

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2003 Annual General Meeting of CATIC Shenzhen Holdings Limited (the “Company”) will be held at the conference hall of the Company at Level 25, Hangdu Building, CATIC Zone, Shennan Road Central, Futian District, Shenzhen, Guangdong Province, the People’s Republic of China at 10:00 a.m. on Monday, 24th May, 2004 for the purposes of considering and, if thought fit, passing with or without modifications, the following resolutions of the Company:

Special Resolution

1. **THAT** the articles of association of the Company be and are hereby amended by:

- (1) deleting the first paragraph of Article 47 in its entirety and substituting therefor the following new paragraph:

All transfers of the Overseas-listed Foreign Shares listed in Hong Kong shall use written instruments of transfer commonly used in Hong Kong or the standard form of transfer as prescribed by the Hong Kong Stock Exchange, or other written instruments of transfer acceptable to the board of directors. Instruments of transfer must be signed by both the transferor and transferee in person or, if approved by the Board, by print. If the member is a clearing house recognised under the laws of Hong Kong or its nominee, the instrument of transfer may be signed in person or mechanically printed.

- (2) adding the following paragraph at the end of Article 56:

The exercise of the above power shall not be freeze or otherwise impair by reason only that the person or persons who are interested directly or indirectly in the share have failed to disclose their interests to the Company.

- (3) deleting the fourth paragraph of Article 64 in its entirety.
- (4) deleting the words in paragraph one of Article 72 “as recognised under the Securities and Futures (Clearing Houses) Ordinance of Hong Kong (Chapter 420 of the laws of Hong Kong)” and substituting therefor the words “recognised under the laws of Hong Kong”.
- (5) deleting the words in paragraph two of Article 73 “as recognised under the Securities and Futures (Clearing Houses) Ordinance of Hong Kong (Chapter 420 of the laws of Hong Kong)” and substituting therefor the words “recognised under the laws of Hong Kong”.

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- (6) Adding the following paragraph immediately after the second paragraph of Article 76:

Where any shareholder is, under the Rules Governing the Listing of Securities on the Stock Exchange, 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.

- (7) Inserting the sentence “Unless specifically required under the Rules Governing the Listing of Securities on the Stock Exchange or any other applicable laws, rules or regulations to be by poll or” immediately before the first sentence of Article 77.
- (8) Deleting the words in the first line of the second paragraph of Article 77 “Unless a poll is demanded by any person,” and replacing them with “Unless a poll is so demanded,”.
- (9) deleting Article 98 in its entirety and substituting therefor the following new Article:

The board of directors shall consist of 5 to 13 directors. The board of directors shall have one chairman.

- (10) deleting the second paragraph of Article 100 in its entirety and substituting therefor the following new paragraph:

Other than a retiring Director and a person recommended by the Board for election to the office of Director, commencing on the second date after the dispatch of the notice of the meeting appointed for election of director(s), a shareholder is entitled to lodge a notice in writing to the Company to nominate director(s), the period (during which the candidate is allowed to issue a notice to the Company acknowledging his intention to be elected) for lodgment of such notice shall be at least 7 days. In any event, the aforesaid period shall end seven days before the date of such meeting.

- (11) deleting the fourth paragraph of Article 106 in its entirety and substituting therefor the following new paragraph:

Unless otherwise provided in the Articles, a director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates (within the meaning as defined in the Rules Governing the Listing of Securities on the Stock Exchange) has a material interest nor shall he be counted in the quorum present at the same board meeting.

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- (12) deleting the second paragraph of Article 154 in its entirety and substituting therefor the following new paragraph:

That a copy of either (i) the directors' report and financial report as mentioned above, accompanied by the balance sheet and profit and loss account or income and expenditure account, or (ii) the summary financial report shall, at least 21 days before the date of the general meeting, be delivered or sent by post to the registered address (as recorded in the register of members) of every holder of Overseas-listed Foreign Shares.

- (13) Adding the following paragraph immediately before the first paragraph of Article 173:

(1A) As regards dividends, that any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.

- (14) deleting the third paragraph of Article 204 in its entirety and substituting therefor the following new paragraph:

Any notice of the Company to its domestic shareholders may be served by way of announcement in one or more newspapers designated by state authorities responsible for the administration of securities. Upon publication of the announcement, all domestic shareholders shall be deemed to have received such a notice. Notice of the Company to its domestic shareholders may also be served by way of personal delivery or by post to each of such shareholders.

- (15) deleting Article 208 in its entirety and substituting therefor the following new article:

The Chinese version of this Articles shall prevail.

Ordinary Resolution

1. To consider and approve the audited financial statements and the report of the auditors of the Company for the year ended 31st December, 2003;
2. To consider and approve the report of the directors of the Company for the year ended 31st December, 2003;
3. To consider and approve the report of the supervisory committee of the Company for the year ended 31st December, 2003;

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4. To consider and approve the profit appropriation plan and the final dividend for the year 2003;
5. To elect new members of the board of directors and fix their remuneration, and to authorize the board of directors to decide the terms of service contracts with the relevant directors ;
6. To consider the re-appointment of PricewaterhouseCoopers as the Company's auditors for the year 2004 and to authorize the board of directors of the Company to fix their remuneration;
7. To transact any other ordinary business of the Company.

By order of the Board

You Lei

Company Secretary

Shenzhen, the People's Republic of China

7th April, 2004

Notes:

1. Eligibility for the Annual General Meeting

Holders of H shares of the Company who intend to attend the Annual General Meeting (the "AGM") of the Company must deliver all instruments of transfer, accompanied by the relevant share certificates, to the H Share Registrar of the Company, Hong Kong Registrars Limited, whose address is at Rooms 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before 4:00 p.m. on Friday, 23rd April, 2004.

2. Registration procedures for the AGM

- (a) A shareholder or his proxy should produce proof of identity when attending the AGM;
- (b) Holders of the H shares or domestic shares of the Company who intend to attend the AGM should return the confirmation slip for the AGM to the Company on or before Tuesday, 4th May, 2004;
- (c) Shareholders of the Company may send the above confirmation slip to the Company's legal address in person, by post or by facsimile.

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3. Proxy

- (a) A shareholder of the Company eligible to attend the AGM is entitled to appoint one or more proxies to attend and vote on his behalf in accordance with the articles of association of the Company. A proxy need not be a shareholder of the Company;
- (b) A proxy shall be appointed by a written instrument signed by the appointer or its attorney. If the form of proxy is signed by the attorney of the appointer, the power of the attorney or other authorization document(s) of such attorney should be notarized;
- (c) To be valid, the power of attorney or other authorization document(s) which have been notarized together with the completed form of proxy, must be delivered to the legal address of the Company not less than 24 hours before the time designated for the holding of the AGM or not less than 24 hours before the time appointed for taking the poll;
- (d) A shareholder of the Company who has appointed more than one proxy shall only vote on a poll.

4. Closure of Register of Members of the Company

In accordance with Article 48 of the Articles of Association of the Company, the register of members of the Company will be closed from Saturday, 24th April, 2004 to Monday, 24th May, 2004 (both days inclusive), during which no transfer of shares of the Company will be effected. Holders of domestic shares and H shares whose names stand on the register of members of the Company at the close of business on Friday, 23th April, 2004 are entitled to attend and vote at the meeting.

5. Election of directors

Mr. Wang Xin Kuo (王心闊) has tendered his resignation as an executive director of the Company with effect from the close of the Annual General Meeting due to his transfer to a new assignment. And the Company intends to appoint an additional independent non-executive director in light of the recent amendments made to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") which goes into effect on 31st March, 2004 and requires, inter alia, every board of directors of a listed company must include at least three independent non-executive directors.

The Board of Directors recommends the following candidates for election of directors in the AGM:

To nominate Mr. Lai Wei Xuan (賴偉宣) as an executive director in place of Mr. Wang Xin Kuo and,

To nominate Mr. Liu Xian Fa (劉憲法) as an independent non-executive director.

Brief biography of each of the proposed directors to be elected at the AGM are set out below:

Mr. Lai Wei Xuan (賴偉宣), aged 40, is a senior accountant. He holds a MBA from IVY University of USA. Mr. Lai joined CATIC Shenzhen Company, the controlling shareholder of the Company in 1983. Mr. Lai has extensive experience in finance, administration and management. Mr. Lai is the vice president of CATIC Shenzhen Company and the director and general manager of Shenzhen Rainbow Department Store Co., Ltd (深圳天虹商場有限公司), a subsidiary of CATIC Shenzhen Company. Save as disclosed above, Mr. Lai does not have any relationship with any other director, senior management or substantial shareholder of the Company. Mr. Lai does not have any interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. It is proposed that Mr. Lai shall be entitled to a salary of RMB120,000 per year during his term of directorship. His proposed emoluments are determined with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

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Mr. Liu Xian Fa (劉憲法), aged 50, is a senior engineer and a part time associate professor of Nan Kai University of the PRC. He is the head of the Macroeconomic Research Centre of China Development Institute of Shenzhen, the PRC, guest researcher of China Society for Research on Economic System Reform. His major fields of studies are macro-economics, finance and capital market. Mr. Liu studied at the Economics department of Nan Kai University of the PRC and graduated in 1982. He was in charge of a number of consultancy projects for PRC listed companies, with emphasis in the fields of strategic development of companies, corporate structure, assets and business reorganization. He is an independent director of DongGuan Winnerway Industrial Zone Ltd. (東莞宏遠工業區股份有限公司), a company listed on the Shenzhen Stock Exchange. Mr. Liu does not have any relationship with any other director, senior management or substantial shareholder of the Company. Mr. Liu does not have any interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. It is proposed that Mr. Liu shall be entitled to a salary of RMB50,000 per year during his term of directorship. His proposed emoluments are determined with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

6. Amendment of Articles

Since the original text of the articles of association of the Company are in Chinese language, so far as the proposed amendments of the articles of association are concerned, the Chinese text of the amended articles of association as shown in the Chinese version of this notice shall prevail over the English text in case of in any inconsistency.

- 7.** The AGM is expected not to last for more than half a day. Attendants shall bear their own traveling and accommodation expenses.

Legal address of the Company:

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Postal code: 518031