

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of China Oriental Group Company Limited will be held at Concord Room 2-3, 8/F, Renaissance Harbour View Hotel, Hong Kong, No. 1 Harbour Road, Wanchai, Hong Kong on Tuesday, 25 May 2004 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited Proforma Financial Statements of the Group, the audited Financial Statements of the Company, the Reports of the Directors and of the Auditors for the year/period ended 31 December 2003.
2. To re-elect the Directors (Ms. Chen Ningning and Mr. Zhu Jun) and to authorize the Directors to fix their remuneration.
3. To re-appoint PricewaterhouseCoopers as Auditors and to authorize the Directors to fix their remuneration.

To consider as **Special Business** and, if thought fit, pass with or without amendments, the following resolutions as **ordinary resolutions**.

## ORDINARY RESOLUTIONS

### 4A. "THAT:

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period of all the powers of the Company to repurchase shares in the capital of the Company on The Stock Exchange of Hong Kong Limited or on any other stock exchange recognized for this purpose by the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited in accordance with any applicable law or Bermuda law and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the share capital to be repurchased by the Directors pursuant to the approval in paragraph (a) shall not exceed 10% of the aggregate nominal amount of the shares of the Company in issue on the date of the passing of this Resolution; and
- (c) 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;
- or

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or Bermuda Companies Act or the existing bye-laws of the Company to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this Resolution.”

4B. **“THAT:**

- (a) subject to paragraph (c) of this Resolution, the exercise by the Directors during the Relevant Period of all the powers of the Company to allot, issue and deal with any unissued shares in the capital of the Company and to make or grant offers, agreement and options which would or might require such shares to be allotted and issued be and is hereby generally and unconditionally approved;
- (b) the Directors be authorized to make or grant offers, agreement and options during the Relevant Period which would or might require shares in the capital of the Company to be allotted and issued either during or after the end of the Relevant Period pursuant to (a) above;
- (c) the aggregate nominal value of the share capital of the Company allotted, issued and dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with (whether pursuant to an option or otherwise) by the Directors pursuant to the respective approval and authorization referred to in sub-paragraphs (a) and (b) above, otherwise than pursuant to (i) a Rights Issue, (ii) any scrip dividend or similar arrangement providing for the allotment of shares of the Company in lieu of the whole or part of a dividend on shares in accordance with the bye-laws of the Company or (iii) any adjustment of rights to subscribe for shares under options and warrants or a specific authority granted by the shareholders, shall not exceed the aggregate of (i) 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution and (ii) the aggregate nominal amount of the share capital of the Company that may have been repurchased pursuant to the repurchase mandate referred to in resolution 4A; 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; or

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or Bermuda Companies Act or the existing bye-laws of the Company to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this Resolution.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares of the Company on the register of members on a fixed record date in proportion to their then holdings of such shares of the Company (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any legal or practical restrictions or obligations under the laws of, or the requirements of, any recognized regulatory body or any stock exchange in any territory applicable to the Company) and an offer, allotment or issue of shares of the Company by way of rights shall be construed accordingly.”

- 4C. **“THAT** subject to the passing of Resolutions 4A and 4B above, the authority of the Directors pursuant to Resolution 4B be and is hereby approved to extend to cover such amount representing the aggregate nominal amount of the shares in the capital of the Company repurchased pursuant to the authority granted pursuant to Resolution 4A.”
5. To approve and ratify the Directors fees for the Board be fixed at the sum of RMB920,000 for each financial year commencing from 13 November 2003 onwards until the Company in general meeting otherwise determines.

To consider as **special business** and, if thought fit, pass with or without amendments, the following resolution as a **special resolution**:

6. **“THAT**, in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended, the Bye-laws of the Company be and are hereby amended in the following manner:

**(a) as to existing Bye-law 1**

by inserting the definition of “associate” immediately after the definition of “Act” as follows:

“associate” the meaning attributed to it in the rules of the Designated Stock Exchange.

**(b) as to existing Bye-law 76**

by re-numbering it as Bye-law 76.(1) and inserting a new Bye-law 76.(2) immediately after the new Bye-law 76.(1) as follows:

76.(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.

**(c) as to existing Bye-law 88**

by deleting it in its entirety and substituting therefor a new Bye-law 88 as follows:

88. No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office provided that the minimum length of the period, during which such Notice(s) are 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.

**(d) as to existing Bye-law 103**

by deleting it in its entirety and substituting therefor a new Bye-law 103 as follows:

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 associates is materially interested, but this prohibition shall not apply to any of the following matters namely:
- (i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
  - (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
  - (iii) any contract or arrangement 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;
  - (iv) 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;

- (v) any contract or arrangement 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 a shareholder other than a company in which the Director and/or his associate(s) is/are beneficially interested in five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or any third company through which his interest or that of any of his associates is derived); or
  - (vi) any proposal concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors, his associates and employees of the Company or of 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 the employees to which such scheme or fund relates.
- (2) A company shall be deemed to be a company in which a Director and/or his associate(s) own(s) five (5) per cent. or more if and so long as (but only if and so long as) he and/or his associate(s), (either directly or indirectly) is/are the holder(s) of or beneficially interested in five (5) per cent. or more 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 interest or that of any of his associates is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder 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/or his associate(s) hold(s) five (5) per cent. or more is materially interested in a transaction, then that Director and/or his associate(s) 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 (other than the chairman of the meeting) or his associate(s) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, 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 and/or his associate(s) concerned 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 as known to such chairman has not been fairly disclosed to the Board.”

By Order of the Board  
**China Oriental Group Company Limited**  
**Lai Po Sing**  
*Company Secretary*

Hong Kong, 23 April 2004

*Notes:*

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. In order to be valid, the completed proxy form, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's Branch Share Registrar, Tricor Investor Services Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the meeting or adjourned meeting (as the case may be).
2. With regard to Resolutions 4A, 4B and 4C above, the Directors do not have immediate plans to issue any new shares or repurchase any existing shares. Approval is being sought from members of the Company for general mandates pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
3. A circular containing further information concerning Resolutions 4A, 4B and 4C will be sent to shareholders together with the Company's Annual Report for 2003.