
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 to be taken, you should obtain independent professional advice or 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 China Travel International Investment Hong Kong 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 or transfer was effected for transmission to the purchaser or transferee.

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香港中旅國際投資有限公司

CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 308)

**RE-ELECTION OF RETIRING DIRECTORS
AND
GENERAL MANDATES TO ISSUE SHARES AND
TO REPURCHASE SHARES AND WARRANTS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of the Company to be held at Cafe du Parc, 2nd Floor, Metropark Hotel, 148 Tung Lo Wan Road, Causeway Bay, Hong Kong on Wednesday, 25 May 2005 at 2:30 p.m. is set out on pages 11 to 14 of this circular. Whether or not you are able to attend the meeting, please complete and return the form of proxy accompanying this circular in accordance with the instructions printed thereon to the registered office of the Company at 12th Floor, CTS House, 78-83 Connaught Road Central, Hong Kong as soon as possible and, in any event, by no later than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

26 April 2005

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LETTER FROM THE BOARD



香港中旅國際投資有限公司

CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 308)

DIRECTORS:

Executive Directors:

Mr. Che Shujian (*Chairman*)
Mr. Zhang Xuewu (*Vice-Chairman*)
Mr. Shen Zhuying (*Vice-Chairman, General Manager*)
Mr. Zheng Heshui (*Vice-Chairman*)
Mr. Lo Sui On (*Vice-Chairman*)
Mr. Chen Shoujie
Mr. Zheng Hongqing
Mr. Zhang Fengchun
Mr. Ng Chi Man, Michael
Mr. Liu Li

Independent Non-Executive Directors:

Dr. Yeh Meou Tsen, Geoffrey
Mr. Yeh V Nee (*alternate Director to
Dr. Yeh Meou Tsen, Geoffrey*)
Dr. Fong Yun Wah
Mr. Wong Man Kong, Peter
Mr. Sze, Robert Tsai To

REGISTERED OFFICE:

12th Floor, CTS House
78-83 Connaught Road Central
Hong Kong

26 April 2005

To holders of warrants (for information only) and to Shareholders

Dear Sir or Madam,

**RE-ELECTION OF RETIRING DIRECTORS
AND
GENERAL MANDATES TO ISSUE SHARES AND
TO REPURCHASE SHARES AND WARRANTS
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. RE-ELECTION OF RETIRING DIRECTORS

At the Annual General Meeting (the “Annual General Meeting”) of China Travel International Investment Hong Kong Limited (the “Company”; and the “Group” shall mean the Company and its subsidiaries) to be held on Wednesday, 25 May 2005, Messrs. Che Shujian, Lo Sui On, Chen Shoujie, Liu

LETTER FROM THE BOARD

Li and Wong Man Kong, Peter will retire as Directors by rotation and, being eligible, offer themselves for re-election in accordance with Article 101 of the Company's Articles of Association (the "Articles") and Mr. Sze, Robert Tsai To who was appointed by the board of directors (the "Board") on 3 January 2005, will retire and, being eligible, offer himself for re-election in accordance with Article 92 of the Articles.

Particulars of Messrs. Che Shujian, Lo Sui On, Chen Shoujie, Liu Li, Wong Man Kong, Peter and Sze, Robert Tsai To are set out in Appendix I to this circular.

2. GENERAL MANDATE TO REPURCHASE SHARES AND WARRANTS

In addition, approval is being sought from the shareholders of the Company (the "Shareholders") to repurchase ordinary share(s) of HK\$0.10 each in the share capital of the Company (the "Shares") and warrant(s) issued by the Company in the proportion of one warrant for every five shares held, carrying rights to subscribe for Shares on the basis of an initial subscription price of HK\$1.508 per Share (subject to adjustment), at any time from 2 June 2004 until 31 May 2006 (both days inclusive) (the "Warrants"). At the Annual General Meeting, an ordinary resolution will be proposed to approve the granting of a general mandate to the Directors to exercise the powers of the Company to repurchase (the "Repurchase Mandate");-

- (i) Shares representing up to a maximum of 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue; and
- (ii) Warrants representing up to a maximum of 10 per cent. of the aggregate amount of the Warrants in issue,

as at the date of the passing of the relevant resolution.

This letter together with the explanatory statement, which is set out in Appendix II to this circular and is required under Rule 10.06(1)(b) of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") to provide the Shareholders with all the information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution approving the Repurchase Mandate, constitutes the memorandum of the terms of the proposed repurchases required under Section 49BA(3)(b) of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong).

3. GENERAL MANDATE TO ISSUE SHARES

In addition, approval is being sought from the Shareholders at the Annual General Meeting to grant a general mandate to the Directors to exercise the powers of the Company to allot and issue new Shares in the capital of the Company amounting to up to 20% of the aggregate nominal amount of the share capital of the Company in issue, by way of an ordinary resolution to be proposed at the Annual General Meeting. The Directors wish to state that they have no immediate plan to issue any new Shares pursuant to such general mandate.

LETTER FROM THE BOARD

In the event that it becomes desirable for the Company to issue any new Shares, the Directors are given flexibility and discretion to allot and issue new Shares amounting to up to 20% of the issued share capital of the Company as at the date of the passing of the relevant resolution and, if also authorised by the Shareholders at the Annual General Meeting, by adding to such mandate the number of Shares repurchased by the Company pursuant to the Repurchase Mandate.

4. ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting is set out on pages 11 to 14 of this circular.

A form of proxy for use at the Annual General Meeting is enclosed. Whether or not you are able to attend the Annual General Meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the registered office of the Company at 12th Floor, CTS House, 78-83 Connaught Road Central, Hong Kong no later than 48 hours before the time appointed for the holding of the Annual General Meeting. Completion and return of a form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish.

5. RIGHT TO DEMAND A POLL

Under Article 73 of the Articles, 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) demanded by:

- (a) the Chairman;
- (b) at least three members present in person or by proxy for the time being entitled to vote at the meeting; or
- (c) any member(s) present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (d) any member(s) present in person 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

6. RECOMMENDATION

The Directors believe that the proposals for re-election of retiring Directors, the Repurchase Mandate and the general mandate to issue Shares, are in the interest of the Company. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions to be proposed at the Annual General Meeting.

Yours faithfully,

By Order of the Board

China Travel International Investment Hong Kong Limited

Che Shujian

Chairman

Particulars of the retiring Directors subject to re-election at the Annual General Meeting are set out below:

MR. CHE SHUJIAN, aged 62, has been the Chairman and an Executive Director of the Company since June 2000 and holds chairmanship in a subsidiary and directorship in an associated company of the Group. He is also the Chairman of China Travel Service (Holdings) Hong Kong Limited (“CTS Holdings”), the controlling shareholder of the Company. He is a director of China Insurance International Holdings Company Limited (a company listed in Hong Kong) and serves as a member of National Committee of the Chinese People’s Political Consultative Conference. He was a director of China Overseas Land & Investment Ltd. (a company listed in Hong Kong) from September 2002 to September 2003.

There is no service contract between the Company and Mr. Che. He is not appointed for a specific term but shall be subject to retirement and re-election at the annual general meeting in accordance with the articles of association of the Company. Mr. Che received a director’s fee of HK\$260,000 for the year ended 31 December 2004 as determined by the Board and subject to the approval from time to time in general meeting of the Company.

MR. LO SUI ON, aged 54, has been the Vice Chairman of the Company since December 2003 and an Executive Director of the Company since June 2000. He is also a director and the general manager of China Travel Service (Hong Kong) Limited (“CTSHK”), a wholly owned subsidiary of the Company and holds directorships in several subsidiaries of the Group. He is also a director of CTS Holdings. Mr. Lo is a member of Hong Kong Tourism Board, a member of The Election Committee for the Second Government of the HKSAR, a member of the HKSAR Government’s Election Committee on Deputy of the Tenth National People’s Congress of the PRC, a committee member of the Ninth Chinese People’s Political Consultative Committee of Inner Mongolia Autonomous Region of China, the chairman of Committee on Tourism of the Hong Kong Chinese Enterprises Association and the president of Hong Kong Association of China Travel Organisers Limited. In addition, Mr. Lo served as a director of the Travel Industry Council of Hong Kong and a member of the Tourism Strategy Group of HKSAR Government.

There is no service contract between the Company and Mr. Lo. He is not appointed for a specific term but shall be subject to retirement and re-election at the general meeting in accordance with the articles of association of the Company. For the year ended 31 December 2004, he received a monthly salary of HK\$51,220 from CTSHK plus discretionary bonus that is subject to the performance of CTSHK and a director’s fee of HK\$190,000 as determined by the Board and subject to the approval from time to time in general meeting of the Company.

MR. CHEN SHOUJIE, aged 60, has been an Executive Director of the Company since June 2000 and holds directorships in several subsidiaries of the Group. He is also a director and the deputy general manager of CTS Holdings.

There is no service contract between the Company and Mr. Chen. He is not appointed for a specific term but shall be subject to retirement and re-election at the general meeting in accordance with the articles of association of the Company. He received a director’s fee of HK\$190,000 for the year ended 31 December 2004 as determined by the Board and subject to the approval from time to time in general meeting of the Company.

MR. LIU LI, aged 51, has been an Executive Director and the Deputy General Manager of the Company since February 2002 and hold directorships in subsidiaries of the Group. He is a qualified senior auditor and Certified Public Accountants of China.

There is no service contract between the Company and Mr. Liu. He is not appointed for a specific term but shall be subject to retirement and re-election at the general meeting in accordance with the articles of association of the Company. For the year ended 31 December 2004, he received a monthly salary of HK\$80,000 from the Company plus discretionary bonus that is subject to the performance of the Company and a director's fee of HK\$190,000 as determined by the Board and subject to the approval from time to time in general meeting of the Company.

MR. WONG MAN KONG, PETER *B.B.S., J.P., BSc, F.C.I.T., MRINA*, aged 56, has been an Independent Non-Executive Director of the Company since December 1998 and is the Chairman of Audit Committee and Remuneration Committee of the Company. He serves as a deputy of the Tenth National People's Congress of the PRC. Mr. Wong is the chairman of M.K. Corporation Ltd. and North West Development Ltd., as well as a director of several companies listed in Hong Kong, namely Hong Kong Ferry (Holdings) Co. Ltd., Glorious Sun Enterprises Limited, Sun Hung Kai & Co., Limited and Chinney Investments, Limited and Sino Hotels (Holdings) Limited.

There is no service contract between the Company and Mr. Wong. He is not appointed for a specific term but shall be subject to retirement and re-election at the general meeting in accordance with the articles of association of the Company. He received a director's fee of HK\$200,000 for the year ended 31 December 2004 as determined by the Board and subject to the approval from time to time in general meeting of the Company.

MR. SZE, ROBERT TSAI TO, aged 64, has been an Independent Non-Executive Director of the Company since January 2005 and is a member of Audit Committee and Remuneration Committee of the Company. He is a fellow member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants. Mr. Sze was a partner in an international firm of accountants with which he practised for over 20 years. He is a non-executive director of a number of Hong Kong listed companies, Asia Satellite Telecommunications Holdings Limited, Dah Sing Banking Group Limited, Dah Sing Financial Holdings Limited, First Mobile Group Holdings Limited, Hop Hing Holdings Limited, Min Xin Holdings Limited, Nanyang Holdings Limited, QPL International Holdings Limited, SW Kingsway Capital Holdings Limited and Television Boardcasts Limited. He serves as a member of the Shanghai Committee of The Chinese People's Political Consultative Conference.

There is no service contract between the Company and Mr. Sze. He is not appointed for a specific term but shall be subject to retirement and re-election at the general meeting in accordance with the articles of association of the Company. He will be entitled to receive a director's fee as determined by the Board and subject to the approval from time to time in general meeting of the Company.

Save as disclosed herein, none of the Directors to be re-elected at the Annual General Meeting has any relationship with any directors, senior management or substantial or controlling shareholders of the Company, nor holds any directorship in other listed public companies in the last three years. As at 20 April 2005, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular, none of the Directors to be re-elected at the Annual General Meeting has any interest in the shares of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)). The Company confirms that there are no other matters with respect to the Directors to be re-elected at the Annual General Meeting that need to be brought to the attention of the Shareholders.

The following is the Explanatory Statement required to be sent to the Shareholders under the Listing Rules in connection with the general mandate for repurchase of Shares and Warrants and, together with the letter from the board contained in this circular, also constitutes the memorandum of the terms of the repurchase required under section 49BA(3)(b) of the Companies Ordinance.

GENERAL MANDATE FOR REPURCHASE OF SHARES AND WARRANTS

(a) Share Capital and outstanding Warrants

As at 20 April 2005 (the “Latest Practicable Date”), being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular, the issued share capital of the Company was HK\$464,415,415.00 divided into 4,644,154,150 Shares and the total amount of the outstanding Warrants was HK\$1,219,415,066.94 carrying the rights to subscribe for up to 808,630,681 Shares at the current subscription price of HK\$1.508 per Share. Subject to the passing of the resolution granting the proposed Repurchase Mandate and on the basis that no further Shares will be issued (whether generally or pursuant to the exercise of the subscription rights attaching to the Warrants) or repurchased before the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 464,415,415 Shares (representing 10% of the said total number of issued shares) and of a total amount of HK\$121,941,506.69 of the Warrants (representing 10% of the said total amount of the outstanding warrants) carrying rights to subscribe for up to 80,863,068 Shares at the current subscription price of HK\$1.508 per Share during the period ending on the earlier of (i) the conclusion of the next annual general meeting of the Company; (ii) the date by which the next annual general meeting of the Company is required to be held by the articles of association of the Company or by the laws of Hong Kong; or (iii) the date upon which such authority is revoked or varied by a resolution of the shareholders of the Company in general meeting.

(b) Reasons for Repurchases

The Directors believe that it is in the best interests of the Company and its shareholders to have a general authority from the Shareholders to enable the Directors to repurchase securities in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the value of the Company’s securities and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its shareholders.

(c) Funding of Repurchases

Repurchases of Shares and Warrants must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association of the Company and the laws of Hong Kong, being profits available for distribution or the proceeds of a fresh issue of shares made for the purpose of the repurchases, and it is envisaged that the funds required for any repurchase would be derived from such sources.

There could be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements as at 31 December 2004) in the event that the Repurchase Mandate is exercised in full. 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 of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

(d) Disclosure of Interests

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules), has any present intention to sell Shares and/or Warrants to the Company if the Repurchase Mandate is approved by the Shareholders.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she has a present intention to sell Shares and/or Warrants to the Company, or has undertaken not to do so, in the event that the Company is authorised to make repurchases of Shares and/or Warrants.

(e) Undertaking of the Directors

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and the laws of Hong Kong and the Articles.

(f) Market Prices of Shares and Warrants

The highest and lowest prices at which the Shares and Warrants were traded on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

	Shares		Warrants	
	Highest HK\$	Lowest HK\$	Highest HK\$	Lowest HK\$
2004				
April	1.580	1.450	N/A	N/A
May	1.550	1.170	N/A	N/A
June	1.410	1.260	0.260	0.170
July	1.460	1.340	0.255	0.214
August	1.600	1.360	0.260	0.208
September	2.150	1.530	0.650	0.249
October	2.175	1.840	0.700	0.480
November	2.450	2.050	0.810	0.580
December	2.550	2.300	1.000	0.750
2005				
January	2.750	2.375	1.230	0.900
February	2.650	2.400	1.220	0.930
March	2.600	2.300	1.160	0.880
April (up to the Latest Practicable Date)	2.525	2.250	1.020	0.800

(g) General

Upon the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company will increase. Such increase will be treated as an acquisition for the purposes 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 could, depending on the level of increase of shareholding interest, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, China Travel Service (Holdings) Hong Kong Limited ("CTS Holdings") beneficially owned approximately 53.71 per cent. of the issued share capital of the Company. If the Repurchase Mandate is exercised in full (assuming no Warrants or Convertible Bonds are converted), the beneficial interests of CTS Holdings in the Company may be increased to approximately 59.68 per cent. of the issued share capital of the Company. The Directors consider that such repurchases made under the Repurchase Mandate will not give rise to an obligation for CTS Holdings to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. Moreover, the Directors have no present intention to exercise the power of the Company to repurchase Shares to such an extent as would result in the number of Shares in public hands falling below 25 per cent.

During the previous six months, the Company repurchased the following Shares on the Stock Exchange:

Date of Repurchase	Number of Shares repurchased	Price per Share	
		Highest HK\$	Lowest HK\$
25 October 2004	1,000,000	1.91	1.91

Save as disclosed herein, neither the Company nor any of its subsidiaries repurchased any of its securities in the previous six months (whether on the Stock Exchange or otherwise).

NOTICE OF ANNUAL GENERAL MEETING



香港中旅國際投資有限公司

CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 308)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of China Travel International Investment Hong Kong Limited (the “Company”) will be held at Cafe du Parc, 2nd Floor, Metropark Hotel, 148 Tung Lo Wan Road, Causeway Bay, Hong Kong on Wednesday, 25 May 2005 at 2:30 p.m. for the following purposes:–

1. To receive and consider the audited financial statements and the reports of the Directors and of the Auditors for the year ended 31 December 2004.
2. To declare a final dividend.
3. To re-elect retiring directors and authorize the board of directors to fix the remuneration of the directors.
4. To re-appoint Ernst & Young as auditors and to authorise the board of directors to fix their remuneration.

As special business to consider and, if thought fit, to pass with or without amendments, the following resolutions as ordinary resolutions:

5. **“THAT:**
 - (A) subject to paragraph (B) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of the Company and the warrants of the Company be and is hereby generally and unconditionally approved;
 - (B) (i) the aggregate nominal amount of the shares which may be repurchased on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange recognized for this purpose by the Securities and Futures Commission of Hong Kong (the “SFC”) and the Stock Exchange under the Hong Kong Code on Share Repurchases (the “Repurchase Code”) pursuant to the approval in paragraph (A) of this Resolution shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution, and the said approval shall be limited accordingly; and (ii) the aggregate amount of the warrants which may be repurchased on the Stock Exchange or any other stock exchange

NOTICE OF ANNUAL GENERAL MEETING

recognized for this purpose by the SFC and the Stock Exchange under the Repurchase Code pursuant to the approval in paragraph (A) of this Resolution shall not exceed 10% of the aggregate amount of the warrants of the Company in issue at the date of passing this Resolution, and the said approval shall be limited accordingly;

- (C) 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 the articles of association of the Company or by the laws of Hong Kong to be held; or
 - (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting.”

6. **“THAT:**

- (A) subject to paragraph (C) of this Resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements, options and warrants which might require the exercise of such power be and it is hereby generally and unconditionally approved;
- (B) the approval in paragraph (A) of this Resolution shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements, options and warrants which might require the exercise of such power 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 an option, warrant or otherwise) by the Directors of the Company pursuant to the approval in paragraph (A) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), (ii) 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 right to acquire shares of the Company, (iii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company (including, without limitation, the US\$150,000,000 Zero Coupon Guaranteed Convertible Bonds due 2008 issued by China Chance Developments Limited which are convertible into shares of, and guaranteed by, the Company) or (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the

NOTICE OF ANNUAL GENERAL MEETING

whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company, shall not exceed the aggregate of:

- (a) 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution; and
- (b) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of shares of the Company repurchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10% of the aggregate nominal amount of the shares of the Company in issue at the date of passing this Resolution), and the said approval shall be limited accordingly;

(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 the articles of association of the Company or by the laws of Hong Kong to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting; and

“Rights Issue” means an offer of shares or securities open for a period fixed by the Directors of the Company to holders of shares 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).”

7. **“THAT** the Directors of the Company be and are hereby authorised to exercise the powers of the Company referred to in paragraph (A) of the resolution set out as Resolution No. 6 in the notice convening this Meeting in respect of the nominal amount of shares of the Company referred to in sub-paragraph (b) of paragraph (C) of such resolution.”

By Order of the Board
Woo Wai See, Alice
Company Secretary

Hong Kong, 26 April 2005

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (1) A member entitled to attend and vote at the meeting convened by this notice is entitled to appoint more than one proxy to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
- (2) A form of proxy for use at the meeting will be enclosed with the 2004 Annual Report to be despatched to the Shareholders. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting or poll concerned if he so wishes. In the event of a member who has lodged a form of proxy attending the meeting, his form of proxy will be deemed to have been revoked.
- (3) In order to be valid, the instrument appointing a proxy together with a power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company's registered office at 12th Floor, CTS House, 78-83 Connaught Road Central, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting (or adjourned meeting or of the poll, as the case may be).
- (4) In the case of joint holders of a share, any one of such holders may vote at the meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.
- (5) The Register of Members of the Company will be closed from Monday, 23 May 2005 to Wednesday, 25 May 2005 (both days inclusive), for the purposes of determining entitlements to the proposed final dividends. In order to qualify for the proposed dividends, all transfers documents accompanied by the relevant share certificates must be lodged with the Company's Registrar, Tengis Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 20 May 2005. Warranholders who wish to convert their warrants into shares in order to qualify for the proposed dividends must lodge the duly completed subscription form together with the relevant warrant certificates accompanied by the subscription monies with the Company's Registrar not later than 4:30 p.m. on Friday, 20 May 2005.
- (6) In relation to agenda item 3 in the Notice regarding election of retiring Directors, Messrs. Che Shujian, Lo Sui On, Chen Shoujie, Liu Li, Wong Man Kong, Peter and Sze, Robert Tsai To will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election in accordance with the articles of association of the Company. The biographical details and interests in the shares of the Company of the said directors to be re-elected at the Annual General Meeting are set out in the circular dated 26 April 2005.