Mr. YUEN is and was not connected with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. YUEN does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. YUEN has confirmed that there are no other matters that need to be brought to the attention of the shareholders in connection with his re-election.

Mr. YUEN Sik Ming, Patrick

Mr. YUEN Sik Ming, Patrick, aged 47, was appointed as Independent Non-executive Director of the Company on 20 September 2004. Mr. YUEN is a Certified Public Accountant (Practising) and a fellow of Association of Chartered Certified Accountants. He has extensive experience in accounting and corporate finance and is currently a practising director of Kingston CPA Limited. Mr. YUEN is also a director of KTP Holdings Limited, a company listed on the Stock Exchange. Save as disclosed above, Mr. YUEN has not held any other directorships in listed public companies in the last three years.

There is no service contract between the Company and Mr. YUEN. He has no fixed term of service with the Company and will retire at the forthcoming annual general meeting of the Company pursuant to article 94 of the Articles of Association of the Company. Thereafter, he will be subject to rotational retirement and re-election requirements at annual general meeting pursuant to article 103(A) of the Articles of Association of the Company. There is no agreement on the amount of the remuneration payable to Mr. YUEN. Mr. YUEN is entitled to receive an annual director's fee of HK\$20,000.00. Mr. YUEN is and was not connected with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. YUEN does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. YUEN has confirmed that there are no other matters that need to be brought to the attention of the shareholders in connection with his re-election.

NOTICE OF ANNUAL GENERAL MEETING



萬邦投資有限公司
MELBOURNE ENTERPRISES LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 158)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting of Melbourne Enterprises Limited (the “Company”) will be held at Tsui Hang Village Restaurant, 2/F., New World Tower, 18 Queen’s Road Central, Hong Kong on Friday, 28 January 2005 at 3:00 p.m. for the following purposes:

1. To consider and adopt the audited Statement of Accounts and the Report of Directors and Auditors for the year ended 30 September 2004.
2. To declare a final dividend.
3. To re-elect Directors and authorise the board of Directors to fix their remuneration.
4. To re-appoint Joint Auditors and authorise the board of Directors to fix their remuneration.
5. As special business to consider and, if thought fit, pass with or without modifications, the following resolution as an Ordinary Resolution:

ORDINARY RESOLUTION

“THAT:

- (a) subject to paragraph (c) below and pursuant to Section 57B of the Companies Ordinance, the exercise by the directors of the Company (“Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$5.00 each in the capital of the Company (“Share(s)”) and to make or grant offers, agreements and options (including bonds, warrants 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;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) above shall authorise the board of Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants 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 board of Director pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), (ii) an issue of Shares as scrip dividends pursuant to the articles of association of the Company from time to time; (iii) an issue of Shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of Shares or rights to acquire the Shares; or (iv) an issue of Shares upon conversion by the bondholders of their bonds into shares of the Company in accordance with the terms and conditions of an issue of convertible guaranteed bonds by a special purpose subsidiary wholly owned by the Company, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as 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 the applicable laws of Hong Kong 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 board of Directors to the holders of Shares on the register of members of the Company 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 board of Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

NOTICE OF ANNUAL GENERAL MEETING

6. As a special business to consider and, if thought fit, pass the following resolution as a Special Resolution:

SPECIAL RESOLUTION

“THAT:

the Articles of Association of the Company be and are hereby amended in the following manner:–

(a) Article 2

- (i) by deleting the definition of “associate” in its entirety and substituting therefor the following new definition:

““associate” in relation to any Director, shall have the meaning ascribed to it under the Listing Rules;”

- (ii) by adding the following new definition and its marginal note immediately after the definition of “the Chairman”:

““clearing house” shall mean a recognised clearing clearing
house within the meaning of the Securities and Futures house
Ordinance (Chapter 571 of the laws of Hong Kong)
as modified from time to time;”

- (iii) by adding the following new definitions immediately after the definition of “the Companies Ordinance”:

““Director” shall mean a director of the Company for Director
the time being;”

- (iv) by adding the following new definitions and their marginal notes immediately after the definition of “dollars”:

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

““entitled person” shall mean an “entitled person” as Entitled
defined under the Companies Ordinance;” Person

- (v) by deleting the definition of “Hong Kong” in its entirety and substituting therefor the following new definition:

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““Hong Kong” shall mean the Hong Kong Special Administrative Region of The People’s Republic of China;”

- (vi) by adding the following new definition and its marginal note immediately after the definition of “Hong Kong”:

““the Listing Rules” shall mean the Rules Governing Listing Rules
the Listing of Securities on the Stock Exchange and
any amendments thereto for the time being in
force;”

- (vii) by deleting the definition of “newspaper” in its entirety and substituting therefor the following new definition :

““newspaper” shall mean a newspaper published and circulating generally in Hong Kong and specified in the list of newspapers issued and published in the Gazette for the purposes of Section 71A of the Companies Ordinance by the Chief Secretary for Administration;”

- (viii) by adding the following new definition and its marginal note immediately after the definition of “the register”:

““relevant financial documents” shall mean the Relevant
“relevant financial documents” as defined under the financial
Companies Ordinance;” documents

- (ix) by adding the following new definitions and their marginal note immediately after the definition of “shareholders” or “members”:

““Stock Exchange” shall mean The Stock Exchange of Stock
Hong Kong Limited; Exchange

“summary financial report” shall mean the “summary Summary
financial report” as defined under the Companies Financial Report
Ordinance;”

- (x) by deleting the definition of “writing” or “printing” in its entirety and substituting therefor the following new definition :

““writing” or “printing” shall mean written or printed or printed by lithography or printed by photography or typewritten or produced by any other modes of representing words or figures in a visible form or, to the extent permitted by, and in accordance with all applicable laws, rules and regulations, any visible substitute for writing (including an electronic

NOTICE OF ANNUAL GENERAL MEETING

communication), or partly in one visible form and partly in another visible form;”

- (xi) by adding the following paragraph and its marginal note as the last paragraph of Article 2:

“References to a document being executed include references to its being executed under hand or under seal or, to the extent permitted by, and in accordance with the Companies Ordinance and other applicable laws, rules and regulations, by electronic signature or by any other method. References to a document, to the extent permitted by, and in accordance with the Companies Ordinance and other applicable laws, rules and regulations, include references to any information in visible form whether having physical substance or not.”

Document
being
executed and
document

- (b) Article 3

by adding the following sentences at the end of Article 3 :-

“Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price as may from time to time be determined by the Company in general meeting, either generally or with regard to specific purchases. If purchases are by tender, tenders shall be available to all members alike.”

- (c) Article 16

by deleting Article 16 in its entirety and substituting therefor the following new Article:

“16. Every person whose name is entered as a member in the register shall be entitled to receive within such period of time as may be prescribed by the Companies Ordinance or the Listing Rules after allotment or lodgement of a transfer (or within such other period as the conditions of issue shall provide) one certificate for all his shares or, if he shall so request, in a case where the allotment or transfer is of a number of shares in excess of the number for the time being forming the stock exchange board lot, upon payment, (i) in the case of an allotment, of such amount as may from time to time be permitted under the Listing Rules for every certificate after the first or such lesser sum as the Board shall from time to time determine; or (ii) in the case of a transfer, of such amount

NOTICE OF ANNUAL GENERAL MEETING

as may from time to time be permitted under the Listing Rules for every certificate or such lesser sum as the Board shall from time to time determine, such number of certificates for shares in stock exchange board lots or multiples thereof as he shall request and one for the balance (if any) of the shares in question, provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue a certificate or certificates to each such person, and the issue and delivery of a certificate or certificates to one of several joint holders shall be sufficient delivery to all such holders.”

(d) Article 20

by deleting the words “HK\$2 (or such higher amount as may from time to time be permitted under the rules prescribed by The Stock Exchange of Hong Kong Limited)” of Article 20 and substituting therefor the words “the maximum amount as may from time to time be prescribed or permitted by the Stock Exchange”

(e) Article 37

by deleting Article 37 in its entirety and substituting therefor the following new Article:

“37. Subject to such of the restrictions of these Articles as may be applicable, any member may transfer all or any of his shares by an instrument of transfer in the usual or common form or in such other form as prescribed by the Stock Exchange or in such form as the Board may accept and may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time. All instruments of transfer must be left at the registered office or at such other place as the Board may appoint.”

(f) Article 38

by deleting Article 38 in its entirety and substituting therefor the following new Article:

“38. The instrument of transfer of any share shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee in any case which it thinks fit in its discretion to do so. The Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register

NOTICE OF ANNUAL GENERAL MEETING

in respect thereof. Nothing in these Articles shall preclude the Board from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.”

(g) Article 40

by deleting paragraph (i) of Article 40 in its entirety and substituting therefor the following :-

“(i) a fee not exceeding the maximum amount as may from time to time be prescribed or permitted by the Stock Exchange or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof.”

(h) Article 43

by deleting the words “without charge” after the words “issued” and “him” in the third line and the second last line of Article 43 and substituting therefor the words “with a fee not exceeding the maximum amount as may from time to time be prescribed by the Stock Exchange” respectively.

(i) Article 74

(i) by adding the words “unless a poll is taken as may from time to time be required under the Listing Rules or any other applicable laws, rules or regulations or” immediately before the word “unless” in the first paragraph of Article 74.

(ii) by adding the words “a poll is taken as may from time to time be required under the Listing Rules or any other applicable laws, rules or regulations or unless” immediately after the word “Unless” at the beginning of the second paragraph of Article 74.

(j) Article 84

by re-numbering the existing paragraph (B) of Article 84 as paragraph (C) of Article 84 and adding the following new paragraph (B) and its marginal note to Article 84:

“(B) Where the Company has knowledge that any member, under any applicable laws or the Listing Rules from time to time, is 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

Voting in
Contravention
to Listing
Rules

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

(k) Article 91A

by adding the following new Article immediately after Article 91:

“91A. If a clearing house or a nominee of a clearing house is a member, it may authorise such person or persons as it thinks fit to act as its representative(s) or proxy(ies) 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 authorised, the authorisation or proxy form shall specify the number and class of shares in respect of which each such person is so authorised. A person (or, where more than one person is so authorised, each of them, in respect of and to the extent of the number and class of shares so specified in the authorisation or proxy form) so authorised under the provisions of these Articles shall be entitled to exercise the same powers and rights on behalf of the clearing house (or its nominee) which such person represents as that clearing house (or its nominee) could exercise if it were an individual member including the right to vote individually on a show of hands.”

(l) Article 95

by adding the following new paragraph immediately after paragraph (D) of Article 95 :-

“(E) An alternate Director shall be deemed to be the agent of the Director who appoints him. A Director who appoints an alternate Director shall be vicariously liable for any tort committed by the alternate Director while acting in the capacity of alternate Director.”

(m) Article 101

by deleting the words “special resolution” in paragraph (A)(vii) of Article 101 and substituting therefor the words “ordinary resolution”.

(n) Article 102

by deleting paragraphs (H), (I), (J) and (K) of Article 102 in their entirety and substituting therefor the following new paragraphs:

“(H) Save as otherwise provided by these Articles, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board in respect of any

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contract or arrangement or proposal in which he or any of his associates is, to the knowledge of such Director, materially interested, but this prohibition shall not apply to any of the following matters namely:-

- (i) any contract or arrangement or proposal for giving by the Company of any security or indemnity to such Director or his associate(s) in respect of money lent by him or any of them or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) any contract or arrangement or proposal for the giving by the Company of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any contract or arrangement 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 subunderwriting of the offer;
- (iv) any contract or arrangement or proposal in which the Director or his associate(s) is/are interested in the same manner as other holders of such 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;
- (v) any contract or arrangement or 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 associate(s) are not in aggregate beneficially interested in 5 per cent. or more of the issued shares or of the voting rights of any class of such company (or of any third company through which his interest or that of his associate(s) is derived);
- (vi) any proposal or arrangement concerning the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or his associate(s) may benefit;

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(vii) any proposal or arrangement concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his associate(s) 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.

(I) For the purposes of paragraph (H) above:–

(i) a company shall be deemed to be a company in which a Director and/or his associate(s) owns 5 per cent. or more if and so long as (but only if so long as) he and/or his associates, (either directly or indirectly) are the holders of or beneficially interested in 5 per cent. or more of any class of the issued share capital of such company or of the voting rights available to members of such company (or of any third party through which his/their interest or that of any of his associates is derived). For the purpose of this paragraph, there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder and any shares which carry no voting right at general meetings and very restrictive dividend and return of capital right.

(ii) where a company in which a Director and/or his associate(s) hold (s) 5 per cent. or more is/are materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.

(iii) in relation to an alternate Director, an interest of his appointer shall be treated as an interest of the alternate Director without prejudice to any interest which the alternate Director has otherwise.

(J) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) and/or his associate(s) or as to the entitlement of any Director (other than such chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the chairman of the meeting and his ruling

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in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director and/or his associate (s) concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting, such question shall be decided by a resolution of the Board (for which purpose such Chairman shall be counted in the quorum but shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board."

(o) Article 107

by deleting Article 107 in its entirety and substituting therefor the following new Article:

"107. No person, other than a retiring Director, shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been given to the Company provided that the minimum length of the period, during which such notices are given, shall be at least 7 days. The period for lodgment of such notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting."

(p) Article 109

by deleting the words "special resolution" in the first line of Article 109 and its marginal note and substituting therefor the words "ordinary resolution".

(q) Article 167

by deleting Article 167 and its marginal notes in their entirety and substituting therefor the following new Article and its marginal note:

"167. (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.

Relevant
financial
documents and
summary
financial report

(B) Subject to paragraph (C) of this Article, the Company shall in accordance with the Companies Ordinance and other applicable laws, rules and regulations, deliver or

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send to every entitled person a copy of the relevant financial documents of the Company or a copy of the summary financial report in place of a copy of the relevant financial documents from which the report is derived, not less than twenty-one days before the date of the general meeting of the Company concerned (or such other time as is permitted under the Companies Ordinance and other applicable laws, rules and regulations). Provided that this Article shall not require a copy of these documents to be sent to more than one of the joint holders of any shares or debentures or to any member of, or any holder of debentures, who is not entitled to receive notices of general meetings of the Company and of whose address the Company is unaware, but any member or holder of debentures of the Company to whom a copy of these documents has not been sent, shall be entitled to receive a copy of these documents free of charge on application at the registered office of the Company.

(C) Where any entitled person has, in accordance with the Companies Ordinance and other applicable laws, rules and regulations, agreed to his having access to the relevant financial documents and/or the summary financial report of the Company on the Company's computer network as mentioned in Article 172(v) or, to the extent permitted by, and in accordance with the Companies Ordinance and other applicable laws, rules and regulations, in any other manner (including any other form of electronic communication) instead of being sent the documents or report, as the case may be (an "assenting person"), the publication or making available by the Company, in accordance with the Companies Ordinance and other applicable laws, rules and regulations, on the Company's computer network referred to above of the relevant financial documents and/or the summary financial report throughout the period beginning not less than twenty-one days before the date of the general meeting of the Company concerned and ending on such date in accordance with the Companies Ordinance and other applicable laws, rules and regulations (or such other period or time as is permitted under the Companies Ordinance and other applicable laws, rules and regulations) or in such other manner, shall be treated as having sent a

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copy of the relevant financial documents or a copy of the summary financial report to an assenting person in satisfaction of the Company's obligations under paragraph (B) of this Article."

- (r) Articles 171, 172, 173 and 174

by deleting Articles 171, 172, 173 and 174 and their marginal notes in their entirety and substituting therefor the following new Articles 171, 172, 173 and 174 and their marginal notes :

"171. Every entitled person shall register with the Company an address either in Hong Kong or elsewhere to which notices can be sent and if any member shall fail so to do, notice may be given to such member by sending the same in any of the manners hereafter mentioned to his last known place of business or residence, or if there be none, by posting the same for one day at the registered office of the Company or by posting the same on the website of the Company or any other electronic means. 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.

Address of
shareholders
and service
of notices to
joint holders

172. Any notice or document (including any "corporate communication" as defined in the Listing Rules), whether or not to be given or issued under the Companies Ordinance and other applicable laws, rules and regulations or these presents from the Company, may be served or delivered by the Company upon any entitled person:

Service of
notices

- (i) personally;
- (ii) by sending it through the post in a prepaid envelope or wrapper addressed to such person at his registered place of address;
- (iii) by advertisement in English in at least one English language newspaper and in Chinese in at least one Chinese language newspaper, and for such period as the Board shall think fit to the extent permitted by, and in accordance with the Companies Ordinance and other applicable laws, rules and regulations;

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- (iv) by sending or transmitting it as an electronic communication to such person at any telex or facsimile transmission number or electronic number or electronic address or computer network or website supplied by him to the Company for the giving of notice or document from the Company to him to the extent permitted by, and in accordance with the Companies Ordinance and other applicable laws, rules and regulations;
- (v) by publishing it on the Company's computer network and giving to such person a notice in accordance with the Companies Ordinance and other applicable laws, rules and regulations stating that the notice or other document is available there (a "notice of publication") to the extent permitted by, and in accordance with the Companies Ordinance and other applicable laws, rules and regulations. The notice of publication may be given to such person by any of the means set out in paragraphs (i) to (iv) or (vi) of this Article; or
- (vi) by sending or otherwise making available to such person through such means to the extent permitted by, and in accordance with, the Companies Ordinance and other applicable laws, rules and regulations.

173. (A) Any notice or document (including any "corporate communication" as defined in the Listing Rules) given or issued by or on behalf of the Company:-

When notice
deemed to be
served

- (i) if served or delivered in person, shall be deemed to have been served or delivered at the time of personal service or delivery, and in proving such service or delivery, a certificate in writing signed by the Secretary (or other officer of the Company or such other person appointed by the Board) that the notice or document was so served or delivered shall be conclusive evidence thereof;
- (ii) if served or delivered by post, shall be deemed to have been served or delivered on the day following that on which the envelope or wrapper containing the same is put into a post office situated in Hong Kong, and

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in proving such service or delivery, it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly prepaid, addressed and put into such post office. A certificate in writing signed by the Secretary (or such other officer of the Company or such other person appointed by the Board) that the envelope or wrapper containing the notice or other document was so prepaid, addressed and put into such post office shall be conclusive evidence thereof;

- (iii) if sent or transmitted as an electronic communication in accordance with Article 172(iv) or through such means in accordance with Article 172(vi), shall be deemed to have been served or delivered at the time of the relevant despatch or transmission. A notice or document published in the Company's computer network in accordance with Article 172(v), shall be deemed to have been served or delivered on the day following that on which a notice of publication is sent to the Entitled Person. In proving such service or delivery, a certificate in writing signed by the Secretary (or such other officer of the Company or such other person appointed by the Board) as to the fact and time of such service, delivery, despatch, transmission or publication shall be conclusive evidence 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
- (iv) if served by advertisement in newspaper in accordance with Article 172(iii), shall be deemed to have been served on the day on which such notice or document is first published.

(B) Subject to the Companies Ordinance and other applicable laws, rules and regulations, any notice or document (including but not limited to the documents referred to in Article 167 and any "corporate communication" as defined in the Listing Rules) may be given by the Company in the

Choice of
Language

NOTICE OF ANNUAL GENERAL MEETING

English language only, in the Chinese language only or in both. Where a person has in accordance with the Companies Ordinance and other applicable laws, rules and regulations consented to receive notices and documents (including but not limited to the documents referred to in Article 167 and any “corporate communication” as defined in the Listing Rules) from the Company in the English language only or the Chinese language only but not both, it shall be sufficient for the Company to serve on or deliver to him any such notice or document in such language only in accordance with these presents unless and until there is a notice of revocation or amendment of such consent given or deemed to have been given by such person to the Company in accordance with the Companies Ordinance and other applicable laws, rules and regulations which shall have effect in respect of any notice or document to be served on or delivered to such person subsequent to the giving of such notice of revocation or amendment.

174. A notice or document may be given by or on behalf of the Company to the person(s) entitled to a share in consequence of death, mental disorder or bankruptcy of a member in such manner as provided in Article 172 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

(s) Article 176

by deleting the words “by post to, or left at the registered address of any member in pursuance of these presents” in Article 176 and substituting therefor the words “to any member in such manner as provided in Article 172”.

(t) Article 177

by deleting the words “written or printed” at the end of Article 177 and substituting therefor the words “written, printed or made electronically.”

(u) Article 183

(i) by deleting the words “paragraph (c) of the proviso to Section 165 of the Companies Ordinance” in the third and fourth lines of paragraph (A) of

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Article 183 and substituting therefor the words "Section 165(2) of the Companies Ordinance.";

- (ii) by adding the words "and every Auditor" after the word "officer" in the first line of paragraph (A) of Article 183;
- (iii) by adding the words "or Auditor" after the word "officer" in the sixth line of paragraph (A) of Article 183.

(v) New Article 184

by adding the following new Article and marginal note immediately after Article 183:–

"184. The Company shall have power to purchase and maintain for any Director, Secretary, Auditors or other officers of the Company:–	Liability insurance
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- (i) insurance against any liability to the Company, a related company or any other party in respect of any negligence, default, breach of duty or breach of trust (save for fraud) of which he may be guilty in relation to the Company or a related company; and
- (ii) insurance against any liability incurred by him in defending any proceedings, whether civil or criminal, taken against him for any negligence, default, breach of duty or breach of trust (including fraud) of which he may be guilty in relation to the Company or a related company.

For the purpose of this Article, "related company" means any company which is the Company's subsidiary or holding company or a subsidiary of the Company's holding company."

By Order of the Board
CHUNG Yin Shu, Frederick
Company Secretary

Hong Kong, 5 January 2005

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Any member of the Company 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. A proxy need not be a member of the Company but must be present in person to represent the member.
2. To be valid, a proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited with the registered office of the Company at Room 2102-4, Melbourne Plaza, 33 Queen's Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or the adjourned meeting (as the case may be).
3. The register of members of the Company will be closed from Wednesday, 26 January 2005 to Friday, 28 January 2005, both days inclusive, during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the Annual General Meeting, all share transfers accompanied by the relevant share certificates, must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 25 January 2005.
4. With reference to the Special Resolution set out in item 6 of this notice, the Directors have proposed to amend the Articles of Association of the Company to ensure compliance with the requirements provided by the recent amendments to the Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.
5. The circular in connection with the proposed general mandate for issue of new Shares and amendments to the Articles of Association of the Company will be despatched to shareholders together with the Annual Report of the Company.

As at the date of this notice, the Executive Directors of the Company are Dato' Dr. CHENG Yu Tung, Mr. CHUNG Ming Fai and Mr. CHUNG Yin Shu, Frederick, the Non-executive Director of the Company is Mr. CHUNG Wai Shu, Robert and the Independent Non-executive Directors of the Company are Dr. FONG Yun Wah, S.B.S., J.P., Mr. YUEN Pak Yiu, Philip, Mr. LO Pak Shiu and Mr. YUEN Sik Ming, Patrick.

Please also refer to the published version of this announcement in the South China Morning Post.