

If you are in any 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 all your shares in China Resources Enterprise, Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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華潤創業有限公司
China Resources Enterprise, Limited

(Incorporated in Hong Kong under the Companies Ordinance)

(Stock Code : 291)

**PROPOSALS FOR GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES
AND
AMENDMENTS TO EXISTING ARTICLES OF ASSOCIATION
AND
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

The notice convening the annual general meeting of China Resources Enterprise, Limited to be held at 50th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Thursday, 2 June 2005 at 3:30 p.m. is set out on pages 10 to 13 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the annual general meeting. Completion of the proxy form and its return will not preclude you from attending and voting at the annual general meeting if you so wish.

DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at 50th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Thursday, 2 June 2005, at 3:30 p.m., notice of which is set out on pages 10 to 13 of this circular
“Company”	China Resources Enterprise, Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance
“Companies Ordinance”	the Companies Ordinance (Cap. 32 of the Laws of Hong Kong)
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Latest Practicable Date”	18 April 2005, being the latest practicable date prior to the printing of this document
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Repurchase Proposal”	the proposal to give a general mandate to the Directors to exercise the powers of the Company to repurchase during the period as set out in the Repurchase Resolution Shares up to a maximum of 10% of the issued share capital of the Company at the date of the Repurchase Resolution
“Repurchase Resolution”	the ordinary resolution to be passed as referred to in item no.5 of the notice of the Annual General Meeting
“Securities and Futures”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong Ordinance Kong)
“Share(s)”	share(s) of HK\$1.00 each in the share capital of the Company
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing of their own securities on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers and Share Repurchases
“HK\$”	Hong Kong dollar
“%”	per cent



華潤創業有限公司
China Resources Enterprise, Limited

(Incorporated in Hong Kong under the Companies Ordinance)

(Stock Code : 291)

Directors:

Executive Directors:

SONG Lin (*Chairman*)

CHEN Shulin (*Managing Director*)

QIAO Shibo (*Deputy Managing Director*)

YAN Biao (*Deputy Managing Director*)

KEUNG Chi Wang, Ralph (*Deputy Managing Director*)

LAU Pak Shing

WANG Qun

ZHONG Yi

KWONG Man Him

Non-executive Directors:

JIANG Wei

XIE Shengxi

Independent Non-executive Directors:

CHAN Po Fun, Peter

HOUANG Tai Ninh

LI Ka Cheung, Eric

Company Secretary:

LEE Yip Wah, Peter

Registered Office:

39th Floor,

China Resources Building,

26 Harbour Road,

Wanchai,

Hong Kong

Hong Kong, 21 April 2005

To the shareholders,

Dear Sir or Madam,

**PROPOSALS FOR GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES
AND
AMENDMENTS TO EXISTING ARTICLES OF ASSOCIATION
AND
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 2 June 2004, a general mandate was given to the Directors to exercise the powers of the Company to repurchase Shares. Such mandate will lapse at the conclusion of the Annual General Meeting. It is therefore proposed to seek your

LETTER FROM THE CHAIRMAN

approval of the Repurchase Resolution at the Annual General Meeting to give a fresh general mandate to the Directors to exercise the powers of the Company to repurchase Shares. An explanatory statement as required under the Share Repurchase Rules to provide the requisite information of the Repurchase Proposal is set out in Appendix I of this circular.

GENERAL MANDATE TO ISSUE SHARES

It will be proposed at the Annual General Meeting two ordinary resolutions respectively granting to the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company at the date of the resolution (i.e. not exceeding 427,716,843 Shares based on the issued share capital of the Company of 2,138,584,215 Shares as at the Latest Practicable Date and assuming that such issued share capital remains the same at the date of passing the resolution) and adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of the Shares repurchased by the Company after the granting of the general mandate to repurchase up to 10% of the issued share capital of the Company at the date of the Repurchase Resolution.

AMENDMENTS TO EXISTING ARTICLES OF ASSOCIATION

In addition, your attention is drawn to the special resolution to be proposed at the Annual General Meeting to approve certain amendments to the existing articles of association of the Company.

The Stock Exchange has announced certain amendments to the Listing Rules which, subject to certain transitional arrangements, came into effect on 1 January 2005.

In the circumstances, in order to bring the articles of association of the Company in line with the Listing Rules, the Directors propose to the Shareholders to approve a special resolution at the Annual General Meeting to amend the existing article 110 of the articles of association of the Company requiring every Director to retire by rotation at least once every three years. Besides, existing article 108 of the articles of association of the Company shall be amended to allow Directors to participate in meetings of the Directors or any committee by telephone or other electronic means.

RE-ELECTION OF RETIRING DIRECTORS

As at the Latest Practicable Date, the executive Directors of the Company are Mr. SONG Lin, Mr. CHEN Shulin, Mr. QIAO Shibo, Mr. YAN Biao, Mr. KEUNG Chi Wang, Ralph, Mr. LAU Pak Shing, Mr. WANG Qun, Mr. ZHONG Yi and Mr. KWONG Man Him; the non-executive Directors of the Company are Mr. JIANG Wei and Mr. XIE Shengxi and the independent non-executive Directors of the Company are Dr. CHAN Po Fun, Peter, Mr. HOUANG Tai Ninh and Dr. LI Ka Cheung, Eric.

Pursuant to article 110 of the articles of association of the Company, Mr. LAU Pak Shing, Mr. WANG Qun, Mr. ZHONG Yi and Mr. XIE Shengxi shall retire from office at the Annual General Meeting and offer themselves for re-election. Details of the retiring Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix II of this circular.

ANNUAL GENERAL MEETING

Set out on pages 10 to 13 of this circular is the notice convening the Annual General Meeting.

LETTER FROM THE CHAIRMAN

At the Annual General Meeting, resolutions will be proposed to the shareholders in respect of ordinary business to be considered at the Annual General Meeting, including re-election of retiring Directors, and special business to be considered at the Annual General Meeting, being the Ordinary Resolutions proposed to approve the Repurchase Proposal, the general mandate for Directors to issue new Shares and the extension of the general mandate to issue new Shares and the Special Resolution proposed to approve the amendments to the existing articles of association of the Company.

ACTION TO BE TAKEN

A form of proxy for use at the Annual General Meeting is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the Annual General Meeting. Completion and delivery of the form of proxy will not prevent you from attending and voting at the meeting if you so wish.

RIGHT TO DEMAND A POLL

Pursuant to article 60 of the articles of association of the Company, at the Annual General Meeting, resolutions put to the vote of the meeting shall be decided on a show of hands, unless a poll is taken as may from time to time be required under the Listing Rules and/or any other applicable laws and regulations or unless a poll is (before or on the declaration of the result of the show of hands) demanded by:

- (a) the chairman; or
- (b) not less than five shareholders present in person or by proxy and having the right to vote at the meeting; or
- (c) a shareholder or shareholders present in person or by proxy 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) a shareholder or shareholders present in person or by proxy holding Shares 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.

RECOMMENDATION

The Directors believe that the Repurchase Proposal, the proposed general mandate for Directors to issue new Shares, the proposed extension of the general mandate to issue new Shares, the proposed amendments to the existing articles of association of the Company and the proposed re-election of retiring Directors are all in the best interest of the Company and its shareholders. Accordingly, the Directors recommend that all shareholders should vote in favour of such resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
SONG Lin
Chairman

This appendix serves as an explanatory statement, as required by the Share Repurchase Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the Repurchase Resolution.

This appendix also constitutes the memorandum as required under Section 49BA(3)(b) of the Companies Ordinance.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,138,584,215 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares will be issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Proposal to repurchase a maximum of 213,858,421 Shares representing not more than 10% of the issued share capital of the Company as at the Latest Practicable Date.

2. REASONS FOR REPURCHASE

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

3. FUNDING OF REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association and the Companies Ordinance. The Companies Ordinance provides that the amount of capital repaid in connection with a share repurchase may only be paid from the distributable profits of the Company and/or the proceeds of a new issue of Shares made for the purpose of the repurchase to such an extent allowable under the Companies Ordinance.

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

4. SHARE PRICES

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

	Shares	
	Highest HK\$	Lowest HK\$
April 2004	10.70	8.90
May 2004	10.10	8.10
June 2004	10.10	8.70
July 2004	9.95	9.00
August 2004	10.40	9.30
September 2004	10.60	9.70
October 2004	11.30	10.20
November 2004	11.90	10.75
December 2004	12.20	11.15
January 2005	12.30	11.00
February 2005	11.55	10.85
March 2005	11.25	10.40
April 2005 (up to the Latest Practicable Date)	11.15	10.55

5. UNDERTAKING

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

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

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

6. TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to 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 purposes of Rule 32 of the Takeovers Code. As a result, a shareholder or group of shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, China Resources National Corporation, the ultimate holding company of the Company, is interested in 1,169,245,822 Shares (representing approximately 54.67% of the total issued share capital of the Company as at the Latest Practicable Date). In the event that the Directors exercise in full the power to repurchase Shares under the Repurchase Proposal, then (if

the present shareholdings remains the same) the attributable interest of China Resources National Corporation would be increased to approximately 60.75% of the issued share capital of the Company.

The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases made under the Repurchase Proposal. In the event that the Repurchase Proposal is exercise in full, the number of Shares held by the public would not fall below 25%.

7. SHARES REPURCHASE MADE BY THE COMPANY

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

The following are the particulars of the four Directors proposed to be re-elected at the Annual General Meeting to be held on 2 June 2005:

Mr. LAU Pak Shing

Mr. LAU Pak Shing, aged 55, has been an Executive Director of the Company since 1997. He is a director of a number of subsidiaries of the Company and is an Executive Director of China Resources Land Limited, a fellow subsidiary of the Company which shares are listed on the Stock Exchange. Mr. LAU graduated from the Hong Kong Baptist University and is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. LAU has over 28 years of experience in auditing, accounting, corporate finance, property, godown and cold storage businesses. Mr. LAU represented the Executive Committee of Hong Kong Cold Storage Merchants Association Limited as Chairman for many years. He is currently in charge of the Group's Hong Kong property and logistics business. Mr. LAU joined the Group in January 1994. Save as disclosed above, Mr. LAU did not hold any directorship in other listed public companies in the last three years or any other executive position with the Company or other members of the Group.

Mr. LAU has no fixed term of service with the Company but will be subject to rotational retirement and re-election requirements at annual general meeting pursuant to Article 110 of the Articles of Association of the Company. Save as disclosed above, Mr. LAU is and was not connected with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. LAU has personal interest in share options to subscribe for 2,500,000 Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. LAU has confirmed that there are no other matters that need to be brought to the attention of the shareholders in connection with his re-election.

Mr. WANG Qun

Mr. WANG Qun, aged 48, was appointed an Executive Director of the Company in January 2000. He is a director of a number of subsidiaries of the Company and is a Director of China Resources (Holdings) Company Limited, the immediate holding company of the Company as well as an Executive Director of China Resources Snow Breweries Limited, a non-wholly owned subsidiary of the Company. Currently, Mr. WANG is responsible for the entire operation of the Group's brewery business. Mr. WANG has a Bachelor of Finance degree from the People's University of China. He has previously worked in the China National Economic Committee and held key management position in a Shenzhen based conglomerate in China. Mr. WANG joined the Group in 1994. Save as disclosed above, Mr. WANG did not hold any directorship in other listed public companies in the last three years or any other executive position with the Company or other members of the Group.

Mr. WANG has no fixed term of service with the Company but will be subject to rotational retirement and re-election requirements at annual general meeting pursuant to Article 110 of the Articles of Association of the Company. Save as disclosed above, Mr. WANG is and was not connected with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. WANG has personal interest in 40,000 Shares and share options to subscribe for 800,000 Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. WANG has confirmed that there are no other matters that need to be brought to the attention of the shareholders in connection with his re-election.

Mr. ZHONG Yi

Mr. ZHONG Yi, aged 40, was appointed an Executive Director of the Company in June 2000. He is a director of a number of subsidiaries of the Company and is an Executive Director of China Resources Land Limited, a fellow subsidiary of the Company, and is employed by China Resources (Holdings) Company Limited, the immediate holding company of the Company and China Resources National Corporation, the ultimate holding company of the Company. Mr. ZHONG holds a Bachelor of Engineering degree from the China Sichuan University, a Master of Economics degree from the People's University of China and a MBA degree from the University of San Francisco in the United States. Mr. ZHONG joined the Company in July 1996. Save as disclosed above, Mr. ZHONG did not hold any directorship in other listed public companies in the last three years or any other executive position with the Company or other members of the Group.

Mr. ZHONG has no fixed term of service with the Company but will be subject to rotational retirement and re-election requirements at annual general meeting pursuant to Article 110 of the Articles of Association of the Company. Save as disclosed above, Mr. ZHONG is and was not connected with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. ZHONG has personal interest in 420,000 Shares and share options to subscribe for 1,100,000 Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. ZHONG has confirmed that there are no other matters that need to be brought to the attention of the shareholders in connection with his re-election.

Mr. XIE Shengxi

Mr. XIE Shengxi, aged 43, has been a Director of the Company since August 2001. He is also a Director of China Resources (Holdings) Company Limited, the immediate holding company of the Company. Mr. XIE graduated with a Bachelor's degree in Economics from Shanxi University of Finance and Economics, an MBA degree from the University of South Australia. He is also a qualified accountant in China. Mr. XIE has extensive experience in internal audit and financial management. Save as disclosed above, Mr. XIE did not hold any directorship in other listed public companies in the last three years or any other executive position with the Company or other members of the Group.

Mr. XIE has no fixed term of service with the Company but will be subject to rotational retirement and re-election requirements at annual general meeting pursuant to Article 110 of the Articles of Association of the Company. Save as disclosed above, Mr. XIE is and was not connected with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. XIE has personal interest in share options to subscribe for 380,000 Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. XIE has confirmed that there are no other matters that need to be brought to the attention of the shareholders in connection with his re-election.



華潤創業有限公司

China Resources Enterprise, Limited

(Incorporated in Hong Kong under the Companies Ordinance)

(Stock Code : 291)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Company will be held at 50th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Thursday, 2 June 2005 at 3:30 p.m. for the following purposes:

1. To receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31 December 2004.
2. To declare a final dividend.
3. To re-elect retiring Directors and to fix the fees for all Directors.
4. To re-appoint Auditors and authorise the Directors to fix their remuneration.
5. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“THAT:

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$1.00 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company which the Directors of the Company are authorised to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of this Resolution and the said approval shall be limited accordingly; and
- (c) for the purposes of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company.”

6. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“THAT:

- (a) subject to paragraph (c) below and pursuant to Section 57B of the Companies Ordinance, 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 of HK\$1.00 each in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue of shares or rights to acquire shares of the Company; (iii) an issue of shares upon the exercise of the subscription or conversion rights under the terms of any warrants or any securities of the Company which are convertible into shares of the Company; or (iv) an issue of shares as scrip dividends pursuant to the Articles of Association of the Company from time to time, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this Resolution,

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company; and

NOTICE OF ANNUAL GENERAL MEETING

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to the holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

7. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT** subject to the passing of the resolution as proposed under items nos.5 and 6 set out in the notice convening this meeting, the general mandate granted to the Directors of the Company to allot, issue and deal with additional shares pursuant to the resolution as proposed under item no.6 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to the resolution as proposed under item no.5 set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the said Resolution.”

8. As special business, to consider and, if thought fit, pass the following resolution as a special resolution:

SPECIAL RESOLUTION

“**THAT** the existing articles of association of the Company be and is hereby amended by deleting the existing article 108 and article 110 in their entirety and substituting therefor the following new articles:

108. Meetings of the Directors and of any committee of the Directors may be held from time to time in any part of the world as may be convenient. A Director shall be deemed to be present at a meeting of the Directors or any committee if he participates by telephone or other electronic means provided that all Directors participating in such meeting can hear each other at the same time.
110. At each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation and shall be eligible for re-election, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A Director retiring at a meeting as aforesaid shall remain in office until the conclusion of that meeting.”

By Order of the Board
LEE Yip Wah, Peter
Secretary

Hong Kong, 21 April 2005

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, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the registered office of the Company at 39th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting.
3. With regard to item no.2 in this notice, the Board of Directors of the Company recommends a final dividend of HK\$0.16 per ordinary share payable on or about 17 June 2005. The register of members of the Company will be closed from Monday, 30 May 2005 to Thursday, 2 June 2005, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all share transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrar, Standard Registrars Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 27 May 2005.
4. With regard to item no.3 in this notice, the Board of Directors of the Company proposes that four retiring Directors, namely Mr. LAU Pak Shing, Mr. WANG Qun, Mr. ZHONG Yi and Mr. XIE Shengxi, who shall be eligible for re-election, be re-elected as Directors of the Company. Details of these Directors are set out in the appendix II of the circular to shareholders dated 21 April 2005. The Board of Directors of the Company recommends to the shareholders that the Directors' fee for the year ending 31 December 2005 shall be determined at HK\$50,000 per annum for each executive and non-executive Director and HK\$140,000 per annum for each independent non-executive Director, pro-rated, where appropriate, and payable in December, 2005.