

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Lianhua Supermarket Holdings Co., Ltd. (the "Company") for the year 2003 will be held at 2:00 p.m. on 18 May 2004 at the Conference Room, 15th Floor, 1666 Sichuan (North) Road, Shanghai, the PRC, to consider and, if thought fit, pass the following ordinary resolutions and special resolutions:

## ORDINARY RESOLUTIONS

1. To approve the report of the board of directors of the Company for the year ended 31 December 2003;
2. To approve the report of the supervisory committee of the Company of the Company for the year ended 31 December 2003;
3. To approve the consolidated audited financial statements of the Company and the report of the international auditors for the year ended 31 December 2003;
4. To approve the profit distribution proposal of the Company and the relevant declaration and payment of a final dividend of RMB0.08 per ordinary share of the Company for the year ended 31 December 2003;
5. To approve the re-appointment of Shanghai Certified Public Accountants as the Company's PRC auditors and PricewaterhouseCoopers as the Company's international auditors for the period from the conclusion of the Annual General Meeting for the year 2003 to the conclusion of the Annual General Meeting for the year 2004 and to authorise the board of directors of the Company to determine their remuneration;
6. To approve the appointment of Mr. Shi Zu-qi as a non-executive director of the Company;

7. To approve the appointment of Mr. Shen Bo as a supervisor of the Company;
8. To approve the authorisation of the board of directors of the Company to determine the annual remuneration package and incentive scheme for the directors and supervisors of the Company for the year ended 31 December 2003 and beyond; and
9. To consider and approve other matters, if any.

And as special business, to consider and, if thought fit, to pass the following as special resolutions:

## SPECIAL RESOLUTIONS

1. "THAT there be granted to the directors of the Company (the "Directors") an unconditional general mandate to issue, allot and deal with additional overseas listed foreign shares in the share capital of the Company with a Renminbi-denominated par value of RMB1.00 each which shares are subscribed for and traded in HK dollars (the "H Shares"), and to make or grant offers, agreements and options in respect thereof, subject to the following conditions:-
  - (A) such mandate shall not extend beyond the Relevant Period (as defined below) save that the Directors may during the Relevant Period make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
  - (B) the aggregate nominal amount of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors otherwise than pursuant to (i) a Rights Issue (as defined below); (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the

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Company, or any securities which are convertible into ordinary shares of the Company; and (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 of the Company, shall not exceed the aggregate of 20% of the aggregate nominal amount of the H Shares in issue at the date of passing of this Resolution; 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 any applicable law to be held; and
- (iii) the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors made to holders of shares of the Company or any class thereof on the register of members on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the Directors 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, or in any territory outside, the Hong Kong Special Administrative Region of the PRC).”

2. “THAT the following amendments shall be made to the articles of association of the Company in order to reflect the provisions of Appendix 3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited:

1. The following words shall be added at the end of the existing Article 78:

“Where any shareholder is, under the rules governing the listing of securities at the place of listing of the Company, 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.”

2. The existing Article 96 Clause 2 shall be replaced in its entirety by the following clause:

“Article 96 Clause 2: The period for lodgment of notices regarding notice to the Company of the intention to propose a person for election as a director, and during which notice to the Company by such person of his willingness to be elected may be given, will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting.”

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3. The existing Article 134 Clause 2 shall be replaced in its entirety by the following clause:

“Article 134(2): A director shall not vote on any board resolution approving any contract, transaction or arrangement in which he or any of his associates has a material interest nor shall he be counted in the quorum present at the same board meeting.”

By Order of the Board  
**Wang Jian    Chung Ying Jye**  
*Company Secretary*

Shanghai, the PRC, 1 April 2004

## Notes:

- (A) The H Shares register of the Company will be closed from Saturday, 17 April 2004 to Tuesday, 18 May 2004 (both days inclusive), during which no transfer of H Shares will be effected. Any holders of H Shares of the Company, whose names appear on the Company's Register of Members at the close of business on Friday, 16 April 2004, are entitled to attend and vote at the Annual General Meeting after completing the registration procedures for attending the meeting. In order to be entitled to attend and vote at the Annual General Meeting and to qualify for the final dividend, persons holding the H Shares shall lodge share transfer documents and the relevant share certificates with the H Shares share registrar not later than 4:00 p.m. on Friday, 16 April 2004.

The address of the Company's share registrar in Hong Kong is as follows:

Computershare Hong Kong Investor Services Limited  
Rooms 1712-1716  
17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

- (B) Holders of H Shares and Domestic Shares, who intend to attend the Annual General Meeting, must complete the reply slips for attending the Annual General Meeting and return them to the Office of the secretary to the board of directors of the Company not later than 20 days before the date of the Annual General Meeting, i.e. no later than Tuesday, 27 April 2004.

Details of the Office of the secretary to the board of directors of the Company are as follows:

11th to 15th Floors  
1666 Sichuan (North) Road  
Shanghai  
The PRC

Tel: (8621) 6357 9324  
Fax: (8621) 6393 1318

- (C) Each holder of H Shares who has the right to attend and vote at the Annual General Meeting is entitled to appoint in writing one or more proxies, whether a shareholder or not, to attend and vote on his behalf at the Annual General Meeting. A proxy of a shareholder who has appointed more than one proxy may only vote on a poll. Each shareholder who wishes to appoint one or more proxies should first review the annual report of the Company for the year ended 31 December 2003.
- (D) The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing. If that instrument is signed by an attorney of the appointor, the power of attorney authorising that attorney to sign, or other documents of authorisation, must be notarially certified.
- (E) To be valid, the form of proxy, and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarially certified copy of that power of attorney or other authority, must be delivered to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time for holding the Annual General Meeting or any adjournment thereof in order for such documents to be valid.

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- (F) Each holder of domestic shares of nominal value of RMB1.00 each in the share capital of the Company which are subscribed for or credited as paid up in Renminbi (the “Domestic Shares”) and of unlisted foreign shares of nominal value of RMB1.00 each in the share capital of the Company which are subscribed for or credited as paid up in foreign currency (the “Unlisted Foreign Shares”) is entitled to appoint in writing one or more proxies, whether a shareholder or not, to attend and vote on its behalf at the Annual General Meeting. Notes (C) to (D) also apply to holders of Domestic Shares and Unlisted Foreign Shares, except that the proxy form or other documents of authority must be delivered to the Office of the secretary to the board of directors of the Company, the address of which is set out in Note (B) above, not less than 24 hours before the time for holding the Annual General Meeting or any adjournment, thereof in order for such documents to be valid.
- (G) If a proxy attends the Annual General Meeting on behalf of a shareholder, he should produce his ID card and the instrument signed by the proxy or his legal representative, which specifies the date of its issuance. If the legal representative of a legal person share shareholder attends the Annual General Meeting, such legal representative should produce his ID card and valid documents evidencing his capacity as such legal representative. If a legal person share shareholder appoints a representative of the company other than its legal representative to attend the Annual General Meeting, such representative should produce his ID card and an authorization instrument affixed with the seal of the legal person share shareholder and duly signed by its legal representative.
- (H) The Annual General Meeting is expected to last for half a day. Shareholders attending the Annual General Meeting are responsible for their own transportation and accommodation expenses.