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If you have sold all your shares in Hongkong Chinese Limited, you should at once hand this document and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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HONGKONG CHINESE LIMITED

香港華人有限公司*

(Incorporated in Bermuda with limited liability)

PROPOSED GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting of Hongkong Chinese Limited to be held at Marriott Function Rooms - Queensway & Victoria, 3rd Floor, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 28th May, 2003 at 9:30 a.m. is set out on pages 6 to 9 of this document.

Whether or not you are able to attend the Annual General Meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Principal Place of Business of Hongkong Chinese Limited at 24th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting.

* For identification purpose only

LETTER FROM THE CHAIRMAN



HONGKONG CHINESE LIMITED

香港華人有限公司 *

(Incorporated in Bermuda with limited liability)

Directors:

Dr. Mochtar Riady (*Chairman*)

Mr. Stephen Riady

Mr. John Lee Luen Wai

Mr. Leon Chan Nim Leung*

Mr. Albert Saychuan Cheok*

Mr. Jesse Leung Nai Chau

Mr. Kor Kee Yee

** independent non-executive Directors*

Registered Office:

Clarendon House

Church Street

Hamilton HM 11

Bermuda

Principal Place of Business:

24th Floor

Tower One

Lippo Centre

89 Queensway

Hong Kong

30th April, 2003

To the Shareholders of the Company

Dear Sir or Madam,

**PROPOSED GENERAL MANDATES
TO ISSUE AND TO REPURCHASE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

It is proposed that at the annual general meeting of Hongkong Chinese Limited (the “Company”) to be held on Wednesday, 28th May, 2003 (the “Annual General Meeting”), notice of which is set out on pages 6 to 9 of this document, an ordinary resolution, as set out in that notice, will be proposed granting the directors of the Company (the “Directors”) a general mandate to repurchase shares of HK\$1.00 each in the issued share capital of the Company (“Shares”) since the previous general mandate granted to the Directors at the 2002 annual general meeting of the Company will expire at the conclusion of the forthcoming Annual General Meeting. In accordance with the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company is required to send to its shareholders an explanatory statement containing all the information reasonably

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LETTER FROM THE CHAIRMAN

necessary to enable the shareholders to make an informed decision on whether to vote for or against the resolution to approve the granting of a mandate to the Directors to exercise the powers of the Company to purchase its own Shares. The purpose of this document is to set out such information in relation to the proposed mandate and to convene the Annual General Meeting. In addition, details of the proposed renewal of the general mandate to issue Shares are also set out below.

GENERAL MANDATE TO ISSUE SHARES

At the Annual General Meeting, an ordinary resolution will be proposed which, if passed, will give the Directors a general and unconditional mandate to allot, issue and deal with further new Shares representing up to 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date the proposed resolution is passed. In addition, if the resolution to authorise the repurchase of Shares is passed, an ordinary resolution will be proposed to authorise the Directors to allot, issue and deal with further Shares up to an amount equal to the aggregate nominal amount of the Shares purchased under the authority to repurchase.

EXPLANATORY STATEMENT

General mandate to repurchase Shares

At the Annual General Meeting, an ordinary resolution will be proposed which, if passed, will give the Directors a general and unconditional mandate to exercise all powers of the Company to repurchase issued Shares subject to the criteria set out in this document. In particular, shareholders should note that the maximum number of Shares that may be repurchased pursuant to the mandate must not exceed such number of Shares representing 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution. For your information, on 23rd April, 2003, being the latest practicable date prior to the printing of this document for ascertaining certain information referred to in this document (the “Latest Practicable Date”), there were in issue an aggregate of 1,349,867,094 Shares. On the basis of this figure, not more than 134,986,709 Shares may be repurchased on the Stock Exchange.

While it is not possible to anticipate in advance any specific circumstances in which the Directors might think it appropriate to repurchase Shares, the Directors believe that an ability to do so would give the Company additional flexibility that would be beneficial to the Company. The repurchases may, depending on market conditions and funding arrangements of the Company at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share. Shareholders can be assured that the Directors would only make such repurchases in circumstances where they consider them to be in the best interests of the Company. On the basis of the consolidated financial position of the Company as at 31st December, 2002 (being the date to which the latest published audited financial statements of the Company have been

LETTER FROM THE CHAIRMAN

made up) and in particular the working capital position of the Company at that time and the number of Shares now in issue, the Directors consider that there may be a material adverse impact on the working capital or gearing position of the Company in the event that the proposed repurchases were to be carried out in full at any time during the proposed repurchase period. However, no repurchase would be made in circumstances that would have a material adverse impact on the working capital or gearing position of the Company (as compared with the financial position as at 31st December, 2002) unless the Directors believe that such repurchases are in the best interests of the Company.

The Company is empowered by its Memorandum of Association and Bye-laws to repurchase its Shares. Repurchases of Shares must be funded out of funds legally available for the purpose in accordance with the Company's Memorandum of Association and Bye-laws and the laws of Bermuda. Bermuda law provides that the amount of capital paid in connection with a share repurchase may only be paid out of the capital paid up on the relevant shares, or the funds of the Company which would otherwise be available for dividend or distribution or the proceeds of a fresh issue of shares made for the purpose. The amount of premium payable on repurchase may only be paid out of either the funds of the Company which would otherwise be available for dividend or distribution or out of the share premium account of the Company. In addition, under Bermuda law, such repurchase may only be made if on the effective date of purchase, there are no reasonable grounds for believing that the Company is, and after the purchase would be, unable to pay its debts as they fall due.

Directors and connected persons

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of the associates (as defined in the Listing Rules) of any of the Directors have any present intention, in the event that the grant to the Directors of a repurchase mandate is approved by the shareholders, to sell Shares to the Company.

No persons who are connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell Shares to the Company nor have they undertaken not to sell any of the Shares held by them to the Company in the event that the Company is authorised to make purchases of Shares.

Listing Rules

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases pursuant to the proposed resolution in accordance with the Listing Rules and all applicable laws of Bermuda, the jurisdiction in which the Company was incorporated, and in accordance with the regulations set out in the Memorandum of Association and Bye-laws of the Company.

LETTER FROM THE CHAIRMAN

Hong Kong Code on Takeovers and Mergers

If as a result of a share repurchase, a shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Takeover Code") and, if such increase results in a change in control, may in certain circumstances give rise to an obligation to make a general offer for shares under Rule 26 of the Takeover Code.

The Directors are not aware of any consequence which would arise under the Takeover Code as a consequence of any purchases by the Company of its Shares.

Miscellaneous

Details of the repurchase of Shares by the Company on the Stock Exchange during the six months immediately preceding the Latest Practicable Date are set out in the Appendix. Save as disclosed herein, during the six months immediately preceding the Latest Practicable Date, no Shares have been repurchased by the Company.

During each of the twelve months immediately preceding the Latest Practicable Date, the highest and lowest traded prices for Shares on the Stock Exchange were as set out in the Appendix.

Recommendation

The Directors are of the opinion that the proposed general mandates to issue and to repurchase Shares are in the best interests of the Company and recommend that you vote in favour of the ordinary resolutions to be proposed at the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Notice of the Annual General Meeting is set out on pages 6 to 9 of this document.

A form of proxy is enclosed with this document for use at the Annual General Meeting. Whether or not you intend to be present at the meeting, you are requested to complete and return the enclosed form of proxy to the Principal Place of Business of the Company at 24th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the holding of the meeting. Completion and delivery of a form of proxy will not preclude you from attending and voting at the meeting in person if you so wish.

Yours faithfully,
Dr. Mochtar Riady
Chairman

APPENDIX

- (a) Details of repurchase of Shares made by the Company on the Stock Exchange during the six months immediately preceding the Latest Practicable Date were as follows:

Trading date	Number of Shares purchased	Price paid per Share <i>HK\$</i>
15th January, 2003	870,000	0.600
16th January, 2003	500,000	0.600
23rd January, 2003	200,000	0.620
6th February, 2003	100,000	0.630

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

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2002		
April	0.740	0.680
May	0.750	0.680
June	0.700	0.630
July	0.650	0.425
August	0.540	0.420
September	0.560	0.510
October	0.630	0.480
November	0.600	0.530
December	0.610	0.570
2003		
January	0.640	0.570
February	0.670	0.610
March	0.630	0.580

NOTICE OF ANNUAL GENERAL MEETING



HONGKONG CHINESE LIMITED

香港華人有限公司 *

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Hongkong Chinese Limited (the “Company”) will be held at Marriott Function Rooms - Queensway & Victoria, 3rd Floor, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 28th May, 2003 at 9:30 a.m. for the following purposes:

1. To receive and adopt the audited Financial Statements of the Company and the Reports of the Directors and the Auditors for the year ended 31st December, 2002.
2. To consider and declare a final distribution for the year ended 31st December, 2002.
3. To consider the re-election of the retiring Directors and to authorise the Board of Directors to fix the Directors’ remuneration.
4. To consider the re-appointment of Ernst & Young as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.
5. As special business, to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

A. **“THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for shares, which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors of the Company and shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options, including warrants to subscribe for shares, which might require the exercise of such powers after the end of the Relevant Period;

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- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to a Rights Issue (as hereinafter defined) or on the exercise of any options granted under the share option scheme of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution, and the said approval shall be limited accordingly; and

- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest 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 any applicable law or the Bye-laws of the Company to be held; or
- (iii) the passing of an ordinary resolution of the Company in general meeting revoking or varying the authority set out in this resolution.

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to holders of shares whose names appear on the Register of Members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

B. “THAT:

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

NOTICE OF ANNUAL GENERAL MEETING

Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

- (b) the aggregate nominal amount of shares authorised to be repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution, and the said approval shall be limited accordingly; and
- (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest 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 any applicable law or the Bye-laws of the Company to be held; or
- (iii) the passing of an ordinary resolution of the Company in general meeting revoking or varying the authority set out in this resolution.”

- C. “**THAT** conditional on the passing of the resolution set out in paragraph 5B of the notice convening this meeting, the general mandate granted to the Directors of the Company and for the time being in force to exercise the powers of the Company to allot, issue and deal with additional shares pursuant to the resolution set out in paragraph 5A of the notice convening this meeting be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to the resolution set out in paragraph 5B of the notice convening this meeting, provided that such extended amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution.”

By Order of the Board
Andrew Hau
Secretary

Hong Kong, 30th April, 2003

NOTICE OF ANNUAL GENERAL MEETING

Principal Place of Business:

24th Floor
Tower One
Lippo Centre
89 Queensway
Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other authority, if any, under which it is signed, or a notorially certified copy of that power or authority must be deposited at the Company's Principal Place of Business at 24th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting.
3. The Register of Members of the Company will be closed from Thursday, 22nd May, 2003 to Wednesday, 28th May, 2003 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the proposed final distribution to be approved at the meeting, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with Tengis Limited, the Company's Branch Registrars in Hong Kong, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 21st May, 2003.