

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of shareholders of Fushan Holdings Limited (the "Company") will be held at the Function Room, Basement, Luk Kwok Hotel, 72 Gloucester Road, Wanchai, Hong Kong on Friday, 18 June 2004 at 3:00 p.m. for the following purposes:—

As Ordinary Business

1. To receive, consider and adopt the audited financial statements and reports of the directors and auditors for the year ended 31 December 2003.
2. To re-elect retiring directors and authorize the board of directors to fix their remuneration.
3. To re-appoint auditors and authorize the board of directors to fix their remuneration.

As Special Business

4. To consider and, if thought fit, to pass with or without modification the following resolutions as Ordinary Resolutions:
 - 4A. "THAT:
 - (a) subject to the paragraph (c) of this Resolution and pursuant to section 57B of the Companies Ordinance, the exercise by the directors of the Company (the "Directors") 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 or securities convertible into shares, or options, warrants or similar rights to subscribe for any shares or such securities in the capital of the Company, and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) of this Resolution shall be in addition to any other authorization given to the Directors and shall authorize the Directors during the Relevant Period to make or grant offers, agreements, options and rights of exchange or conversion which would or might require the exercise of such powers after the end of the Relevant Period;
 - (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option, warrant or otherwise) and issued by the Directors pursuant to the approval granted in paragraph (a) of this Resolution, otherwise than pursuant to:
 - (i) a Rights Issue (as hereinafter defined);
 - (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities when are convertible into shares;

Notice of Annual General Meeting

- (iii) an issue of shares under any share option scheme or similar arrangement adopted by the Company;
- (iv) an issue of shares as scrip dividends or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares in accordance with the Articles of Association of the Company;

shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution, and the approval granted in paragraph (a) of the Resolution shall be limited accordingly; and

- (d) for the purposes of this Resolution:

“Relevant Period” means the period from the date of 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 expiration of the period within which the next 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 revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting, and

“Rights Issue” means an offer of shares, or offer of warrants or options to subscribe for shares, open for a period fixed by the Directors to the holders of shares of the Company on the register on a fixed record date in proportion to their holdings of such shares of the Company (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 recognized regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

4B. “THAT:

- (a) subject to paragraph (c) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase its own issued shares in the capital of the Company (the “Shares”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time be and is hereby generally and unconditionally approved;

Notice of Annual General Meeting

- (b) the approval in paragraph (a) of this Resolution shall be in addition to any other authorization given to the Directors and shall authorize the Directors on behalf of the Company during the Relevant Period to procure the Company to repurchase its Shares at a price determined by the Directors;
- (c) the aggregate nominal amount of share capital of the Company to be repurchased by the Company pursuant to the approval granted in paragraph (a) of this Resolution shall not exceed 10% of the aggregate nominal amount of the Shares in issue as at the date of the passing of this Resolution, and the approval granted under paragraph (a) of this Resolution shall be limited accordingly;
- (d) for the purposes of this Resolution:

"Relevant Period" means the period from the date of 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 expiration of the period within which the next 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 revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting."

- 4C. "THAT subject to the passing of Resolutions set out in paragraphs 4A and 4B in the notice convening this meeting of which this Resolution forms part, the general mandate granted to the Directors and for the time being in force to exercise all the powers of the Company to allot, issue and otherwise deal with shares in the capital of the Company and to make or grant offers, agreements, options and rights of exchange or conversion pursuant to the resolution set out in paragraph 4A above be and is hereby extended by the addition to the aggregate nominal amount of share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option, warrant or otherwise) by the Directors pursuant to such general mandate, an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to the Resolution set out in paragraph 4B above provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution."

Notice of Annual General Meeting

5. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution:

"THAT the Articles of Association of the Company be and are hereby amended in the following respects by:

- (a) adding the following new definition immediately after the definition of "Articles" or "these present" in Article 1:

" "associate" in relation to any Director, chief executive or substantial shareholder shall have the same meaning as defined under Rule 1.01 of the Listing Rules."

- (b) adding the following new definition immediately after the definition of "in writing" or "written" in Article 1:

" "Listing Rules" means the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited."

- (c) inserting in Article 68 the words "a poll is required under the Listing Rules or" in the 2nd line immediately after the word "unless".

- (d) renumbering existing Article 73 to Article 73(A) and adding the following new Article 73(B) immediately after renumbered Article 73(A):

"73(B) where 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 member in contravention of such requirement or restriction shall not be counted."

- (e) deleting Article 88 in its entirety and replacing it with the following:

"88 No person other than a retiring Director shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting, unless notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election as a Director and also notice in writing signed by the person to be proposed of his willingness to be elected shall have been lodged with the Secretary in the period commencing no earlier than the day after the despatch of the notice of the general meeting appointed for such election and ending no later than seven days prior to the date of such meeting, provided that such period shall be at least seven days."

Notice of Annual General Meeting

- (f) deleting Article 111(C) in its entirety and replacing it with the following :

"111(C) Subject to Article 111(D) hereof, 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 has a material interest nor shall he be counted in the quorum present at the meeting."

- (g) deleting Article 111(D) in its entirety and replacing it with the following:

"111(D) Provided that a Director has disclosed his interest or the interest of any of his associates as required by and subject to the provisions of the Ordinance and the Articles, he may vote on a board resolution in respect of any following contracts or arrangements in which he or any of his associates has a material interest:—

- (i) the giving of any security or indemnity either:
 - (a) to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or
 - (b) 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 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;
- (ii) any proposal concerning an offer of 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;
- (iii) any 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 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% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associates is derived) or of the voting rights;

Notice of Annual General Meeting

- (iv) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
 - (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his associate(s) may benefit; or
 - (b) 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 provide in respect of any Director, or his associates(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
 - (c) 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."
- (h) deleting the words "he is to be regarded" in the 1st line of Article 111(E) and replacing them with "he or any of his associates is to be regarded", adding the word "his" immediately after the words "a sufficient declaration of" and adding the words "or the interest of any of his associates" immediately after the word "interest" in the 3rd line of Article A111(E).
- (i) deleting Article 111(G) in its entirety and replacing it with the following:

"111(G) 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 or his associate(s) shall be final and conclusive except in a case where the nature or extent of the interest of the Director or his associate(s) concerned as known to such Director has not been fairly disclosed

Notice of Annual General Meeting

to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting or his associate(s), such question shall be decided by a resolution of the Board (for which purpose such chairman shall not be counted in the quorum and 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 or his associate(s) as known to such chairman has not been fairly disclosed to the Board."

By Order of the Board
Lam Lin Chu
Company Secretary

Hong Kong, 14 April 2004

Notes:

- (1) Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead in accordance with the Articles of Association of the Company. A proxy need not be a shareholder of the Company.
- (2) Where there are joint registered holders of any shares, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders is present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such shares shall alone be entitled to vote in respect thereof.
- (3) To be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof must be deposited with the Company's share registrars, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong at least 48 hours before the time appointed for holding the meeting or any adjournment thereof as the case may be and in default thereof the form of proxy and such power or authority shall not be treated as valid.
- (4) An explanatory statement containing further details regarding Resolutions 4A to 4C and 5 above will be sent to the shareholders together with this 2003 Annual Report of the Company and a form of proxy for use at the meeting.
- (5) The Special Resolution 5 will be proposed to amend the Articles of Association of the Company to reflect the amendments to Appendix 3 of the Listing Rules which came into effect on 31 March 2004, which stipulates certain provisions as being required to be included in the articles of association of listed companies.
- (6) The translation into Chinese language of this notice (including the Special Resolution which contains the proposed new Articles) is for reference only. In case of any inconsistency, the English version shall prevail.