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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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 or transferred** all your shares in Cheung Kong Infrastructure Holdings Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or the 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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### **CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)

#### **Directors**

LI Tzar Kuoi, Victor *Chairman*

KAM Hing Lam *Group Managing Director*

George Colin MAGNUS *Deputy Chairman*

FOK Kin Ning, Canning *Deputy Chairman*

IP Tak Chuen, Edmond *Deputy Chairman*

KWAN Bing Sing, Eric *Deputy Managing Director*

CHOW WOO Mo Fong, Susan *Executive Director*

Frank John SIXT *Executive Director*

TSO Kai Sum *Executive Director*

CHEONG Ying Chew, Henry *Independent Non-executive Director*

LEE Pui Ling, Angelina *Independent Non-executive Director*

Barrie COOK *Non-executive Director*

#### **Registered Office**

Clarendon House

Church Street

Hamilton HM11

Bermuda

#### **Principal Place of Business**

12th Floor, Cheung Kong Center

2 Queen's Road Central

Hong Kong

#### **Company Secretary**

Eirene YEUNG

23rd March, 2004

Dear Shareholder(s),

### **PROPOSED GENERAL MANDATES TO ISSUE NEW SHARES AND REPURCHASE SHARES, PROPOSED ELECTION OF DIRECTORS AT THE ANNUAL GENERAL MEETING, PROPOSED AMENDMENTS TO THE COMPANY'S BYE-LAWS, AND NOTICE OF SPECIAL GENERAL MEETING**

#### **INTRODUCTION**

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the Annual General Meeting ("AGM") and the Special General Meeting ("SGM") to be held on

13th May, 2004. These include (i) the ordinary resolutions granting the Directors general mandates to issue and repurchase shares of the Company; (ii) the ordinary resolutions proposing election of Directors who are due to retire at the AGM; and (iii) the special resolution amending the Company's bye-laws ("Bye-laws").

#### **PROPOSED GENERAL MANDATE TO ISSUE NEW SHARES**

A general mandate is proposed to be unconditionally given to the Directors to issue and dispose of additional shares not exceeding 20% of the issued share capital of the Company at the date of the resolution until the next annual general meeting. The relevant resolution is set out as Ordinary Resolution No. 5(1) in the Notice of AGM dated 9th March, 2004 ("Ordinary Resolution No. (1)") which is contained in the Company's annual report for the year ended 31st December, 2003 ("Annual Report 2003").

Concerning Ordinary Resolution No. (1), the Directors wish to state that they have no immediate plans to issue any new shares of the Company. Approval is being sought from the shareholders as a general mandate for the purposes of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") ("Listing Rules").

#### **PROPOSAL TO AUTHORISE THE REPURCHASE OF SHARES OF THE COMPANY**

At the last annual general meeting of the Company held on 15th May, 2003, a general mandate was given to the Directors to exercise the power of the Company to repurchase shares of HK\$1.00 each of the Company ("Share(s)"). Such mandate will lapse at the conclusion of the forthcoming AGM. It is therefore proposed to seek your approval of the Ordinary Resolution No. 5(2) ("Ordinary Resolution No. (2)") as set out in the Notice of AGM dated 9th March, 2004 to give a fresh general mandate to the Directors to exercise the power of the Company to repurchase Share(s).

An explanatory statement, as required by the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listings on the Stock Exchange of their own securities on the Stock Exchange, to provide requisite information to you for your consideration of the proposal to authorise the Directors to exercise the power of the Company to repurchase Share(s) up to a maximum of 10% of the issued share capital of the Company at the date of Ordinary Resolution No. (2) ("Repurchase Proposal") is set out in **Appendix I** to this circular.

#### **PROPOSED ELECTION OF DIRECTORS**

In accordance with the Company's Bye-law 87, the Directors retiring by rotation at the AGM are Mr. Fok Kin Ning, Canning, Mrs. Chow Woo Mo Fong, Susan and Mr. Cheong Ying Chew, Henry, who, being eligible, offer themselves for re-election. Details of the above Directors who are required to be disclosed by the Listing Rules as recently amended by the Stock Exchange are set out in **Appendix II** to this circular.

#### **PROPOSED AMENDMENTS TO THE BYE-LAWS OF THE COMPANY**

In view of certain amendments made to the Listing Rules relating to corporate governance issues which will become effective on 31st March, 2004 subject to certain transitional arrangements and the Companies (Amendment) Ordinance 2003 which has come into operation on 13th February, 2004, the Board of Directors (the "Board") of the Company has resolved at its Board meeting held on 9th March, 2004 for the purpose of complying with the relevant amendments to propose to the

shareholders of the Company for approval of certain amendments to the Bye-laws of the Company, including, inter alia, the following provisions:

- (1) the minimum length of the period, during which notice to the Company by shareholders of the intention to propose a person for election as a director and during which notice to the Company by such person of his willingness to be elected may be given, will be at least 7 days. The period for lodgement of such notice shall commence no earlier than the day after the despatch of the notice of meeting appointed for such election and end no later than seven days prior to the date of such meeting;
- (2) subject to such exceptions specified in the Bye-laws of the Company, a director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest nor shall he be counted in the quorum present at the meeting; and
- (3) where any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

#### **GENERAL INFORMATION**

A notice convening the SGM to be held at the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 13th May, 2004 at 2:30 p.m. (or immediately after the conclusion or adjournment of the AGM of the Company to be held on the same day) is set out in **Appendix III** to this circular. Your right to demand a poll on the resolutions proposed at the AGM and SGM is set out in **Appendix IV** to this circular.

Whether or not you are able to attend the SGM, you are requested to complete and return the proxy form for the SGM in accordance with the instructions printed thereon to the Company's principal place of business at 12th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof or, in the case of a poll taken subsequently to the date of the SGM or adjourned meeting, not less than 24 hours before the time appointed for taking the poll. Completion and return of the proxy form will not preclude you from attending and voting at the SGM or any adjournment thereof should you so wish.

Proxy forms for use at the AGM and SGM are sent to shareholders together with the Annual Report 2003 and this circular respectively. The proxy forms can also be downloaded from the Company's website: <http://www.cki.com.hk>.

#### **RECOMMENDATION**

The Directors consider that the ordinary resolutions and special resolution as set out respectively in the Notice of AGM and Notice of SGM are all in the best interests of the Company and its shareholders. Accordingly, the Directors recommend you to vote in favour of such resolutions at the AGM and the SGM.

Yours faithfully,

**LI TZAR KUOI, VICTOR**  
Chairman

This explanatory statement contains all the information required pursuant to rule 10.06 (1)(b) of the Listing Rules.

### **1. Share Capital**

As at 17th March, 2004 (the latest practicable date prior to the printing of this circular) (“Latest Practicable Date”), the issued share capital of the Company comprised 2,254,209,945 Shares of HK\$1.00 each.

Subject to the passing of Ordinary Resolution No. (1) and on the basis that no further Shares are issued prior to the AGM, the Company would be allowed under the Repurchase Proposal to repurchase a maximum of 225,420,994 Shares.

### **2. Reasons for Repurchase**

The Directors believe that the Repurchase Proposal 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.

### **3. Funding of Repurchase**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum of Association and Bye-Laws and the applicable laws of Bermuda. Such purchases may only be effected out of the capital paid up on the purchased Shares or out of the funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purpose. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided out of funds of the Company otherwise available for dividend or distribution or out of the Company’s share premium account.

In the event that the Repurchase Proposal was to be carried out in full at any time during the proposed repurchase period, there might be a material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited consolidated financial statements contained in the Annual Report 2003. However, the Directors do not propose to exercise 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 up to the Latest Practicable Date were as follows:—

		<b>Highest (HK\$)</b>	<b>Lowest (HK\$)</b>
March	2003	15.35	13.80
April	2003	14.85	14.00
May	2003	16.25	14.00
June	2003	17.30	14.95
July	2003	17.10	15.20
August	2003	16.40	15.40
September	2003	16.60	15.70
October	2003	17.65	16.00
November	2003	17.65	16.55
December	2003	18.00	17.00
January	2004	20.20	17.50
February	2004	20.00	18.45
1st March – 17th March	2004	20.00	18.30

**5. 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 No. (2) and in accordance with the Listing Rules and the applicable laws of Bermuda.

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 Proposal 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, or have undertaken not to do so, in the event that the Repurchase Proposal is approved by the shareholders.

**6. Rule 8.08 of the Listing Rules**

As at the Latest Practicable Date, each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust, Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust, Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust, Cheung Kong (Holdings) Limited, Hutchison Whampoa Limited, Hutchison International Limited and Hutchison Infrastructure Holdings Limited, are deemed to be interested in the same block of 1,906,681,945 Shares, representing approximately 84.6% of the issued share capital of the Company. Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust additionally owns 5,428,000 Shares, representing approximately 0.2% of the issued share capital of the Company.

**As announced by the Company on 8th January, 1997 and 17th February, 1997, the Stock Exchange has granted a waiver from strict compliance with Rule 8.08 of the Listing Rules to the Company on 9th January, 1997 subject to approximately not less than 15.2% of the issued share capital of the Company being held in public hands.**

**In the event that the Directors exercise the power to repurchase Shares which is proposed to be granted pursuant to Ordinary Resolution No. (2) and (if the present shareholdings otherwise remained the same), the attributable shareholding of each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust, Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust, Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust, Cheung Kong (Holdings) Limited, Hutchison Whampoa Limited, Hutchison International Limited and Hutchison Infrastructure Holdings Limited in the Company would be increased to a percentage which would result in the number of Shares in public hands to be below 15.2% of the issued share capital of the Company. The Company may not exercise the power to repurchase if it would constitute a breach of the condition upon which the waiver from strict compliance with Rule 8.08 of the Listing Rules was granted by the Stock Exchange. The Directors have no present intention to exercise the Repurchase Proposal.**

**7. Takeover 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 purpose of Rule 32 of the Hong Kong Code on Takeovers and Mergers ("Takeover Code"). As a result, a shareholder or group of shareholders acting in concert may obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeover Code. The Directors are not aware of any consequences which may arise under the Takeover Code as a result of any repurchase made under the Repurchase Proposal.

**8. Share Purchase made by the Company**

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

The following are the particulars of the three Directors (as required by the Listing Rules as recently amended by the Stock Exchange) proposed to be elected at the AGM to be held on 13th May, 2004.

1. **Mr. FOK Kin Ning, Canning**, aged 52, has been an Executive Director and Deputy Chairman of the Company since March 1997. He is also the Group Managing Director of Hutchison Whampoa Limited and a Director of Cheung Kong (Holdings) Limited, both being substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”). In addition, he is the chairman of Hutchison Harbour Ring Limited, Hutchison Telecommunications (Australia) Limited, Hutchison Global Communications Holdings Limited and Partner Communications Company Ltd., the Co-Chairman of Husky Energy Inc. and Deputy Chairman of Hongkong Electric Holdings Limited. He is also a Non-executive Director of Hanny Holdings Limited, Panva Gas Holdings Limited and Wing On Travel (Holdings) Limited. Mr. Fok previously held directorships as Non-executive Director of Paul-Y. ITC Construction Holdings Limited (*resigned on 7th December, 2001*) and AcrossAsia Multimedia Limited (*resigned on 12th March, 2002*) and as director of VoiceStream Wireless Corporation (*resigned on 31st May, 2001*) and Downer EDI Limited (*resigned on 24th October, 2001*). He holds a Bachelor of Arts degree and is a member of the Australian Institute of Chartered Accountants. He also holds directorships in certain companies controlled by certain substantial shareholders of the Company. Save as disclosed above, Mr. Fok does not have any relationship with any other directors, senior management or substantial shareholders of the Company. Mr. Fok does not have interests in shares of the Company within the meaning of Part XV of the SFO. There is no service contract between the Company and Mr. Fok. The emoluments of the Directors are determined by reference to the Company’s performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.
  
2. **Mrs. CHOW WOO Mo Fong, Susan**, aged 50, has been an Executive Director of the Company since March 1997. She is an executive director of Hutchison Harbour Ring Limited and Hutchison Global Communications Holdings Limited, a director of Hongkong Electric Holdings Limited and Partner Communications Company Ltd. and a non-executive director of TOM Group Limited. Mrs. Chow previously held directorship as a director of VoiceStream Wireless Corporation (*resigned on 31st May, 2001*). She is a solicitor and holds a Bachelor’s degree in Business Administration. Mrs. Chow is the Deputy Group Managing Director of Hutchison Whampoa Limited which is a substantial shareholder of the Company within the meaning of Part XV of the SFO. She also holds directorships in certain companies controlled by certain substantial shareholders of the Company. Save as disclosed above, Mrs. Chow does not have any relationship with any other directors, senior management or substantial shareholders of the Company. Mrs. Chow does not have interests in shares of the Company within the meaning of Part XV of the SFO. There is no service contract between the Company and Mrs. Chow. The emoluments of the Directors are determined by reference to the Company’s performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

3. **Mr. CHEONG Ying Chew, Henry**, aged 56, has been an Independent Non-executive Director of the Company since its incorporation in May 1996. He holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management. He is also a non-executive director of Excel Technology International Holdings Limited, Forefront International Holdings Limited, TOM Group Limited and Hutchison Global Communications Holdings Limited, all being listed companies in Hong Kong. Mr. Cheong is a member of the Process Review Panel for the Securities and Futures Commission, a member of the GEM Listing Committee, Main Board Listing Committee and Derivatives Market Consultative Panel of the Hong Kong Exchanges and Clearing Limited and also a member of the Corporate Advisory Council of the Hong Kong Securities Institute. Mr. Cheong does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company. He does not have interests in shares of the Company within the meaning of Part XV of the SFO. There is no service contract between the Company and Mr. Cheong. The Director's fee of Mr. Cheong as an Independent Non-executive Director and a member of the Audit Committee is HK\$100,000 per year which is subject to review by the Board of Directors of the Company from time to time.

**CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)

**NOTICE OF SPECIAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that a Special General Meeting of the Company will be held at the Ballroom, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 13th May, 2004 at 2:30 p.m. (or immediately after the conclusion or adjournment of the Annual General Meeting of the Company to be held on the same day) for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as a special resolution of the Company:

**SPECIAL RESOLUTION**

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

- (a) By adding the following definition in Bye-law 1 immediately after the definition of “Act”:

““associate” the meaning attributed to it in Rule 1.01 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.”
- (b) By deleting the words “a recognised clearing house within the meaning of Section 2 of the Securities and Futures (Clearing Houses) Ordinance of Hong Kong or” from the definition of “clearing house” in Bye-law 1 and substituting therefor the words “a recognised clearing house within the meaning of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) and any amendments thereto for the time being in force or”
- (c) By re-numbering existing Bye-law 76 as Bye-law 76(1) and adding the following new Bye-law 76(2) immediately thereafter:

“(2) Where any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.”
- (d) By re-numbering existing Bye-law 84(2) as Bye-law 84(3) and adding the following new Bye-law 84(2) immediately before the re-numbered Bye-law 84(3):

“(2) Where a Member is a clearing house (or its nominee(s) and, in each case, being a corporation), it may authorise or appoint such persons as it thinks fit to act as its representatives or proxies at any meeting of the Company or at any meeting of any class of Members provided that the authorisation or instrument of proxy shall specify the number and class of shares in respect of which each such person is so authorised or appointed. Each person so authorised or appointed under the provisions of this Bye-law shall be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was an individual registered holder of the shares of the Company held by the clearing

house (or its nominee(s)) in respect of the number and class of shares specified in the relevant authorisation or instrument of proxy including the right to vote individually on a show of hands notwithstanding any contrary provisions contained in these Articles.”

(e) By deleting the word “special” in the second line in Bye-law 86(4) and substituting therefor the word “ordinary”.

(f) By deleting the existing Bye-law 87(1) in its entirety and substituting therefor the following:

“87.(1) Notwithstanding any other provisions in the Bye-laws, 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 greater than one-third) or such other manner of rotation as may be from time to time required by the applicable regulatory authority shall retire from office by rotation.”

(g) By deleting the words “not later than the latest date for lodgement of the aforesaid Notices which shall be the seventh (7th) day prior to the date appointed for the meeting” from the existing Bye-law 88 and substituting therefor the following:

“provided that the minimum length of the period, during which such Notice(s) may be given, shall be at least seven (7) days and that the period for lodgment of such Notice(s) shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting”

(h) By deleting the existing Bye-law 103 in its entirety and substituting therefor the following:

“103.(1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associate(s) is materially interested, and if he shall do so his vote shall not be counted and he shall not be counted in the quorum of such resolution of the Board but this prohibition shall not apply to any of the following matters namely:

(i) any contract or arrangement for the giving by the Company or any of its subsidiaries of any security or indemnity to the Director or his associate(s) in respect of money lent by him or any of them or obligations incurred or undertaken by him or any of his associate(s) at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) any contract or arrangement for the giving by the Company or any of its subsidiaries of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any contract or arrangement by a Director or his associate(s) to subscribe for shares or debentures or other securities of the Company or any of its subsidiaries to be issued pursuant to any offer or invitation to the members or debenture holders or to the public which does not provide the Director or his associate(s) any privilege not accorded to any other members or debenture holders or to the public;

- (iv) any contract, arrangement or proposal concerning an offer of the shares or debentures or other securities of or by the Company or any of its subsidiaries 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;
- (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 or any of its subsidiaries by virtue only of his/their interest in shares or debentures or other securities of the Company or any of its subsidiaries;
- (vi) any contract, arrangement or proposal concerning any company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer, executive or a 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 associate(s) do not in aggregate own five (5) per cent. or more of such company, within the meaning as described in Bye-law 103(2);
- (vii) any proposal or arrangement for the benefit of employees of the Company or its subsidiaries or its associated companies including the adoption, modification or operation of a pension fund or retirement, death or disability benefit scheme which relates both to directors (or their associates) and employees of the Company or of any of its subsidiaries or its associated companies and does not give the Director, or his associate(s), as such any privilege or advantage not generally accorded to the employees to whom such scheme or fund relates; or
- (viii) any proposal concerning the adoption, modification or operation of any share scheme involving the issue or grant of options over shares or other securities by the Company to, or for the benefit of the employees of the Company or its subsidiaries or its associated companies under which the Director or his associate(s) may benefit.

For the purposes of this Bye-law 103(1), "subsidiary" shall have the meaning as defined in Rule 1.01 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(2) A company shall be deemed to be a company in which a Director and any of his associate(s) in aggregate own five (5) per cent. or more if and so long as (but only if and so long as) a Director and his associate(s), (either directly or indirectly) are in aggregate the holders of or beneficially interested in five (5) per cent. or more of the issued shares of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his/their interest is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or any of his associate(s) as bare or custodian trustee and in which he has no beneficial interest, any shares comprised in a trust in which the interest of the Director or any of his associate(s) is in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is interested only as a unit holder and any shares which carry no voting right at general meetings and very restrictive dividend and return of capital right.

(3) Where a company in which a Director and any of his associate(s) in aggregate own five (5) per cent. or more (within the meaning as described in Bye-law 103(2)) is materially interested in a transaction, then that Director shall also be deemed materially interested in such transaction.

(4) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director or his associate(s) (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned and of his associate(s) as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman and of his associate(s) as known to such chairman has not been fairly disclosed to the Board.

(5) The Company may by ordinary resolution ratify any transaction not duly authorised by reason of a contravention of this Bye-law provided that no Director who is or whose associate(s) is/are materially interested in such transaction shall vote upon such ordinary resolution in respect of any shares in the Company in which he/they is/are interested.” ”

By Order of the Board

**Eirene Yeung**

Company Secretary

Hong Kong, 9th March, 2004

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**APPENDIX III (CONT'D)      NOTICE OF SPECIAL GENERAL MEETING**

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**Notes:**

1. At the Special General Meeting, the Chairman of the Meeting will exercise his power under the Company's Bye-law 66 to put the above resolution to the vote by way of a poll.
2. Any member entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint a proxy to attend and vote in his stead. Any such member who is a holder of two or more shares may appoint more than one proxy to attend and vote in his stead. A proxy need not be a member of the Company.
3. The Directors wish to state that the above proposed Special Resolution is mainly to facilitate the flexibility under the recent amendments of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies Ordinance.
4. The translation into Chinese language of this notice (including the Special Resolution which contains the proposed new Bye-laws) is for reference only. In case of any inconsistency, the English version shall prevail.

**The Company's Bye-laws 66 and 67 set out the procedure by which shareholders may demand a poll:**

A resolution put to the vote of a general meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or
- (d) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against the resolution.

*This circular (in both English and Chinese versions) ("Circular") has been posted on the Company's website at <http://www.cki.com.hk>.*

*Shareholders may at any time choose to change your choice of language of the Company's corporate communication to be despatched in the future ("Corporate Communication") by notice in writing to the Company's Branch Share Registrars, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong. Corporate Communication includes any document to be given or issued by or on behalf of the Company for your information or action, including but not limited to, annual report, summary financial report (where applicable), interim report, notice of meeting and circular.*

*Shareholders who have chosen to receive printed copy of the Corporate Communication in either English or Chinese version will receive both English and Chinese versions of this Circular since both languages are bound together into one booklet.*