

Notice of 2005 Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2005 annual general meeting (“Annual General Meeting”) of Anhui Conch Cement Company Limited (the “Company”) will be held at the registered office of the Company at 9:00 a.m. on Friday, 16 June 2006.

The following matters will be dealt with at this Annual General Meeting:

1. To consider and approve the report of the board of directors for the year ended 31 December 2005.
2. To consider and approve the report of the supervisory committee for the year ended 31 December 2005.
3. To consider and approve the audited financial statements prepared in accordance with the PRC Accounting Standards and the IAS respectively for the year ended 31 December 2005.
4. To consider and approve the profit appropriation proposal for the year 2005 (details of which are set out in item (V) “Profit appropriation proposal” of the “Report of the Board of Directors” of the 2005 annual report of the Company).
5. To consider the resolution for the proposed amendments made to certain articles of the Articles of Association of the Company pursuant to the Company Law of the People’s Republic of China and the provisions and requirements of the China Securities Regulatory Commission (Please see Annex I for details of the proposed amendments).
6. To consider and elect Mr Chan Yuk Tong as an independent non-executive director of the Company (Please see Annex II for the biography of Mr Chan Yuk Tong). His tenure will expire by the end of the third session of the Board of Directors.
7. To consider and approve the resolution regarding the provision of guarantee for the bank loans of the relevant subsidiaries (Please see the announcement of the resolution of the board of directors dated 26 April 2006 for details of such guarantee).

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8. To consider and pass the following resolution as a special resolution:
- (a) **“THAT** subject to the limitations imposed by (c) and (d) below and in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Company Law of the People’s Republic of China (“PRC”), and other applicable laws and regulations (in each case as amended from time to time), a general unconditional mandate be and is hereby granted to the board of directors to exercise once or more during the “Relevant Period” (as defined below) all the powers of the Company to allot and issue new shares on such terms and conditions the board of directors may determine and that, in the exercise of their powers to allot and issue shares, the authority of the board of directors shall include (without limitation):
- (i) the determination of the class and number of the shares to be allotted;
 - (ii) the determination of the issue price of the new shares;
 - (iii) the determination of the opening and closing dates of the issue of new Shares;
 - (iv) the determination of the class and number of new shares (if any) to be issued to the existing shareholders;
 - (v) to make or grant offers, agreements and options which might require the exercise of such powers; and
 - (vi) in the case of an offer or issue of shares to the shareholders of the Company, excluding shareholders who are residents outside the PRC or the Hong Kong Special Administrative Region, on account of prohibitions or requirements under overseas laws or regulations or for some other reasons which the board of directors consider expedient;
- (b) upon the exercise of the powers granted under paragraph (a), the board of directors of the Company may during the “Relevant Period” make or grant offers, agreements and options which might require the shares relating to the exercise of the authority there under being allotted and issued after the expiry of the “Relevant Period”;
- (c) the aggregate amount of the overseas listed foreign shares to be allotted or conditionally or unconditionally agreed to be allotted (whether pursuant to the exercise of options or otherwise) by the board of directors of the Company pursuant to the authority granted under paragraph (a) above (excluding any shares which may be allotted upon the conversion of the capital reserve into capital in accordance with the Company Law of the PRC or the articles of association of the Company) shall not exceed twenty per cent (20%) of the aggregate amount of the overseas listed foreign shares of the Company in issue as at the date of passing of this Resolution;

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- (d) the board of directors of the Company in exercising the powers granted under paragraph (a) above shall (i) comply with the Company Law of the PRC, other applicable laws and regulations of the PRC, and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (in each case, as amended from time to time) and (ii) be subject to the approvals of the China Securities Regulatory Commission and relevant authorities of the PRC;
- (e) for the purposes of this Resolution: “Relevant Period” means the period from the date of the passing of this Resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company; or
 - (ii) the date on which the powers granted by this Resolution is revoked or varied by a special resolution of the Company in general meeting;
- (f) the board of directors shall, subject to the relevant approvals of the relevant authorities and the exercise of the power granted under paragraph (a) above in accordance with the Company Law and other applicable laws and regulations of the PRC, increase the Company’s registered capital corresponding to the relevant number of shares allotted upon the exercise of the powers granted under paragraph (a) of this Resolution, provided that the registered capital of the Company shall not exceed 120% of the amount of registered capital of the Company as at the date of passing of this Resolution;
- (g) subject to the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of, and permission to deal in, the H Shares in the Company’s share capital proposed to be issued by the Company and to the approval of the China Securities Regulatory Commission for the issue of shares, the board of directors be and they are hereby authorised to amend, as they may deem appropriate and necessary, Articles 23, 24 and 27 of the articles of association of the Company to reflect the change in the share capital structure of the Company in the event of an exercise of the powers granted under paragraph (a) to allot and issue new shares (see Note 6).

By order of the Board

Anhui Conch Cement Company Limited

Zhang Mingjing

Company Secretary

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Notes:

1. Persons entitled to attend the Annual General Meeting

Holders of H Shares whose names appear on the register of members maintained by Hong Kong Registrars Limited at 4:00 p.m. on Tuesday, 16 May 2006, are entitled to attend the Annual General Meeting after completing the registration procedures for the Meeting.

2. Registration for attendance at the Annual General Meeting

(1) Holders of H shares who intend to attend the Annual General Meeting have to complete (without prejudice to their right of attendance) the reply slip attached and deposit the same, together with copies of the transfers, share certificates or receipts of share transfer and their identity cards, at the registered address of the Company by Friday, 26 May 2006.

(2) Shareholders may deliver the documents required for registration to the registered office of the Company in person, by mail or by facsimile (86-553-311 4550). Upon receipt of the requisite documents for registration, the Company will complete the registration procedures for attendance at the Annual General Meeting on behalf of the shareholder and send a duplicate copy of the meeting attendance card to the shareholder by mail or facsimile. Shareholders attending the meeting must produce the duplicate copy or facsimile copy of the meeting attendance cards and exchange them for formal meeting attendance cards.

3. Appointment of proxies

(1) Each shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint in writing one or more proxies (whether being a shareholder of the Company or not) to attend and vote at the Annual General Meeting on his/her behalf.

(2) Proxies of the shareholders must be appointed in writing and the appointment must be signed by the shareholders or their agents who have been duly authorised in writing. If the instrument of appointment of the proxy is signed by an agent of the shareholder, the power of attorney or other authority of the agent must be notarially certified. In order to be valid, the notarially certified copy of such power of attorney or other authority, together with the instrument of appointment of the proxy, shall be deposited at the Company's H share registrar, Hong Kong Registrars Limited at the address given in Note 4 below, not less than 24 hours before the time appointed for holding of the Annual General Meeting.

(3) If a shareholder appoints more than one proxy, his/her proxies may only exercise his/her appointor's voting rights when the resolution concerned is to be decided by poll.

4. The register of members of the Company for H shares will close from 4:00 p.m. on Tuesday, 16 May 2006, to Friday, 16 June 2006, both days inclusive. In order to qualify for attendance at the Annual General Meeting and the proposed dividend of RMB0.07 per H share, transfers accompanied by share certificates and other appropriate documents must be lodged with the Company's H share register, Hong Kong Registrars Limited at 46/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by 4:00 p.m. on Tuesday, 16 May 2006.

5. In the event that the final dividend for the year ended 31 December 2005 being passed by the Annual General Meeting, it is expected that the final dividend will be payable on Friday, 30 June 2006, to holders of H shares whose names appear on the register of members on Tuesday, 16 May 2005. The registration date and details regarding the distribution of the proposed final dividends to holders of A shares will be announced separately.

6. The purpose of having resolution number 8 is to grant a general power to the board of directors to allot and issue new shares subject to applicable laws, regulations and rules.

7. The Annual General Meeting is expected to take half a day. Shareholders or their proxies attending the meeting should bear their own lodging and traveling costs.

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Annex 1: Details of the proposed amendments to certain articles of the Articles of Association are as follows (Note):

1. Supplement to the original article 33 of Chapter 4:

Deletion of the word “or” in the original article 33 of Chapter 4 and the addition of a article as a new article 3; article 3 of the original article 33 shall become article 4.

The newly added article reads:

(3) Granting of shares to employees as an incentive

2. The original article 36 of Chapter 4 of the articles shall be altered as article 36A, and article 37 shall become 36B.

3. A new chapter shall be added to the original Chapter 4 as the amended Chapter 4A.

The newly added Chapter 4A reads:

Chapter 4A Transfer of shares

Article 37A Shares of the Company can be transferred pursuant to the law.

Article 37B The Company shall not accept shares of the Company as the subject of any pledge.

Article 37C The shares of the Company held by promoters shall not be transferred within one year since its incorporation. Shares already in issue prior to the issue of shares publicly by the Company shall not be transferred within one year from the date the Company's shares are listed on a stock exchange.

Directors, supervisors and senior management of the Company shall notify the Company of the shares held by them and any changes thereof. Shares not exceeding 25% of the total number of shares of the Company may be transferred during their tenure; the shares held by them shall not be transferred within one year from the date the shares are listed and traded. The aforesaid officers shall not transfer the shares held by them within six months from the date they cease their employee with the Company.

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Article 37D In the event that directors, supervisors or senior management sell the shares of the Company within six months after they have bought them, or should they buy the shares within six months after they have sold them, any gains from it shall be the gains of the Company, and the board of directors shall recover such gains.

In the event that directors have not complied with the previous provision, shareholders are entitled to demand its implementation by the board of directors within 30 days. In the event the board of directors have not implemented such within the time limit, shareholders are entitled to institute proceedings at the People's Court for the interest of the Company in their own names. In the event the board of directors have not implemented pursuant to the previous article, directors who are liable shall be accountable for such liabilities.

4. The title of the original Chapter 5 "Chapter 5 Provision of external guarantee and financial assistance for the purchase of the Company's shares" shall be amended as 'Chapter 5 Financial assistance for the purchase of the Company's shares'; and the original article 38A of Chapter 5 be deleted in its entirety, and article 38B shall become article 38.

5. Supplement to the original article 54 of Chapter 7:

A paragraph shall be added to article 54 of the original Chapter 7 as a supplement, and the newly added paragraph reads:

When the Company convenes a general meeting to appropriate dividends, liquidate or to conduct such matters which require the confirmation of shareholders' identity, the board of directors or convener of the meeting shall appoint a date for the registration of shareholdings, and shareholders whose name appear on the register of members at the close of business of the record date shall be shareholders for their entitlements.

6. Supplement to the original article 56:

A new clause shall be added after the original article 56 of Chapter 7 as the seventh clause, and the seventh clause shall become (8). The newly added clause reads:

- (7) Shareholders who dissent to the resolution for the merger or demerger of the Company shall demand the Company to buy their shares;

7. A new article shall be added to the original article 56 of Chapter 7, and become the amended article 56A.

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The newly added article 56A reads:

Article 56A When shareholders demand the inspection of information mentioned in the previous article or demand to obtain information, they shall provide written proof of the class and number of shares held by them, and such information shall be provided upon the verification of their identity.

8. Amendment and supplement to the original article 61 of Chapter 9:

(1) Three new clauses shall be added after clause 12 of article 61 of Chapter 9 of the original articles as clause 13, clause 14 and clause 15 respectively, and the original clause 13 and 14 shall become 16 and 17.

The newly added clause 13, clause 14 and clause 15 reads:

(13) To consider matters which will exceed 30% of the latest audited total assets of the Company for the acquisition or disposal of substantial assets within a year;

(14) To consider and approve a change in the use of proceeds from the issue of A Shares;

(15) To consider the share incentive scheme;

(2) Also, amendment shall be made to the original clause 13 of the article:

The original clause reads: (13) To consider motions proposed by shareholders holding 5% or more of shares of the Company with voting rights

shall now be amended as: (16) To consider motions proposed by shareholders holding 3% or more of shares of the Company with voting rights

9. A new article shall be added after article the original 61 of Chapter 9 as the amended article 61A.

The newly added article 61A reads:

Article 61A The provision of the following external guarantee shall be considered and approved by the general meeting:

(1) The total of guaranteed amount provided externally by the Company and its subsidiaries other than 50% or more of the latest audited net assets;

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- (2) The total of guaranteed amount provided externally by the Company and its subsidiaries other than 30% or more of the latest audited net assets;
- (3) Guarantee provided for any matter which has a gearing ratio of over 70%;
- (4) A single guarantee which exceeds 10% of the latest audited net assets;
- (5) Guarantee provided for shareholder, beneficial controllers and their associates.

10. A new article shall be added to the original 62 of Chapter 9 as the amended article 62A.

The newly added article 62A reads:

Article 62A The Company shall engage lawyers to provide legal opinion on the following issues in holding general meeting and announcements shall be made:

- (1) Whether or not the convening and procedure of convening are in compliance with the law, administrative regulations and the articles of association;
- (2) Whether or not persons attending the meeting and the convener of the meeting are qualified and lawful;
- (3) Whether or not the procedures of voting and the results of voting are lawful and valid;
- (4) To provide any other legal opinion as required by the Company.

11. Five articles shall be added after the original article 63 of Chapter 9 as the amended article 63A and 63B.

The newly added 63A and article 63B read:

Article 63A Independent directors are entitled to propose to the board of directors for the convening of an extraordinary general meeting. In response to the proposal of independent directors to convene an extraordinary general meeting, the board of directors shall provide feedback in writing whether or not the board agrees or disagrees with the convening of an extraordinary general meeting pursuant to the laws, administrative regulations and the articles of association ten days after such proposal.

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In the event the board agrees with the convening of an extraordinary general meeting, a notice for the meeting shall be issued five days after the resolution of board of directors has been made; in the event it disagrees, grounds shall be announced.

Article 63B The supervisory is entitled to propose to the board of directors for the convening of an extraordinary general meeting in writing. In response to the proposal of independent directors to convene an extraordinary general meeting, the board of directors shall provide feedback in writing whether or not the board agrees or disagrees with the convening of an extraordinary general meeting pursuant to the laws, administrative regulations and the articles of association 10 days after such proposal.

In the event the board agrees with the convening of an extraordinary general meeting, a notice for the meeting shall be issued five days after the resolution of board of directors has been made; in which consent for any changes to be made to the original proposal shall be obtained from the supervisory committee.

In the event the board disagrees for an extraordinary general meeting to be convened, or it has failed to provide any feedback within ten days after the motion has been received, it shall be deemed that it has failed to perform or it does not perform its duty of convening meetings, and the supervisory committee may convene and chair such meeting accordingly.

12. Amendment made to the original article 65 of Chapter 9:

The original text reads:

Article 65 When the Company convenes the annual general meeting, shareholder holding 5% or more of the total voting rights of the Company are entitled to propose new motions to the Company in writing, and the Company shall include in the agenda such matters which are within the scope of the shareholders' general meeting.

Provided that the motion shall be delivered to the Company within 30 days after the notice of meeting has been issued.

It shall be amended to read:

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When the Company convenes the annual general meeting, shareholder holding 3% or more in aggregate of the total voting rights of the Company are entitled to propose new motions to the Company in writing, and the Company shall include in the agenda such matters which are within the scope of the shareholders' general meeting.

Provided that the motion shall be delivered to the Company within 30 days after the notice of meeting has been issued. The convener shall issue supplementary notice 2 working days after the motion has been received to announce the provisional motion.

Other than the previous provision, the convener shall not amend such new motions stated in the notice of meeting or add any new motion upon the issue of the notice of meeting.

Motions which are not included in the notice of meeting or which do not meet the requirement of this provision shall not be voted on by the general meeting and become a resolution.

13. Supplement to the original article 67 of Chapter 9:

Two clauses shall be added after the original clause 8 of article 67 of Chapter 9, which will respectively become clause 9 and clause 10 of the article. The newly added clauses read:

- (9) It sets out the record date for shareholders entitled to attend the general meeting;
- (10) It sets out the contact person and contact telephone number for the meeting.

14. A new article shall be added after the original article 67 of Chapter 9 as the amended article 67A.

The newly added article 67A reads:

Article 67A The shareholders' general meeting shall discuss matters on the election of directors and supervisors, and the notice of meeting shall sufficiently disclose the personal particulars of candidates for directors and supervisors, which shall at least include the following:

- (1) Educational background, work experience and other engagements;
- (2) Any relationship with the Company or the controlling shareholders or beneficial controllers;

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- (3) Disclosure of shareholdings in the Company;
- (4) Whether or not the candidate has been penalized by the China Securities Regulatory Commission or other authorities.

Other than the accumulated voting for the election of directors and supervisors, the election of director and supervisors shall be conducted for each of the candidates separately.

15. A new article shall be added after the original article 68 of Chapter 9 as the amended article 68A.

The newly added article 68A reads:

Article 68A After the notice of meeting has been issued, in the absence of any proper ground, the meeting shall not be postponed or cancelled, and motion stated in the notice of meeting shall not be cancelled. In the event of any postponement of cancellation, the convener shall make an announcement at least 2 working days before the scheduled meeting to state the reason.

16. Supplement to the original article 76 of Chapter 9:

A paragraph shall be added after the original text of article 76 of Chapter 9 as a supplement. The newly added paragraph reads:

The shares held by the Company do not carry any voting rights, and that part of the shares shall not be included in the total of shares voted.

The board of directors and independent directors may collect voting rights provided it complied with the relevant requirements.

17. Amendment and supplement to the original article 81B of Chapter 9:

Three clauses shall be added after the fourth clause of article 81B of Chapter 9, which shall become clause 5, clause 6 and clause 7, and clause 5 shall be deleted in its entirety. The newly added clauses read:

- (5) When the Company acquires or disposes substantial assets or guarantees in an amount exceeding 30% of the latest audited total assets of the Company within a year;
- (6) Shares incentive scheme;

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- (7) Such other matters provided by the laws, administrative regulations or the articles of association and matters to be approved by special resolutions by the general meeting as material effect will be caused with an ordinary resolution.

18. Amendment to the original article 82 of Chapter 9:

The original text reads:

Article 82 Other than as provided by the laws and the stock exchange, the following matters shall be voted on and passed by the general meeting, and shall only be passed with over half of the voting rights held by public shareholders who participate in the voting before they can be implemented or applied for:

- (1) When the Company issues new shares or convertible bonds to the public, or to allot rights shares to the original shareholders (other than those which the controlling shareholder has undertaken to take up before the meeting is convened);
- (2) Material assets reorganization of the Company, where the total of the assets acquired equals to or exceeds 20% in premium over the audited book value of the assets acquired;
- (3) Shareholders of the company repay any debt due to the Company with their shareholdings in the Company;
- (4) Subsidiaries which have a material effect on the Company be listed overseas;
- (5) Matters being developed by the Company which have a material effect on the interests of public shareholders.

Provided that it is technically feasible, the Company shall provide an online platform for voting for shareholders for matters to be considered by shareholders in general meeting.

In the event that the circumstances are as provided by this article, after the Company has issued the notice of meeting, it shall announce the notice of meeting 3 days after the record date.

The text shall be amended as:

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Article 82 When the general meeting is considering matters regarding connected transactions, connected shareholders shall not participate in the voting, and the voting rights represented by their shares shall not be included in the total number of valid votes. Announcement of the resolutions of the shareholders shall fully disclose the voting of non-connected shareholders.

19. The original article 84 of Chapter 9 shall be deleted in its entirety, and 2 articles shall be added after article 83 of Chapter 9 to become article 84A and article 84B respectively.

The newly added article 84A and article 84B read:

Article 84A The general meeting shall be chaired by the Chairman. In the event the Chairman is unable to perform his duties or he does not perform his duties, the Vice Chairman (the Company has 2 or more than 2 Vice Chairmen, who have been elected by more than half of the directors) shall chair the meeting, and when the Vice Chairman is unable to perform his duties or he does not perform his duties, a director elected by more than half of the directors shall chair the meeting.

The supervisory committee convenes the general meeting by their own, which is chaired by the chairman of the supervisory committee. In the event the chairman is unable to perform his duties or he does not perform his duties, the vice chairman of the supervisory committee (if any) shall chair the meeting. In the event the vice chairman of the supervisory is unable to perform his duties or he does not perform his duties, a supervisor elected by more than half of the supervisors shall chair the meeting.

When shareholders convene the general meeting by their own, a representative elected by the convener shall chair the meeting.

In convening the general meeting, if the chairman of the meeting has violated any rules of meeting such that it is impossible for the meeting to be carried on, with the consent of shareholders representing more than half of the voting rights, the meeting may elect a person to chair the meeting for the meeting to continue.

Article 84B When the general meeting is being held, all the directors, supervisors and secretary to the board of directors shall attend the meeting, and managers and other senior officer shall also attend the meeting.

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20. The original article 85 of Chapter 9 shall be changed to article 85A, and article 86 shall become article 85B, article 87 shall become 85C, and 5 articles shall be added before the original article 88 of Chapter 9, which shall become the amended article 86, article 87A, article 87B, article 87B and article 87D.

The newly added article 86, article 87A, article 87B, article 87C, article 87D read:

Article 86 In the annual general meeting, the board of directors and supervisory committee shall report to the shareholders on their respective work over the past year. Each independent director shall also report their duties accordingly.

Directors, supervisors and senior management shall reply to the questioning by shareholders in the general meeting and explain accordingly.

Article 87A Chairman of the meeting shall announce the number of shareholder and proxies attending the meeting and the total number of shares with voting rights before the voting, and the number of shareholders and proxies attending the meeting and the total number of shares with voting rights shall be as recorded by the meeting.

Article 87B Minutes of meetings shall be provided by the shareholders' general meeting, which is the duty of the secretary to the board of directors. The minutes of meetings shall record the following:

- (1) Time and place of meeting and the agenda and the name of convener;
- (2) The names of the chairman of the meeting and directors, supervisors, managers and other senior management;
- (3) The number of shareholders and proxies attending the meeting and the total number of shares held by them with voting rights and the percentage to the total number of shares;
- (4) The course of events of each motion, gist of speeches and voting results;
- (5) Questioning and view put forward by shareholders and the answers or explanation thereof;
- (6) Names of lawyers and votes counters and scrutinizers;
- (7) Such other matters which should be recorded in the minutes of meetings pursuant to the articles of association.

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Article 87C The convener shall ensure that the contents of the minutes of minutes of meetings are true, accurate and complete. Directors, supervisors, secretary to the board of directors, the convener or his representative and the chairman of meeting shall sign on the minutes of meetings. The minutes of meetings shall be kept together with the signature book for shareholders and authorizations of proxies, and any other valid voting information either online or otherwise. The period of maintaining such records shall be no less than 10 years.

Article 87D The convener shall ensure that the general meeting is being conducted continuously until resolutions have been resulted. In the event of special reasons such as force majeure resulting in the termination of meeting or the failure of resulting in resolutions, necessary measures shall be taken to resume the general meeting as soon as practicable; alternatively, the meeting may be terminated in such circumstances with an announcement timely made. At the same time, the convener shall deliver a report to the branch office of the China Securities Regulatory Commission and the stock exchange on the event.

21. Amendment and supplement to the original article 101 of Chapter 11:

(1) Amendment to the entire original clause 7 of article 101 of Chapter 11:

The original provision reads: (7) Formulation of proposals for the merger, demerger or dissolution of the Company;

It shall be amended to read: (7) Formulation of proposals for major acquisitions, acquisition of the Company's shares or the merger, demerger, dissolution or transformation of the Company;

(2) Four clauses shall be added to clause 12 of the article, which shall become clause 13, clause 14, clause 15 and clause 16 respectively. The newly added clauses read:

(13) Management of the information disclosure of the Company;

(14) Proposing to the shareholders' general meeting for the engagement of lawyers or change of auditors of the Company;

(15) Receiving report and inspection of the work of managers of the Company;

(16) Such other duties and functions as authorized by the laws, administrative regulations and departmental rules or these articles.

(3) Deletion of the original clause 13 and clause 14 of the article and the subsequent part in its entirety.

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22. Supplement to the original article 104 of Chapter 11:

Addition of a paragraph after the original article 104 of Chapter 11 as supplement. The newly added paragraph reads:

Shareholders representing more than 1/10 of the voting rights, 1/3 of the directors or supervisors may propose the convening of an extraordinary general meeting. The Chairman shall convene and chair meeting of the board within 10 days upon receiving the proposal.

23. Amendment to article 106 of Chapter 11 of the original articles:

The original text reads:

Article 106 Meeting of the board shall only be convened with more than half of the directors attending the meeting.

Each director shall have one vote. Without prejudice to the circumstances described in clause (2) of article 101, resolutions of the board of directors shall only be passed with more than half of all the directors.

In the event the number of votes for and against are equal, the Chairman shall have a casting vote.

The text shall be amended as:

Article 106 Meeting of the board shall only be convened with more than half of the directors attending the meeting. Resolutions of the board of directors shall only be passed with more than half of all the directors.

Each director shall have one vote in voting on resolutions of the meeting of the board.

When matters to be resolved in meetings of the board of directors are related to directors, such directors shall not exercise their voting rights in respect of such resolutions, nor shall they vote on behalf of other directors. Meetings of the board may be convened with more than half of the directors who are not related. Resolutions by the board of directors shall be passed by more than half of directors who are not related. When the number of directors attending the meeting of the board who are not related is less than 3, such matters shall be submitted to the general meeting for consideration.

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24. Supplement to the original article 110 of Chapter 11:

A paragraph shall be added after the original article 110 of Chapter 11. The newly added paragraph reads:

Minutes of meetings of the board shall be kept as records of the Company for a period of no less than 10 years. Minutes of meetings of the board of directors include the following:

- (1) Date and time of the meeting to be convened and the name of the convener;
- (2) Names of directors attending the meeting and directors attending on behalf of others (proxy);
- (3) Agenda of the meeting;
- (4) Gist of speech of directors;
- (5) Manner and result of matters to be voted (the voting results shall set out the number of votes for and against).

25. The original article 115 of Chapter 12 shall become article 115A, article 116 shall become article 115B, article and article 126 of Chapter 14 shall become article 116 with the entirety moved to before article 117.

26. The original article 124 of Chapter 14 shall become article 124A, and an article shall be added to before the original article 125 of Chapter 14 as the amended article 124B.

The newly added article 124B reads as follows:

Article 124B When the tenure of supervisors expires and re-election is not forthcoming, or when supervisors resign during their tenure resulting to an insufficient quorum of the supervisory committee, before supervisors are re-elected, the original supervisors shall continue to perform their duties as supervisors pursuant to the laws, administrative regulations and provisions of these articles.

27. A new article shall be added after the original article 125B of Chapter 14 as the amended article 125C.

The newly added article 125C reads:

Article 125C Notice of meeting of the supervisory committee shall include the following:

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- (1) Date and place of meeting and duration of the meeting;
- (2) Matters and agenda;
- (3) Date of issue of notice.

28. A new article shall be added before the original article 127 of Chapter 14 as the amended article 126.

The newly added article 126 reads as follows:

Article 126 Supervisors shall ensure that the information disclosed by the Company is true, accurate and complete. Supervisors shall not prejudice the interests of the Company by means of their connected relationship with the Company. They shall be liable for compensation for any loss caused to the Company.

If supervisors have violated the laws, administrative regulations, departmental rules or provisions of these articles in the course of performing their duties, which has caused losses to the Company, they shall be liable for compensation.

29. Amendment to the original article 127 of Chapter 14:

The original text reads:

Article 127 The supervisory committee is accountable to the shareholders' general meeting and shall exercise the following functions pursuant to the law:

- (1) Examination of the finance of the Company;
- (2) Monitoring of any violation of laws, administrative regulations or these articles by directors, general manager or other senior management in performing their duties;
- (3) Demanding for correction in the event of any damage to the interests of the Company caused by directors, general manager or other senior management;
- (4) Inspection of the financial reports, operating reports and profit appropriation proposals prepared by the board of directors to be submitted to the general meeting. In case of doubt identified, the committee may appoint registered accountants or practicing auditors to help in the review in the name of the Company;

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- (5) Proposing the convening of extraordinary general meetings;
- (6) Negotiating with directors or instituting proceedings against directors;
- (7) Such other duties prescribed by these articles.

The articles shall be amended as:

Article 127 The supervisory committee shall exercise the following functions:

- (1) Reviewing and expressing its view in writing on regular reports prepared by the board of directors;
- (2) Examination of the finance of the Company;
- (3) Monitoring of the performance of duties of directors and senior management, and the proposing of dismissal of directors and senior management who have violated the laws, administrative regulations and these articles or resolutions of the general meeting;
- (4) Demanding for correction in the event of any damage to the interests of the Company caused by directors, general manager or other senior management;
- (5) Proposing the convening of extraordinary general meetings, and convening and chairing of general meetings in the event of the board of directors having failed to perform its duties pursuant to the Company Law;
- (6) Proposing motions to the general meeting;
- (7) Instituting legal proceedings against directors and senior management pursuant to the provisions of section 152 of the Company Law;
- (8) In case of any irregularity identified, to investigate and if necessary, to engage professional institutions such as accountants or law firms to assist in its work at the expense of the Company.

30. An article shall be added after the original article 128 of Chapter 14 as the amended article 128B, and the original article 128 shall become 128A.

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The newly added article 128B reads:

Article 128B The supervisory committee shall cause decisions made during the meeting to be reduced to minutes of meetings, and attending supervisors shall sign on the minutes of meetings.

Supervisors are entitled to demand any descriptive record to be made for any speech in the meeting. Minutes of meetings of the supervisory committee shall be records of the Company and shall be kept for at least 10 years.

31. Amendment to the original article 160 of Chapter 17:

The original text reads:

Article 160 The profit after taxation of the Company shall be appropriated in the following order:

- (1) Loss to be made up;
- (2) Statutory surplus reserve;
- (3) Statutory welfare reserve;
- (4) Discretionary reserve;
- (5) Payment of dividends for ordinary shares.

Item (4) to (5) shall be appropriated in certain specific proportions, which shall be formulated by the board of directors subject to the operating conditions and development needs of the Company, and subject to the approval by the general meeting.

The text shall be amended as:

Article 160 The profit after tax of the Company shall be appropriated in the following order:

- (1) Loss to be made up;
- (2) Statutory surplus reserve;
- (3) Statutory welfare reserve;

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(4) Payment of dividends for ordinary shares.

Item (3) to (4) shall be appropriated in certain specific proportions, which shall be formulated by the board of directors subject to the operating conditions and development needs of the Company, and subject to the approval by the general meeting.

32. Amendment to the original article 163 of Chapter 17.

The original text reads:

Article 163 The Company shall appropriate 5% to 10% of the profit after taxation as the statutory welfare reserve.

It shall be amended as:

Article 163 The Company may appropriate 5% to 10% of the profit after taxation as the statutory welfare reserve according to the need, which shall be reduced to a proposal for submission to the general meeting for approval.

Note: The above is the English translation of the Chinese version of the proposed alterations of the Articles of Association. Should there be any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.

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Annex II: Biography of Mr Chan Yuk Tong

Mr Chan Yuk Tong, aged 43, FCPA and CPA, Aust. CPAs. Mr Chan graduated from New Castle University of Australia and obtained his bachelor's degree in commerce. He has also obtained his master's degree in business administration (MBA) from the Hong Kong Chinese University. Mr Chan has worked with G2000 Group, Tat Shing Holdings Company Limited and Ernst & Young, and has over 20 years of experience in finance. Mr Chan has also been an executive director, chief operating officer or non-executive director with several companies listed on the Stock Exchange, namely, 天年生物控股有限公司 (Tian Nian Biotech Holdings Limited), 大昌微線集團有限公司 (Da Chang Micro-wireless Holdings Limited) and 錦興國際控股有限公司 (Kam Hing International Holdings Limited), and has been a director of 香港德揚會計師事務所有限公司 (Hong Kong Tak Yeung Accountants), 香港華傑專業諮詢有限公司 (Hong Kong Wah Kit Professional Consulting Limited) and an expert of 國家發展改革委員會中小企業對外合作協調中心專家諮詢委員會 (Expert Consulting Committee of the Foreign Cooperation Centre for Small to Medium Enterprises of the State Reform Commission).

In the event Resolution No. 6 set out in this Notice is approved by shareholders, the tenure of Mr Chan will expire by the end of the third session of the Board of Directors; his remuneration will be determined by the Remuneration and Nomination Committee of the Board by reference to the level of remuneration for independent directors of similar companies in the PRC and his duties.

Mr Chan is not related to the directors, senior management or controlling shareholders of the Company. Mr Chan has no shareholding interests of the Company referred to in Part XV of SFO.

Save as disclosed above, there is no information to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules (particularly in relation to sub-paragraphs (h) to (v) of that Rule).