
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Chevalier International Holdings Limited, you should at once hand this circular and the enclosed proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer 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.

**CHEVALIER INTERNATIONAL HOLDINGS LIMITED****其士國際集團有限公司****(Incorporated in Bermuda with limited liability)***(Stock Code: 025)*****Executive Directors***CHOW Yei Ching *(Chairman and Managing Director)*KUOK Hoi Sang *(Managing Director)*

FUNG Pak Kwan

KAN Ka Hon

TAM Kwok Wing

CHOW Vee Tsung, Oscar

HO Chung Leung

Independent Non-Executive Directors

WONG Wang Fat, Andrew O.B.E. (Hon.), J.P.

CHOW Ming Kuen, Joseph O.B.E., J.P.

Registered OfficeCanon's Court,
22 Victoria Street,
Hamilton, HM 12,
Bermuda***Principal Place of Business***22nd Floor,
Chevalier Commercial Centre,
8 Wang Hoi Road,
Kowloon Bay,
Hong Kong

30th July, 2004

To the Shareholders

Dear Sir/Madam,

**PROPOSALS RELATING TO
RE-ELECTION OF RETIRING DIRECTORS
GENERAL MANDATES TO ISSUE SHARES AND
REPURCHASE SHARES AND
AMENDMENTS TO THE BYE-LAWS****NOTICE OF ANNUAL GENERAL MEETING****INTRODUCTION**

The Directors wish to seek the approval of shareholders to re-elect the retiring directors, to obtain general mandates to the Directors of the Company to issue and repurchase shares of HK\$1.25 each in the share capital of the Company ("the Share(s)"), and to amend the Bye-laws of the Company.

This circular is to provide the shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the resolutions as mentioned herein and which, inter alia, will be dealt with at the annual general meeting of the Company to be held at 22nd Floor, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Hong Kong on Friday, 3rd September, 2004 at 10:20 a.m. ("the 2004 Annual General Meeting").

* For identification purpose only

RE-ELECTION OF RETIRING DIRECTORS

In accordance with Bye-law 95 of the Bye-laws of the Company, Mr CHOW Vee Tsung, Oscar and Mr HO Chung Leung, who were appointed by the Board as the Executive Directors on 29 March 2004, will hold office until the 2004 Annual General Meeting and shall then be eligible for re-election at the meeting. Ordinary Resolutions will therefore be proposed at the 2004 Annual General Meeting to re-elect Mr Chow and Mr Ho as Directors of the Company. Pursuant to Rule 13.74 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) (“the Listing Rules”), the details of such Directors are set out below:–

Mr CHOW Vee Tsung, Oscar, Executive Director of the Company, aged 30, joined Chevalier in 2000. He is responsible for the pipe technologies business and business development of Chevalier Group. Mr Chow holds a degree in Master of Engineering from the University of Oxford, U.K. He is currently the Chairman of the Industry and Technology Committee of the Hong Kong General Chamber of Commerce, a council member of Internet Professionals Association, and a registered manager of Yan Chai Hospital No. 2 Secondary School. He is the son of Dr Chow Yei Ching, Chairman, Managing Director and also a substantial shareholder of the Company. Mr Chow is a Director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”) and has not held any directorships in any other listed companies in the last three years. Save as disclosed above, Mr Chow does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company. Mr Chow does not have any interest in the shares of the Company within the meaning of Part XV of the SFO. There is neither any service contract between the Company and Mr Chow nor any specified term for the length or proposed length of service with the Company in respect of the directorship. In addition to the authorisation of the Board of Directors to fix the remuneration of the Directors at the annual general meeting, the emolument of Director is determined by reference to the Company’s performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

Mr HO Chung Leung, Executive Director of the Company, aged 54, joined Chevalier Group in 1985 and is also the Financial Controller of Chevalier Group. He is responsible for management of Chevalier Group’s accounting and treasury activities. Mr Ho is a fellow member of The Association of Chartered Certified Accountants in the U.K. and member of the Hong Kong Society of Accountants. Mr Ho is a Director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO and has not held any directorships in any other listed companies in the last three years. Save as disclosed above, Mr Ho does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company. He has a personal interest of 40,000 shares of the Company within the meaning of Part XV of the SFO. There is neither any service contract between the Company and Mr Ho nor any specified term for the length or proposed length of service with the Company in respect of the directorship. In addition to the authorisation of the Board of Directors to fix the remuneration of the Directors at the annual general meeting, the emolument of Director is determined by reference to the Company’s performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

SHARE ISSUE MANDATE

Resolution 5 to be proposed at the 2004 Annual General Meeting (“Resolution 5”) relates to the granting of a general mandate which will empower the Directors of the Company to issue new Shares not exceeding 20 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of the resolution (including making and granting offers, agreements and options which would or might require Shares to be issued, allotted or disposed of) during the period up to the next annual general meeting of the Company, or at the expiration of the period within which the next annual general meeting of the Company is required by law to be held, or on revocation of Resolution 5 by an ordinary resolution of the shareholders at general meeting, whichever is the earliest.

REPURCHASE OF SHARES

The Company is allowed by its Memorandum of Association and Bye-laws and the Companies Act 1981 of Bermuda (as amended) to repurchase its own Shares. Its Bye-laws also allow it to provide financial assistance for the purpose of purchasing its own Shares.

Resolution 6 to be proposed at the 2004 Annual General Meeting (“Resolution 6”) relates to the granting of a general mandate to the Directors of the Company to repurchase, on the Stock Exchange, Shares up to a maximum of 10 per cent of the issued share capital of the Company as at the date of the proposed resolution (“the Repurchase Proposal”).

The Shares to be purchased by the Company are fully paid-up. As at 23rd July, 2004, being the latest practicable date prior to the printing of this circular (“the Latest Practicable Date”), there were 278,582,090 Shares in issue. Therefore, subject to the passing of the proposed Resolution 6 at the 2004 Annual General Meeting and on the assumption that no additional Shares will be issued and that prior to the date of the proposed resolution, no Shares will be repurchased by the Company, the Company would be allowed under the mandate to repurchase a maximum of 27,858,209 Shares.

The Directors of the Company believe that the Repurchase Proposal is in the interests of the Company and its shareholders. Trading conditions on the Stock Exchange have sometimes been volatile in recent years and there have been occasions when Shares were trading at a substantial discount to their underlying net asset value. Repurchases of the Shares may enhance the Company’s net asset value per Share and earnings per Share. In these circumstances, the ability of the Company to repurchase the Shares can be beneficial to those shareholders who retain their investment in the Company since their percentage interest in the assets of the Company would increase in proportion to the number of Shares repurchased by the Company. Furthermore, exercise of the mandate granted under the Repurchase Proposal by the Directors of the Company would increase the trading volume of the Shares on the Stock Exchange.

The Directors of the Company do not expect there to be any material adverse impact on the working capital or gearing position of the Company, as compared with the position disclosed in the latest audited financial statements of the Company for the year ended 31st March, 2004, as a result of repurchases made under the Repurchase Proposal even if the mandate is exercised in full. However, no purchase would be made in circumstances that would have a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the latest published audited financial statements) unless the Directors of the Company consider that such purchases would be in the best interests of the Company notwithstanding such material adverse impact.

FUNDING OF REPURCHASES

In repurchasing the Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum of Association and Bye-laws and the Companies Act 1981 of Bermuda (as amended) which provide that the Shares may be repurchased out of the profits of the Company and/or out of the proceeds of a fresh issue of the Shares made for this purpose and/or even out of the capital paid up on the repurchased Shares.

DISCLOSURE OF INTERESTS

The Directors of the Company have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases pursuant to the proposed Resolution 6 in accordance with the Listing Rules and all applicable laws.

None of the Directors of the Company nor, to the best of their knowledge having made all reasonable enquiries, any of their associates presently intend to sell the Shares to the Company under the Repurchase Proposal in the event that the Repurchase Proposal is approved by shareholders at the 2004 Annual General Meeting.

Meanwhile, the Company has not been notified by any connected persons of the Company that they have a present intention to sell any Shares, or that they have undertaken not to sell any Shares held by them to the Company, in the event that the Repurchase Proposal is approved by shareholders at the 2004 Annual General Meeting.

If, on the exercise of the powers granted under the Repurchase Proposal, a shareholder’s proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of rule 32 of the Hong Kong Code on Takeovers and Mergers (“the Takeovers Code”). As a result, a shareholder or a group of shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of such increase, may obtain or consolidate control of the Company and thereby obliged to make a mandatory general offer in accordance with rule 26 of the Takeovers Code.

As at the Latest Practicable Date and insofar the Directors of the Company are aware of, the substantial shareholders of the Company are as follows:

Name of Substantial Shareholder	Number of Shares held	% of Issued Share Capital	
		at present	if power is exercised in full to repurchase Shares
CHOW Yei Ching	140,669,359	50.49%	56.1%
MIYAKAWA Michiko (Note)	140,669,359	50.49%	56.1%

Note:—

These shares were held by Dr Chow Yei Ching. Ms Miyakawa Michiko, the spouse of Dr Chow, is deemed to be interested in the same parcel of 140,669,359 shares under Part XV of the SFO.

In the event that the Directors of the Company shall exercise in full such powers under the Repurchase Proposal and on the basis that there is no other change in the then issued share capital of the Company, the interest of the above substantial shareholders would be increased to approximately the percentage shown in the last column above. The Directors of the Company consider that such increase would not give rise to an obligation to make a mandatory offer under rule 26 of the Takeovers Code. The number of Shares held by the public would not fall below 25% of the issued share capital of the Company.

SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
July 2003	3.100	2.225
August 2003	3.600	3.100
September 2003	3.900	3.400
October 2003	4.300	3.625
November 2003	4.200	3.850
December 2003	4.325	3.850
January 2004	4.700	4.200
February 2004	4.800	4.450
March 2004	4.775	4.400
April 2004	4.800	4.600
May 2004	4.775	4.300
June 2004	4.875	4.700

REPURCHASE OF SHARES MADE BY THE COMPANY

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

EXTENSION OF SHARE ISSUE MANDATE

Resolution 7 to be proposed at the 2004 Annual General Meeting (“Resolution 7”) relates to the extension of the 20 per cent general mandate to be granted. Subject to the passing at the 2004 Annual General Meeting of Resolution 5, Resolution 6 and Resolution 7, the Directors of the Company will be given a general mandate to add all those number of Shares which may from time to time be purchased under the Repurchase Proposal to the 20 per cent general mandate, thus, the limit of the share issue mandate would include, in addition to the 20 per cent limit as aforesaid, the number of Shares repurchased under the Repurchase Proposal.

AMENDMENTS TO THE BYE-LAWS

The Directors of the Company would like to propose, by way of a special resolution, to amend the Bye-laws of the Company at the 2004 Annual General Meeting in view of the recent amendments to the Listing Rules in respect of the provisions of the bye-laws of a listed company and for the purpose of reflecting the best business practice and facilitating administration of the Company.

The details of the proposed amendments to the Bye-laws of the Company are set out in Resolution 8 in the notice of the 2004 Annual General Meeting and the major amendments include:

- (i) to exclude the votes cast by a shareholder which are in contravention of a requirement or restriction under the Listing Rules;
- (ii) to prohibit the Directors from voting at and being counted towards the quorum of the board meeting on any matter in which any of his associates has a material interest;
- (iii) to require that the minimum seven-day period for lodgment by the shareholders of the notice to nominate a Director should commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven days before the date of such meeting; and

- (iv) to enable the removal of a Director before the expiration of his period of office by ordinary resolution at general meeting.

2004 ANNUAL GENERAL MEETING

The notice convening the 2004 Annual General Meeting is set out on pages 6 to 10 of this circular.

A form of proxy for use at the 2004 Annual General Meeting and the Annual Report for 2004 are being sent to the shareholders together with this circular. Whether or not you are able to attend the meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's Branch Share Registrars in Hong Kong, Standard Registrars Limited of G/F, 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 appointed for holding the meeting or any adjourned meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting at the 2004 Annual General Meeting if you so wish.

PROCEDURES BY WHICH SHAREHOLDERS MAY DEMAND POLL

Pursuant to Bye-law 76 of the Bye-law of the Company, a resolution put to vote at a general 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 by:-

- (i) the chairman of the meeting; or
- (ii) at least three shareholders present in person or by proxy or by representative for the time being entitled to vote at the meeting; or
- (iii) any shareholder or shareholders present in person or by proxy or by representative 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
- (iv) any shareholder or shareholders present in person or by proxy or by representative 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.

If a poll is demanded otherwise than on the election of a chairman of the meeting or on any question of adjournment, it shall be taken in such manner at such time and place, not being more than 30 days from the date of the meeting or adjourned meeting at which the poll was demanded, as the chairman of the meeting directs. No notice needs to be given of a poll not taken immediately. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.

Unless a poll is so demanded and the demand is not withdrawn, a declaration of the result on a show of hands by the chairman of the meeting and an entry to that effect in the minutes book shall be conclusive evidence of the voting result.

RECOMMENDATION

The Directors consider that the re-election of the retiring Directors, the Share Issue Mandate, the Repurchase Proposal, the Extension of Share Issue Mandate and the proposal for amendments to the Bye-laws of the Company are in the best interests of the Company and its shareholders and accordingly recommend all the shareholders to vote in favour of the relevant resolutions to be proposed at the 2004 Annual General Meeting.

Yours faithfully
For and on behalf of the Board
Chevalier International Holdings Limited
CHOW Yei Ching
Chairman and Managing Director

NOTICE OF 2004 ANNUAL GENERAL MEETING



CHEVALIER INTERNATIONAL HOLDINGS LIMITED

其士國際集團有限公司*

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of the Company will be held at 22nd Floor., Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Hong Kong on Friday, 3rd September, 2004 at 10:20 a.m. for the following purposes:–

As Ordinary Business

1. To receive and consider the audited financial statements and the Reports of the Directors and Auditors for the year ended 31st March, 2004.
2. To declare a final dividend.
3. To re-elect retiring Directors and authorize the Board of Directors to fix their remuneration.
4. To re-appoint Auditors and authorize the Board of Directors to fix their remuneration.

And As Special Business, to consider and, if thought fit, pass with or without modification the following resolutions as Ordinary Resolutions:–

ORDINARY RESOLUTIONS

5. **“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 which might require the exercise of such powers be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) shall authorize the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers 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) by the Directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to (i) a Rights Issue (as hereinafter defined) or (ii) the exercise of subscription rights under any share option scheme of the Company or (iii) an issue of shares as scrip dividends pursuant to the Bye-laws of the Company from time to time, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution and the said approval shall be limited accordingly; and
 - (d) for the purposes of this Resolution and Resolution 6:–

“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 the Bye-laws of the Company or any applicable law of Bermuda to be held; and

* For identification purpose only

- (iii) the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company in General Meeting.

“Rights Issue” means the allotment, issue or grant of shares pursuant to an offer (open for a period fixed by the Directors of the Company) made to shareholders or any class thereof on the Register of Members of the Company on a fixed record date pro rata 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 of 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) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as defined in Resolution 5(d) above) all powers of the Company to repurchase its shares in the capital of the Company, subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time, be and is hereby generally and unconditionally approved; and
- (b) the aggregate nominal amount of shares to be purchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company on the date of this Resolution and the authority pursuant to paragraph (a) above shall be limited accordingly.”
7. **“THAT** the general mandate granted to the Directors of the Company to allot, issue and deal with additional shares pursuant to Ordinary Resolution set out in Resolution 5 be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted pursuant to such general mandate the aggregate nominal amount of share in the capital of the Company, repurchased by the Company under the authority granted pursuant to Ordinary Resolution set out in Resolution 6, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of this Resolution.”
8. As special business, to consider and, if thought fit, pass with or without amendments the following resolutions as special resolution of the Company:

SPECIAL RESOLUTION

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

- (a) By adding the following new definitions of “associates” in Bye-law 1:-
- “”associates” shall have the meaning ascribed to it under the Rules Governing the Listing of Securities on the Stock Exchange from time to time”
- (b) By deleting the existing definitions of “Clearing House” and “Hong Kong” in Bye-law 1 and substituting therefor the following new definitions:-
- “Clearing House” shall mean a recognised clearing house within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, modified or replaced or re-enacted from time to time or a clearing house or authorised share depository recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction.”

“Hong Kong” shall mean the Hong Kong Special Administrative Region of the People’s Republic of China:

- (c) By adding the following new definition of “holding company” and “subsidiary” in Bye-law 1:–

“the expressions “holding company” and “subsidiary” shall have the meanings ascribed to them by the Companies Act and/or the rules and regulations of the stock exchange in the relevant territories from time to time.”

- (d) By replacing the words “these presents” by “the bye-laws” of Bye-law 2.

- (e) By adding the following new Bye-law 81A immediately after the existing Bye-law 81:–

81A. Where the Company has knowledge that any member is, under the applicable Statutes and/or the rules and regulations of the stock exchange in the relevant territories from time to time, 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. “

- (f) By deleting the existing Bye-laws 103(A)(i), (ii), (iii) and (v) in their entirety and substituting therefor the following new Bye-laws:

“103(A)(i) No Director or intended Director shall be disqualified by his office from contracting, in his own capacity or by his associate(s) with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director or his associate(s) shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director or his associate(s) so contracting or being such member or so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director or his associate(s) holding that office or the fiduciary relationship thereby established, provided that such Director shall forthwith disclose the nature of his or his associate(s) interests in any contract or arrangement in which he or any of his associate(s) is/are interested as required by and subject to the provisions of the Companies Act.

(ii) Notwithstanding such disclosure is made as aforesaid, a Director shall, subject as provided in bye-law 103(A) (iii) not be entitled to vote in respect of any contract or arrangement in which he or any of his associate(s) is/are materially interested and he shall not be counted in the quorum present at the meeting at which such contract or arrangement is considered. The question whether a director or his associate(s) is/are materially interested in a contract or arrangement shall be determined by a resolution of the Board in respect of which the Director or any of his associate(s) whose interest is/are being discussed shall not be entitled to vote.

(iii) Notwithstanding that a Director or his associate(s) is/are or may be materially interested in any relevant contract or arrangement, he shall be entitled to vote on any resolution proposed at a meeting of the board in relation to the following matters:

(a) the giving to such Director or any of his associate(s) of any security or indemnity in respect of money lent or obligations incurred or undertaken by him and/or any of his associate(s) at the request of or for the benefit of the Company or any of its subsidiaries;

(b) 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) 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;

- (c) any contract, arrangement or 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(s) in the underwriting or sub-underwriting of the offer;
- (d) any contract, arrangement or proposal 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;
- (e) any contract, arrangement or 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 any of his associates is derived) or of the voting rights. For the purpose of this paragraph, there shall be disregarded any shares held by a Director or his associate(s) as bare trustee or custodian and in which he or any of them has no beneficial interest (discretionary or otherwise), any shares comprised in a trust in which the Director's interest and/or the interest of 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 authorised unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder(s) and any shares which carry no voting rights at general meetings and very restrictive dividend and return of capital rights;
- (f) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
 - (i) 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 of the Company under which the Director or his associate(s) may benefit; or
 - (ii) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, their associates(s) 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.
- (v) A general notice to the Directors by a Director that he or any of his associate(s) is/are to be regarded as interested in any contract or arrangement which may be made with any specified person, firm or corporation after the date of such notice shall be a sufficient declaration of interest in relation to any contract or arrangement so made, provided that no such notice shall be of effect unless either it is given at a meeting of the Directors or the Director takes reasonable steps to ensure that it is brought up and read at the next meeting of the Directors after it is given."

- (g) By deleting the following words in the existing Bye-law 116:–

“at least seven days before the date of the general meeting”

and substituting therefor the following :

“in each case, during the period (being a period of at least seven days) commencing on the day after despatch of the notice of general meeting at which elections to the office of Director are to be considered and ending on the day that falls seven days before the date of the general meeting (both days inclusive).”

- (h) By deleting the words “Special Resolution” and substituting therefor the words “Ordinary Resolution” in each of Bye-laws 102(A)(vii) and 118.

By Order of the Board
KAN Ka Hon
Company Secretary

Hong Kong, 30th July, 2004

Principal Place of Business:
22nd Floor, Chevalier Commercial Centre
8 Wang Hoi Road
Kowloon Bay, Hong Kong

Registered Office:
Canon's Court
22 Victoria Street
Hamilton, HM 12
Bermuda

Notes:

- (a) A member entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to attend and, in the event of a poll, to vote in his stead. A proxy need not be a member of the Company.
- (b) In order to be valid, a form of proxy, together with the power of attorney or other authority (if any), must be deposited at the Company's Branch Share Registrars in Hong Kong, STANDARD REGISTRARS LIMITED of G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting.
- (c) The Register of Members of the Company will be closed from Monday, 23rd August, 2004 to Friday, 27th August, 2004, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Standard Registrars Limited not later than 4:00 p.m. on Friday, 20th August, 2004.
- (d) An explanatory statement regarding the proposals of re-electing the retiring Directors of the Company, granting general mandates to issue new shares and to repurchase own shares, and making amendments to the Bye-laws of the Company will be despatched to the members of the Company together with this notice.