



THE HONGKONG AND SHANGHAI HOTELS, LIMITED
香港上海大酒店有限公司

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

REVISION OF DIRECTORS' FEES

AMENDMENTS TO ARTICLES OF ASSOCIATION

RE-ELECTION OF RETIRING DIRECTORS

NOTICE OF ANNUAL GENERAL MEETING

發行及回購股份之一般性授權

更改董事酬金

修訂組織章程細則

重選行將屆滿卸任之董事

股東週年大會通告

**This document is important and
requires your immediate attention**

If you are in any doubt about this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in The Hongkong and Shanghai Hotels, Limited (the "Company"), you should at once hand this document and the attached 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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此乃重要文件 請即處理

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The notice convening the Annual General Meeting of the Company to be held in the Salisbury Room, The Peninsula, Salisbury Road, Kowloon, Hong Kong on Thursday, 6 May 2004 at 12:00 noon is set out on pages 7 to 13 of this document. Shareholders are advised to read the notice and to complete and return the attached form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 24 hours before the time for holding the meeting.

本公司將於二零零四年五月六日（星期四）正午十二時假座香港九龍梳士巴利道半島酒店利士廳舉行股東週年大會，召開大會之通告詳載於本文件第十九頁至第二十四頁。務請各股東細閱通告並盡速按照所列印之指示填妥及交回隨附之代表委任表格，惟無論如何不得遲於大會指定舉行時間前二十四小時交回。

19 March 2004

二零零四年三月十九日

Directors

The Hon. Michael D Kadoorie
Chairman

Ian D Boyce
Deputy Chairman

Clement K M Kwok
*Managing Director
and Chief Executive Officer*

Sir Sidney Gordon

Ronald J McAulay

William E Mocatta

Dr The Hon. David K P Li*

Robert C S Ng*

James S Dickson Leach

Pierre R Boppe

Robert W Miller*

C Mark Broadley
Chief Financial Officer

Patrick B Paul*

Registered Office

8th Floor, St. George's Building
2 Ice House Street
Central, Hong Kong

* Independent non-executive director

To the Shareholders

Dear Sir or Madam,

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
REVISION OF DIRECTORS' FEES
AMENDMENTS TO ARTICLES OF ASSOCIATION
RE-ELECTION OF RETIRING DIRECTORS
NOTICE OF ANNUAL GENERAL MEETING

Introduction

The purpose of this document is to provide you with information on the proposed resolutions relating to (i) the renewal of the general mandates to issue and repurchase shares; (ii) the revision of directors' fees; (iii) the amendments to Articles of Association and (iv) the re-election of retiring directors and to give you the notice and the proxy form for the Annual General Meeting to be held on 6 May 2004.

General mandate to issue and repurchase shares

At the Annual General Meeting of the Company held on 19 May 2003, ordinary resolutions were passed giving general mandates to directors (i) to allot, issue and otherwise deal with shares equal to 20 per cent. of the shares of the Company in issue at 19 May 2003, plus the aggregate number of shares repurchased by the Company; and (ii) to repurchase shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") up to 10 per cent. of the issued share capital of the Company as at 19 May 2003. The Company has issued 233,708,415 shares in connection with the Subscription Agreement as stated in the announcement of the Company dated 20 October 2003. These shares were issued pursuant to the general mandate granted to directors at the Annual General Meeting of the Company held on 19 May 2003. Other than described above, no shares have been purchased, allotted, issued or otherwise dealt with pursuant to these mandates.

Under the terms of the Companies Ordinance (Chapter 32) of the Laws of Hong Kong (the "Companies Ordinance") and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), these general mandates will lapse at the conclusion of the Annual General Meeting for 2004, unless renewed at that meeting. Resolutions will be proposed to renew the mandates to allot or issue new shares and repurchase shares. The Explanatory Statement required by the Listing Rules to be sent to shareholders in connection with the proposed general mandate for the repurchase of shares is set out in the Appendix to this document.

Revision of directors' fees

At the Annual General Meeting of the Company held on 7 May 1990, shareholders resolved that the ordinary remuneration of the directors (with the exception of directors in full-time employment with the Company, who do not receive such fees) be at the rate of HK\$50,000 per annum for each director. There has been no increase to the ordinary remuneration of directors since that time. Under the Articles of Association of the

Company, the Board has the power to fix the additional remuneration of directors who serve on board committees. By resolution of the Board on 17 May 1990, non-executive directors who were also members of the Executive Committee were entitled to an additional fixed fee of HK\$50,000 per annum and a performance bonus based on the Group's net income. The basis of calculating the remuneration of members of the Executive Committee has also remained unchanged since 1990.

The Board has reviewed the existing structure of fees payable to directors and has proposed revisions to the structure of remuneration receivable in order that it aligns more clearly with current corporate governance practices and reflects the changed nature of the role. Under the proposal, the ordinary remuneration of each director (except the directors in full-time employment with the Company) is to be fixed at the rate of HK\$100,000 per annum. In addition, members of the Executive Committee and the Audit Committee will receive an additional HK\$100,000 each for serving on the respective committees. At the same time, the performance bonus payable to members of the Executive Committee will be discontinued. On the basis of eleven non-executive directors (including independent non-executive directors) on the Board, and three non-executive directors serving on each of the Audit Committee and Executive Committee, fees payable to directors (except directors in full-time employment with the Company) are expected to be HK\$1,700,000 for the year ending 31 December 2004. The proposal will result in a reduction of total fees payable to directors as compared to HK\$2,191,989 paid in 2002.

Due to the impact of Severe Atypical Respiratory Syndrome which affected the first six months' results, all non-executive directors waived the fees payable to each of them for the first six months of 2003. In addition, the performance bonus payable to members of the Executive Committee was also suspended for 2003. Accordingly the directors' fees paid to ten non-executive directors amounted to only HK\$325,000 in 2003.

Details of the breakdown of the directors' fees paid to non-executive directors in 2002 and 2003 are set out in note 23 to the financial statements of the Company's annual report.

A resolution will accordingly be proposed at the Annual General Meeting of the Company to approve the ordinary remuneration of directors (except directors in full-time employment with the Company) at the rate of HK\$100,000 per annum. The remuneration of directors who are members of the Executive Committee and the Audit Committee as described above was fixed by Board resolution on 26 February 2004 and is not subject to shareholders' approval.

Amendments to articles of association

Following certain amendments to the Companies Ordinance and the Listing Rules in relation to the distribution of corporate communications, the directors would like to take this opportunity to propose corresponding amendments to the Articles of Association so as to offer flexibility for the Company to take advantage of the amendments whenever considered appropriate in the future.

According to the amendment of the Companies Ordinance and the Listing Rules, the Company is permitted, inter alia, (i) to offer shareholders the choice to receive, in place of Annual Report, a summary financial report (the "Summary Financial Report") which is derived from and summarises the Annual Report; and (ii) to offer shareholders the choice to receive corporate communications, including but not limited to the Annual Report, the Summary Financial Report, the Interim Report, notice of general meetings and circulars through electronic means and in either English or Chinese only or in both languages.

In order to achieve such flexibility under the new legislation and rules, the directors propose to introduce certain amendments to the Articles of Association which will enable the Company, subject to the extent permitted by the Companies Ordinance, Listing Rules and any applicable laws, rules and regulations:

- (a) to offer shareholders the choice to receive a Summary Financial Report in place of the Annual Report;
- (b) with shareholders' prior consent, to send or otherwise make available the Company's corporate communications (within the meaning ascribed thereto under the Listing Rules) using electronic means; and
- (c) to send the Company's corporate communications to shareholders in either the English language only, the Chinese language only or in both languages.

Details of the proposed amendments are set in the Special Resolution of the Notice of the Annual General Meeting.

In addition to the above, the directors would also like to take this opportunity to modernise various provisions of the Articles of Association by making a number of amendments, the most important of which are the following:

- modernising the Articles of Association in respect of holdings of shares by the Hong Kong Securities Clearing Company Limited (CCASS).
- amending the Articles of Association to accommodate a change to the Companies Ordinance facilitating the removal of directors by resolution of shareholders.
- deleting the exemptions for directors holding office as Executive Chairman, Managing Director or Joint Managing Director from the provisions on retirement by rotation and adding a provision to the Articles of Association that each director may voluntarily retire at any Annual General Meeting and may offer himself for re-election (to facilitate compliance in case requirements for retirement become more stringent in the future).
- amending the Articles of Association to cater for a new provision of the Companies Ordinance regarding the vicarious liability of directors for torts committed by their alternate directors.
- facilitating the holding of board meetings of directors by telephone or videoconference.
- updating the exceptions regarding voting by a director on a matter in which he has a material interest, to accord more closely with exceptions permitted in the Listing Rules (in particular, increasing the threshold percentage for an interest in a company to be material from one per cent. to five per cent. and permitting voting on the adoption, modification or operation of share schemes).
- updating the Articles of Association to reflect the recent changes to Appendix 3 of the Listing Rules which sets out the requirements to be met by listed issuers in relation to their Articles of Association or equivalent document.
- amending the Articles of Association to reflect a change to the Companies Ordinance with respect to the purchase of insurance to cover liability of officers and auditors of the Company.
- modernising the provisions in the Articles of Association regarding the giving of notices.

Re-election of retiring directors

In accordance with the Articles of Association of the Company, The Hon. Michael D Kadoorie, Mr Ian D Boyce and Mr Robert C S Ng, will retire by rotation at the forthcoming Annual General Meeting and will offer themselves for re-election.

Messrs C Mark Broadley and Patrick B Paul having been appointed to the Board since the date of the last Annual General Meeting, will retire at the forthcoming Annual General Meeting in accordance with the Company's Articles of Association, and being eligible, will offer themselves for re-election.

In addition to the above Mr Peter C Borer will be appointed as Chief Operating Officer, The Peninsula Hotels and Executive Director of the Company with effect from 15 April 2004. As Mr Borer will be appointed to the Board on a date following the date of the last Annual General Meeting, he is required to retire at the forthcoming Annual General Meeting in accordance with the Company's Articles of Association, and being eligible, will offer himself for re-election.

Recommendation

The directors consider that the proposed general mandates, revision of directors' fees and amendments to the Articles of Association are in the best interests of the Company and its shareholders and recommend that shareholders vote in favour of the resolutions.

Notice of the annual general meeting

Notice of the Annual General Meeting to be held on 6 May 2004 is set out in this document. A form of proxy for use at the Annual General Meeting is attached. Whether or not you intend to attend the Annual General Meeting, you are requested to complete the form of proxy and return it to the Company's registrars, Computershare Hong Kong Investor Services Limited, Rooms 1901-1905, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, but in any case so as to arrive no later than 24 hours before the time of the meeting. Completion and return of the form of proxy will not preclude a shareholder from attending and voting in person at the Annual General Meeting and at any adjournment thereof, should he or she so wish.

Yours faithfully,



The Hon. Michael D Kadoorie
Chairman
19 March 2004

The following is the Explanatory Statement required to be sent to shareholders under the Listing Rules in connection with the proposed general mandate for repurchase of shares and also constitutes the Memorandum required under Section 49BA of the Companies Ordinance. References in this Appendix to “Shares” mean ordinary share(s) of HK\$0.50 each in the capital of the Company:

- (a) It is proposed that up to 10 per cent. of the Shares of HK\$0.50 each of the Company in issue at the date of passing of the resolution to approve the general mandate may be repurchased. As at 12 March 2004, the latest practicable date for determining such figures, the number of Shares of the Company in issue was 1,402,250,492. On the basis of such figures (and assuming no further Shares are repurchased and issued after 12 March 2004 and up to the date of passing such resolution) the directors would be authorised to repurchase Shares of the Company up to a limit of 140,225,049 Shares.
- (b) The directors believe that the ability to repurchase Shares is in the interests of the Company and its shareholders. Repurchases may, depending on the circumstances, result in an increase in net assets and/or earnings per share. The directors are seeking the grant of a general mandate to repurchase Shares to give the Company the flexibility to do so if and when appropriate. The timing and the number(s), the price and other terms upon which the same are repurchased will be decided by the directors at the relevant time having regard to the circumstances then pertaining.
- (c) It is envisaged that the funds required for any repurchase would be derived from the distributable profits of the Company being funds legally available for such repurchase in accordance with the Company’s Articles of Association and the laws of Hong Kong.
- (d) There could be an adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its most recent published audited accounts) in the event that the proposed Share repurchases were to be carried out in full at any time during the proposed repurchase period. However, the directors do not propose to exercise the general mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the directors are from time to time appropriate for the Company.
- (e) There are no directors or (to the best of the knowledge of the directors, having made all reasonable enquiries) any associates (as defined in the Listing Rules) of directors of the Company who have a present intention, in the event that the general mandate is granted by shareholders, to sell Shares to the Company.
- (f) The directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the general mandate in accordance with the Listing Rules and the laws of Hong Kong.
- (g) The directors are not aware of any consequences which would arise under the Hong Kong Code on Takeovers and Mergers as a consequence of any purchases pursuant to the general mandate. As at 12 March 2004, 55 per cent. of the issued share capital of the Company was held by controlling shareholders and, assuming full exercise of the repurchase mandate given to the directors, 61.11 per cent. will be held by such shareholders.

- (h) No connected persons (as defined in the Listing Rules) of the Company have notified it of a present intention to sell Shares of the Company to the Company and no such persons have undertaken not to sell any such Shares to the Company in the event that the general mandate is granted by shareholders.
- (i) The highest and lowest prices at which Shares of the Company have traded on the Stock Exchange in each of the previous twelve months are as follows:

	Highest HK\$	Lowest HK\$
March 2003	3.825	2.925
April 2003	3.300	2.775
May 2003	3.800	3.200
June 2003	3.800	3.475
July 2003	3.975	3.525
August 2003	4.550	3.850
September 2003	4.850	4.250
October 2003	5.600	4.600
November 2003	4.775	4.125
December 2003	4.650	4.325
January 2004	5.950	4.475
February 2004	5.450	5.000

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held in the Salisbury Room, The Peninsula, Salisbury Road, Kowloon, Hong Kong, on Thursday, 6 May 2004 at 12:00 noon for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31 December 2003.
2. To declare a final dividend.
3. To re-elect retiring directors.
4. To reappoint the auditors and authorise the directors to fix their remuneration.

As special business, to consider and, if thought fit, to pass with or without modification the following Resolutions:

As Ordinary Resolutions:

5. **“THAT:**
 - (a) subject to paragraph (c), a general mandate be unconditionally granted to the directors of the Company to exercise during the Relevant Period 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, options or warrants which would or might require the exercise of such powers;
 - (b) the mandate in paragraph (a) shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;
 - (c) the aggregate number of shares in the capital of the Company 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 mandate in paragraph (a), otherwise than pursuant to (i) a Rights Issue, or (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (iii) any scrip dividend or similar arrangement pursuant to the Articles of Association of the Company from time to time, shall not exceed 20 per cent. of the aggregate number of shares in the capital of the Company in issue at the date of this Resolution and the said mandate 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 law to be held; and
 - (iii) the date on which the authority given under 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 directors of the Company to holders of shares in the capital of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion 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 outside Hong Kong).”

6. **“THAT:**

(a) a general mandate be unconditionally granted to the directors of the Company to exercise during the Relevant Period all the powers of the Company to repurchase or otherwise acquire shares of HK\$0.50 each in the capital of the Company in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, provided that the aggregate number of shares in the capital of the Company so repurchased or otherwise acquired shall not exceed 10 per cent. of the aggregate number of the shares in the capital of the Company in issue at the date of this Resolution; and

(b) 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 law to be held; and

(iii) the date on which the authority given under this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

7. **“THAT**, subject to the passing of Resolutions 5 and 6 set out in the notice of this meeting, the aggregate number of the shares in the capital of the Company which are repurchased or otherwise acquired by the Company pursuant to Resolution 6 shall be added to the aggregate number of the shares in the capital of the Company which may be issued pursuant to Resolution 5.”

8. **“THAT** pursuant to Article 77 of the Articles of Association of the Company, with effect from 1 January 2004, the ordinary remuneration of the directors (to be paid to directors other than those in full-time employment with the Company) be at the rate of HK\$100,000 per annum for each director.”

As a Special Resolution:

9. **“THAT** the Articles of Association of the Company be amended by:

(a) Adding the following definition in Article 2:

“associate” in relation to any Director, has the meaning ascribed to it under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(b) Deleting the existing definition of “in writing” and adding the following paragraph at the end of Article 2:

“Expressions referring to writing shall, unless the contrary intention appears be construed as including printing, lithography, photography and other modes of representing words or figures in a visible form, and including without limitation where the representation takes the form of electronic display, provided that both the mode of service of the relevant document or notice and any requisite member’s election comply with any applicable Statutes, rules and/or regulations.”

(c) Amending Article 7A as follows:

(i) deleting the words “or as between them and the holders of the same class” in the sixteenth and seventeenth lines;

- (ii) adding the words “or otherwise” after the word “shares” in the twentieth line; and
 - (iii) adding the words “the Statutes and with” before the words “any relevant rules” in the twenty-third line.
- (d) Adding the words “and the Statutes” immediately following the words “Stock Exchange of Hong Kong Limited” in the eleventh line of Article 15.
 - (e) Adding the following sentence at the end of Article 33:
“For the purposes of this Article, the Directors may, on such terms and such conditions as they may think fit, accept the machine imprinted or mechanically produced signature of the transferor or the transferee as the valid signature of the transferor or the transferee.”
 - (f) Adding the following as a new Article 65A immediately after Article 65 and adding the words “Votes cast in contravention of the Listing Rules” as a marginal note to Article 65A:
“65A. Where any member is, under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, 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.”
 - (g) Deleting the words “within the meaning of Section 2 of the Securities (Clearing Houses) Ordinance of Chapter 420 of the Laws of Hong Kong” in Article 74A and substituting therefor the words “within the meaning of the Securities and Futures Ordinance.”
 - (h) Deleting the words “Special Resolution in accordance with” in Article 85(g) and substituting therefor the words “such type of members’ resolution as may be specified by”.
 - (i) Deleting the words from “Provided” to “retire” (inclusive) in the fifth to eighth lines of Article 86 and substituting therefor the following:
“In addition to the above requirement, any Director may voluntarily retire at any Annual General Meeting and may offer himself for re-election.”
 - (j) Deleting the words “not less than seven nor more than forty-two days (inclusive of the date on which the notice is given) before the date appointed for the meeting” in Article 90 and substituting therefor the words “during the period commencing the day after despatch of the notice of the meeting appointed for such election (inclusive of such day) and ending no later than the day which is 7 days prior to the date of such meeting (inclusive of such day).”
 - (k) Deleting the words “in accordance with and subject to the provisions of” and “by Special Resolution” in the first and second lines of Article 91, and adding the words “by such type of members’ resolution as may be specified by” immediately following the word “may” in the first line of Article 91, and deleting the word “Special” in the marginal note of Article 91 and substituting therefor the word “Members’ ”.
 - (l) Adding the following as a new sub-paragraph (E) of Article 93 and the words “Directors not vicariously liable for acts of their alternates” as a marginal note to Article 93(E):
“A Director who has appointed a person (including another Director) to be his alternate Director shall not be vicariously liable for any tort committed by the alternate Director.”
 - (m) Adding the following sentence at the end of Article 94:
“A meeting of the Directors may be held by means of telephone or videoconferencing or any other electronic means provided that all participants are thereby able to communicate immediately by voice with all other participants.”

- (n) Amending Article 98(B) as follows:
- (i) deleting the words “in respect of” in the second line of Article 98(B) and substituting therefor the words “on any board resolution approving”; and
 - (ii) adding the words “or any of his associates” after the word “he” in the third line of Article 98(B).
- (o) Amending Article 98(C) as follows:
- (i) adding the words “or his associates” after the word “him” in the second line of Article 98(C)(i) and the words “or any of them” after the word “him” in the third line of Article 98(C)(i);
 - (ii) deleting the word “himself” in the fourth line of Article 98(C)(ii) and substituting therefor the words “or any of his associates”;
 - (iii) adding the words “or any of his associates” after the word “he” in the fourth line of Article 98(C)(iii);
 - (iv) amending Article 98(C)(iv) as follows:
 - (aa) adding the words “or any of his associates” after the word “he” in the second line of Article 98(C)(iv);
 - (bb) adding the words “, whether directly or indirectly,” after the words “interested only” in the second line of Article 98(C)(iv);
 - (cc) deleting the word “creditor” in the third line of Article 98(C)(iv) and substituting therefor the word “executive”; and
 - (dd) deleting the words from “provided” to “derived)” (inclusive) in the fourth to tenth lines of Article 98(C)(iv) and substituting therefor the words “other than a company in which the Director and any of his associates are in aggregate beneficially interested in five per cent. 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 associates is derived)”;
 - (v) amending Article 98(C)(v) as follows:
 - (aa) deleting the words “super-annuation fund or retirement benefits scheme which” in the second and third lines of Article 98(C)(v) and substituting therefor the words “pension fund or retirement, death or disability benefits scheme which relates both to Directors or their associates and employees of the Company or any of its subsidiaries and”;
 - (bb) adding the words “or his associates, as such ” after the word “him” in the fourth line of Article 98(C)(v); and
 - (cc) adding the following words at the end of Article 98(C)(v):
 “and/or any proposal concerning the adoption, modification or operation of any employees’ share scheme or any share incentive or share option scheme under which he or his associates may benefit”.
- (p) Deleting existing Article 130 and substituting therefor the following:
- “130. (A) The Directors shall, from time to time, in accordance with the Statutes, cause to be prepared and to be laid before the Annual General Meeting the relevant financial documents required by the Statutes. The Directors may also cause to be prepared a summary financial report if they think fit, which may be provided to members and/or debenture holders instead of the relevant financial documents in circumstances permitted by The Stock Exchange of Hong Kong Limited.
 - (B) Subject to paragraph (C) below, a copy of the relevant financial documents or the summary financial report shall, not less than 21 days before the meeting, be delivered or sent by post to the registered address of every member and debenture holder of the Company, or in the case of a joint holding to the member or debenture holder (as the case may be) whose name stands first in the appropriate Register in respect of the joint holding. No accidental non-compliance with the provisions of this Article shall invalidate the proceedings at the meeting.

- (C) Where a member or debenture holder of the Company has, in accordance with the Statutes and any rules prescribed by The Stock Exchange of Hong Kong Limited from time to time, consented to treat the publication of the relevant financial documents and/or the summary financial report on the Company's computer network as discharging the Company's obligation under the Statutes to send a copy of the relevant financial documents and/or the summary financial report, then subject to compliance with the publication and notification requirements of the Statutes and any rules prescribed by The Stock Exchange of Hong Kong Limited from time to time, publication by the Company on the Company's computer network of the relevant financial documents and/or the summary financial report at least 21 days before the date of the meeting shall, in relation to each such member or debenture holder of the Company, be deemed to discharge the Company's obligations under paragraph (B) above.
- (D) For the purpose of this Article, "relevant financial documents" and "summary financial report" shall have the meaning ascribed to them in the Statutes."
- (q) Deleting the existing marginal notes to Article 130 and substituting therefor the following:
- (i) "Relevant financial documents or summary financial report" as a marginal note to sub-paragraph (A) of Article 130;
 - (ii) "Copies of relevant financial documents or summary financial report sent to members and others" as a marginal note to sub-paragraph (B) of Article 130;
 - (iii) "Publication of relevant financial documents or summary financial report on computer network" as a marginal note to sub-paragraph (C) of Article 130; and
 - (iv) "Meaning of relevant financial documents and summary financial report" as a marginal note to sub-paragraph (D) of Article 130.
- (r) Deleting existing Articles 133 to 138 (inclusive) and substituting therefor the following:
- "133. Any notice or document to be given or issued under these Articles shall be in writing, except that any such notice or document to be given or issued by or on behalf of the Company under these Articles (including any "corporate communication" within the meaning ascribed thereto in the rules of The Stock Exchange of Hong Kong Limited) shall be in writing which may or may not be in a transitory form and may be recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form (including an electronic communication and publication on a computer network) whether having physical substance or not may be served or delivered by the Company by any of the following means subject to and to such extent permitted by and in accordance with the Statutes, the rules of The Stock Exchange of Hong Kong Limited and any applicable laws, rules and regulations:
- (i) personally;
 - (ii) by sending it through the post in a properly prepaid letter, envelope or wrapper addressed to a member at his registered address as appearing in the Register of Members or in the case of another entitled person (as defined in the Statutes), to such address as he may provide;
 - (iii) by delivering or leaving it at such address as aforesaid;
 - (iv) by advertisement in an English language newspaper and a Chinese language newspaper in Hong Kong in accordance with the rules of The Stock Exchange of Hong Kong Limited;
 - (v) by transmitting it as an electronic communication to the entitled person at such electronic address as he may have provided; or
 - (vi) by publishing it on a computer network.

134. 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 of Members and notice so given shall be sufficient notice to all the joint holders.
135. Any notice or document (including any “corporate communication” within the meaning ascribed thereto in the rules of The Stock Exchange of Hong Kong Limited) given or issued by or on behalf of the Company:
- (i) if sent by post, shall be deemed to have been served on the day following that on which the envelope or wrapper containing the same is put into a post office situated within Hong Kong and in proving such service it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly prepaid, addressed and put into such post office (airmail if posted from Hong Kong to an address outside Hong Kong) and a certificate in writing signed by the Secretary or other person appointed by the Board that the envelope or wrapper containing the notice or document was so properly prepaid, addressed and put into such post office shall be conclusive evidence thereof;
 - (ii) if not sent by post but delivered or left at a registered address by the Company, shall be deemed to have been served on the day it was so delivered or left;
 - (iii) if published by way of a newspaper advertisement, shall be deemed to have been served on the date on which it is advertised in one English language newspaper and one Chinese language newspaper in Hong Kong;
 - (iv) if sent as an electronic communication, shall be deemed to have been served at the time when the notice or document is transmitted electronically provided that no notification that the electronic communication has not reached its recipient has been received by the sender, except that any failure in transmission beyond the sender’s control shall not invalidate the effectiveness of the notice or document being served; and
 - (v) if published on the Company’s computer network, shall be deemed to have been served on the day on which the notice or document is published on the Company’s computer network to which the entitled person may have access.
136. The signature to any notice or document by the Company may be written, typed, printed or made electronically.
137. Subject to any applicable laws, rules and regulations, any notice or document, including but not limited to the documents referred to in Article 130 and any “corporate communication” within the meaning ascribed thereto in the rules of The Stock Exchange of Hong Kong Limited, may be given in the English language only, in the Chinese language only or in both the English language and the Chinese language.
138. Any notice or document served in accordance with Article 135 shall, in respect of any member who is deceased, be deemed to have been duly served on his legal personal representatives, whether or not the Company has notice of his death.”
- (s) Deleting the existing marginal notes to Articles 133 to 138 (inclusive) and substituting therefor the following:
- (i) “Service of notice” as a marginal note to Article 133;
 - (ii) “Notice to joint holders” as a marginal note to Article 134;
 - (iii) “When notice deemed to be served” as a marginal note to Article 135;
 - (iv) “Signature to notice or document” as a marginal note to Article 136;
 - (v) “Language of notice or document” as a marginal note to Article 137; and
 - (vi) “Service of notice or document in respect of deceased members” as a marginal note to Article 138.

- (t) Adding the following as a new Article 142A and the words “Purchase of insurance to cover liability of officers and auditors” as a marginal note to Article 142A:

“142A. The Company may purchase and maintain for any Director, Secretary, officer and auditor of the Company:

- (a) 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
- (b) 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 142A, “related company” means any company that is the Company’s subsidiary or holding company or a subsidiary of that holding company.”

By Order of the Board



Christobelle Liao
Company Secretary
Hong Kong, 26 February 2004

Notes:

1. *A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint not more than two proxies to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the Company.*
2. *In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the share.*
3. *The register of members will be closed from 3 May to 6 May 2004, both days inclusive, during which period no transfer of shares can be registered.*
4. *To be entitled to receive the final dividend, shareholders must ensure that all transfer documents accompanied by the relevant share certificates are lodged with the Company’s registrars, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:00 p.m. on Friday, 30 April 2004.*
5. *Subject to the passing of the necessary resolution at the forthcoming Annual General Meeting, the final dividend will be payable on 21 May 2004, to shareholders whose names appear on the register of members on 6 May 2004.*
6. *The directors wish to state that the above proposed Special Resolution is to provide the flexibility permitted under the recent amendments of the Companies Ordinance (Chapter 32) of the Laws of Hong Kong and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited which, amongst other things, allow the Company to send corporate communications through electronic means and in either English or Chinese language, to offer members the choice to receive a summary financial report in place of the Annual Report, and to update several provisions of the Articles of Association.*
7. *The translation into Chinese language of this notice (including the Special Resolution which contains the proposed new Articles) is for reference only. In case of any inconsistency, the English version shall prevail.*