

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

If you have sold or transferred all your shares in Hongkong Chinese Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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HONGKONG CHINESE LIMITED

香港華人有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 655)

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

This circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

A letter from the chairman of Hongkong Chinese Limited is set out on pages 2 to 7 of this circular. A notice convening the annual general meeting of Hongkong Chinese Limited to be held at Harcourt Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Monday, 21st June, 2004 at 9:45 a.m. is set out on pages 8 to 11 of this circular.

Whether or not you intend to attend such meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding such meeting, or any adjournment thereof, to the principal place of business of Hongkong Chinese Limited at 24th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjourned meeting thereof should you so wish.

* For identification purpose only

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Harcourt Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Monday, 21st June, 2004 at 9:45 a.m., notice of which is set out on pages 8 to 11 of this circular and any adjournment thereof
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Company”	Hongkong Chinese Limited (香港華人有限公司), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company from time to time
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	22nd April, 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained therein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notice”	The notice convening the AGM set out on pages 8 to 11 of this circular
“Share(s)”	ordinary share(s) of HK\$1.00 each in the capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

LETTER FROM THE CHAIRMAN



HONGKONG CHINESE LIMITED

香港華人有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 655)

Non-executive Director:

Dr. Mochtar Riady (*Chairman*)

Executive Directors:

Mr. Stephen Riady

Mr. John Lee Luen Wai, J.P.

Mr. Jesse Leung Nai Chau

Mr. Kor Kee Yee

Independent non-executive Directors:

Mr. Leon Chan Nim Leung

Mr. Albert Saychuan Cheok

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, 2004

To the Shareholders

Dear Sir/Madam,

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

INTRODUCTION

The purpose of this circular is to provide Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the resolutions mentioned herein and which, inter alia, will be dealt with at the AGM to be held at Harcourt Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Monday, 21st June, 2004 at 9:45 a.m.. This circular contains information concerning the proposed general mandate to repurchase shares which is required to be sent to Shareholders under the Listing Rules.

* For identification purpose only

LETTER FROM THE CHAIRMAN

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

Ordinary resolutions will be proposed at the AGM relating to general mandates:

- (i) authorising the Directors to allot, issue and otherwise deal with additional Shares (and securities convertible into Shares) with an aggregate nominal amount not exceeding 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the resolution;
- (ii) authorising the Directors to repurchase Shares with an aggregate nominal amount not exceeding 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the resolution; and
- (iii) authorising the addition to the mandate to issue new Shares (referred to at (i) above) those Shares repurchased by the Company pursuant to the repurchase mandate (referred to at (ii) above).

In accordance with the Listing Rules, and in particular the rules regulating repurchase of securities on the Stock Exchange, the Company is required to send to Shareholders an explanatory statement containing information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its Shares. This explanatory statement is set out below.

EXPLANATORY STATEMENT

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 circular. 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.

1. Share capital

For your information, as at the Latest Practicable Date, there were in issue an aggregate of 1,346,829,094 Shares. On the basis of this figure, not more than 134,682,909 Shares (representing approximately 10 per cent. of the total number of Shares in issue) may be repurchased on the Stock Exchange.

2. Reasons for repurchases

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.

LETTER FROM THE CHAIRMAN

3. Funding of repurchase

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.

On the basis of the consolidated financial position of the Company as at 31st December, 2003 (being the date to which the latest published audited financial statements of the Company have been made up) and in particular the working capital position of the Company at that time and the number of Shares now in issue, the Directors consider that there might 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 repurchases 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, 2003) unless the Directors believe that such repurchases are in the best interests of the Company.

4. Share prices

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

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
April 2003	0.640	0.580
May 2003	0.930	0.610
June 2003	0.890	0.800
July 2003	0.950	0.830
August 2003	0.990	0.860
September 2003	1.300	0.890
October 2003	1.210	1.040
November 2003	1.120	1.010
December 2003	1.080	1.000
January 2004	1.170	1.020
February 2004	1.240	1.030
March 2004	1.160	1.040

LETTER FROM THE CHAIRMAN

5. Disclosure of Interests

The Directors have undertaken to the Stock Exchange that they will 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.

If, as a result of a share repurchase by the Company, 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 the Takeovers 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 Takeovers Code.

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

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules), presently intend to sell any Shares to the Company or its subsidiaries in the event that the grant to the Directors of a repurchase mandate is approved by Shareholders.

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

6. Share purchases made by the Company

The Company has not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this statement.

ANNUAL GENERAL MEETING

As part of the ordinary business to be conducted at the AGM, it is proposed that Mr. Stephen Riady and Mr. John Lee Luen Wai will retire by rotation, and will seek re-election, at the AGM. Particulars of each of Mr. Stephen Riady and Mr. John Lee Luen Wai are set out below.

The Notice convening the AGM is set out on pages 8 to 11 of this circular. A form of proxy for use at the AGM is enclosed. Whether or not you are able to attend the meeting in person, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's principal place of business at 24th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong as soon as possible and 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 you from attending and voting in person at the AGM should you so wish.

LETTER FROM THE CHAIRMAN

PARTICULARS CONCERNING DIRECTORS SEEKING RE-ELECTION AT THE AGM

Mr. Stephen Riady

Mr. Riady, aged 43, was appointed a Director of the Company in 1992. Mr. Riady is a son of Dr. Mochtar Riady, the Chairman of the Company. He is also the Chairman of Lippo Limited (“Lippo”) and the Deputy Chairman and Managing Director of Lippo China Resources Limited (“LCR”), the Group Managing Director of Auric Pacific Group Limited (“Auric”) and a director of Lanius Limited (“Lanius”), Lippo Cayman Limited (“Lippo Cayman”), Lippo Capital Limited, First Tower Corporation (“First Tower”), Skyscraper Realty Limited and HKCL Holdings Limited (“HKCL Holdings”).

Mr. Riady is a graduate of the University of Southern California and holds an Honorary Degree of Doctor of Business Administration from Napier University in the United Kingdom. Mr. Riady is a banker by profession, with over 15 years’ experience in retail, commercial and merchant banking in North America and in the Southeast Asian region.

Mr. Riady does not have any service contract with the Company or any of its subsidiaries. Total directors’ emoluments received from the Company in 2003 amounted to HK\$46,215 (without any bonus).

Lippo Cayman is indirectly interested in 987,470,440 ordinary shares of HK\$1.00 each in, representing approximately 73.32 per cent. of, the issued share capital of the Company. Lippo Cayman is wholly owned by Lanius, the trustee of a discretionary trust which was founded by Dr. Mochtar Riady, the beneficiaries of which include, inter alia, Mr. Stephen Riady and his family members. Accordingly, Mr. Stephen Riady is deemed to be interested in 987,470,440 ordinary shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Further detail explanations of Mr. Stephen Riady’s interest in shares of the Company are set out in the section headed “Directors’ and chief executive’s interests and short positions in shares, underlying shares and debentures of the Company and associated corporations” in the Report of the Directors of the Company’s 2003 annual report.

Mr. John Lee Luen Wai

Mr. Lee, aged 55, was appointed a Director of the Company in 1992. Mr. Lee is also the Managing Director of Lippo and a director of LCR, First Tower, Greenroot Limited, HKCL Holdings and Auric.

Mr. Lee is a qualified accountant and was a partner of one of the leading international accounting firms in Hong Kong. He has extensive experience in corporate finance and capital market.

Mr. Lee does not have any service contract with the Company but has a service contract with a wholly-owned subsidiary of the Company. Total directors’ emoluments received from the Group in 2003 amounted to HK\$1,658,493 (without any bonus). He does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company.

LETTER FROM THE CHAIRMAN

Mr. Lee is directly and indirectly interested in an aggregate of 400 ordinary shares of HK\$1.00 each in, representing approximately 0.00003 per cent. of, the issued share capital of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

RECOMMENDATION

The Board considers that the renewal of the general mandates to issue and repurchase Shares is in the best interests of the Company and the Shareholders, and accordingly recommends that the Shareholders vote in favour of the resolutions to be proposed at the AGM.

Yours faithfully,
Mochtar Riady
Chairman

NOTICE OF ANNUAL GENERAL MEETING



HONGKONG CHINESE LIMITED

香港華人有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 655)

NOTICE IS HEREBY GIVEN that an Annual General Meeting of Hongkong Chinese Limited (the “Company”) will be held at Harcourt Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Monday, 21st June, 2004 at 9:45 a.m. for the following purposes:

Ordinary Business

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, 2003.
2. To consider and declare a final distribution for the year ended 31st December, 2003.
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.

Special Business

To consider and, if thought fit, pass the following as Ordinary Resolutions:

5. A. “**THAT:**
 - (a) subject to paragraph (c) of this Resolution, 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;

NOTICE OF ANNUAL GENERAL MEETING

- (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 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 purpose 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 revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“**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) of this Resolution, 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 any other stock exchange on which the shares of the Company are or may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

(b) the aggregate nominal amount of shares of the Company which may 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 as at the date of passing this Resolution, and the said approval 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 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 revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

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 of 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 of this Resolution.”

By order of the Board
Andrew Hau
Secretary

Hong Kong, 30th April, 2004

NOTICE OF ANNUAL GENERAL MEETING

Registered Office:

Clarendon House
Church Street
Hamilton HM 11
Bermuda

Principal Place of Business:

24th Floor
Tower One
Lippo Centre
89 Queensway
Hong Kong

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote in his stead in accordance with the Bye-laws of the Company. A proxy need not be a member of the Company.
2. A form of proxy for use at the Annual General Meeting (or any adjournment thereof) is enclosed with the circular to shareholders of the Company.
3. To be valid, the form of proxy, together with the relevant power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the principal place of business of the Company, at 24th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong not less than 48 hours before the time appointed for holding of the Annual General Meeting (or any adjournment thereof). Completion and return of the form of proxy will not preclude a member from attending and voting in person at the Annual General Meeting or any adjourned meeting thereof should you so wish.
4. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders shall be present at any meeting personally or by proxy, that one of the holders so present whose name stands first on the Register of Members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
5. In accordance with the Company's Bye-laws, other than the chairman of the meeting, the following categories of members may demand that the vote in respect of any resolution to be put to the general meeting should be taken on a poll:
 - (a) at least three members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
 - (b) any member or members present in person or in the case of a member being a corporation by its duly authorised representative 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
 - (c) any member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.
6. The Register of Members of the Company will be closed from Friday, 11th June, 2004 to Friday, 18th June, 2004 (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 Thursday, 10th June, 2004.