



## Chapter X Notice of 2002 Annual General Meeting

### Notice of Class Meeting of Holders of H Shares

### Notice of Class Meeting of Holders of A Shares

Notice is hereby given that the following meetings of Jingwei Textile Machinery Company Limited (“Company”) will be held at Level 7 Conference Room, First Shanghai Centre, 39 Liang Ma Qhiao Road, Chaoyang District, Beijing, the People’s Republic of China on Wednesday, 28 May 2003:

- (1) the 2002 Annual General Meeting will be held at 9:00 a.m.;
- (2) the Class Meeting of Holders of H Shares will be held immediately as soon as the conclusion of the aforesaid annual general meeting as stated in (1) above or the adjourned meeting thereof; and
- (3) the Class Meeting of Holders of A Shares will be held immediately as soon as the conclusion of the aforesaid class meeting as stated in (2) above or the adjourned meeting thereof.

These meetings are to be held for the following purposes:

#### 2002 Annual General Meeting:

1. To consider and approve the Report of the Board of Directors of the Company for the year ended 31 December 2002;
2. To consider and approve the Report of the Supervisory Committee of the Company for the year ended 31 December 2002;
3. To consider and approve the audited financial statements of the Company for the year ended 31 December 2002;
4. To consider and approve the 2002 proposed profit distribution plan of the Company (Please see Note 7 for details);
5. To consider and approve the re-appointments of PricewaterhouseCoopers (Hong Kong Certified Public Accountants) and PricewaterhouseCoopers Zhong Tian (PRC Certified Public Accountants) as the Company’s international auditors and PRC auditors respectively for the year ending 31st December 2003 and to authorize the Board of Directors of the Company to fix their remuneration;
6. To consider and approve the rules of procedures of the general meetings of the Company;
7. To consider and approve the following proposal for the change of use of proceeds:

According to the use of proceeds of its additional A Share issued in June 2000, the Company originally intended to apply RMB110,000,000 in the establishment of Jintu Office Automation Company Limited. The Company had initially invested RMB45,000,000, with unutilised proceeds of RMB65,000,000. In view of the operation of the Company and the market situation in the last two years, the Board of Directors of the Company consider that the Company will be subject to greater exposure for any further capital contribution to the project. According to its proactive textile development strategy, the Company intends to change the use of the aforementioned unutilised fund of RMB65,000,000 for the following purposes: (i) as to approximately RMB27,000,000 for the research and development of new air-blowing weaving machine, which commands a higher market potential; and (ii) as to approximately RMB38,000,000 for the acquisition of 28% of the registered capital of 山西經緯合力機械製造公司 (Shanxi Jingwei Heli Machinery Manufacture Company) from 經緯機械(集團)有限公司 (Jingwei Machinery (Group) Company Limited);

8. To approve the following resolution as a special resolution:

“THAT the first sentence of Clause 121 of the Articles of Association of the Company be revised from “The Supervisory Committee consists of 7 supervisors, of which there consists a chairperson and a vice-chairperson.” to “The Supervisory Committee consists of not less than 5 supervisors, of whom there consists a chairperson and a vice-chairperson.” and that the first sentence of Clause 122 of the Articles of Association of the Company be revised from “The members of the Supervisory Committee consist of 4 representatives from shareholders and 3 representatives from the employees of the Company.” to “The members of the Supervisory Committee consist of at least 3 supervisors representing the shareholders and the number of supervisors representing the employees of the Company shall not be less than one-third of that of the supervisors representing the shareholders.””

9. To approve the following resolution as a special resolution:

“THAT the Company’s registered office be relocated from 15 Wucheng Road, Taiyuan Municipality, Shanxi Province to the Economic and Technology Development Zone in Beijing and, subject to the approval by the relevant PRC authorities, to authorise the Board of Directors of the Company be authorised to deal with the following matters:

- (a) to make such amendment as they consider appropriate to Clause 3 of the Company’s Articles of Association for the purpose of reflecting the change of location of the Company’s registered office; and
- (b) to file the revised Articles of Association of the Company with the relevant PRC authorities.”

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

“**THAT:**

- (a) subject to paragraphs (b) and (c) below and subject to all applicable laws, standards and system and/or requirements of the governmental or regulatory body of securities in the People's Republic of China (“**PRC**”), The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) or of any other governmental or regulatory body, the directors of the Company (“**Board**”) be and it is hereby authorised to exercise, whether by a single exercise or otherwise, all the powers of the Company to repurchase the overseas listed foreign shares (“**H Shares**”) in issue of the Company on the Stock Exchange during the Relevant Period (as defined in paragraph (d) below);
- (b) the aggregate nominal value of H Shares authorised to be repurchased pursuant to the authority granted under paragraph (a) above during the Relevant Period (as defined in paragraph (d) below) shall not exceed 10 per cent. of the aggregate nominal value of H Shares in issue of the Company as at the date of passing of this resolution;
- (c) the exercise of the authority granted under paragraph (a) above shall be conditional upon:
  - (i) the passing of a special resolution in the same terms as the resolution set out in this paragraph 10 (except for this sub-paragraph (c)(i)) at each of the class meeting for holders of domestic shares (“**A Shares**”) of the Company and the class meeting for holders of H Shares, both to be held on the date of the annual general meeting as convened by this notice (or on such adjourned date as may be applicable);
  - (ii) the approvals of the China Securities Regulatory Commission, the State Council of the PRC and/or (if appropriate) any other regulatory authorities as required by the laws, standards and system of the PRC being obtained by the Company; and
  - (iii) the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company in its absolute discretion having repaid or provided guarantee in respect of such amount) pursuant to the notification procedure set out in Article 31 of the Articles of Association of the Company;
- (d) for the purpose of this special resolution, “**Relevant Period**” means the period from the passing of this special resolution until whichever is the earlier of:
  - (i) the conclusion of the next annual general meeting following the passing of this special resolution; and
  - (ii) the date on which the authority set out in this special resolution is revoked or varied by a special resolution of the members of the Company in any general meeting or by a special resolution of holders of H Shares or A Shares in their respective class meetings; and
- (e) subject to approval of all relevant governmental authorities in the PRC for the repurchase of such H Shares being granted, the Board be and it is hereby authorised to:
  - (i) make such corresponding amendments to its articles of association (“**Articles of Association**”) as it thinks fit so as to reduce the registered capital of the Company and to reflect the new capital structure of the Company upon the exercise of the authority to repurchase any H Shares of the Company as conferred under paragraph (a) above; and
  - (ii) file the amended Articles of Association with the relevant governmental authorities of the PRC.”

#### **Class Meeting of Holders of H Shares**

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

“**THAT:**

- (a) subject to paragraphs (b) and (c) below and subject to all applicable laws, standards and system and/or requirements of the governmental or regulatory body of securities in the People's Republic of China (“**PRC**”), The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) or of any other governmental or regulatory body, the directors of the Company (“**Board**”) be and is hereby authorised to exercise, whether by a single exercise or otherwise, all the powers of the Company to repurchase the overseas listed foreign shares (“**H Shares**”) in issue of the Company on the Stock Exchange during the Relevant Period (as defined in paragraph (d) below);



- (b) the aggregate nominal value of H Shares authorised to be repurchased pursuant to the authority granted under paragraph (a) above during the Relevant Period (as defined in paragraph (d) below) shall not exceed 10 per cent. of the aggregate nominal value of H Shares in issue of the Company as at the date of passing of this resolution;
- (c) the exercise of the authority granted under paragraph (a) above shall be conditional upon:
  - (i) the passing of a special resolution in the same terms as the resolution set out in this paragraph (except for this sub-paragraph (c)(i)) at each of the annual general meeting 2002 of the Company and the class meeting for holders of domestic shares (“A Shares”) of the Company, both to be held on the date of the class meeting for holders of H Shares as convened by this notice (or on such adjourned date as may be applicable);
  - (ii) the approvals of the China Securities Regulatory Commission, the State Council of the PRC and/or (if appropriate) any other regulatory authorities as required by the laws, standards and system of the PRC being obtained by the Company; and
  - (iii) the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company in its absolute discretion having repaid or provided guarantee in respect of such amount) pursuant to the notification procedure set out in Article 31 of the Articles of Association of the Company;
- (d) for the purpose of this special resolution, “Relevant Period” means the period from the passing of this special resolution until whichever is the earlier of:
  - (i) the conclusion of the next annual general meeting following the passing of this special resolution; and
  - (ii) the date on which the authority set out in this special resolution is revoked or varied by a special resolution of the members of the Company in any general meeting or by a special resolution of holders of H Shares or A Shares in their respective class meetings; and
- (e) subject to approval of all relevant governmental authorities in the PRC for the repurchase of such H Shares being granted, the Board be and it is hereby authorised to:
  - (i) make such corresponding amendments to its articles of association (“Articles of Association”) as it thinks fit so as to reduce the registered capital of the Company and to reflect the new capital structure of the Company upon the exercise of the authority to repurchase any H Shares of the Company as conferred under paragraph (a) above; and
  - (ii) file the amended Articles of Association with the relevant governmental authorities of the PRC.”

#### **Class Meeting of Holders of A Shares**

##### **“THAT:**

- (a) subject to paragraphs (b) and (c) below and subject to all applicable laws, standards and system and/or requirements of the governmental or regulatory body of securities in the People’s Republic of China (“PRC”), The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or of any other governmental or regulatory body, the directors of the Company (“Board”) be and it is hereby authorised to exercise, whether by a single exercise or otherwise, all the powers of the Company to repurchase overseas listed foreign shares (“H Shares”) in issue of the Company on the Stock Exchange during the Relevant Period (as defined in paragraph (d) below);
- (b) the aggregate nominal value of H Shares authorised to be repurchased pursuant to the authority granted under paragraph (a) above during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal value of H Shares in issue of the Company as at the date of passing of this resolution;
- (c) the exercise of the authority granted under paragraph (a) above shall be conditional upon:
  - (i) the passing of a special resolution in the same terms as the resolution set out in this paragraph (except for this sub-paragraph (c)(i)) at each of annual general meeting 2002 of the Company and the class meeting for holders of H Shares, both to be held on the date of the class meeting for domestic shares (“A Shares”) as convened by this notice (or on such adjourned date as may be applicable);
  - (ii) the approvals of the China Securities Regulatory Commission, the State Council of the PRC and/or (if appropriate) any other regulatory authorities as required by the laws, standards and system of the PRC being obtained by the Company; and
  - (iii) the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company in its absolute discretion having repaid or provided guarantee in respect of such amount) pursuant to the notification procedure set out in Article 31 of the Articles of Association of the Company;

- (d) for the purpose of this special resolution, “Relevant Period” means the period from the passing of this special resolution until whichever is the earlier of:
  - (i) the conclusion of the next annual general meeting following the passing of this special resolution; and
  - (ii) the date on which the authority set out in this special resolution is revoked or varied by a special resolution of the members of the Company in any general meeting or by a special resolution of holders of H Shares or A Shares in their respective class meetings; and
- (e) subject to approval of all relevant governmental authorities in the PRC for the repurchase of such H Shares being granted, the Board be and it is hereby authorised to:
  - (i) make such corresponding amendments to its articles of association (“Articles of Association”) as it thinks fit so as to reduce the registered capital of the Company and to reflect the new capital structure of the Company upon the exercise of the authority to repurchase any H Shares of the Company as conferred under paragraph (a) above; and
  - (ii) file the amended Articles of Association with the relevant governmental authorities of the PRC.”

*Notes:*

1. Holders of the Company’s A Shares and H Shares whose names appear in the Company’s registers of members on 28th April 2003 are entitled to attend the 2002 Annual General Meeting, the Class Meeting of Holders of H Shares and/or the Class Meeting of Holders of A Shares by showing their identity cards or passports.  
  
Holders of H Shares in the Company kindly note that the register of holders of H Shares will be closed for 30 days (from 29th April to 28th May 2003, both days inclusive) prior to the 2002 Annual General Meeting, during which period transfers of H Shares will not be effected. To qualify for the attendance of the Annual General Meeting and the Class Meeting for Holders of H Shares or for the payment of final dividend for the year ended 31 December 2002, all transfer documents accompanied by share certificates must be lodged with the Company’s share registrar and transfer office for H Shares, Computershare Hong Kong Investor Services Limited at 1901-05, 19th Floor, 183 Queen’s Road East, Hong Kong at or before 4:00 p.m. on 28th April 2003. The book closure dates, method and date of payment of dividend for holders of A Shares will be announced separately.
2. A member entitled to attend and vote at the 2002 Annual General Meeting, the Class Meeting of Holders of H Shares and the Class Meeting of Holders of A Shares are entitled to appoint one or more proxies (whether they are members of the Company or not) to attend and vote on his behalf at the meeting(s).
3. The instrument appointing a proxy must be in writing signed by the appointer or his attorney duly authorized in writing. For appointer who is a legal person, the instrument appointing proxy should be signed under its seal or signed by its director or an attorney duly authorized in writing. For the instrument appointing proxy signed by an authorized person, the power of attorney or other documents of authorisation must be notarised. To be valid, the notarised power of attorney or other documents of authorization and the form of proxy must be delivered to the Secretariat to the Board of the Company not less than 24 hours before the time appointed for holding of the 2002 Annual General Meeting, the Class Meeting of Holders of H Shares and the Class Meeting of Holders of A Shares.
4. A member intending to attend the 2002 Annual General Meeting, the Class Meeting of Holders of H Shares and the Class Meeting of Holders of A Shares should return the accompanying reply slip in writing to the Secretariat to the Board of the Company before 5:00 p.m. on 8th May 2003 either in person, by mail, registered mail or facsimile. Such reply, however, will not preclude a member from attending the meeting.
5. Members attending the 2002 Annual General Meeting, the Class Meeting of Holders of H Shares and the General Meeting of Holders of A Shares, which are expected to last half a day, should be responsible for their own travelling, lodging and the related costs.
6. Details of the Secretariat to the Board of the Company are as follows:  
  
Level 7, First Shanghai Centre  
39 Liangma Bridge Road  
Chaoyang District, Beijing  
PRC  
  
Tel: (8610)-8453 4078 Extension 8501  
Fax: (8610)-8453 4135  
Postal code: 100016
7. Profit distribution plan of the Company for the year ended 31 December 2002  
  
In 2002, the Company realized a net profit of RMB139,068,000 under PRC GAAP, 10% of which amounting to RMB13,907,000 will be appropriated to each of the statutory surplus reserve and statutory public welfare fund in accordance with the Articles of Association of the Company. The balance of the current year’s profit of RMB111,254,000 available for distribution, when combined with the undistributed profit of RMB192,928,000 at the beginning of the year, amounted to RMB304,182,000 was available for distribution to the shareholders. A final dividend of RMB0.06 (inclusive of tax) per share is proposed totalling RMB36,228,000. The balance of the undistributed profit of RMB267,954,000 will be carried forward to the following year.

Board of Directors  
**Jingwei Textile Machinery Company Limited**

Beijing, the PRC  
26th March 2003