

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of Shell Electric Mfg. (Holdings) Company Limited (“the Company”) will be held at Concord Room II-III, 8th Floor, Renaissance Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong, on Thursday, 13th May, 2004 at 12:00 noon for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and of the auditors for the year ended 31st December, 2003.
2. To declare a final dividend.
3. To elect directors and to fix their directors’ fees.
4. To appoint auditors for the ensuring year and to authorise the directors to fix their remuneration.

As special business, to consider and if thought fit, pass the following resolution as Ordinary Resolutions:–

5. **“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 shares of the Company on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong 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 of any other stock exchange as amended from time to time and is hereby generally and unconditionally approved;
 - (b) the aggregate nominal amount of the shares of the Company which may be repurchased pursuant to the approval in paragraph (a) of this resolution shall not exceed 10 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
 - (c) for the purposes 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 the articles of association of the Company or the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) to be held; or
 - (iii) the passing of an ordinary resolution of the shareholders of the Company in general meeting revoking, varying or renewing the authority given to the Directors of the Company by this resolution.”
6. **“THAT:–**
 - (a) subject to paragraph (c) 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 (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) of this resolution shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or 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 or issued (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), or (ii) the exercise of any rights of subscription or conversion under any existing warrants, bonds, debentures, notes and other securities issued by the Company which carry rights to subscribe for or are convertible into shares of the Company; or (iii) an issue of shares in the Company upon the exercise of options granted under any share option scheme or any similar arrangement for the time being adopted for the grant or issue to the grantees as specified in such scheme or similar arrangement of shares or rights to acquire shares in the Company; or (iv) any scrip dividend scheme or similar arrangement providing for the allotment and issue of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Memorandum and 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 purposes 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 the articles of association of the Company or the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) to be held; or
- (iii) the passing of an ordinary resolution of the shareholders of the Company in general meeting revoking, varying or renewing the authority given to the Directors of the Company by this resolution; and

“Rights Issue” means an offer of shares of the Company or issue of options, warrants or other securities giving the right to subscribe for shares of the Company, open for a period fixed by the Directors of the Company to the holders of shares whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such shares of the Company (or, where appropriate, such other securities), (subject in all cases 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 applicable to the Company).”

- 7. “**THAT** subject to the passing of Ordinary Resolutions Nos. 5 and 6 set out in the notice convening this meeting, the general mandate granted to the Directors of the Company to exercise the powers of the Company to allot, issue and deal with any additional shares of the Company pursuant to Ordinary Resolution No.6 set out in the notice convening this meeting be and is hereby extended by the addition thereto 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 Ordinary Resolution No.5 set out in the notice convening this meeting, provided that such extended amount shall not exceed 10 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.”

As special business to consider and if thought fit, pass the following resolution as a Special Resolution:–

8. **“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 its entirety and substituting therefor the following new definition and its marginal note immediately after the definition of “these Articles” or “these presents”:

“associates”, in relation to any Director, shall mean:–

Associate.

- (i) his spouse;
- (ii) any child or step-child, natural or adopted, under the age of 18 years of the Director or of his spouse (together with (i) above, the “family interests”);
- (iii) the trustees, acting in their capacity as such trustees, of any trust of which he or any of his family interests is a beneficiary or, in the case of a discretionary trust, is (to his knowledge) a discretionary object and any company (“trustee-controlled company”) in the equity capital of which the trustees, acting in their capacity as such trustees, are directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary (together, the “trustee interests”);
- (iv) a holding company of a trustee-controlled company or a subsidiary of any such holding company; and
- (v) any company in the equity capital of which he, his family interests, any of the trustees referred to in paragraph (iii) above, acting in their capacity as such trustees, and/or any trustee interests taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the Board of Directors and any other company which is its subsidiary or holding company or a fellow subsidiary of any such holding company;
- (ii) by adding the words “for Administration” after the words “Chief Secretary” in the definition of “newspaper”.

(b) Article 16

by deleting Article 16 in its entirety and substituting therefor the following Article and its marginal note:–

16. 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

Share
certificates.

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 such 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.

(c) Article 43

by deleting the words “without charge” after the words “issued” and “him” in the third line and fifth line of Article 43 and substituting therefor the words “with a fee as prescribed by the Listing Rules” respectively.

(d) Article 74

- (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 74.
- (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 74.

(e) Article 84

by adding the following new paragraph and its marginal note as Article 84(C):

(C) Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.	Voting in contravention to Listing Rules.
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(f) Article 95

by adding the following new paragraph immediately after paragraph (D) of Article 95:–

(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 101(A)

by deleting the words “a special resolution” in paragraph (vii) of Article 101(A) and substituting therefor the words “an ordinary resolution”.

(h) Article 102

by deleting Articles 102(H), 102(I), 102(J) and 102(K) in their entirety and substituting therefor the following:–

(H) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract, arrangement or proposal in which he or any of his associates, to the knowledge of such Director has a material interest, and if he shall do so his vote shall not be counted and he shall not be counted in the quorum on such resolution of the Board, but this prohibition shall not apply to any of the following matters namely:–

- (i) any contract or arrangement for the giving by the Company 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/have 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;
- (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 Directors, his associates and employees of the Company or any of its subsidiaries and does not give the 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.

(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.

(i) Article 107

by deleting Article 107 in its entirety and substituting therefor the following Article and its marginal note:-

<p>107. No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been given to the Company provided that the minimum length of the period, during which such notices are given, shall be at least seven days. The period for lodgment of such notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting.</p>	<p>Notice to be given when person proposed for election.</p>
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(j) Article 109

- (i) by deleting the words "special resolution" in the first line of Article 109 and substituting therefor the words "ordinary resolution".
- (ii) by deleting the words "special resolution" in the third line of its marginal note and substituting therefor the words "ordinary resolution".

(k) Article 183

- (i) by inserting the words "or auditors" after the words "officer" and "officer" in the first line and fifth line of paragraph (A) of Article 183 respectively.
- (ii) by deleting the words "paragraph (c) of the proviso to Section 165 of the Companies Ordinance" immediately after the word "in" in the third line of paragraph (A) of Article 183 and substituting therefor the words "Section 165(2) of the Companies Ordinance".

(l) new Article 184

by adding the following new Article and marginal notes immediately after Article 183(B):–

184. The Company shall have power to purchase and maintain for any director or other officer or auditors of the Company – Liability insurance.

- (i) 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
- (ii) 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.

For the purpose of this Article 184, "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
Peter LEE Yip Wah
Secretary

Hong Kong, 8th April, 2004

Registered office:
Shell Industrial Building
12 Lee Chung Street
Chai Wan Industrial District
Hong Kong

Notes:–

1. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more than one proxy to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with any 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 Company's registered office, Shell Industrial Building, 12 Lee Chung Street, Chai Wan Industrial District, Hong Kong not less than 48 hours before the time fixed for holding the meeting.
3. The register of members of the Company will be closed from Monday, 10th May, 2004 to Thursday, 13th May, 2004, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the share registrars of the Company, Standard Registrars Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 7th May, 2004.
4. With regard to items 5 to 8 set out in this notice, a circular giving details of the amendments of the Articles of Association and general mandates to repurchase and issue shares will be despatched to the shareholders together with the Company's Annual Report 2003.
5. This notice will also be available for viewing on the website of each of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and the Company at www.smc.com.hk from 8th April, 2004