

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

If you have sold all your shares in Hysan Development Company Limited 希慎興業有限公司 (the “**Company**”), you should at once hand this Circular and the accompanying form of proxy and, if applicable, the Annual Report and Accounts of the Company to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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HYSAN DEVELOPMENT COMPANY LIMITED

希慎興業有限公司

(Incorporated under Hong Kong Companies Ordinance, Cap. 32 with limited liability)

**NOTICE OF ANNUAL GENERAL MEETING
AND
PROPOSALS FOR
GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES
AND
AMENDMENTS TO ARTICLES OF ASSOCIATION**

A Notice convening the Annual General Meeting of the Company to be held in the Nathan Room, Lower Lobby, Conrad International Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Tuesday, 11 May 2004 at 12:00 noon is set out in this Circular.

Whether or not you are able to attend the Annual General Meeting, you are advised to read the Notice and to complete and return the enclosed proxy form to the Company's registered office at 49th Floor, Manulife Plaza, The Lee Gardens, 33 Hysan Avenue, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of 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.

31 March 2004

Table of Contents

Invitation to Shareholders	1
Notice of Annual General Meeting	2
Voting Information: Frequently Asked Questions and Answers	4
Business of the Meeting and Board Recommendations	6
Explanatory Statement re: Share Repurchase Mandate	11
Explanatory Statement re: Proposed Amendments to Articles of Association	13

INVITATION TO SHAREHOLDERS



HYSAN DEVELOPMENT COMPANY LIMITED

希慎興業有限公司

(Incorporated under Hong Kong Companies Ordinance, Cap. 32 with limited liability)

Directors:

Peter Ting Chang LEE (*Chairman*)
Sir David AKERS-JONES* (*Independent non-executive Deputy Chairman*)
Michael Tze Hau LEE (*Managing Director*)
Fa-kuang HU**
Hans Michael JEBSEN**
Per JORGENSEN*
Anthony Hsien Pin LEE**
Chien LEE**
Dr. Deanna Ruth Tak Yung RUDGARD**
Pauline Wah Ling YU WONG (*Director, Property*)
Dr. Geoffrey Meou-tsen YEH*

* *Independent non-executive Directors*

** *Non-executive Directors*

Registered Office:

49th Floor
Manulife Plaza
The Lee Gardens
33 Hysan Avenue
Hong Kong

31 March 2004

Dear Shareholders,

On behalf of the Board of Directors and management, we invite you to attend Hysan Development Company Limited's Annual General Meeting (the "Meeting") to be held on Tuesday, 11 May 2004.

We aim to continually enhance our corporate governance practices, including the quality of our reporting and communications with our Shareholders. Detailed explanation on business to be considered at this Meeting, together with Board Recommendations, is set out in this Circular.

We look forward to seeing you at the Meeting. If you are unable to attend the Meeting in person, we encourage you to appoint a proxy to attend and vote on your behalf.

Yours faithfully,
Peter T. C. Lee
Chairman

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Members of Hysan Development Company Limited 希慎興業有限公司 (the “Company”) will be held in the Nathan Room, Lower Lobby, Conrad International Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Tuesday, 11 May 2004 at 12:00 noon for the following purposes:

1. To receive and consider the Statement of Accounts for the year ended 31 December 2003 together with the Reports of Directors and Auditors thereon.
2. To declare a Final Dividend (together with a scrip alternative).
3. To re-elect retiring Directors.
4. To re-appoint Messrs. Deloitte Touche Tohmatsu as Auditors and authorize the Directors to fix their remuneration.

As special business, to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions and Special Resolution respectively:

ORDINARY RESOLUTIONS

5. **“That:**
 - (a) subject to paragraph (c), a general mandate be and is hereby unconditionally granted to the Directors of the Company to exercise during the Relevant Period all the powers of the Company to allot, issue and dispose of additional shares in the Company and to make or grant offers, agreements, options, warrants or other securities which would or might require the exercise of such powers;
 - (b) the mandate in paragraph (a) shall authorize the Directors of the Company during the Relevant Period to make or grant offers, agreements, options and other securities which would or might require the exercise of such powers after the end of the Relevant Period;
 - (c) the aggregate nominal value 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 mandate in paragraph (a), otherwise than pursuant to (i) Rights Issue, or (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to the officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company or (iii) any scrip dividend or similar arrangement pursuant to the Articles of Association of the Company from time to time, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution and the said mandate 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 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 Members in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to holders of shares 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 recognized regulatory body or any stock exchange in, any territory outside Hong Kong).”

NOTICE OF ANNUAL GENERAL MEETING

6. **“That:**

(a) a general mandate be and is hereby unconditionally given to the Directors of the Company to exercise during the Relevant Period all the powers of the Company to purchase or otherwise acquire shares of HK\$5 each in the capital of the Company in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, provided that the aggregate nominal amount of shares so purchased or otherwise acquired shall not exceed 10% 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 mandate shall be limited accordingly.

(b) for the purpose of this Resolution:

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

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

7. **“That**, conditional upon the passing of Resolutions numbered 5 and numbered 6 set out in the Notice convening this Meeting, the aggregate nominal amount of the shares which are purchased or otherwise acquired by the Company pursuant to Resolution numbered 6 shall be added to the aggregate nominal amount of the shares which may be issued pursuant to Resolution numbered 5.”

SPECIAL RESOLUTION

8. **“That** the Articles of Association of the Company be and are hereby amended as detailed in the explanatory statement on proposed amendments to Articles of Association, which forms part of this Notice of Annual General Meeting.”

By Order of the Board
Wendy W. Y. Yung
Company Secretary

Hong Kong, 31 March 2004

Notes:

1. A Member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote on his behalf. The proxy need not be a Member of the Company.
2. In order to be valid, a form of proxy must be deposited at the Company's registered office, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting.
3. Further information on voting procedures are set out in “Voting Information — Frequently Asked Questions and Answers” on page 4 of the Circular.
4. Detailed information on the businesses to be transacted at the Annual General Meeting are set out in the section “Business of the Meeting and Board Recommendations” and separate explanatory statements on the relevant resolutions in the Circular.
5. The Chairman of the meeting intends to demand a poll regarding the voting for all the resolutions set out in the notice of the Annual General Meeting. On a poll, every member present in person (or in the case of a corporation by its corporate representative) or by proxy shall have one vote for each HK\$5.00 nominal amount of shares of any class of which he is the holder.

Your vote is important, and you can exercise your right to vote whether you choose to attend the Meeting or not. Find out how below:

Q. Am I entitled to vote?

- A.** You are entitled to vote if you are a registered holder of ordinary shares of Hysan Development Company Limited as of 11 May 2004 (the date of Annual General Meeting).

The register of members will be closed from Friday, 7 May to Tuesday, 11 May 2004. If you have recently purchased the shares, you must deliver to Standard Registrars Limited the share certificates, share transfer form or relevant evidence to establish that you own the shares no later than 4:00 p.m. on Thursday, 6 May 2004.

Q. What am I voting on?

- A.** You are voting on the resolutions as set out in the Notice of Annual General Meeting — please refer to the Notice set out on pages 2 to 3, and “Business of the Meeting and Board Recommendations” on pages 6 to 10 regarding the business to be considered.

Q. How can I vote?

- A.** 1. Attend the Meeting

You are entitled to attend the Meeting and cast your vote in person. To vote shares registered in the name of a corporation, the corporation must have submitted a properly executed proxy form or corporate representative authorization to the Company.

2. By Proxy

If you do not plan to attend the Meeting, you may cast your vote by proxy in one of the two ways. **Your proxy must vote as you instruct in the proxy form:**

- (a) You may authorize the Chairman of the Company named in the proxy to vote your shares. Please indicate how you would like your shares voted.
- (b) You may appoint some other person to attend the Meeting and vote your shares on your behalf. Please print your appointee’s name in the blank space on the proxy form and indicate how you would like your shares voted. A proxy need not be a shareholder of the Company.

Q. When shall I return my proxy form?

- A.** To be valid, the **original** proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of the same, must be completed and **returned to the Company’s registered office at 49th Floor, Manulife Plaza, The Lee Gardens, 33 Hysan Avenue, Hong Kong, not less than 48 hours before the time for holding the Meeting.** Proxy forms sent electronically or by any other data transmission process will not be accepted.

Q. Who votes my shares and how will they be voted if I return a proxy?

- A.** By properly completing and returning a proxy, you are authorizing the person named in the proxy to attend the Meeting and to vote your shares.

The shares represented by your proxy must be voted as you instruct in the proxy form. If you properly complete and return your proxy but do not specify how you wish to cast your votes, your proxy will vote at his discretion.

Q. Can I revoke a proxy or voting instruction?

- A.** Completion and return of a proxy form will not preclude a member from attending in person and voting at the Meeting should he so wish. Therefore, your attendance at the Meeting will override your proxy appointment.

VOTING INFORMATION: FREQUENTLY ASKED QUESTIONS AND ANSWERS

Q. What will be the procedures for demanding a poll?

A. The Chairman of the meeting intends to demand a poll regarding the voting for all the resolutions set out in the notice of the meeting. On a poll, every member present in person (or in the case of a corporation by its corporate representative) or by proxy shall have one vote for each HK\$5.00 nominal amount of shares of any class of which he is the holder. The results of the voting by poll will be published in the local newspapers and on the Company's and the Stock Exchange's websites on the business day following the meeting.

In any event, a poll may be demanded (before or on the declaration of the results of the show of hands) by the Chairman or in writing by:

- (a) at least three members present in person or by proxy for the time being entitled to vote at the meeting; or
- (b) any member or members present in person or by proxy and representing not less than one-tenth of the total voting shares or paid up capital of the Company.

Q. What if I have a question?

A. If you have any questions regarding the Meeting, please contact Hysan's Company Secretarial Department at 2895-5777.

BUSINESS OF THE MEETING AND BOARD RECOMMENDATIONS

RESOLUTION NUMBERED 1 — RECEIVING 2003 FINANCIAL STATEMENTS

The full audited financial statements together with the Reports of Directors and Auditors thereon, are set out on pages 40 to 44 and pages 60 to 97 of the 2003 Annual Report.

The audited financial statements have been reviewed by the Audit Committee. A report of the Audit Committee is set out on page 59 of the 2003 Annual Report.

RESOLUTION NUMBERED 2 — DECLARATION OF FINAL DIVIDEND

The Board has recommended a final dividend for the year ended 31 December 2003 of HK26.5 cents per share. Subject to passing Resolution numbered 2, such final dividend is expected to be paid on or about 11 June 2004, together with a scrip dividend alternative, to shareholders whose names appear on the Company's register of members on 11 May 2004.

A circular containing details of the scrip dividend and the form of election will be mailed to shareholders on or about 18 May 2004.

The share register will be closed from Friday, 7 May 2004 to Tuesday, 11 May 2004, both dates inclusive. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrars, Standard Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 pm on Thursday, 6 May 2004.

RESOLUTION NUMBERED 3 — RE-ELECTION OF DIRECTORS

Under the Company's Articles of Association, all Directors are subject to the system of retirement by rotation. Specifically, the three Directors who have been longest in office as at each annual general meeting will retire from office and be subject to re-election. Accordingly, Sir David Akers-Jones (Independent non-executive Deputy Chairman), Hans Michael Jebesen (non-executive Director) and Michael Tze Hau Lee (Managing Director) will retire from office at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election. Their proposed re-election will be considered by separate resolutions.

The following provides background information on the retiring Directors proposed for re-election.

Nominee for Election as Director	Director since	Board Committee Memberships	Shareholdings (Note)
Sir David Akers-Jones G.B.M., K.B.E., C.M.G., J.P. <i>Independent non-executive Deputy Chairman</i>	1989	Chairman of Audit and Emoluments Review Committees	Nil

Chairman of GAM Hong Kong Limited. Deputy chairman of CNT Group Limited and a non-executive director of various other companies. He is also a chairman and member of various voluntary organisations. Received his Master of Arts Degree at Oxford University. He was formerly the Chief Secretary of Hong Kong. Appointed a Director in 1989 and became the Deputy Chairman in 2001. He is aged 76.

BUSINESS OF THE MEETING AND BOARD RECOMMENDATIONS

Nominee for Election as Director	Director since	Board Committee Memberships	Shareholdings (Note)
Hans Michael Jebsen B.B.S. <i>Non-Executive Director</i>	1994	Investment Committee	2,492,914 ordinary shares

Chairman of Jebsen and Company Limited as well as a director of other Jebsen Group companies worldwide. Also a director of The Wharf (Holdings) Limited. He is aged 47.

Michael Tze Hau Lee <i>Managing Director</i>	1990	Investment Committee	1,023,233 ordinary shares
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Michael T. H. Lee first joined the Board in 1990, became Chief Operating Officer in 2002, and Managing Director in 2003. A non-executive director of Tai Ping Carpets International Limited. President of the Executive Committee of Hong Kong Society for Protection of Children and Vice Chairman of Helping Hand. Also a director of Lee Hysan Estate Company, Limited. Received his Bachelor of Arts Degree from Bowdoin College and a Master of Business Administration Degree from Boston University. He is aged 42.

(Note) The “Directors’ Remuneration and Interests Report” in the 2003 Annual Report sets out:

- i) further details on the information given above on Directors’ interests in shares of the Company, as recorded in the register kept under section 352 of the Securities and Futures Ordinance; and
- ii) additional information on Directors’ interests in share options granted under the Company’s executive stock option scheme.

RESOLUTIONS NUMBERED 5, 6 AND 7 — GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the last annual general meeting of the Company held on 13 May 2003, a general mandate under Section 57B of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong) (the “Companies Ordinance”) and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Listing Rules”) was given to the Directors to issue and purchase shares in the Company. These general mandates will lapse at the conclusion of the forthcoming Annual General Meeting. Resolutions will therefore be proposed at the forthcoming Annual General Meeting to renew the grant of these general mandates. The relevant resolutions, in summary, are:

- an ordinary resolution (**Resolution numbered 5**) to give the Directors a general and unconditional mandate to allot, issue and dispose of additional shares in the Company, not exceeding 20% of the Company’s issued share capital as at the date of passing the resolution (as adjusted in accordance with Resolution numbered 7), for the period until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution) (the “Issue Mandate”);
- an ordinary resolution (**Resolution numbered 6**) to give the Directors a general and unconditional mandate to exercise all the powers of the Company to purchase an amount of shares in the Company not exceeding 10% of the Company’s issued share capital as at the date of passing the resolution, for the period until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution) (the “Repurchase Mandate”); and
- conditional on the passing of Resolutions numbered 5 and 6 to grant the Issue Mandate and the Repurchase Mandate, an ordinary resolution (**Resolution numbered 7**) to authorise the Directors to exercise the powers to allot, issue and dispose of additional shares in the Company under the Issue Mandate in respect of the aggregate nominal amount of share capital in the Company purchased by the Company.

BUSINESS OF THE MEETING AND BOARD RECOMMENDATIONS

The full text of these resolutions is set out in the Notice of Annual General Meeting in this Circular. In addition, and as required under the Listing Rules, an explanatory statement providing the requisite information regarding the Repurchase Mandate is set out on pages 11 to 12 in this Circular.

The Directors wish to state that they have no immediate plans to issue any new shares of the Company, other than pursuant to: (i) the scrip dividend alternative which is being proposed to be offered; (ii) the rules of the Company's executive share option scheme.

RESOLUTION NUMBERED 8 — AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Certain amendments have been introduced to the Laws of Hong Kong and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Companies (Amendment) Ordinance 2003 (the "Amendment Ordinance") came into operation on 13 February 2004. The Stock Exchange has announced amendments to the Listing Rules which will come into effect on 31 March 2004. The Directors propose to introduce amendments to the Company's Articles of Association to bring them in line with the respective laws and rules.

The Directors also propose to take this opportunity to make certain technical amendments to the Articles, principally (i) to clarify provisions regarding the term of office of Directors; (ii) to enhance and modernize certain procedures as regards general meetings and board meetings proceedings; and (iii) to update and modernize certain administrative provisions and definitions in the light of changes in laws, regulations and market practice. These amendments are summarized below.

Amendments in line with the Amendment Ordinance

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|---------------|--|
| Article 98(d) | It is amended to bring it in line with the Amendment Ordinance such that a Director appointing an alternate Director will be vicariously liable for the acts of his alternate. |
| Article 120 | It is amended to bring it in line with the Amendment Ordinance which provides for the removal of a Director by ordinary resolution of the general meeting. |
| Article 171 | It is amended to reflect amendments introduced by the Amendment Ordinance which allows the Company to purchase and maintain insurance in respect of liabilities of negligence, default, breach of duty or breach of trust (save for fraud) which a director may be guilty in relation to the Company or its related company and liabilities incurred in defending any proceedings against him in this respect. |

Amendments in line with changes in the Listing Rules

Certain articles are amended to reflect changes to Appendix 3 of the Listing Rules which contain requirements with which a listed company's articles of association should comply.

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|-------------|--|
| Article 83 | It is amended to make provisions for restriction on voting by members where required under the Listing Rules. |
| Article 105 | It is amended to reflect new restrictions regarding a Director's right to vote on any Board resolution regarding contracts in which he or his associate has a material interest. |
| Article 118 | It is amended to clarify the period within which notice may be lodged for nominating a person for election as a Director, being not earlier than the day after the date of dispatch of the notice of meeting for the election and not later than 7 days prior to the date of such meeting. |

BUSINESS OF THE MEETING AND BOARD RECOMMENDATIONS

Technical amendments

The technical amendments fall into the following general categories:

Term and removal of Directors

Article 104 The existing article is replaced by a new article which sets out the instances where Directors will vacate his office, these are:

- (i) if he becomes bankrupt or enters into voluntary arrangement; or
- (ii) if he is suffering from mental disorder; or
- (iii) if he absents himself from the meetings of the Board during a continuous period of six months without special leave; or
- (iv) if he becomes prohibited from being a Director; or
- (v) if he resigns his office; or
- (vi) having been appointed for a fixed terms, the term expires; or
- (vii) he is not re-elected a Director in rotation; or
- (viii) he is removed from office as a Director by notice in writing by all other co-Directors.

Article 107A The new article clarifies the respective effects of termination of a Director's office; termination of a Director's executive office; and termination of a Director's service contract (if any).

General meetings proceedings:

These amendments are introduced to enhance and modernize certain procedures regarding general meetings.

Article 71A The new article provides for the Board to change venue of or postpone a general meeting by placing (if practicable) an advertisement in one English language and one Chinese language newspaper in general circulation in Hong Kong after notice has been issued in exceptional circumstances where the Board decides it is impracticable or unreasonable to hold the meeting at the declared place or time.

Article 77A The new article provides for alternative accommodation for members when the original meeting place is inadequate to accommodate all members.

Article 79 The addition to the article clarifies that a demand for poll which is withdrawn would not invalidate the result of a show of hand previously declared. The Chairman may appoint scrutineers and adjourn the meeting to another place or time for declaring the result of a poll.

Article 86 The addition to the article clarifies the requirement of 48 hours' prior notice to the Company for a receiver or curator bonis of a member suffering from mental disorder to represent such member in general meetings, so as to bring it in line with the notice requirement for persons representing deceased and bankrupt members.

BUSINESS OF THE MEETING AND BOARD RECOMMENDATIONS

Board meeting proceedings:

These amendments serve to enhance the efficiency of Board meetings proceedings including taking into consideration modern means of communication.

- Article 98(b) It is replaced to clarify that notice will be given to alternate Director if so requested by the Director appointing him.
- Article 121 The amendment provides that Board meetings may be conducted via video conference as well as by telephone conference.
- Article 122 The amendment modernizes the manner of giving notice of Board meetings to include facsimile or email or other form of electronic communication.
- Article 131 The article is replaced to clarify procedures for circulation of written resolutions

Miscellaneous

These following amendments generally update and modernize certain definitions in the Articles or otherwise update certain administrative procedures:

- Articles 2, 133, 137 & 138 In Article 2, definition of “Hong Kong” is updated and a new definition of “associate” is added to bring it in line with the amendment of the Listing Rules.
- There are also consequential changes in Articles 133, 137 and 138
- Articles 15, 17 & 19 The fee for additional issue or replacement of share certificate is updated to be in line with the Listing Rules.
- Article 76 This is a clerical amendment.
- Article 94 The reference to the governing ordinance is amended in light of enactment of the Securities and Futures Ordinance.

Details of the amendments are set out in numeric order in the Explanatory Statement Re: Proposed Amendments To Articles of Association.

BOARD RECOMMENDATIONS

The Directors consider that the proposed resolutions as set out in the Notice of Annual General Meeting, including the proposed resolutions granting the Issue Mandate, Repurchase Mandate and amending the Articles of Association are in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors recommend shareholders to vote in favour of the proposed resolutions.

EXPLANATORY STATEMENT RE: SHARE REPURCHASE MANDATE

This is an explanatory statement as required under the Listing Rules in connection with the resolution authorizing the Repurchase Mandate proposed to be considered, and if thought fit, passed by shareholders of the Company at the Annual General Meeting of the Company. Listing Rules provide that all repurchases of securities by a company with its primary listing on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) must be approved in advance by an ordinary resolution, either by way of a general mandate to the directors of the company to make such repurchases or by specific approval in relation to specific transactions. This explanatory statement also constitutes the memorandum required under Section 49 BA(3) of the Companies Ordinance.

Share Capital

As at 26 March 2004 (the latest practicable date prior to the printing of this Circular), the issued share capital of the Company comprised 1,043,871,533 Shares of HK\$5.00 each.

On the basis that no further Shares are issued prior to the Annual General Meeting to be held on 11 May 2004, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 104,387,153 Shares.

Reasons for Repurchase

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its shareholders.

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

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 extent allowable under the Companies Ordinance.

In the event that the proposed Share repurchases were to be carried out in full at any time during the proposed repurchase period, the working capital or gearing position of the Company might be materially different as compared with the position disclosed in the audited consolidated accounts contained in the Annual Report for the year ended 31 December 2003. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

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 printing of this Circular were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
Year 2003		
March	6.10	5.40
April	5.85	5.05
May	6.55	5.80
June	7.15	6.15
July	6.90	6.35

EXPLANATORY STATEMENT RE: SHARE REPURCHASE MANDATE

	Highest HK\$	Lowest HK\$
Year 2003		
August	9.25	6.70
September	10.45	8.50
October	11.95	10.10
November	11.50	10.40
December	12.75	11.10
Year 2004		
January	16.80	12.15
February	16.20	14.35

Undertaking

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make repurchases pursuant to Ordinary Resolution numbered 6 and in accordance with the Listing Rules and the Companies Ordinance.

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 under the Repurchase Mandate if such is approved by the shareholders.

No other connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, in the event that the Repurchase Mandate is approved by the shareholders.

Effect of the Takeovers Code

If on 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 increases, such increase will be treated as an acquisition and may give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Hong Kong Code on Takeovers and Mergers ("Takeovers Code").

As at 26 March 2004 (being the latest practicable date prior to the printing of this Circular), Lee Hysan Estate Company, Limited ("LHE") and certain of its subsidiaries are the substantial shareholders of the Company, which are indirectly interested in approximately 41.10% of the issued share capital of the Company. Lee Hysan Company Limited, being LHE's holding company, is also deemed to have same interests pursuant to the provisions of the Securities and Futures Ordinance. In the event that the Directors exercise in full the power to repurchase Shares which are proposed to be granted pursuant to the Repurchase Mandate, the shareholding of Lee Hysan Estate Company, Limited and certain of its subsidiaries would be increased to approximately 45.67%.

Such increase will give rise to an obligation to make a mandatory offer under Rule 32 of the Takeovers Code. The Directors have no present intention to exercise the Repurchase Mandate to such an extent as would result in takeover obligations.

Save as disclosed above, the Directors are not aware of any shareholder or group of shareholders acting in concert, who may become obliged to make a mandatory offer under Rule 26 of the Takeovers Code as a consequence of any purchases pursuant to the Repurchase Mandate.

Share Purchase made by the Company

The Company had not repurchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this Circular.

EXPLANATORY STATEMENT RE: PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

The followings set out in details the proposed amendments to the Articles of Association of the Company. They principally serve to bring the Articles in line with current changes in laws and Listing Rules. Certain procedures as regard general meetings and board meetings are also enhanced. The Background and purposes of each amendment are summarized in the “Business of the Meeting and Board Recommendations - Resolution numbered 8” section.

The Proposed Amendments:

1. Article 2

The definition of “Hong Kong” be amended as follows:

“Hong Kong means the Hong Kong Special Administrative Region of the People’s Republic of China.”

The following new definition be added:

“associate(s) shall have the same meaning as defined in the Listing Rules.”

2. Articles 15, 17 and 19

The words “two dollars” in Articles 15, 17 and 19 whenever they appear be deleted and replaced by the words “such sum not exceeding the maximum amount prescribed from time to time by the Relevant Exchanges”.

3. Article 71A

The following article be added after Article 71 as a new Article 71A:

“71A. If after the giving of notice of a general meeting but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Board decides that it is impracticable or unreasonable to hold the meeting at the declared place and/or time, it may change the place and/or postpone the time at which the meeting is to be held. If such a decision is made, the Board may then change the place and/or postpone the time again if it decided that it is reasonable to do so. In either case:

- (i) no notice of the meeting need be given, but the Board shall, if practicable, advertise the date, time and place of the meeting in at least one English language and one Chinese language newspaper in general circulation in Hong Kong and shall make arrangements for notices of the change of place and/or postponement to appear at the original place and/or at the original time; and
- (ii) notwithstanding Article 90, an instrument of proxy in relation to the meeting may be deposited at any time not less than 48 hours before any new time appointed for holding the meeting.”

4. Article 76

Article 76 be amended by deleting the word “of” on the fifth line, after the words “the chair,” and replaced by the word “or”.

**EXPLANATORY STATEMENT RE: PROPOSED AMENDMENTS TO
ARTICLES OF ASSOCIATION**

5. **Article 77A**

The following article be added after Article 77 as a new Article 77A:

“77A. If it appears to the Chairman that the principal meeting place is inadequate to accommodate all members entitled and wishing to attend, the meeting is duly constituted and its proceedings valid if the Chairman is satisfied that adequate facilities are available to ensure that a member who is unable to be accommodated is able to:

- (a) participate in the business for which the meeting has been convened;
- (b) hear and see all persons present who speak (whether by use of microphone, loud-speakers, audio-visual communications equipment or otherwise), whether in the meeting place or elsewhere; and
- (c) be heard and seen by all other persons so present in the same way.”

6. **Article 79**

The following paragraph be added after the last sentence of Article 79 to form part of Article 79:

“A demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made. The Chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers (who need not be members). He may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.”

7. **Article 83**

The following paragraph be added after the last sentence of Article 83 to form part of Article 83:

“Where any shareholder is restricted or prohibited from voting or required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution by reason of applicable laws or the Listing Rules, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.”

8. **Article 86**

The following paragraph be added after the last word of Article 86 to form part of Article 86:

“provided that forty-eight hours at least before the time of the holding of the meeting or adjourned meeting as the case may be at which he proposes to vote, he shall satisfy the Directors of his appointment, or the Directors shall have previously admitted his right to vote at such meeting in respect thereof.”

EXPLANATORY STATEMENT RE: PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

9. **Article 94**

Article 94(b) be amended by deleting the words “Securities and Futures (Clearing House) Ordinance (Chapter 420 of the Laws of Hong Kong)” in the second line and replaced by “Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong”.

10. **Article 98**

Article 98 be amended by deleting the original paragraphs (b) and (d) and replaced by the followings respectively:

“(b) Notice of all Board and general meetings shall be sent to every alternate Director as if he were a Director as may be so requested by the Director appointing him until notice of revocation of his appointment has been given under paragraph (c) of this Article.”

“(d) Every person acting as an alternate Director shall while so acting be deemed to be an officer of the Company and the agent of or for his appointor and be jointly and severally responsible to the Company for his acts and defaults. The Director who appoints an alternate Director shall be vicariously liable for any tort (but not otherwise) committed by the alternate Director while acting in the capacity of alternate Director but nothing herein affects the alternate Director’s personal liability for any act or omission including liabilities owed to the Company or to the Director appointing him.”

11. **Article 104**

Article 104 be deleted and replaced by the following new Article 104:

“104. (a) A Director shall cease to be a director and shall vacate his office:

- (i) if he becomes bankrupt or has a receiving order made against him or suspends payment, or compounds or arranges with his creditors or applies to the court for any order in connection with a voluntary arrangement; or
- (ii) if he is, or may be, suffering from mental disorder and order is made by any court having jurisdiction (whether in Hong Kong or elsewhere) in matters concerning mental disorder for his detention or for appointment of receiver, curator bonis or other person by whatever title to exercise powers with respect of his property or affairs; or
- (iii) if he absents himself from the meetings of the Board during a continuous period of six months, without special leave of absence from the Board, and his alternate Director (if any) shall not during such period have attended in his stead, and the Board passes a resolution that he has by reason of such absence vacated his office; or
- (iv) if he becomes prohibited from being a Director by reason of any order made under any provision of the Companies Ordinance or the Listing Rules or these Articles or other applicable laws; or
- (v) if by notice in writing to the Company he resigns his office; or
- (vi) having been appointed for a fixed terms, the term expires; or

**EXPLANATORY STATEMENT RE: PROPOSED AMENDMENTS TO
ARTICLES OF ASSOCIATION**

- (vii) having retired pursuant to these Articles, he is not re-elected a Director; or
 - (viii) he is removed from office as a Director by notice in writing served upon him at his last address signed by all his co-Directors. If any such Director has been appointed to an executive office which thereby automatically terminates, such removal shall be treated as an act of the Company and shall not, of itself, prejudice any right he may have in any contract of service between him and the Company or otherwise.
- (b) A resolution of the Board to the effect that a Director has ceased to be a Director under this Article 104 shall be conclusive as to the facts and reasons for his ceasing to hold office as stated in the resolution.”

12. Article 105

Article 105(1) be amended by deleting the original paragraphs (a) and (b) and replaced by the following respectively:

- “105. (1)(a) No Director or intended Director shall be disqualified by his office from contracting with the Company, directly or indirectly, 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 a Director or any of his associate(s) or any person, company or partnership of or in which any Director or any of his associates shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director 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 any of his associate(s) holding that office or the fiduciary relationship thereby established provided always that each Director shall forthwith disclose the nature of his interest or that of his associate(s) in any contract or arrangement in which he or any of his associates is interested as required by and subject to the provisions of the Ordinance.
- (b) A Director shall not vote on any board resolution approving any such contract or arrangement in which he or any of his associate(s) has a material interest and if he does so his vote shall not be counted nor shall he be counted in the quorum present at such meeting but neither of these prohibitions shall apply to:
- (i) the giving of any security or indemnity either:
 - (aa) to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any one of them at the request of or for the benefit of the Company or any of its subsidiaries; or
 - (bb) 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 or themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
 - (ii) any 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 in the underwriting or sub-underwriting of the offer;

EXPLANATORY STATEMENT RE: PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

- (iii) any 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 his associates is derived) or of the voting rights;
- (iv) any proposal or arrangement concerning the adoption, modification or operation of any employees' share scheme under which he or his associate(s) may benefit or of a pension fund or retirement, death or disability benefit scheme which relates both to the Director, his associate(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 accorded to class of persons to which such scheme or fund relates;
- (v) any contract or arrangement 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.
- (vi) Any contract for the purchase or maintenance for any Director of insurance against any liability."

If a question arises at any time as to the materiality of a Director's interest or that of his associate(s) or as to his entitlement to vote or be counted in a quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or being counted in quorum, such question shall be referred to the Chairman of the meeting and his ruling in relation to any Director other than himself shall be conclusive and binding on all concerned except in a case where the nature or extent of the interest of such Director and/or his associate(s) has not been fairly disclosed. If a question arises at any time as to the materiality of the Chairman's interest or that of his associate(s) or as to his entitlement to vote or be counted in a quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or being counted in quorum, such question shall be decided by a resolution of the Board present at the meeting (excluding the Chairman) whose majority vote shall be conclusive and binding on all concerned except in a case where the nature or extent of the Chairman's interest has not been fairly disclosed."

13. **Article 107A**

A new Article 107A be added after Article 107:

"107A. The appointment of a Director to an executive office shall terminate automatically if he ceases to be a director, but any such termination shall not, of itself, prejudice any rights under any contract of service between him and the Company. However, a Director appointed to an executive office shall not cease to be a director merely because his appointment to such executive office terminates."

14. **Article 118**

Article 118 be amended by deleting the words "at least seven clear days before the meeting" and replacing them by the words "during the period not earlier than the day after the date of dispatch of the notice of the meeting appointed for the election of director and end not later than seven days prior to the date of such meeting".

**EXPLANATORY STATEMENT RE: PROPOSED AMENDMENTS TO
ARTICLES OF ASSOCIATION**

15. **Article 120**

The word “special” in the first line of Article 120 be deleted and replaced by the word “ordinary”.

16. **Article 121**

The words “or through the medium of video conference” be added after the words “by means of a conference telephone” and the following paragraph be added at the end of the Article:

“A person participating in this way shall be deemed to be present in person at the meeting and shall be counted in a quorum and entitled to vote. All business transacted in this way by the Board or a committee of the Board shall, for the purposes of these Articles, be deemed to be validly and effectively transacted at a meeting of the Board or a committee of the Board although fewer than three Directors (or alternate Directors) are physically present at the same place. The meeting is deemed to take place at the place stated in the notice for meeting to the Directors unless otherwise directed by the Chairman.”

17. **Article 122**

The words “or facsimile or email or other form of electronic communication” be added after the words “or telegram” in the third line of Article 122.

18. **Article 131**

Article 131 be deleted and replaced by the following new Article 131:

“131. A resolution in writing signed by all the Directors in Hong Kong entitled to receive notice of and vote on the relevant resolution (so long as they constitute a quorum) shall be as valid and effective as if it had been passed at a meeting of the Directors duly convened and held; and may consist of several documents in like form each signed by one or more of the Directors. Any signature may be affixed to a facsimile copy of the resolution and any signed resolution shall be valid if the Company receives the original or a copy by facsimile.”

19. **Articles 133, 137 and 138**

The words “the Colony” be deleted from Articles 133, 137(b) and 138 and be replaced by “Hong Kong”.

20. **Article 171**

Article 171 be deleted and replaced by the following new Article 171:

“171. (a) Subject to the provisions of the Companies Ordinance, every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto (save and except liability for negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company or related company), and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto (save and except liability for negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company or related company). This Article shall only have effect to the extent it is not voided by the said provisions or other applicable laws and regulations.

**EXPLANATORY STATEMENT RE: PROPOSED AMENDMENTS TO
ARTICLES OF ASSOCIATION**

- (b) Subject to the Companies Ordinance, if any Director or other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge, or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Director or person so becoming liable as aforesaid from any loss in respect of such liability.

- (c) Subject to the Companies Ordinance, the Board shall have power to purchase and/or maintain insurance for, or for the benefit of, any person who are or were at any time directors, alternate directors or other officers of the Company or related company against:
 - (i) any liability to the Company, a related company or any other party in respect of any negligence, default, breach of duty or breach of trust (save for fraud) of which he may be guilty in relation to the Company or a related company and otherwise; and
 - (ii) any liability incurred by him in defending any proceedings, whether civil or criminal, taken against him for any negligence, default, breach of duty or breach of trust (including fraud) of which he may be guilty in relation to the Company or a related company and otherwise.

- (d) the term “related company” shall have the same meaning as defined in Section 165 of the Companies Ordinance.”