
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in ASIA COMMERCIAL HOLDINGS LIMITED, you should at once hand this circular 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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ASIA COMMERCIAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 104)

**PROPOSALS INVOLVING
GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES,
RE-ELECTION OF RETIRING DIRECTOR
AND
AMENDMENT OF BYE-LAWS**

A notice convening the annual general meeting of ASIA COMMERCIAL HOLDINGS LIMITED to be held at Cypress Room, 2nd Floor, Novotel Century Harbourview Hotel, 508 Queen's Road West, Western District, Hong Kong on Friday, 17th September, 2004 at 10:30 a.m. is set out in Appendix II of this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrars of the Company in Hong Kong, Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time for holding the meeting. Completion and return of the form of proxy shall not preclude you from attending and voting at the annual general meeting if you so desire.

30th July, 2004

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DEFINITIONS

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

“Code on Share Repurchase”	the Hong Kong Code on Share Repurchases
“Company”	ASIA COMMERCIAL HOLDINGS LIMITED, an exempted company duly incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Companies Act”	the Companies Act 1981 of the laws of Bermuda (as amended)
“Directors”	the board of directors of the Company
“General Mandates”	the Repurchase Mandate and the New Issue Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	27th July, 2004, the latest practicable date for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Issue Mandate”	a general and unconditional mandate to be granted to the Directors to allot, issue, and otherwise deal with new Shares and other securities with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolutions
“Repurchase Mandate”	a general mandate to the Directors to exercise the powers of the Company to repurchase during the period as set out in the Repurchase Resolution Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the passing of the Repurchase Resolution
“Repurchase Resolution”	the proposed ordinary resolution as referred to in resolution no. 4A of the notice of the Annual General Meeting to approve the Repurchase Mandate
“Annual General Meeting”	the annual general meeting of the Company to be held on 17th September, 2004 and any adjournment thereof, notice of which is set out in Appendix II to this circular

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$1.00 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase of securities by companies with primary listing on the Stock Exchange
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) but interpreting in accordance with the definition under rule 1.01 of the Listing Rules) of the Company, whether incorporated in Hong Kong or elsewhere
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong

LETTER FROM THE BOARD



ASIA COMMERCIAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Executive Directors:

Leung Chung Ping, Owen (*Chairman*)
Sum Pui Ying, Adrian (*Managing Director*)
Wong Wang Chan

Non-executive Director:

Leung Miu King, Marina

Independent Non-executive Directors:

Sit Kien Ping, Peter
Lai Si Ming

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Head office and

principal place of business:
Flat A-D, 13th Floor
Hong Kong Industrial Building
444-452 Des Voeux Road West
Hong Kong

30th July, 2004

To the Shareholders

Dear Sir or Madam,

**PROPOSALS INVOLVING
GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES,
RE-ELECTION OF RETIRING DIRECTOR
AND
AMENDMENT OF BYE-LAWS**

1. INTRODUCTION

At the Annual General Meeting of the Company to be held at Cypress Room, 2nd Floor, Novotel Century Harbourview Hotel, 508 Queen's Road West, Western District, Hong Kong on Friday, 17th September, 2004 at 10:30 a.m., resolutions will be proposed to approve (i) the grant of general mandate to issue new shares and repurchase shares of the Company and (ii) the re-election of a retiring director of the Company and (iii) the amendment of Bye-laws of the Company to reflect the recent amendments to Appendix 3 to the Listing Rules effective 31st March, 2004.

2. GENERAL MANDATE TO ISSUE NEW SHARES

It will be proposed at the Annual General Meeting two ordinary resolutions respectively granting to the Directors (i) a general mandate to allot, issue and deal with new shares and other securities with an aggregate nominal amount not exceeding 20% of the issued share

LETTER FROM THE BOARD

capital of the Company as at the date of passing the relevant resolution; and (ii) adding to such general mandate so granted to the Directors any shares and other securities representing the aggregate nominal amount of the shares repurchased by the Company after the granting of the general mandate to repurchase up to 10% of the issued share capital of the Company as at the date of the Repurchase Resolution.

3. GENERAL MANDATE TO REPURCHASE SHARES

An ordinary resolution will be proposed to renew the granting to the Directors of a general mandate, in the terms set out in the notice of Annual General Meeting allowing the Company to repurchase its own shares up to a limit of 10% in aggregate of the Company's issued share capital (the "Maximum Number of Shares") at the date of passing the resolution during the period ending on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required to be held by law and the date upon which such authority is revoked or varied. This will allow the Company to repurchase its own shares, inter alia, on-market in accordance with the Listing Rules.

4. RE-ELECTION OF A RETIRING DIRECTOR

In accordance with clauses 85 and 86 of the Company's Bye-laws, Mr. Sum Pui Ying, Adrian will retire from office as director by rotation at the Annual General Meeting and being eligible, offers himself for re-election. Set out below are the details of the director proposed to be re-elected:

Mr. Sum Pui Ying, Adrian, aged 42, joined the Group in February 1997 as Finance Director and Company Secretary. Mr. Sum became the Managing Director of the Company in 2001. Mr. Sum has resigned as the Company Secretary of the Company with effect from 1st January, 2004. Mr. Sum is a qualified accountant as prescribed under the Listing Rules. Mr. Sum is in charge of the Group's overall operation and management. He is also responsible for new business acquisition and development. Mr. Sum is Company's representative in the Federation of Hong Kong Watch Trades & Industries Limited which is an official association representing the watch industry in Hong Kong. Mr. Sum holds a Professional Diploma in Accounting from the Hong Kong Polytechnic University, a Diploma of Legal Studies from the University of Hong Kong and a MBA degree from the University of Wales. He is a fellow member of the Hong Kong Society of Accountants and the Association of Chartered Certified Accountants of the United Kingdom.

There is no service contract, except the employment contract dated 15th September, 1996 without a fixed term which is terminable by either party by giving notice of 3 months, between the Company and Mr. Sum and he is subject to retirement by rotation and re-election in accordance with the Bye-laws of the Company. Mr. Sum will be entitled to director's emoluments of approximately HK\$1,200,000 per annum (excluding any fixed or discretionary bonus, which is not determined currently), which is determined based on the remuneration benchmark in the industry and the prevailing market as well as the Company performance.

Mr. Sum is not connected with any directors, senior management or substantial or controlling shareholders of the Company. As at Latest Practicable Date, Mr. Sum holds 3,000,000 underlying ordinary shares held under equity derivatives of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

LETTER FROM THE BOARD

5. AMENDMENT OF BYE-LAWS

In line with the amendments to Appendix 3 to the Listing Rules which came into effect on 31st March, 2004, a special resolution will be proposed to amend the Bye-laws of the Company as follows:

- (1) where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted;
- (2) the minimum length of the period, during which notice to the Company of the intention to propose a person for election as a Director and during which notice to the Company by such person of his willingness to be elected may be given, will be at least 7 days commencing no earlier than the day after the despatch of the relevant notice of the general meeting appointed for such election and ending no later than 7 days before the date of such general meeting;
- (3) subject to exceptions permitted by the revised Listing Rules, a director of the Company shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest nor shall be counted in the quorum present at the meeting.

6. NOTICE OF ANNUAL GENERAL MEETING

Notice of the Annual General Meeting is set out in Appendix II to this circular. The procedure for demanding a poll is set out in Appendix III.

A proxy form for use at the Annual General Meeting is enclosed herein. Whether or not you intend to attend the Annual General Meeting, you are requested to complete the proxy form and return it to the branch share registrars of the Company in Hong Kong not less than 48 hours before the time appointed for holding of the meeting or the adjourned meeting (as the case may be). Completion and return of a proxy form will not preclude you from attending and voting at the meeting and at any adjournment thereof if they so wish.

7. RECOMMENDATION

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

By Order of the Board
Lai Kwok Hung, Alex
Company Secretary

This Appendix serves as an explanatory statement, as required by the Share Repurchase Rules, to provide the requisite information to you for your consideration of the proposal to permit the repurchase of Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution. For the purpose of this Appendix, the term “Shares” shall be as defined in the Code on Share Repurchase and the Listing Rules to mean shares and securities of all classes which carry right to subscribe for or purchase shares.

1. THE LISTING RULES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their shares on the Stock Exchange or on another stock exchange on which the shares of the companies may be listed and recognized for this purpose by the Securities and Futures Commission and the Stock Exchange subject to certain restrictions.

The Listing Rules provide that all on-market repurchases of shares by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate to the directors of the company to make such repurchases or by way of specific approval of a particular transaction.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 333,719,516 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Resolution to repurchase, a maximum of 33,371,951 Shares representing not more than 10% of the issued share capital of the Company as at the Latest Practicable Date.

3. REASONS FOR REPURCHASE

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earning per share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders.

4. FUNDING OF REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Bye-laws, the Listing Rules and the applicable laws of Bermuda which provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the profits that would otherwise be available for dividend 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 profits that would otherwise be available for dividend or out of the share premium or contributed surplus accounts of the Company.

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

5. SHARE PRICES

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

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2003		
July	0.165	0.080
August	0.205	0.140
September	0.340	0.140
October	0.260	0.100
November	0.193	0.158
December	0.300	0.150
2004		
January	0.290	0.228
February	0.425	0.240
March	0.480	0.345
April	0.700	0.305
May	0.670	0.320
June	0.580	0.390
1st July to 27th July	0.495	0.370

6. UNDERTAKING

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

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

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

7. TAKEOVERS CODE

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

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance discloses the following persons, as having an interest of 5% or more in the issued share capital of the Company as at the Latest Practicable Date:

Name of shareholder	Notes	Number of shares *	Number of underlying ordinary share held under equity derivatives	Total	Approximately percentage of issued share capital %	% of issued share capital if Repurchase Mandate is exercised in full
Leung Shu Wing	1&6	55,000,000 #	–	55,000,000	16.48	18.31
Kee Shing (Holdings) Limited (“Kee Shing”)	1&6	55,000,000 #	–	55,000,000	16.48	18.31
Pacific Apex International Limited (“Pacific Apex”)	1&6	55,000,000 #	–	55,000,000	16.48	18.31
Leong Lou Teck	2&6	37,550,540 #	–	37,550,540	11.25	12.50
Yap Han Hoe	2&6	37,508,000 #	–	37,508,000	11.24	12.49
Galmare Investment Limited (“Galmare”)	2&6	37,500,000 #	–	37,500,000	11.24	12.49
Eav Yin	3	51,239,980 #	–	51,239,980	15.35	17.06
Eav An Unit Trust		32,876,000 #	–	32,876,000	9.85	10.94
Leung Chung Ping, Owen (“Mr. Leung”)	4	20,000,000	3,000,000	23,000,000	6.89	7.56
Li Ka-Shing	5	17,767,259	–	17,767,259	5.32	5.91
Li Ka-Shing Unity Trustcorp Limited	5	17,767,259	–	17,767,259	5.32	5.91
Li Ka-Shing Unity Trustee Corporation Limited	5	17,767,259	–	17,767,259	5.32	5.91
Li Ka-Shing Unity Trustee Company Limited	5	17,767,259	–	17,767,259	5.32	5.91
Cheung Kong (Holdings) Limited (“CKH”)	5	17,767,259	–	17,767,259	5.32	5.91
Ivory Limited	5	17,767,259	–	17,767,259	5.32	5.91
Ebony Limited	5	17,767,259	–	17,767,259	5.32	5.91
Borneo Limited (“Borneo”)	5	17,767,259	–	17,767,259	5.32	5.91

Notes:

1. These shares refer to the same holding of 55,000,000 shares held by Pacific Apex. Pacific Apex is a wholly owned subsidiary of Kee Shing. Mr. Leung Shu Wing is the chairman and controlling shareholder of Kee Shing.
2. These shares include 37,500,000 shares held through Galmare. Galmare is equally owned by Mr. Leong Lou Teck and Mr. Yap Han Hoe.
3. These shares include 32,876,000 shares held by the Eav An Unit Trust, a family trust the beneficiaries of which include Mr. Eav Yin, his wife and children.
4. This includes interests in option held by Mr. Leung as beneficial owner to subscribe for the relevant underlying ordinary shares in respect of the option granted by the Company under the Share Option Scheme adoption in 1997.
5. These shares refer to the same holding of 17,767,259 shares held by Borneo. The entire issued share capital of Borneo is held by Ebony Limited, a wholly-owned subsidiary of Ivory Limited, which in turn is a wholly-owned subsidiary of CKH.

Li Ka-Shing Unity Trustee Company Limited (“TUT1”) as trustee of The Li Ka-Shing Unity Trust, together with certain companies which TUT1 as trustee of The Li Ka-Shing Unity Trust was entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, held more than one-third of the issued share capital of CKH.

Li Ka-Shing Unity Trustee Corporation Limited (“TDT1”) as trustee of The Li Ka-Shing Unity Discretionary Trust (“DT1”) and Li Ka-Shing Unity Trustcorp Limited (“TDT2”) as trustee of another discretionary trust (“DT2”) both held units in The Li Ka-Shing Unity Trust.

Mr. Li Ka-Shing is the settlor of each of DT1 and DT2 and may be regarded as a founder of each of them for the purpose of the SFO. The entire issued share capital of TUT1, TDT1 and TDT2 are owned by Li Ka-Shing Unity Holdings Limited, of which each of Mr. Li Ka-Shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the issued share capital.

CKH, TUT1, TDT1, TDT2 and Mr. Li Ka-Shing were all deemed to be interested in these 17,767,259 shares which were taken to be interested in by Borneo under the SFO.

The capacity of the persons in which ordinary shares were held are set out as below:

- (i) Borneo holds the interests as beneficial owner;
 - (ii) Ebony Limited, Ivory Limited and CKH hold the interests through interest of controlled corporation(s);
 - (iii) TUT1 holds the interests as trustee;
 - (iv) TDT1 & TDT2 hold the interests as trustee and beneficiary of trust;
 - (v) Mr. Li Ka-Shing holds the interests through interest of controlled corporations and as founder of discretionary trusts.
6. Pursuant to a ruling by the Securities and Futures Commission dated 21st November, 1996, Kee Shing, Galmare and Mr. Leung who is also the Chairman of the Company as at the date of this circular, as parties acting in concert and on this basis, if taking into account of the 3,000,000 share options held by Mr. Leung, their aggregate long position in the share and (in respect of positions held pursuant to equity derivatives) underlying shares of the Company is approximately 115,500,000 shares, representing approximately 34.6% of the issued share capital of the Company.

These notifications were filed under the repealed Securities (Disclosure of Interests) Ordinance.

* The number of shares are assumed unchanged in the event that the Repurchase Mandate is exercised.

Kee Shing (Holdings) Limited, Galmare Investment Limited and Mr. Leung (who/which in aggregate hold 115,500,000 Shares, representing 34.6% of the issued share capital of the Company as at the Latest Practicable Date) have been deemed, pursuant to a ruling by the Securities and Futures Commission dated 21st November, 1996, as parties acting in concert, and on this basis if the Directors exercise the power to repurchase Shares under the Repurchase Mandate (except from Kee Shing (Holdings) Limited, Galmare Investment Limited and Mr. Leung) so as to result in the aggregate shareholding interests of Kee Shing (Holdings) Limited, Galmare Investment Limited and Mr. Leung to increase by 2% or more, they would become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. If the Directors exercise in full the power to repurchase Shares under the Repurchase Mandate (except from Kee Shing (Holdings) Limited, Galmare Investment Limited and Mr. Leung) the aggregate shareholding interests of Kee Shing (Holdings) Limited, Galmare Investment Limited and Mr. Leung would increase to 38.4% and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. However, the Directors have no present intention to exercise the power to repurchase Shares pursuant to the Repurchase Mandate to such an extent as would result in such takeover obligation being incurred on the part of Kee Shing (Holdings) Limited, Galmare Investment Limited and Mr. Leung. In the event that the Repurchase Mandate is exercised in full, the number of Shares held by the public would not fall below 25%.

Save for the above and based on the above shareholdings but subject to the ruling by the Securities and Futures Commission above, the Directors are not aware of any Shareholder, or a group of Shareholders acting in concert, who may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code in the event that the Directors exercise the power to repurchase Shares pursuant to the Repurchase Mandate in full.

8. SHARE REPURCHASE MADE BY THE COMPANY

The Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

**ASIA COMMERCIAL HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of ASIA COMMERCIAL HOLDINGS LIMITED will be held at Cypress Room, 2nd Floor, Novotel Century Harbourview Hotel, 508 Queen's Road West, Western District, Hong Kong on Friday, 17th September, 2004 at 10:30 a.m. for the following purposes:

1. To receive and consider the financial statements and the reports of the directors and auditors for the year ended 31st March, 2004.
2. To re-elect the retiring director and authorize the Board to fix the remuneration of directors.
3. To appoint auditors and authorize the Board to fix their remuneration.
4. As special business, to consider and if thought fit, pass the following resolutions as Ordinary Resolutions:-

A. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company which the directors of the Company is authorized to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% 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
- (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; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

B. “**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 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;
- (b) the approval in paragraph (a) above shall authorize the directors of the Company 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 directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares as scrip dividend pursuant to the Bye-laws of the Company from time to time; (iii) an issue of shares of the Company upon the exercise of rights of subscription or conversion under the terms of any securities which are convertible into shares of the Company; or (iv) an issue of shares of the Company 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 shares of 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 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; and

- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares of the Company open for a period fixed by the directors of the Company to the holders of shares of the Company 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 as at that date (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory applicable to the Company).”

- C. “**THAT** subject to the passing of Resolutions 4A and 4B set out in the notice convening the Annual General Meeting of the Company of which this resolution forms part (“**Notice**”), the general mandate granted to the Directors of the Company to allot, issue and deal with additional shares pursuant to Resolution 4B set out in the Notice be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to Resolution 4A set out in the Notice, provided that such amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the said Resolution.”
5. As special business, to consider and, if thought fit, pass the following resolution as a Special Resolution:–

“**THAT** the Bye-laws of the Company be and are hereby amended in the following manner:

A. Bye-law 1

- (i) By adding the following new definitions:–

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

“Listing Rules” shall mean the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time.

- (ii) By deleting the words ‘a recognised clearing house within the meaning of Section 2 of the Securities and Futures (Clearing Houses) Ordinance (Chapter 420 of Laws of Hong Kong) or’ in the definition of “Clearing House”;

- (iii) By deleting the existing definitions of “Holding company” and “Subsidiary”, and adding the following new definition of “Subsidiary and Holding Company”:

“Subsidiary and Holding Company” shall have the meanings attributed to such terms in the Companies Ordinance of Hong Kong, but interpreting the term “subsidiary” in accordance with the definition of “subsidiary” under rule 1.01 of the Listing Rules.

- B. By re-numbering Bye-law 67 as Bye-law 67(2) and adding the following Bye-law as Bye-law 67(1):

‘67.(1) Where any Member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.’

- C. By deleting Bye-law 90 in its entirety and substituting therefor a new Bye-law 90 as follows:

‘90. No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose such person for election as a Director, signed by a Member (other than the person to be proposed for election as a Director) duly qualified to attend and vote at the general meeting for which such notice is given, and a notice in writing signed by such person of his willingness to be elected shall have been lodged at the Office or Head Office. The minimum length of the period during which such notices are given shall be at least seven (7) days and 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 seven (7) days prior to the date of such general meeting.’

- D. By deleting Bye-law 97 in its entirety and substituting therefor a new Bye-law 97 as follows:

‘97. (A) A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest in accordance with the provisions of the Statutes.

(B) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates is materially

interested, but this prohibition shall not apply to any of the following matters namely:

- (i) the giving of any security or indemnity either:
 - (a) to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or
 - (b) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has 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;
- (ii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iii) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associate(s) is derived) or of the voting rights;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
 - (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme involving the issue or grant of options over shares or other securities by the Company under which the Director or his associate(s) may benefit; or
 - (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

- (v) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.
- (C) A company shall be deemed to be a company in which a Director and/or his associate(s) own(s) five (5) per cent. or more if and so long as (but only if and so long as) he and/or his associates (either directly or indirectly) is/are the holder(s) of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his 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 and/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 authorized unit trust scheme in which the Director and/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.
- (D) Where a company in which a Director and/or his associate(s) hold(s) five (5) per cent. or more is materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.
- (E) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each Director separately and in such case each of the Directors concerned (if not debarred from voting under paragraph (C) of this Bye-law) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- (F) 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) or his associate(s) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director or his associate(s) 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 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.’ ”

By Order of the Board
Lai Kwok Hung, Alex
Company Secretary

Hong Kong, dated 30th July, 2004

Notes:

- (1) Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A Member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (2) To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company's branch share registrars in Hong Kong, Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a Member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (3) Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the meeting, the most senior shall alone be entitled to vote, whether in person or by proxy, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
- (4) The translation into Chinese language of this notice (including the Special Resolution which contains the proposed new Bye-laws) is for reference only. In case of any inconsistency, the English version shall prevail.

Pursuant to Bye-law 58 of the Bye-laws of the Company, 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) demanded:

- (a) by the Chairman; or
- (b) not less than three Members present in person or by proxy or attorney and entitled to vote at the meeting; or
- (c) by a Member or Members present in person or by a duly authorised corporate representative or by proxy or by attorney and holding between them not less than one-tenth of the total voting rights of all the Members having the right to vote at such meeting; or
- (d) by a Member or Members present in person or by a duly authorised corporate representative or by proxy or by attorney and holding shares in the Company conferring a right to vote at such 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.