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

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**If you are in any doubt** as to any aspect of this circular, 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 Shanghai Industrial Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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.

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**上海實業控股有限公司**  
**SHANGHAI INDUSTRIAL HOLDINGS LIMITED**

*(Incorporated in Hong Kong under the Companies Ordinance)*

**(Stock Code: 363)**

**PROPOSED GENERAL MANDATES TO ISSUE SHARES  
AND  
TO REPURCHASE SHARES  
AND  
AMENDMENTS TO THE ARTICLES OF ASSOCIATION  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting of Shanghai Industrial Holdings Limited to be held at 26th Floor, Harcourt House, 39 Gloucester Road, Hong Kong on 28 May 2004 at 3:00 p.m., at which the above proposals will be considered, is set out on pages 14 to 28 of this circular. Whether or not you are able to attend the meeting, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting. Completion and return of the form of proxy shall not preclude you from attending and voting at the Annual General Meeting if you so wish.

This circular contains all the information required pursuant to the Listing Rules to be given to the shareholders of the Company.

30 April 2004

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## DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held on 28 May 2004 at 3:00 p.m. at the Conference Room of the Company at 26th Floor, Harcourt House, 39 Gloucester Road, Hong Kong, the notice of which is set out on pages 14 to 28 of this circular;
“Annual Report”	the annual report of the Company being despatched to the Shareholders together with this circular;
“Company”	Shanghai Industrial Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange;
“Connected Person”	a director, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules);
“Director(s)”	director(s) of the Company;
“Latest Practicable Date”	26 April 2004 which is the latest practicable date prior to the printing of this circular for ascertaining certain information contained in it;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Share(s)”	share(s) of \$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers and Shares Repurchases; and
“\$” and “cents”	Hong Kong dollars and cents.

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## LETTER FROM THE CHAIRMAN

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# 上海實業控股有限公司

## SHANGHAI INDUSTRIAL HOLDINGS LIMITED

*(Incorporated in Hong Kong under the Companies Ordinance)*

### **Directors**

#### *Executive Directors:*

Mr. Cai Lai Xing (*Chairman*)  
Mr. Lu Ming Fang (*Chief Executive Officer*)  
Mr. Lu Da Yong (*Executive Deputy CEO*)  
Mr. Ding Zhong De  
Mr. Lu Shen  
Mr. Qian Shi Zheng (*Deputy CEO*)  
Mr. Lu Yu Ping (*Deputy CEO*)  
Mr. Yao Fang  
Mr. Ge Wen Yao

#### *Independent Non-Executive Directors:*

Mr. Lo Ka Shui  
Mr. Woo Chia-Wei  
Mr. Leung Pak To, Francis

### **Registered Office:**

26th Floor, Harcourt House,  
39 Gloucester Road,  
Hong Kong.

30 April 2004

*To all Shareholders*

Dear Sir or Madam,

### **PROPOSED GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND NOTICE OF ANNUAL GENERAL MEETING**

#### **1. INTRODUCTION**

At the annual general meeting of the Company held on 28 May 2003, general mandates were given to the Directors to exercise the powers of the Company to issue new Shares and to repurchase Shares of the Company. Such mandates will lapse at the conclusion of the forthcoming Annual General Meeting. The Listing Rules have also been amended which

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## LETTER FROM THE CHAIRMAN

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require certain changes to be made in articles of association of the listed companies. It is therefore proposed to seek your approval of ordinary resolutions and a special resolution to be proposed at the forthcoming Annual General Meeting to renew the general mandates to issue new Shares and to repurchase Shares and to amend the articles of association of the Company respectively.

### **2. GENERAL MANDATE TO ISSUE SHARES**

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be granted a general and unconditional mandate to allot, issue and deal with Shares with an aggregate nominal value not exceeding 20 per cent. of the aggregate nominal amount of the Shares in issue at the date of passing the resolution (“Issue Mandate”). In addition, an ordinary resolution will be proposed to authorise extension of the Issue Mandate which would increase the limit of the Issue Mandate by adding to it the number of Shares repurchased under the Repurchase Mandate.

### **3. GENERAL MANDATE TO REPURCHASE SHARES**

This circular sets out the explanatory statement required to be given in connection with the proposed grant of a mandate to repurchase Shares in compliance with the Listing Rules and contains information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the ordinary resolutions to approve the general mandates to repurchase Shares at the Annual General Meeting.

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions, the most important of which are summarised below.

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be granted a general and unconditional mandate to exercise all powers of the Company to purchase issued and fully-paid Shares not exceeding 10 per cent. of the aggregate nominal amount of the Shares in issue at the date of passing the resolution (“Repurchase Mandate”) subject to the criteria set out in this circular. In particular, Shareholders should note that the maximum number of Shares which may be repurchased pursuant to the mandate will be such number of Shares representing 10 per cent. of the Shares in issue as at the date of passing the relevant resolution. As at the Latest Practicable Date, there were 948,298,000 Shares in issue. On the basis of such figures (and assuming no further Shares are issued and repurchased after the Latest Practicable Date and up to the date of passing such resolution) the Directors would be authorised to repurchase up to a limit of 94,829,800 Shares.

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## LETTER FROM THE CHAIRMAN

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Shareholders should note that the authority relates only to purchases made on the Stock Exchange and otherwise in accordance with the Listing Rules. In addition, Shareholders should also note that the general mandate will continue in force until the earliest of (i) the conclusion of the next Annual General Meeting of the Company; (ii) the expiration of the period which the next Annual General Meeting of the Company is required by the articles of association of the Company or any applicable laws of Hong Kong to be held; and (iii) the date upon which such authority is revoked or varied by ordinary resolution of the shareholders of the Company in general meeting.

### **(a) Shareholders' approval**

The Listing Rules provide that all proposed repurchases of shares on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, which may be by way of general mandate, or by specific approval of a particular transaction.

### **(b) Reasons for repurchase of Shares**

The Directors have no present intention to repurchase any Shares and, whilst it is not possible to anticipate in advance those circumstances in which the Directors might think it appropriate to repurchase Shares, Shares would only be purchased in circumstances where the Directors consider that the purchase would be in the interests of the Company and the Shareholders. Such purchase may, depending on marketing 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.

### **(c) Source of funds**

It is proposed that repurchases of Shares under the Repurchase Mandate would be financed from internal funds and available banking facilities of the Company. In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the laws of Hong Kong and the Company's memorandum and articles of association.

### **(d) Working capital or gearing**

If the Repurchase Mandate was exercised in full at any time during the proposed purchase period, it would not have a material adverse effect on the working capital requirements of the Company or its gearing levels (as compared with the position disclosed in the Company's accounts for the year ended 31 December 2003). The Directors do not propose to exercise the Repurchase Mandate to such extent as would, in

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## LETTER FROM THE CHAIRMAN

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the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing levels (as compared with the position disclosed in the Company's accounts for the year ended 31 December 2003) which in the opinion of the Directors are from time to time appropriate for the Company.

**(e) Directors and their associates**

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their associates (as defined under the Listing Rules), has any present intention, in the event that the Repurchase Mandate is approved by Shareholders, to sell Shares to the Company.

**(f) Connected persons**

No Connected Persons has notified the Company that he/she has a present intention to sell any Shares (in issue or to be issued) to the Company or has he/she undertaken not to sell any of the Shares held by him/her (in issue or to be issued to him/her) to the Company in the event that the Company is authorised to make repurchases of Shares.

**(g) Undertaking of the Directors**

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases of Shares pursuant to the proposed resolution in accordance with the Listing Rules, all applicable laws of Hong Kong, and the regulations set out in the memorandum and articles of association of the Company.

**(h) Effect of Takeovers Code**

If, as a result of a repurchase of Shares, 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 the Takeovers Code. Accordingly, 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 Rule 26 of the Takeovers Code and the provisions may otherwise apply as a result of any such increase.

As at the Latest Practicable Date, (i) Shanghai Investment Holdings Limited, SIIC Capital (B.V.I.) Limited and SIIC CM Development Limited were the beneficial owners of 468,066,000, 80,000,000 and 10,000 Shares respectively. SIIC Capital (B.V.I.) Limited is wholly owned by Shanghai Investment Holdings Limited. Shanghai Industrial Investment (Holdings) Company Limited ("SIIC") owns 100% of SIIC CM Development Limited and also of Shanghai Industrial Investment Treasury Company Limited which in turn owns 100% of Shanghai Investment Holdings Limited; (ii) Gem Capital Investment (BVI)

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## LETTER FROM THE CHAIRMAN

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Limited in which SIIC indirectly owns 100% interests was the beneficial owner of 485,000 Shares; and (iii) SIIC Treasury (B.V.I.) Limited and SIIC CM Development Funds Limited hold Equity Linked Instruments in respect of 1,340,947 and 673,097 underlying Shares respectively. SIIC Treasury (B.V.I.) Limited and SIIC CM Development Funds Limited are wholly owned by SIIC and SIIC CM Development Limited respectively.

As such, SIIC is accordingly deemed to be interested in the respective shares held by the aforementioned companies, representing approximately 58.06% of the total issued share capital of the Company. Assuming no changes in the shareholdings of the aforementioned companies, in the event that the Directors of the Company exercise in full the power to repurchase the Shares, the shareholding of SIIC would be increased from approximately 58.06% to approximately 64.51%. Such increase would not give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. So the Directors do not aware of any consequences of any purchase which will arise under the Takeovers Code.

### (i) Share prices

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the previous twelve months from the Latest Practicable Date are as follows:

Month	Per Share	
	Highest HK\$	Lowest HK\$
<b>2003</b>		
April	11.70	9.20
May	10.85	9.50
June	11.45	10.65
July	12.15	10.90
August	13.00	11.70
September	15.10	13.45
October	15.50	14.20
November	17.75	15.75
December	18.15	17.00
<b>2004</b>		
January	20.40	17.50
February	21.25	19.50
March	19.55	16.15



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## LETTER FROM THE CHAIRMAN

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### **(j) Share repurchases**

There were no share purchases made by the Company in the six months prior to the Latest Practicable Date.

## **4. AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

The Companies Ordinance has been amended in early 2002 to permit listed companies to send to shareholders, for the purposes of their general meetings, copies of Summary Financial Reports in place of copies of the relevant financial documents from which the Summary Financial Reports are derived, provided that they ascertain the wishes of shareholders. Following such amendment to the Companies Ordinance, the Stock Exchange has amended the Listing Rules to allow the listed issuers to distribute Summary Financial Reports in place of a full annual report, provided that they ascertain the wishes of shareholders and comply with the relevant legal requirements of their own jurisdictions and provisions of their own memorandum and articles of association.

In addition, the amendments to the Listing Rules in early 2002 also permit the listed issuers to send or otherwise make available corporate communications, including annual and interim reports, listing documents, circulars and notices of meeting, to holders of securities using electronic means and in either English or Chinese only with their prior approval and, if these would be allowed under applicable laws and regulations and the listed issuers' own constitutional documents.

Recently, the Listing Rules have further been amended with effect from 31 March 2004 to (i) alter the extent to which a director is permitted or prohibited to vote on a board resolution on certain kinds of contracts/arrangements, (ii) stipulate clearly the effect of any shareholder voting in contravention of the Listing Rules; and (iii) stipulate clearly the time period for the lodgment of the notice(s) concerning proposal for the election of Directors.

Recently, the Companies Ordinance has further been amended with effect from 13 February 2004 to provide, inter alia, that (i) a director will be, unless there is a provision in a company's articles to the contrary, vicariously liable for torts committed by any alternate director that he/she appoints and such alternate is now deemed to be the agent of the appointing director; (ii) a director may be removed by ordinary resolution; and (iii) a company is allowed to purchase liability insurance for officers and auditors and clarifies the permitted scope of indemnities that may be given to directors.

In order to achieve such flexibility and to comply with the requirements provided by the above amendments of the Companies Ordinance and the Listing Rules, the Directors proposed to seek your approval for the Special Resolution to amend the articles of association. A brief background to the proposed amendments to the articles of association is set out in Appendix II of this circular.

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## LETTER FROM THE CHAIRMAN

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### 5. ANNUAL GENERAL MEETING

At the Annual General Meeting, Ordinary Resolutions will be proposed to approve the Repurchase Mandate, the Issue Mandate and the extension of the Issue Mandate and a Special Resolution will be proposed to approve the amendments to the articles of association.

The notice of Annual General Meeting is set out in pages 14 to 28 of this circular. Shareholders are advised to read the notice and to complete and return the accompanying form of proxy for use at the Annual General Meeting in accordance with the instructions printed thereon.

### 6. PROCEDURE FOR DEMAND A POLL

Pursuant to the existing Article 73 of the articles of association, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded :—

- (a) by the Chairman; or
- (b) the 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 any 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 the members having the right to vote at the meeting; or
- (d) by any 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 the shares conferring that right.

### 7. RECOMMENDATION

The Directors consider that the grant of the Repurchase Mandate, the Issue Mandate, the extension of the Issue Mandate and the amendments to the articles of association are in the best interests of the Company and the Shareholders and accordingly, recommend Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

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## LETTER FROM THE CHAIRMAN

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### 8. ANNUAL REPORT

A copy of the 2003 Annual Report incorporating copies of the audited consolidated results of the Group for the year ended 31 December 2003 and the Directors' report and auditors' report thereon has been despatched together with this circular.

### 9. FURTHER INFORMATION

Your attention is drawn to Appendix I of this circular, which set out details of each of the Directors seeking re-election at the Annual General Meeting.

### 10. RESPONSIBILITY STATEMENT

The Directors have taken all reasonable care to ensure that the facts stated and opinions expressed herein relating to the Company are true and accurate in all material respects and that no information has been omitted which would render any statement herein misleading. The Directors individually and collectively accept responsibility accordingly.

By order of the Board  
**CAI LAI XING**  
*Chairman*

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## APPENDIX I                      DETAILS OF DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

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In accordance with Articles 92 and 101 of the articles of association of the Company, Messrs. Ding Zhong De, Lu Shen, Qian Shi Zheng, Ge Wen Yao, Woo Chia-Wei and Leung Pak To, Francis will retire from office at the Annual General Meeting and will offer themselves for re-election. Their details are as follows:

**Mr. DING Zhong De**, aged 54, was appointed an Executive Director of the Company in January 2004. He is also an Executive Director of Shanghai Industrial Investment (Holdings) Company Limited and the Vice Chairman of SIIC Shanghai (Holdings) Co., Ltd. and Chairman of Shanghai Industrial United Holdings Co., Ltd. He is also the Chairman of Shanghai Industrial United Holdings Medical Co., Ltd. and Shanghai Hua Rui Investment Co., Ltd. He obtained a Bachelor's Degree in Economics and a Master's Degree in Management from Shanghai Fudan University and holds the designation of Senior Economist. He was the Deputy Director of Shanghai Municipal Party Committee's Research Office. He has extensive experience in economic research and enterprise management. As at the Latest Practicable Date, Mr. Ding has a personal interest of 15,000 A-shares in Shanghai Industrial United Holdings Co., Ltd., an associated corporation of the Company. Save as aforesaid, he has no other interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"). Mr. Ding has a service agreement with the Company for a term of three years commencing 19 January 2004, which shall be terminated by either party giving to the other by six months' prior written notice. He receives emoluments of HK\$200,000 annually. The Director's emoluments are determined by reference to the factors such as the Company's operating performance, prevailing market conditions and job responsibilities.

**Mr. LU Shen**, aged 47, was appointed an Executive Director of the Group in January 2004. He is a Director and General Manager of Shanghai Industrial United Holdings Co., Ltd. He is also the Chairman of Changzhou Pharmaceutical Co., Ltd. and Liaoning Herbapex Pharmaceutical (Group) Company Limited. He graduated from Shanghai Technology University with a Bachelor's Degree in Wireless Engineering, and obtained a Master's Degree in Business Administration from Shanghai Jiaotong University. He holds the designation of Senior Economist. He was the Secretary-General of the Communist Youth League Shanghai Party and the Chairman of Shanghai City Hotel. He has extensive experience in enterprise management. As at the Latest Practicable Date, Mr. Lu has a personal interest of 12,000 A-shares in Shanghai Industrial United Holdings Co., Ltd., an associated corporation of the Company. Save as aforesaid, he has no other interests in the Shares within the meaning of Part XV of the SFO. Mr. Lu has a service agreement with the Company for a term of three years commencing 19 January 2004, which shall be terminated by either party giving to the other by six months' prior written notice. He receives emoluments of HK\$200,000 annually. The Director's emoluments are determined by reference to the factors such as the Company's operating performance, prevailing market conditions and job responsibilities.

**Mr. QIAN Shi Zheng**, aged 51, has been an Executive Director and Deputy CEO of the Company since January 2002. He graduated from Shanghai Fudan University with a Master's Degree in Economics and a Doctorate Degree in Management. He was the Deputy Head and Deputy Professor of the Faculty of Accountancy of Shanghai Fudan University. He joined Shanghai Industrial Investment (Holdings) Company Limited in January 1998, and served as

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<b>APPENDIX I</b>	<b>DETAILS OF DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING</b>
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Chief Accountant, the General Manager of the Internal Audit Department and Deputy General Manager of the Planning and Finance Department of Shanghai Industrial Investment (Holdings) Company Limited. He has over 20 years' experience in finance and accounting theory and practice. As at the Latest Practicable Date, Mr. Qian has no interests in the Shares within the meaning of Part XV of the SFO. He has a service agreement with the Company for a term of three years commencing 5 January 2002, which shall be terminated by either party giving to the other by six months' prior written notice. Mr. Qian receives emoluments in the total amount of HK\$4,126,280 annually, out of which includes a discretionary bonus payment of HK\$1,943,996. The Director's emoluments are determined by reference to the factors such as the Company's operating performance, prevailing market conditions and job responsibilities.

**Mr. GE Wen Yao**, aged 57, has been an Executive Director of the Company since March 1996. He is the Chairman of Shanghai Jahwa United Co. Ltd. He graduated from Shanghai Finance and Economics University where he majored in Economics and obtained a Master's Degree in Enterprise Management. He was the Factory Director of Shanghai Daily Chemicals Factory and Deputy General Manager of Shanghai Johnson Co., a Sino-American joint venture. He has over 27 years of management experience in the cosmetics industry. As at the Latest Practicable Date, Mr. Ge has no interests in the Shares within the meaning of Part XV of the SFO. He has a service agreement with the Company for an initial term of three years commencing 1 April 1996, and the service agreement has continued thereafter for a further three years commencing 1 April 2002, which shall be terminated by either party giving to the other by six months' prior written notice. Mr. Ge receives emoluments of HK\$972,040 annually. The Director's emoluments are determined by reference to the factors such as the Company's operating performance, prevailing market conditions and job responsibilities.

**Professor WOO Chia-Wei**, aged 66, has been an Independent Non-executive Director of the Company since March 1996. He is currently Senior Advisor of Shui On Holdings Limited and President Emeritus of the Hong Kong University of Science and Technology. He serves on the Commission on Strategic Development and Council of Advisors on Innovation and Technology of HKSAR and also the Chinese People's Political Consultative Conference. As at the Latest Practicable Date, Professor Woo has no interests in the Shares within the meaning of Part XV of the SFO. He does not have a service agreement with the Company and receives emoluments of HK\$206,450 annually. The Director's emoluments are determined by reference to the industry benchmark as reviewed by the Board from time to time.

**Mr. LEUNG Pak To, Francis**, aged 49, has been an Independent Non-executive Director of the Company since March 1996. He is presently the Chairman of Citigroup Global Markets Asia and a Director of Digital China Holdings Limited. He has over 23 years of experience in corporate finance involving in capital raisings, mergers and acquisitions, corporate restructuring and reorganisation, investments and other general corporate financing advisory activities in Hong Kong and China. In 1980, Mr. Leung graduated with a Master's Degree in Business Administration from University of Toronto, Canada. As at the Latest Practicable Date, Mr. Leung has no interests in the Shares within the meaning of Part XV of the SFO. He does not have a service agreement with the Company and receives emoluments of HK\$206,450 annually. The Director's emoluments are determined by reference to the industry benchmark as reviewed by the Board from time to time.

The full text of the proposed changes to the Articles of Association is set out in special resolution no. 8 contained in the notice of Annual General Meeting. The following is a brief background of the proposed amendments to the articles of association:–

- |                        |                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) Article 2          | To amend the definitions of “clearing house” and “associate” in line with the Securities and Futures Ordinance and the Listing Rules respectively, and to provide additional definitions for certain terms given the coming into effect of the amended Companies Ordinance.                                                                                                                                                 |
| (b) Articles 15 and 42 | To stipulate the time limit for issuance of share certificates in accordance with the Listing Rules and the Companies Ordinance and to revise those provisions on the amount payable for new share certificates, replacement of share certificates and registration of instruments of transfer to the effect that such sum shall not exceed the maximum amount as may from time to time be prescribed by the Listing Rules. |
| (c) Article 73         | To reflect the requirement of voting by poll under the Listing Rules.                                                                                                                                                                                                                                                                                                                                                       |
| (d) Article 82         | To reflect the restriction on voting by shareholders whom the Company has knowledge is restricted from voting, as required by the amended Appendix 3 of the Listing Rules.                                                                                                                                                                                                                                                  |
| (e) Article 93         | To clarify the liability of alternate director and his relationship with his appointing director in the light of the amended Companies Ordinance.                                                                                                                                                                                                                                                                           |
| (f) Article 100        | To be consistent with the provisions of the amended Appendix 3 of the Listing Rules so that subject to certain exceptions, a Director shall abstain from voting at the board meeting on any contract, arrangement or proposal in which he or any of his associates has a material interest nor shall he be counted towards the quorum of the relevant board meeting.                                                        |
| (g) Article 105        | To be consistent with the amended Appendix 3 of the Listing Rules which stipulates the minimum seven-day period for lodgment by a member of the notice to nominate a director and the nomination shall commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven days before the date of such meeting.                                       |

- |                                              |                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (h) Article 107                              | To reflect the change of the method on removal of directors by means of a special resolution and to substitute therefor an ordinary resolution in the light of the amended Companies Ordinance.                                                                                                                                                                        |
| (i) Article 163                              | To permit the Company to deliver the relevant financial documents and summary financial report to entitled persons in accordance with the Companies Ordinance and other applicable laws, rules and regulations.                                                                                                                                                        |
| (j) Articles 167, 168, 169, 170, 172 and 173 | To permit the Company to serve notice or document, in the English language only, in the Chinese language only or in both, to entitled persons personally, through the post or by means of advertisement in newspapers, electronic communication or publication on the Company's computer network and to add a provision for deemed service of such notice or document. |
| (k) Article 178                              | To amend the provision for indemnity on the liability of the directors or other officers or auditors in the light of the amended Companies Ordinance.                                                                                                                                                                                                                  |
| (l) New Article 179                          | To permit the Company to purchase liability insurance for directors or other officers or auditors in the light of the amended Companies Ordinance.                                                                                                                                                                                                                     |

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## NOTICE OF ANNUAL GENERAL MEETING

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# 上海實業控股有限公司

## SHANGHAI INDUSTRIAL HOLDINGS LIMITED

*(Incorporated in Hong Kong under the Companies Ordinance)*

**(Stock Code: 363)**

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting of Shanghai Industrial Holdings Limited (the “Company”) will be held at the Conference Room of the Company at 26/F., Harcourt House, 39 Gloucester Road, Hong Kong on 28 May 2004 (Friday) at 3:00 p.m. for the following purposes:—

1. To receive and consider the audited Consolidated Financial Statements of the Company and the Reports of the Directors and the Auditors for the year ended 31 December 2003.
2. To declare final dividend for the year ended 31 December 2003.
3. (a) To re-elect retiring Directors.  
  
(b) To authorise the Board of Directors to fix their remuneration.
4. To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration.
5. As Special Business, to consider and if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

**“THAT:**

- A. subject to the following provisions of this Resolution and pursuant to Section 57B of the Companies Ordinance, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- B. the approval in paragraph (A) of this Resolution shall be in addition to any other authorisation given to the Directors of the Company and shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;



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## NOTICE OF ANNUAL GENERAL MEETING

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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) of this Resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), (ii) the exercise of the subscription or conversion rights attaching to any warrants, convertible bonds or other securities issued by the Company 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 of shares or rights to acquire shares in the capital of the Company, or (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution and the said approval shall be limited accordingly; and

D. for the purpose of this Resolution:

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

- i. the conclusion of the next annual general meeting of the Company;
- ii. the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws of Hong Kong to be held; and
- iii. the date on which the authority given under this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting; and

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

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## NOTICE OF ANNUAL GENERAL MEETING

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6. As Special Business, to consider and if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

**“THAT:**

- A. subject to paragraph (B) of this Resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase ordinary shares in the capital of the Company (“Shares”) and warrants of any type that may from time to time be issued by the Company (“Warrants”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- B. the aggregate nominal amount of Shares which the Company is authorised to repurchase pursuant to the approval in paragraph (A) of this Resolution shall not exceed 10 per cent. of the aggregate nominal amount of the Shares in issue at the date of the passing of this Resolution and the aggregate number of Warrants which may be repurchased by the Company pursuant to such approval shall not exceed 10 per cent. of the aggregate amount of the outstanding Warrants to subscribe for Shares in issue as at the date of passing of this Resolution and the authority pursuant to paragraph (A) of this Resolution shall be limited accordingly; 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;
- ii. the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws of Hong Kong to be held; and
- iii. the date on which the authority given under this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

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## NOTICE OF ANNUAL GENERAL MEETING

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7. As Special Business, to consider and if thought fit, pass with or without any amendments, the following resolution as an Ordinary Resolution:

“**THAT** conditional upon resolutions Nos. 5 and 6 set out in the notice convening this meeting being duly passed, the general mandate granted to the Directors of the Company to exercise the powers of the Company to allot and issue shares pursuant to resolution No. 5 set out in the notice convening this meeting be and is hereby extended by the addition to the aggregate nominal amount of the share capital which may be allotted or agreed conditionally or unconditionally to be allotted and issued by the Directors of the Company pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to resolution No. 6 set out in the notice convening this meeting, provided that such an amount shall not exceed 10 percent of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this Resolution.”

8. As special business, to consider and, if thought fit, to pass with or without amendments the following resolution as a Special Resolution:–

### SPECIAL RESOLUTION

“**THAT** the Articles of Association of the Company be and are hereby amended in the following manner:–

(a) Article 2

- (i) by deleting the definition of “associate” in Article 2 in its entirety and substituting therefor the following new definition and its marginal note:–

“associate” shall have the meaning ascribed to it under the Listing Rules;

associate

- (ii) by deleting the words “Securities and Futures (Clearing Houses) Ordinance of Hong Kong” in the second line of the definition of “clearing house” in Article 2 and substituting therefor the words “Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)”.
- (iii) by deleting the words “Secretary for administrative service and information” in the third and fourth lines of the definition of “newspaper” in Article 2 and substituting therefor the words “Chief Secretary for Administration”.

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## NOTICE OF ANNUAL GENERAL MEETING

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- (iv) by adding the following definitions and their marginal notes immediately after the definition of “dollars” in Article 2:–

“electronic communication” shall mean a communication sent by electronic transmission in any form through any medium, cable and telex message;

electronic  
communication.

“Entitled Person” shall mean an “entitled person” as defined under the Companies Ordinance;

entitled person.

“the Listing Rules” shall mean the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and any amendments thereto for the time being in force;

Listing Rules.

- (v) by adding the following definition and its marginal note immediately after the definition of “the register” in Article 2:–

“relevant financial documents” shall mean the “relevant financial documents” as defined under the Companies Ordinance;

relevant financial  
documents.

- (vi) by adding the following definition and its marginal note immediately after the definition of “shareholders” or “members” in Article 2:–

“summary financial report” shall mean the “summary financial report” as defined under the Companies Ordinance;

summary financial  
report.

- (vii) by deleting the definition of “writing” or “printing” in Article 2 in its entirety and substituting therefor the following new definition and its marginal note:–

“writing” and “printing” shall mean written or printed or printed by lithography or printed by photography or typewritten or produced by any other modes of representing words or figures in a visible form or, to the extent permitted by, and in accordance with the Companies Ordinance and other applicable laws, rules and regulations, any visible substitute for writing (including an electronic communication), or partly in one visible form and partly in another visible form;

writing, printing.

- (viii) by adding the following paragraph and its marginal note as the last paragraph of Article 2:–

References to a document being executed include references to its being executed under hand or under seal or, to the extent permitted by, and in accordance with the Companies Ordinance and other applicable laws, rules and regulations, by electronic signature or by any other method. Reference to a document, to the extent permitted by, and in accordance with the Companies Ordinance and other applicable laws, rules and regulations, include references to any information in visible form whether having physical substance or not.

document being  
executed and  
document.

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(b) Article 15

by deleting Article 15 in its entirety and substituting therefor the following Article and its marginal note:—

“15. Every person whose name is entered as a member in the register shall be entitled to receive within such period of time as may be prescribed by the Companies Ordinance or the Listing Rules after allotment or lodgement of a transfer (or within such other period as the conditions of issue shall provide) one certificate for all his shares or, if he so request, in a case where the allotment or transfer is of a number of shares in excess of the number for the time being forming the stock exchange board lot, upon payment, (i) in the case of an allotment, of a fee not exceeding such maximum amount as may from time to time be prescribed by the Listing Rules for every certificate after the first; or (ii) in the case of a transfer, of a fee not exceeding such maximum amount as may from time to time be prescribed by the Listing Rules for every certificate, such number of certificates for shares in stock exchange board lots or multiples thereof as he shall request and one for the balance (if any) of the shares in question, provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue a certificate or certificates to each other person, and the issue and delivery of a certificate or certificates to one of several joint holders shall be sufficient delivery to all such holders.”.

Share certificates.

(c) Article 42

by deleting the words “without charge” after the word “issued” and “him” in the third line and the sixth line of Article 42 and substituting therefor the words “with a fee not exceeding such maximum amount as may from time to time be prescribed by the Listing Rules”.

(d) Article 73

- (i) by inserting the words “unless a poll is taken as may from time to time be required under the Listing Rules or any other applicable laws, rules or regulations or” before the word “unless” in the second line of the first paragraph of Article 73.
- (ii) by inserting the words “a poll is so taken as required under the Listing Rules or any other applicable laws, rules or regulations or unless” after the word “Unless” at the beginning of the second paragraph of Article 73.

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(e) Article 82

by adding the following new paragraph (c) and its marginal note immediately after paragraph (b) of Article 82:

“(c) Where the Company has knowledge that any member is, under any applicable laws and 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 member in contravention of such requirement or restriction shall not be counted.”.

Voting in  
contravention to  
Listing Rules.

(f) Article 93

by adding the following new paragraph immediately after paragraph (d) of Article 93:–

“(e) An alternate Director shall be deemed to be the agent of the Director who appoints him. A Director who appoints an alternate Director shall be vicariously liable for any tort committed by the alternate Director while acting in the capacity of alternate Director.”.

(g) Article 100

(i) by deleting paragraphs (h), (i), (j), (k) of Article 100 in their entirety and substituting therefor the following paragraphs of Article 100:

“(h) 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) to his knowledge is/are materially interested, but this prohibition shall not apply to any of the following matters namely:–

- (i) any contract or arrangement for the giving by the Company of any security or indemnity to the Director or his associate(s) in respect of money lent 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 by the Company 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 and whether alone or jointly under a guarantee or indemnity or by the giving of security;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (iii) any contract or arrangement by a Director or his associate(s) to subscribe for shares or debentures or other securities of the Company 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 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;
- (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, arrangement or 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 and/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 per cent. or more of the issued shares or voting rights of any class of shares of such company (or of any third company through which his interest or that of his associates is derived);
- (vii) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to the Directors, his associates and employees of the Company or any of its subsidiaries or its associated companies and does not provide Director or his associate(s) any privilege not generally accorded to the employees to whom such scheme or fund relates; and
- (viii) any proposal or arrangement 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 any of its subsidiaries under which the Director or his associate(s) may benefit.

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- (i) A company shall be deemed to be a company in which a Director and/or his associate(s) own(s) 5 per cent. or more if and so long as (but only if and so long as) he and/or his associate(s) is/are (either directly or indirectly) the holder(s) of or beneficially interested in 5 per cent. or more of any class of the equity share capital of such company (or of any third company through which his interest or that of any of his associates is derived) or of the voting rights available to members of such company. 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.
  - (j) Where a company in which a Director and/or his associate(s) hold(s) 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.
  - (k) 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 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 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 be counted in the quorum but 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.”.
- (ii) by deleting the words “The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” in the first and second lines of paragraph (1) of Article 100 and substituting therefor the words “the Listing Rules” and adding the words “or any of his associate(s)” immediately after the word “he” in the fourth line of paragraph (1) of Article 100.



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(iii) by adding the words “or whose associate(s) is/are” immediately after the words “is” in the third line of paragraph (m) of Article 100.

(h) Article 105

by deleting Article 105 in its entirety and substituting therefor the following Article and its marginal note:

“105. 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 for his willingness to be elected shall have been lodged at the registered office of the Company 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 despatch of the notice of the general meeting appointed for such election and ending no later than seven (7) days prior to the date appointed for such general meeting.”.

Notices to be given when person proposed for election.

(i) Article 107

by deleting the words “special resolution” in the first line of Article 107 and the marginal note of Article 107 and substituting therefor the words “ordinary resolution”.

(j) Article 163

deleting Article 163 in its entirety and substituting therefor the following Article and its marginal note:

“163. (a) The Board shall from time to time in accordance with the provisions of the Companies Ordinance cause to be prepared and laid before the Company at its annual general meeting the relevant financial documents.

Relevant financial documents and summary financial report.

(b) Subject to paragraph (c) of this Article, the Company shall in accordance with the Companies Ordinance and other applicable laws, rules and regulations, deliver or send to every member of, and every holder of debentures of, the Company and to every Entitled Person a copy of the relevant financial documents of the Company or a copy of the summary financial report in place of a copy of the relevant financial documents

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from which the report is derived, not less than twenty-one days before the date of the general meeting of the Company concerned (or such other time as is permitted under the Companies Ordinance and other applicable laws, rules and regulations).

- (c) Where any Entitled Person has, in accordance with the Companies Ordinance and other applicable laws, rules and regulations, agreed or is deemed to have agreed to his having access to the relevant financial documents and/or the summary financial report on the Company's computer network as mentioned in Article 168(v) or, to the extent permitted by, and in accordance with the Companies Ordinance and other applicable laws, rules and regulations, in any other manner (including any other form of electronic communication) instead of being sent the documents or report, as the case may be (an "assenting person"), the publication or making available by the Company, in accordance with the Companies Ordinance and other applicable laws, rules and regulations, on the Company's computer network referred to above of the relevant financial documents and/or the summary financial report throughout the period beginning not less than twenty-one days before the date of the general meeting of the Company concerned and ending on such date in accordance with the Companies Ordinance and other applicable laws, rules and regulations (or such other period or time as is permitted under the Companies Ordinance and other applicable laws, rules and regulations) or in such other manner, shall be treated as having sent a copy of the relevant financial documents or a copy of the summary financial report to an assenting person in satisfaction of the Company's obligations under paragraph (b) of this Article."

- (k) Articles 167, 168, 169 and 170

by deleting Articles 167, 168, 169 and 170 in their entirety and substituting therefor the following Articles and their marginal notes:

"167. Every Entitled Person shall register with the Company an address either in Hong Kong or elsewhere to which notices can be sent and if any member shall fail so to do, notice may be given to such member by sending the same in any of the manners hereafter mentioned to his last known place of business or residence, or if there be none, by posting the same for one day at the registered office of the Company or by posting the same on the website of the Company or any other electronic means. In the case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the register and notice so given shall be sufficient notice to all the joint holders.

Address of  
shareholders and  
service of notices  
to joint holders.

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168. Any notice or document (including any “corporate communication” as defined in the Listing Rules), whether or not to be given or issued under the Companies Ordinance, other applicable laws, rules and regulations or these presents from the Company, may be served or delivered by the Company upon any Entitled Person: Service of notices.
- (i) personally;
  - (ii) by sending it through the post in a prepaid envelope or wrapper addressed to such person at his registered place of address;
  - (iii) by advertisement in English in at least one English language newspaper and in Chinese in at least one Chinese language newspaper being in each case a newspaper published daily and circulating generally in Hong Kong and specified or permitted for this purpose by the Companies Ordinance and other applicable laws, rules and regulations, and for such period as the Board shall think fit to the extent permitted by, and in accordance with the Companies Ordinance and other applicable laws, rules and regulations;
  - (iv) by sending or transmitting it as an electronic communication to such person at any telex or facsimile transmission number or electronic number or electronic address or computer network or website supplied by him to the Company for the giving of notice or document from the Company to him to the extent permitted by, and in accordance with the Companies Ordinance and other applicable laws, rules and regulations;
  - (v) by publishing it on the Company’s computer network and giving to such person a notice in accordance with the Companies Ordinance, other applicable laws, rules and regulations stating that the notice or other document is available there (a “notice of publication”) to the extent permitted by, and in accordance with the Companies Ordinance and other applicable laws, rules and regulations. The notice of publication may be given to such person by any of the means set out in paragraphs (i) to (iv) or (vi) of this Article; or
  - (vi) by sending or otherwise making available to such person through such means to the extent permitted by, and in accordance with, the Companies Ordinance and other applicable laws, rules and regulations.

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## NOTICE OF ANNUAL GENERAL MEETING

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169. (a) Any notice or other document (including any corporate communication as defined in the Listing Rules) given or issued by or on behalf of the Company:—

When notice  
deemed to be  
served.

- (i) if served or delivered in person, shall be deemed to have been served or delivered at the time of personal service or delivery, and in proving such service or delivery, a certificate in writing signed by the Secretary (or other officer of the Company or such other person appointed by the Board) that the notice or document was so served or delivered shall be conclusive evidence thereof;
- (ii) if served or delivered by post, shall be deemed to have been served or delivered on the day following that on which the envelope or wrapper containing the same is put into a post box, and in proving such service or delivery, it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly prepaid, addressed and put into such post box. A certificate in writing signed by the Secretary (or such other officer of the Company or such other person appointed by the Board) that the envelope or wrapper containing the notice or other document was so prepaid, addressed and put into the post shall be conclusive evidence thereof;
- (iii) if sent or transmitted as an electronic communication in accordance with Article 168(iv) or through such means in accordance with Article 168(vi), shall be deemed to have been served or delivered at the time of the relevant despatch or transmission. A notice or document published in the Company's computer network in accordance with Article 168(v), shall be deemed to have been served or delivered on the day following that on which a notice of publication is sent to the Entitled Person. In proving such service or delivery, a certificate in writing signed by the Secretary (or such other officer of the Company or such other person appointed by the Board) as to the fact and time of such service, delivery, despatch, transmission or publication shall be conclusive evidence provided that no notification that the electronic communication has not reached its recipient has been received by the sender, except that any failure in transmission beyond the sender's control shall not invalidate the effectiveness of the notice or document being served; and
- (iv) if served by advertisement in a newspaper in accordance with Article 168(iii), shall be deemed to have been served on the day on which such notice or document is first published.

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## NOTICE OF ANNUAL GENERAL MEETING

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- (b) Subject to the Companies Ordinance and other applicable laws, rules and regulations, any notice or other document (including but not limited to the documents referred to in Article 163 and corporate communication as defined in the Listing Rules) may be given by the Company in the English language only, in the Chinese language only or in both. Where a person has in accordance with the Companies Ordinance and other applicable laws, rules and regulations consented to receive notices and other documents (including but not limited to the documents referred to in Article 163 and any corporate communication as defined in the Listing Rules) from the Company in the English language only or the Chinese language only but not both, it shall be sufficient for the Company to serve on or deliver to him any such notice or document in such language only in accordance with these presents unless and until there is a notice of revocation or amendment of such consent given or deemed to have been given by such person to the Company in accordance with the Companies Ordinance and other applicable laws, rules and regulations which shall have effect in respect of any notice or document to be served on or delivered to such person subsequent to the giving of such notice of revocation or amendment.

Choice of language.

170. A notice or document may be given by or on behalf of the Company to the person(s) entitled to a share in consequence of death, mental disorder or bankruptcy of a member in such manner as provided in Article 168 in which the same might have been given if the death, mental disorder or bankruptcy had not occurred.”.

Service of notice to persons entitled on death, mental disorder or bankruptcy of a member.

(l) Article 172

by deleting the words “by post to, or left at the registered address of any member in pursuance of these presents” in the first and second lines of Article 172 and substituting therefor the words “to any member in such manner as provided in Article 168”.

(m) Article 173

by deleting the words “written or printed” in Article 173 and substituting therefor the words “written, printed or made electronically”.

(n) Article 178

by deleting the words “paragraph (c) of the proviso to Section 165 of the Ordinance” in the fourth line of paragraph (a) of Article 178 and substituting therefor the words “Section 165(2) of the Companies Ordinance”.

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## NOTICE OF ANNUAL GENERAL MEETING

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(o) new Article 179

by adding the following new Article and marginal notes immediately after Article 178:—

“179. The Company shall have power to purchase and maintain for any Director, or other officer or Auditors of the Company:—

- (a) insurance against 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
- (b) insurance against 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.

Liability  
insurance.

For the purpose of this Article 179, “related company” means any company which is the Company’s subsidiary or holding company or a subsidiary of the Company’s holding company.”

By Order of the Board  
**Roger L. C. Leung**  
*Company Secretary*

Hong Kong, 16 April 2004

*Registered Office:*

26th Floor, Harcourt House,  
39 Gloucester Road, Hong Kong.

**Notes:**

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person as his proxy to attend and vote on his behalf. A proxy need not be a member of the Company.
2. A form of proxy for use at the meeting is enclosed.
3. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited at the registered office of the Company at 26th Floor, Harcourt House, 39 Gloucester Road, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting or poll (as the case may be). Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. The register of members of the Company will be closed from 25 May 2004 (Tuesday) to 28 May 2004 (Friday), both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the dividend to be approved at the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company’s share registrars, Secretaries Limited of 28th Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong by 4:00 p.m. on 24 May 2004 (Monday).
5. This notice and the enclosed form of proxy are also available for viewing on the website of each of The Stock Exchange of Hong Kong Limited at <http://www.hkex.com.hk> and the Company at <http://www.sihl.com.hk>.