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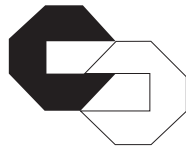
**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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 a licensed securities dealer in securities, bank manager, solicitor, professional accountant or other professional advisor.

**If you have sold** all your shares in Shougang Concord Century Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, or licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



**SHOUGANG CONCORD CENTURY HOLDINGS LIMITED**

**首長寶佳集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 103)

**PROPOSALS FOR GRANTING OF GENERAL MANDATES FOR THE ISSUANCE  
AND REPURCHASE OF SHARES  
AND REFRESHMENT OF THE 10% GENERAL LIMIT ON GRANT OF OPTIONS  
UNDER THE SHARE OPTION SCHEME  
AND CHANGES TO THE ARTICLES OF ASSOCIATION**

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A letter from the board of directors of the Company (as defined herein) is set out on pages 3 to 7 of this circular.

A notice of the annual general meeting of the Company to be held at Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong, on Tuesday, 8th June, 2004 at 11:00 a.m. is set out on pages 13 to 17 of this circular. Whether or not you are able to attend the said meeting, you are requested to complete and return the enclosed form of proxy to the Company's share registrars, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the said meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the said meeting should you so wish.

29th April, 2004

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## DEFINITIONS

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*In this circular, except where the context otherwise requires, the following words and expressions have the following meanings:*

“Annual General Meeting”	the annual general meeting of the Company to be held at Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong, on Tuesday, 8th June, 2004 at 11:00 a.m. and the notice of which is set out on pages 13 to 17 of this circular;
“Articles”	articles of association of the Company;
“Board”	the board of Directors for the time being or a duly authorised committee thereof;
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
“Company”	Shougang Concord Century Holdings Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange;
“Connected Person”	has the meaning ascribed to it in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Eligible Participant”	any director (including executive and non-executive), executive, officer, employee or shareholder of the Company or any of the Subsidiaries or any of the associated companies or any of the jointly controlled entities and any supplier, customer, consultant, adviser, agent, partner or business associate who will contribute or have contributed to the Group and “Eligible Participants” shall be construed accordingly;
“Group”	the Company and/or its Subsidiaries;
“HK\$”	Hong Kong dollars;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	21st April, 2004, being the latest practicable date for ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;

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## DEFINITIONS

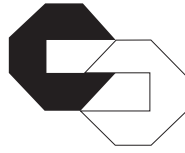
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“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share Option Scheme”	the share option scheme adopted by the Company on 7th June, 2002;
“Shares”	shares of HK\$0.10 each in the capital of the Company;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary”	a subsidiary for the time being of the Company within the meaning of the Companies Ordinance whether incorporated in Hong Kong or elsewhere and “Subsidiaries” shall be construed accordingly; and
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases.

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## LETTER FROM THE BOARD

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# SHOUGANG CONCORD CENTURY HOLDINGS LIMITED 首長寶佳集團有限公司

*(Incorporated in Hong Kong with limited liability)*

*Executive Directors:*

Cao Zhong (*Chairman*)  
Li Shaofeng  
Tong Yihui  
Leung Shun Sang, Tony  
Tang Cornor Kwok Kau

*Registered office:*

6/F., Bank of East Asia Harbour View Centre  
51-57 Gloucester Road  
Wanchai  
Hong Kong

*Independent Non-executive Directors:*

Lai Kam Man  
Yip Kin Man, Raymond

29th April, 2004

*To Shareholders*

Dear Sir or Madam,

**PROPOSALS FOR GRANTING OF GENERAL MANDATES FOR THE ISSUANCE  
AND REPURCHASE OF SHARES  
AND REFRESHMENT OF THE 10% GENERAL LIMIT ON GRANT OF OPTIONS  
UNDER THE SHARE OPTION SCHEME  
AND CHANGES TO THE ARTICLES OF ASSOCIATION**

**1. GENERAL MANDATES FOR THE ISSUANCE AND REPURCHASE OF SHARES**

At the 2003 annual general meeting held on 25th June, 2003, a general mandate was given by the Company to the Board to exercise the powers of the Company to issue new Shares and repurchase Shares. This general mandate will lapse at the conclusion of the forthcoming Annual General Meeting. The Directors propose to seek your approval to renew the general mandate.

An ordinary resolution will be proposed as resolution 5 at the Annual General Meeting to grant a general mandate to the Directors to issue new Shares of up to a maximum of 20% of the issued share capital of the Company at the date of the resolution.

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## LETTER FROM THE BOARD

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Another ordinary resolution will be proposed as resolution 6A at the Annual General Meeting to grant a general mandate to the Directors to repurchase Shares (the “Repurchase Mandate”) on the Stock Exchange of up to a maximum of 10% of the issued share capital of the Company at the date of the resolution. An explanatory statement as required under Rule 10.06(1)(b) of the Listing Rules is set out in Appendix I to this circular. The purpose of the explanatory statement is to provide you with all the information reasonably necessary for you to make an informed decision as to whether or not to vote in favor of the resolution approving the Repurchase Mandate and it also forms the memorandum of the terms of the proposed repurchases required under section 49BA(3)(b) of the Companies Ordinance.

A separate ordinary resolution, as required by the Listing Rules, to add the aggregate amount of the Shares which may be repurchased pursuant to the authority granted by the aforesaid resolution 6A to the general mandate to the Directors to allot new Shares of up to 20% of the issued share capital of the Company will be proposed as resolution 6B at the Annual General Meeting.

### 2. REFRESHMENT OF THE 10% GENERAL LIMIT ON GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME

The purpose of the Share Option Scheme is to enable the Company to grant options to Eligible Participants who will contribute or has contributed to the Group.

As at the Latest Practicable Date, options to subscribe for a total of 237,612,000 Shares have been granted under the Share Option Scheme. The following table illustrates the status of all the share options granted under the Share Option Scheme.

Number of Shares in issue as at 7th June, 2002, the date of adoption of the Share Option Scheme	<u><u>765,372,000</u></u>
Number of Shares in issue as at 25th June, 2003, the date on which the 10% limit (the “First Refreshed Limit”) under the Share Option Scheme was refreshed by the Shareholders	<u><u>765,372,000</u></u>
Number of Shares that may be granted under the First Refreshed Limit	<u><u>76,537,200</u></u>
	<b>Number of Shares to be issued pursuant to exercise of options</b>
Options already granted under the Share Option Scheme	
– before the First Refreshed Limit	145,406,000
– after the First Refreshed Limit	<u>92,206,000 (Note 1)</u>
	237,612,000
Options already granted under share option schemes of the Company other than the Share Option Scheme	Nil
Cancelled, lapsed or exercised options granted under the Share Option Scheme	<u>6,378,000 (Note 2)</u>
Total	<u><u>231,234,000 (Note 3)</u></u>

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## LETTER FROM THE BOARD

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*Notes:*

1. These options included a specific grant in the amount of 57,350,000 share options to Mr. Cao Zhong, the Chairman of the Company.
2. These options were exercised by certain Eligible Participants.
3. If all these options were exercised in full, the resulting Shares subscribed would represent approximately 22.62% of the issued share capital of the Company as at the Latest Practicable Date and approximately 18.45% of the share capital of the Company as enlarged by these options already granted under the Share Option Scheme being exercised.

Under the First Refreshed Limit, options carrying the rights to subscribe for up to a total of 34,856,000 Shares have been granted under the Share Option Scheme. The options had been granted to Eligible Participants as reward for their contribution to the Group. Unless the 10% general limit on grant of options under the Share Option Scheme is further “refreshed”, only up to 41,681,200 Shares may be issued pursuant to the grant of further options under the Share Option Scheme.

It is therefore proposed that subject to the approval of the Shareholders at the Annual General Meeting and such other requirements prescribed under the Listing Rules, the general limit on grant of options under the Share Option Scheme will be refreshed to 10% of the Shares in issue as at the date of the approval by the Shareholders at the Annual General Meeting (the “Second Refreshed Limit”) and options previously granted under the Share Option Scheme and any share option scheme(s) of the Company (including those outstanding, cancelled, lapsed in accordance with such scheme(s) or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

The Second Refreshed Limit will enable the Company to grant further options to Eligible Participants as incentive or rewards for their contribution to the Group.

Pursuant to the Listing Rules, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company at any time shall not exceed 30% of the Shares in issue from time to time. No options shall be granted under any scheme(s) of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded. As at the Latest Practicable Date, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme represent approximately 22.62% of the Shares presently in issue.

As at the Latest Practicable Date, there were 1,022,226,000 Shares in issue. Assuming that no further Shares will be issued or repurchased prior to the date of approving the Second Refreshed Limit by the Shareholders, the maximum number of options that can be granted by the Company under the Second Refreshed Limit would be 102,222,600 Shares, representing 10% of the Shares in issue.

### **Conditions**

As required by the Share Option Scheme and the Listing Rules, an ordinary resolution as resolution 7 set out in the notice of Annual General Meeting will be proposed at the Annual General Meeting to approve the Second Refreshed Limit of the Share Option Scheme such that the total number of securities which may be issued upon exercise of all options to be granted under the Share Option Scheme and all other share option scheme of the Company if the Second Refreshed Limit is approved must not exceed 10% of the total number of Shares in issue as at the date of approval of the Second Refreshed Limit.

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## LETTER FROM THE BOARD

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The adoption of the Second Refreshed Limit of the Share Option Scheme is conditional upon:

- (a) the Shareholders passing an ordinary resolution to approve the Second Refreshed Limit; and
- (b) the Stock Exchange granting the approval of the listing of and permission to deal in the Shares to be issued pursuant to the exercise of any options granted under the Share Option Scheme up to the Second Refreshed Limit.

### **Application for Listing**

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares (representing a maximum of 10% of the Shares in issue as at the date of the Annual General Meeting) which may fall to be issued upon the exercise of any options that may be granted under the Share Option Scheme up to the Second Refreshed Limit.

### **3. PROPOSED CHANGES TO THE ARTICLES OF ASSOCIATION**

With the newly amendment of the Listing Rules from 31st March, 2004, the Directors proposed to amend the Articles so as to bring the Articles in line with the changes brought upon by the amendment of the Listing Rules.

A separate special resolution, as required by the Listing Rules, to amend the Articles will be proposed at the Annual General Meeting as resolution 8 set out in the notice of Annual General Meeting.

### **4. ANNUAL GENERAL MEETING**

The notice of Annual General Meeting is set out in this circular. At the Annual General Meeting, resolution 3 will be proposed to re-elect the retiring directors of the Company. Messrs. Cao Zhong, Lai Kam Man and Yip Kin Man, Raymond will retire from office, pursuant to the Articles and 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. In addition to the ordinary business of the meeting, resolutions 5 to 8 will be proposed to approve the general mandates for the issue of Shares and repurchase by the Company of its own Shares, the Second Refreshed Limit on grant of options under the Share Option Scheme and the alteration of the Articles.

A form of proxy for the Annual General Meeting is enclosed herewith. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete the form of proxy and return it to the Company's share registrars, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the said meeting. Completion of a form of proxy will not preclude you from attending and voting at the said meeting in person. In addition, your right to demand a poll on the resolutions proposed at the Annual General Meeting is set out in Appendix III to this circular.



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## LETTER FROM THE BOARD

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### RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquires, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

### RECOMMENDATION

The Board is of the opinion that the proposals referred to above are in the best interests of the Company and therefore recommend you to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully,  
For and on behalf of the Board  
**Cao Zhong**  
*Chairman*

This appendix serves as the explanatory statement required under Rule 10.06(1)(b) of the Listing Rules to provide you with the information necessary for your consideration of the proposed share repurchase mandate to be granted to the Directors. It also forms the memorandum of the terms of the proposed repurchase required under section 49BA(3)(b) of the Companies Ordinance.

### **1. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,022,226,000 Shares of HK\$0.10 each. On the basis that no further Shares are repurchased before the conclusion of the Annual General Meeting and that no further Shares are issued prior to the Annual General Meeting, the Company would be allowed to repurchase a total of 102,222,600 Shares, representing 10% of the Shares in issue.

### **2. REASONS FOR REPURCHASES**

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

### **3. FUNDING OF REPURCHASES**

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 applicable laws of Hong Kong. The Companies Ordinance provides that the amount of capital repaid in connection with a share repurchase may only be paid from the distributable profits of the Company and/or the proceeds of a new issue of Shares made for the purpose of the repurchase to such an extent allowable under the Companies Ordinance.

The Directors propose that repurchases of Shares be financed from the Company's internal resources or existing banking facilities.

There might be material adverse impact on the working capital or gearing position of the Company as compared with the position as disclosed in the audited accounts contained in the annual report for the year ended 31st December, 2003 in the event that the proposed share repurchase was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the repurchase mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company unless the Directors consider that such repurchases are in the best interests of the Company notwithstanding such material adverse effect.

#### 4. SHARE PRICES

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

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2003</b>		
April	0.375	0.305
May	0.390	0.330
June	0.465	0.365
July	0.770	0.455
August	0.810	0.730
September	0.790	0.640
October	1.030	0.740
November	1.170	0.980
December	1.310	1.100
<b>2004</b>		
January	1.260	1.130
February	1.370	1.080
March	1.270	1.140

#### 5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applied, they will exercise the repurchase mandate in accordance with the Listing Rules and the applicable laws of Hong Kong.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates has any present intention to sell any Shares to the Company or its Subsidiaries.

No other Connected Persons of the Company 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 mandate is approved by the Shareholders.

#### 6. THE CODES ON TAKEOVERS AND MERGERS AND SHARE REPURCHASES

If on exercise of the powers 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 for the purposes of rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Shougang Holding (Hong Kong) Limited (“Shougang HK”) was deemed to be interested in approximately 40.7% of the issued share capital of the Company. In the event that the repurchase mandate is exercised in full and no further Shares are issued or repurchased during the proposed repurchase period, the beneficial interest of Shougang HK in the issued share capital of the Company will increase by more than 2% to approximately 45.3% and, therefore, Shougang HK may be required under the Takeovers Code to make an offer for all the issued Shares of the Company. The Directors have no present intention to exercise the power to repurchase Shares to such extent as would result in a takeover obligation on the part of Shougang HK.

#### **7. REPURCHASE OF SHARES BY THE COMPANY**

During the six months preceding the date of this circular, neither the Company nor any of its Subsidiaries otherwise purchased, sold or redeemed any of the Company’s listed Shares during the period.

The following are the particulars of the three Directors proposed to be elected at the Annual General Meeting to be held on 8th June, 2004.

1. **Mr. Cao Zhong**, aged 44, Chairman. Mr. Cao was appointed the Chairman of each of the Company and Shougang Concord Technology Holdings Limited, the Managing Director of Shougang Concord International Enterprises Company Limited (“Shougang International”) and Vice-Chairman of Shougang Concord Grand (Group) Limited in November 2001. He also serves as the Deputy Chairman and General Manager of Shougang HK and China Shougang International Trade and Engineering Corporation. He holds a Master Degree in Economics from Graduate School. The Chinese Academy of Social Science. Previously, he worked for the State Development Planning Commission and the Economic and Finance Commission of Huizhou, Guangdong province for engaging in economical restructuring. Save as disclosed above, Mr. Cao does not have any relationship with any other directors, senior management or substantial shareholders or controlling shareholders of the Company. He also did not hold any directorship in any listed public companies in the last three years. He has a personal interest of 65,002,000 underlying shares as attached the share options granted by the Company within the meaning of Part XV of the SFO. There is no service contract with the Company and Mr. Cao. The emoluments of 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. **Mr. Lai Kam Man**, aged 70, Independent non-executive director. Mr. Lai joined the Company in 1994. He is the chairman of the Audit Committee of the Company. He also serves as the Independent non-executive director of Shougang International. Mr. Lai graduated from College of Law. Mr. Lai is a practising solicitor, notary public and Attesting officer appointed by the Ministry of Justice of the People’s Republic of China (the “PRC”). He is also a member of the National Committee of the Chinese People’s Political Consultative Conference. Save as disclosed above, he does not have any relationship with any other directors, senior management or substantial shareholders or controlling shareholders of the Company. He also did not hold any directorship in any listed public companies in the last three years. He has a personal interest of 764,000 underlying shares as attached the share options granted by the Company within the meaning of Part XV of the SFO. There is no service contract with the Company and Mr. Lai. He receives a director fee of HK\$20,000 per annum. The emoluments of 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. Yip Kin Man, Raymond**, aged 57, Independent non-executive director. Mr. Yip joined the Company in 1993. He also serves as a member of the Audit Committee of the Company. Mr. Yip is a practicing solicitor, notary public and Attesting Officer appointed by the Ministry of Justice of the PRC. He graduated from the University of Hong Kong in 1969. Save as disclosed above, Mr. Yip does not have any relationship with any other directors, senior management or substantial shareholders or controlling shareholders of the Company. He also did not hold any directorship in any listed public companies in the last three years. He has a personal interest of 764,000 underlying shares as attached the share options granted by the Company within the meaning of Part XV of the SFO. There is no service contract with the Company and Mr. Yip. He receives a director fee of HK\$20,000 per annum. The emoluments of 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.

**Articles 58 and 59 set out the procedure by which shareholders may demand a poll:**

A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded. Subject to the provisions of the Companies Ordinance, a poll may be demanded:

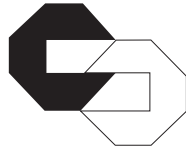
- (a) by the chairman; or
- (b) by not less than five members having the right to vote at the meeting; or
- (c) by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (d) by a member or members holding shares conferring a right to vote on the resolution on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring the right.

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

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## NOTICE OF ANNUAL GENERAL MEETING

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### SHOUGANG CONCORD CENTURY HOLDINGS LIMITED 首長寶佳集團有限公司

*(Incorporated in Hong Kong with limited liability)*

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company will be held at Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Tuesday, 8th June, 2004 at 11:00 a.m. for the following purposes:

#### **AS ORDINARY BUSINESS**

1. To receive the report of the directors of the Company and the audited accounts of the Company for the year ended 31st December, 2003.
2. To declare a final dividend for the year ended 31st December, 2003.
3. To re-elect the retiring directors (note (2)).
4. To re-appoint Deloitte Touche Tohmatsu as auditors of the Company to hold office until the conclusion of the next annual general meeting and to authorize the board of directors to fix their remuneration.

#### **AS SPECIAL BUSINESS**

5. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

**“THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and it is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorize the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue, (ii) the exercise of rights of subscription or

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## NOTICE OF ANNUAL GENERAL MEETING

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conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company, (iii) any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries and/or any of its associated companies and/or any of its jointly controlled entities or any eligible participant pursuant to the scheme of shares or rights to acquire shares of the Company, or (iv) any scrip dividend on shares of the Company in accordance with the articles of association of the Company, 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

(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 revocation or variation of this resolution by any ordinary resolution of the shareholders of the Company 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 any 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 applicable to the Company).”

6. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

A. **“THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors during the Relevant Period of all the powers of the Company to repurchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), and that the exercise by the directors of the Company of all the powers of the Company to repurchase such shares subject to and in accordance with all applicable laws or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange, be and it is hereby generally and unconditionally approved;



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## NOTICE OF ANNUAL GENERAL MEETING

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- (b) in addition, the approval in paragraph (a) above shall authorize the directors on behalf of the Company during the Relevant Period to procure the Company to purchase its shares at a price determined by the directors;
- (c) the aggregate nominal amount of shares of the Company repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution, and the authority pursuant to paragraph (a) shall be limited accordingly; and
- (d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the 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 revocation or variation of this resolution by any ordinary resolution of the shareholders of the Company in general meeting.”
- B. **“THAT** conditional upon the passing of the ordinary resolution 6A above, the aggregate nominal amount of the shares in the Company which are repurchased by the Company pursuant to and in accordance with the said ordinary resolution 6A shall be added to the aggregate nominal amount of the shares in the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to and in accordance with the ordinary resolution 5 above.”

7. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

**“THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of, and permission to deal in, the shares of HK\$0.10 each (“Shares”) in the share capital of the Company to be issued pursuant to the exercise of options which may be granted under the New Scheme Limit (as defined below), the refreshment of the scheme limit of the Company’s share option scheme adopted on 7th June, 2002, up to 10% of the number of Shares in issue as at the date of passing this resolution (“New Scheme Limit”) be and is hereby approved and any director of the Company be and is hereby authorized to do such act and execute such document to effect the New Scheme Limit.”

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

**“THAT** new article 66(A) and article 111(1) of the articles of association of the Company be and are hereby added and amended as follows:

- 66 (A) That, where any member is, under the Rules Governing the Listing of Securities on the 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.
- 111 (1) Saving as otherwise provided by these Articles, a Director shall not vote (nor be counted in the quorum) at a meeting of the Directors on any resolution concerning a matter in which he or any of his associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange) has, directly or indirectly, a material interest, unless his interest or that of his associates arises only because the case falls within one or more of the following sub-paragraphs:
- (a) the resolution relates to the giving to him or any of his associates of a security or indemnity in respect of money lent to, or an obligation incurred by him or any of them for the benefit of, the Company or any of its subsidiaries;
  - (b) the resolution relates to the giving to a third party of a security or indemnity in respect of a debt or an 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 and whether alone or jointly under a guarantee or indemnity or by the giving of security;
  - (c) 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;
  - (d) 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;

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- (e) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
  - (i) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his associate(s) may benefit; or
  - (ii) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his associates 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 generally accorded to the class of persons to which such scheme or fund relates; and
- (f) 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.”

By Order of the Board  
**Chan Lai Yee**  
*Company Secretary*

Hong Kong, 29th April, 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 instead of him. A proxy need not be a member of the Company. Forms of proxy must be lodged at the Company's share registrars, Tengis 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 for holding the meeting.
2. With respect to resolution 3, Messrs. Cao Zhong, Lai Kam Man and Yip Kin Man, Raymond will retire from office, pursuant to the articles of association of the Company and being eligible, they offer themselves for re-election at the above meeting.
3. The Register of Members of the Company will be closed from 3rd June, 2004 to 8th June, 2004, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend (which will be payable on or about 25th June, 2004) to be approved at the Annual General Meeting, all transfers documents accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 2nd June, 2004.