
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 your stockbroker or other licenced securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

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

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



CHINASOFT INTERNATIONAL LIMITED

中軟國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

**GENERAL MANDATES TO
ISSUE AND REPURCHASE SHARES
AND
AMENDMENTS OF THE ARTICLES OF ASSOCIATION**

The notice dated 31 March 2004 convening the annual general meeting of the Company to be held at 27/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong on 26 April 2004 at 10:00 a.m., is set out on pages 10 to 17 of this circular. Whether or not you intend to attend the meeting, please complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1901-5, 19/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or the principal place of business of the Company in Hong Kong at Units 4607-8, 46th Floor, COSCO Tower, No. 183 Queen's Road Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time for holding the meeting. Completion and return of the proxy form will not preclude you from attending and voting at the meeting should you so wish.

This circular will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" pages for at least 7 days from the date of its posting.

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

CONTENTS

	<i>Page(s)</i>
Definitions	1
 Letter from the Board	
1. Introduction	3
2. General Mandates	4
3. Amendments to the Articles of Association	4
4. Annual General Meeting	5
5. Action to be taken	5
6. Procedure for demanding a poll	5
7. Responsibility	6
8. Recommendation	6
 Appendix – Explanatory Statement	
1. Share Capital	7
2. Reasons for Repurchases	7
3. Funding of Repurchases	7
4. Undertaking	8
5. Takeovers Code	8
6. Share Prices	9
7. Shares Repurchase Made by the Company	9
 Notice of the annual general meeting	 10

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at 27/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong on 26 April 2004 at 10:00 a.m.;
“AGM Notice”	the notice dated 31 March 2004 for convening the AGM as set out on pages 10 to 17 of this circular;
“Articles of Association”	the articles of association of the Company as may be amended from time to time;
“Board”	the board of Directors of the Company for the time being;
“Company”	Chinasoft International Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the GEM;
“Directors”	directors of the Company for the time being;
“GEM”	The Growth Enterprise Market of the Stock Exchange;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	24 March 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM;
“Ordinary Resolution(s)”	the proposed ordinary resolution(s) as referred to in the AGM Notice;
“Repurchase Mandate”	a general mandate to the Directors to exercise the powers of the Company to repurchase Shares up to a maximum of 10 per cent. of the aggregate nominal amount of the share capital of the Company as at the date of passing of Ordinary Resolution no. 6(2) during the period as set out in Ordinary Resolution no. 6(2);
“Share(s)”	fully paid-up share(s) of HK\$0.05 each in the share capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);

DEFINITIONS

“Share Buyback Rules”	the relevant rules set out in the GEM Listing Rules to regulate the repurchase by companies with primary listing on the GEM;
“Share Issue Mandate”	a general mandate to the Directors to exercise the powers of the Company to allot and issue Shares during the period as set out in Ordinary Resolution no. 6(1) up to 20 per cent. of the issued share capital of the Company as at the date of passing Ordinary Resolution no. 6(1);
“Shareholder(s)”	holder(s) of Share(s);
“Special Resolution”	the proposed special resolution as referred to in the AGM Notice;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers; and
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.

LETTER FROM THE BOARD



中软国际

CHINASOFT INTERNATIONAL LIMITED

中軟國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

Executive Directors:

Dr Chen Yuhong
Mr. Cui Hui
Mr. Duncan Chiu
Mr. Peng Jiang

Registered Office:

Century Yard, Cricket Square,
Hutchins Drive, P.O. Box 2681 GT,
George Town, Grand Cayman,
Cayman Islands,
British West Indies

Non-Executive Directors:

Mr. David Chiu
Mr. Liu Zheng
Dr. Chen Qiwei

Principal place of business

in Hong Kong:
Units 4607-8, 46th Floor,
COSCO Tower,
No. 183 Queen's Road Central,
Hong Kong

Independent non-executive Directors

Mr. He Ning
Mr. Zeng Zhijie

31 March 2004

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO
ISSUE AND REPURCHASE SHARES
AND
AMENDMENTS OF THE ARTICLES OF ASSOCIATION**

1. INTRODUCTION

At the AGM to be held on 26 April, 2004, ordinary resolutions will be proposed to grant to Directors general mandates to allot, issue and deal with new Shares and to repurchase the Shares. A special resolution will also be proposed to amend the existing Articles of Association.

The purpose of this circular is to provide you with information regarding the Share Issue Mandate, the Repurchase Mandate and the proposed amendments to the existing Articles of Association and to seek your approval of the Ordinary Resolutions and the Special Resolution relating to these matters at the AGM.

* For identification purpose only

LETTER FROM THE BOARD

2. GENERAL MANDATES

At the AGM, separate ordinary resolutions will be proposed to renew the general mandates given to the Directors (i) to allot, issue and otherwise deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of the resolution; (ii) to exercise all powers of the Company to repurchase issued and fully paid Shares on the GEM up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of the resolution; (iii) to extend the general mandate granted to the Directors to allot, issue and deal with additional Shares as mentioned in paragraph (i) above by the amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the general mandate granted to the Directors as mentioned in paragraph (ii) above. The Share Issue Mandate and the Repurchase Mandate will be valid from the date of passing of the relevant resolution approving the same up to the earliest of (a) the date of the next annual general meeting of the Company, (b) the date by which the next annual general meeting of the Company is required to be held by law or by its articles of association; or (c) the date upon which such authority is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company. The existing general mandates to issue and repurchase Shares granted to the Directors pursuant to the written resolution passed by the Shareholders dated 2nd June, 2003 will expire at the AGM.

An explanatory statement containing all relevant information relating to the proposed Repurchase Mandate is set out in the Appendix to this circular. The information in the explanatory statement provides you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution to grant to the Directors the Repurchase Mandate.

3. AMENDMENTS TO THE EXISTING ARTICLES OF ASSOCIATION OF THE COMPANY

The latest amendments to the GEM Listing Rules comes into effect on 31 March 2004. Those amendments include, amongst others, amendments to Appendix 3 of the GEM Listing Rules governing the constitutional documents of a listed issuer. In this connection, the Special Resolution as set out in the AGM Notice is proposed to make amendments to the existing Articles of Association to comply with the requirements of the amended Appendix 3 of the GEM Listing Rules.

As a result of the amendments to the GEM Listing Rules, amongst others, (1) where the Company has actual knowledge, any Shareholder who is, under the GEM 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 Shareholder in contravention of such requirement or restriction shall not be counted; (2) a minimum of 7 days' period for lodgment by any Shareholder of the notice is required to nominate a Director other than a retiring Director and such notice shall commence no earlier than the day after the despatch of a notice of meeting appointed for such election; and (3) a Director shall abstain from voting at the board meeting on any matter in which not only he but also any of his associate(s) has material interest and the Director shall not be counted towards the quorum of the relevant board meeting.

LETTER FROM THE BOARD

To align the existing Articles of Association with the amendments to the GEM Listing Rules, the Board proposes that the existing Articles of Association be amended in the manner as set out in the Special Resolution. The full text of the proposed amendments to the existing Articles of Association are set out in the AGM Notice set out on pages 10 to 16 of this circular.

4. ANNUAL GENERAL MEETING

Set out on pages 10 to 16 in this circular is the AGM Notice at which the Ordinary Resolutions will be proposed to grant to the Directors the Repurchase Mandate, the Share Issue Mandate and the extension of the Share Issue Mandate with effect from the conclusion of the AGM and the Special Resolution will be proposed to amend the existing Articles of Association.

5. ACTION TO BE TAKEN

A proxy form for use at the AGM is despatched to you with this circular. Whether or not you intend to attend the AGM, you are requested to complete the proxy form and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1901-5, 19/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or the principal place of business of the Company at Units 4607-8, 46th Floor, COSCO Tower, No. 183 Queen's Road Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM.

6. PROCEDURE FOR DEMANDING A POLL

Pursuant to the existing Article 66 of the Articles of Association, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:—

- (a) by the chairman of such meeting; or
- (b) by at least three Shareholders present in person or in the case of a member of the Company being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by any Shareholder or Shareholders present in person or in the case of a Shareholder 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 Shareholders having the right to vote at the meeting; or
- (d) by any Shareholder or Shareholders present in person or in the case of a Shareholder 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.

LETTER FROM THE BOARD

A demand by a person as proxy for a Shareholder or in the case of a Shareholder being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Shareholder.

7. RESPONSIBILITY

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief:– (i) the information contained in this circular is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

8. RECOMMENDATION

The Directors believe that the Share Issue Mandate, the Repurchase Mandate, the extension of the Share Issue Mandate, the amendments to the existing Articles of Association and all other resolutions set out in the AGM Notice are all in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend that you vote in favour of each of the Ordinary Resolutions and the Special Resolution set out in the AGM Notice.

Yours faithfully,
By Order of the Board
Dr. Chen Yuhong
Managing Director

This appendix serves as an explanatory statement, as required under the Share Buyback Rules, to provide information to the Shareholders with regard to the Repurchase Mandate to enable them to make an informed decision as to whether to vote in favour of the Repurchase Mandate. For the purpose of this appendix, the term “Shares” shall mean shares of all classes and securities which carry a right to subscribe for or purchase shares.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 640,000,000 Shares. As at the same date, options to subscribe for 11,040,000 Shares had been granted and were outstanding under the Company’s share option scheme.

Subject to the passing of the Ordinary Resolution no. 6(2) and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 64,000,000 Shares representing not more than 10 per cent. of the issued share capital of the Company at the Latest Practicable Date.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interest of the Company and its Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase Shares on the Stock Exchange. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will only be made when the Directors believe that such repurchases are beneficial to the Company and its Shareholders.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and Articles of Association and the applicable laws of Cayman Islands and the GEM Listing Rules. Under the law of the Cayman Islands, the amount to be repaid in connection with a share repurchase may only be paid out of the capital paid up on the relevant Shares, or the profits of the Company which would otherwise be available for distribution by way of dividend or the proceeds of a fresh issue of Shares made for the purpose. The amount of premium payable on a repurchase may only be paid out of the profits of the Company which would otherwise be available for distribution by way of dividend or out of the share premium account of the Company.

The Directors at present have not decided which proposed source of funding is to be used when the Repurchase Mandate is exercised.

There might be a material adverse effect on the working capital or gearing position of the Company (as compared with the position disclosed in the audited consolidated accounts contained in the annual report for the financial year ended 31 December 2003) in the event that the Repurchase Mandate is exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

4. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same is applicable, they will only exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the Articles of Association and the applicable laws of the Cayman Islands.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the GEM Listing Rules), have any present intention to sell any Shares to the Company under the Repurchase Mandate if such is approved by Shareholders.

No connected person (as defined in the GEM Listing Rules) has notified the Company that he or it has a present intention to sell Shares to the Company or its subsidiaries, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders of the Company.

5. TAKEOVERS CODE

If as a result of a repurchase of Shares, 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 the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the increase of the shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory general offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Far East Technology International Limited ("Far East") held 176,889,822 Shares, representing approximately 27.64 per cent. of the issued share capital of the Company and Castle Logistics Limited ("Castle Logistics") held 127,597,062 Shares representing approximately 19.94 per cent. of the issued share capital of the Company. To the best of knowledge and belief of the Company, no other person, together with his/her associates, was beneficially interested in Shares representing 10 per cent. or more of the issued share capital of the Company.

In the event that the Directors exercise the Repurchase Mandate in full, then (if the present shareholdings otherwise remained the same) the shareholdings of Far East and Castle Logistics in the Company would be increased from approximately 27.64 per cent. and 19.94 per cent. to approximately 30.71 per cent. and 22.15 per cent. respectively of the issued share capital of the Company. The Directors are aware that if the Repurchase Mandate is exercised in full, Far East will have the obligation to make a mandatory general offer in accordance with Rules 26 and 32 of the Takeovers Code. Apart from this, the Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any purchase made under the Repurchase Mandate. In the event that the Repurchase Mandate is exercised in full, the number of Shares held by the public would fall below 25 per cent., the relevant prescribed minimum percentage of the Shares in issue required by the Stock Exchange to be held by the public. The Directors wish to state that they have no intention to exercise the Repurchase Mandate to such an extent that may give rise to the making of a general offer under the Takeovers Code or that may result in a public shareholding of less than the prescribed minimum percentage.

6. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the GEM since the listing of the Company on 20 June 2003 to the Latest Practicable Date were as follows:–

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2003		
June	0.46	0.35
July	0.59	0.42
August	0.61	0.54
September	0.60	0.52
October	0.63	0.50
November	0.71	0.54
December	0.98	0.68
2004		
January	0.97	0.83
February	0.90	0.74
March*	0.82	0.57

* up to the Latest Practicable Date

7. SHARE REPURCHASE MADE BY THE COMPANY

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

NOTICE OF ANNUAL GENERAL MEETING



中软国际

CHINASOFT INTERNATIONAL LIMITED

中軟國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

NOTICE IS HEREBY GIVEN that an annual general meeting of CHINASOFT INTERNATIONAL LIMITED (the “Company”) will be held at 27/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong on 26 April, 2004 at 10:00 a.m. for the following purposes:–

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

and as special business, to consider and, if thought fit, pass the following resolutions as ordinary and/or special resolutions of the Company respectively, with or without modifications:

ORDINARY RESOLUTIONS

6. (1) **“THAT:**
 - (a) subject to paragraph (c) of this resolution, and pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, 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, whether conditionally or unconditionally, offers, agreements and options (including warrants, bonds, debentures, notes and any securities which carry rights to subscribe for or are convertible into shares in the Company) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) of this resolution shall authorize the directors of the Company during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and any securities which carry rights to subscribe for or are convertible into the shares in the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with (whether pursuant to options or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the grant or exercise of any option under any share option scheme of the Company or any other 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 in the Company or rights to acquire shares in the Company; or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares in the Company in accordance with the Articles of Association of the Company in force from time to time; or (iv) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any warrants or convertible bonds issued by the Company or any securities which carry rights to subscribe for or are convertible into shares in the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (d) for the purpose of this resolution,

“Relevant Period” means the period from the date of the passing 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 the Articles of Association of the Company or any applicable laws to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution.

“Rights Issue” means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the directors of the Company to holders of shares in the Company on the register on a fixed record date in proportion

NOTICE OF ANNUAL GENERAL MEETING

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, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognized regulatory body or any stock exchange in any territory applicable to the Company.) “

(2) **“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 shares in the capital of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited or any other stock exchange on which the shares in the Company may be listed and recognized by the Securities and Futures Commission and The Stock Exchange of Hong Kong Limited for such purpose, subject to and in accordance with the rules and regulations of the Securities and Future Commission, The Stock Exchange of Hong Kong Limited, the Companies Law of the Cayman Islands and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares in the Company which the Company is authorised to repurchase pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly;
- (c) for the purpose of this resolution,

“Relevant Period” means the period from the date of 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 the Articles of Association of the Company or any other applicable laws to be held ; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution. “

NOTICE OF ANNUAL GENERAL MEETING

- (3) “**THAT** conditional upon resolution nos. (1) and (2) set out in item 6 of the notice convening this meeting being passed, the general mandate granted to the directors of the Company to allot, issue and deal with additional shares in the Company pursuant to the said resolution no. (1) 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 which are repurchased by the Company under the authority granted to the directors of the Company pursuant to the said resolution no. (2), provided that the amount of shares so repurchased by the Company shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company on the date of this resolution.”

SPECIAL RESOLUTION

7. “**THAT** the existing Articles of Association of the Company be and are hereby amended in the following manner:–
- (A) (i) by adding the following definition in Article 2(1) immediately after the definition “head office”:
- | | |
|-------------------|--|
| “holding company” | the meaning attributed to it in section 2 of the Companies Ordinance (Chapter 32, Laws of Hong Kong) (as amended from time to time). |
|-------------------|--|
- (ii) by deleting the definition “Subsidiary and Holding Company” in Article 2(1) and substituting therefor the following new definition:
- | | |
|--------------|---|
| “subsidiary” | the meaning attributed to it in the rules of the Designated Stock Exchange. |
|--------------|---|
- (B) by inserting the following new Article 77A immediately following Article 77:
- “77A. Where the Company has knowledge that any Member is, under the rules of any Designated Stock Exchange, 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 the words “not less than seven (7) clear days but not more than fourteen (14) clear days before the date of the general meeting” at the end of Article 88 and substituting therefor the words “no earlier than the day after the despatch of the notice of the meeting and no later than seven (7) clear days before the date appointed for the meeting”;

NOTICE OF ANNUAL GENERAL MEETING

(D) by deleting Article 103(1) in its entirety and substituting the following therefor:

“103. (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or any other proposal in which he or any of his associates (as defined by the rules, where applicable, of any Designated Stock Exchange) is materially interested, but this prohibition shall not apply to any of the following matters namely:

- (i) any contract or arrangement for the giving to such Director or his associate(s) (as defined by the rules, where applicable, of any Designated Stock Exchange) any security or indemnity in respect of money lent by him or any of them or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) (as defined by the rules, where applicable, of any Designated Stock Exchange) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) (as defined by the rules, where applicable, of any Designated Stock Exchange) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any contract or arrangement in which the Director or his associate(s) (as defined by the rules, where applicable, of any Designated Stock Exchange) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company or any of its subsidiaries by virtue only of his/their interest in shares or debentures or other securities of the Company;
- (v) any contract or arrangement concerning any other company in which the Director or his associate(s) (as defined by the rules, where applicable, of any Designated Stock Exchange) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director or his associate(s) (as defined by the rules, where applicable, of any Designated Stock Exchange) is/are beneficially interested in shares of that company, other than a company in which the

NOTICE OF ANNUAL GENERAL MEETING

Director and any of his associates (as defined by the rules, where applicable, of the Designated Stock Exchange) are in aggregate beneficially interested in five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or any third company through which his interest or that of his associate(s) (as defined by the rules, where applicable, of any Designated Stock Exchange) is derived); or

(vi) any proposal concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to Directors, his associate(s) (as defined by the rules, where applicable, of any Designated Stock Exchange) and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director or his associate(s) (as defined by the rules, where applicable, of any Designated Stock Exchange) as such any privilege or advantage not accorded to the employees to which such scheme or fund relates;

(vii) any contract or arrangement in which the Director or his associates (as defined by the rules, where applicable, of any Designated Stock Exchange) 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.”

(E) by deleting Article 103(2) in its entirety and substituting the following therefor:

“A company shall be deemed to be a company in which a Director owns five (5) per cent or more if and so long as (but only if and so long as) he and his associates (as defined by the rules, where applicable, of the Designated Stock Exchange), (either directly or indirectly) are the holders 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 is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associates (as defined by the rules, where applicable, of the Designated Stock Exchange) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in the trust in which the Director’s interest or that of his associate (as defined by the rules, where applicable, of the Designated Stock Exchange) is in reversion or remainder if and so some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associates (as defined by the rules, where applicable, of the Designated Stock Exchange) is 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.”

NOTICE OF ANNUAL GENERAL MEETING

(F) by deleting Article 103(4) in its entirety and substituting the following therefor:

“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 associates (as defined by the rules, where applicable, of the Designated Stock Exchange) 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 shall be final and conclusive except in a case where the nature or extent of the interest of the Director or that of his associates (as defined by the rules, where applicable, of the Designated Stock Exchange) 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
Mr. Yim Hing Wah
Company Secretary

Hong Kong, 31 March, 2004

Registered Office:

Century Yard, Cricket Square,
Hutchins Drive, P.O. Box 2681 GT,
George Town, Grand Cayman,
Cayman Islands,
British West Indies

Principal Place of Business in Hong Kong:

Units 4607-8, 46th Floor,
COSCO Tower,
No.183 Queen's Road Central,
Hong Kong

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (1) Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and to vote instead of him. A proxy need not be a member of the Company.
- (2) Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting 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 joint holding.
- (3) A form of proxy for use at the meeting is enclosed.
- (4) To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1901-5, 19/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or the principal place of business of the Company in Hong Kong at Units 4607-8, 46th Floor, COSCO Tower, No. 183 Queen's Road Central, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting.
- (5) The register of members will be closed from Friday, 23rd April, 2004 to Monday, 26th April, 2004, both days inclusive. In order to qualify for the final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1901-05, 19/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Thursday, 22nd April, 2004.