



Chapter VI General Meetings of Shareholders

Three general meetings of the Company were convened during the year and the details were as follows:

1. The notice of the 2003 Annual General Meeting was published in the Securities Times, and in Wen Wei Po and The Standard in Hong Kong on 22nd April 2004. The 2003 Annual General Meeting, the Meeting of Holders of Class A Shares and the Meeting of Holders of Class H Shares were held on 16th June 2004 in Beijing.

7 shareholders or their appointed proxies attended the 2003 Annual General Meeting. This represents 399,973,313 shares among which 220,019,414 shares are A Shares and 179,953,899 shares are H Shares, or 66.24% of the Company's entire share capital. During the meeting, the following resolutions were considered and passed: the 2003 Directors' Report, the 2003 Supervisors' Report and the 2003 Audited Financial Report, the 2003 Profit Distribution Proposal, the re-appointment of PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian CPAs Limited as the international and PRC auditors of the Company for the year ended 31st December 2004, the approval to appoint Mr. Yu Shiquan as the independent director of the Company, the approval to establish the Personnel Nomination and Remuneration Committee of the Board of Directors and the adoption of the Implementing Rules and Regulations of the Personnel Nomination and Remuneration Committee of the Board of Directors, the approval of Implementing Measures of Equity Interest Incentive for the Company's Senior Management Staff, the approval to revise Articles 57, 97, 99, 100 and 137 of the Articles of Association of the Company, the approval as a special resolution to authorise the Board of Directors to repurchase a portion of H Shares under certain condition.

3 shareholders or their appointed proxies attended the Meeting of Holders of Class A Shares. This represents 220,019,414 A shares or 52.01% of the Company's A share capital. During the meeting, the following resolution was considered and passed: the approval as a special resolution to authorise the Board of Directors to repurchase a portion of H Shares under certain condition.

4 shareholders or their appointed proxies attended the Meeting of Holders of Class H Shares. This represents 179,953,899 H shares or 99.53% of the Company's H share capital. During the meeting, the following resolution was considered and passed: the approval as a special resolution to authorise the Board of Directors to repurchase a portion of H Shares under certain condition.

The relevant resolutions were published in the Securities Times, and in Wen Wei Po and The Standard in Hong Kong on 17th June 2004.

2. The notice of the 2004 First Extraordinary General Meeting and the supplementary notice thereof were published in the Securities Times, and in Wen Wei Po and The Standard in Hong Kong on 24th June 2004 and 13th July 2004 respectively. The 2004 First Extraordinary General Meeting was convened on 15th August 2004 in Beijing. 4 shareholders and their proxies attended the meeting. This represents 398,746,099 shares of the total number of shares among which 220,012,200 shares are A Shares and 178,733,899 shares are H Shares or 66.04% of the existing entire shares of the Company. In the meeting, Mr. Zhang Jie, Mr. Fan Xinmin, Mr. Liu Hong, Mr. Gong Enqing, Mr. Ye Maoxin, Mr. Yao Yuming, Mr. Zhang Jianguo, and Mr. Liu Haitao were elected as the Executive Directors of the Fourth Board and Mr. Wang Zengjing, Mr. Kon Hiu King, Kenneth, Mr. Gao Yong, Mr. Chen Zhong and Mr. Yu Shiquan were elected as the Independent Non-Executive Directors of the Fourth Board. The term of office is three years, commencing from 15th August 2004. Mr. Wang Tiankai, Mr. Yan Fuquan, Mr. Tu Kelin and Mr. Liu Xianming were elected as the shareholders' representatives of the Fourth Supervisory Committee of the Company upon democratic election by the employees of the Company, it was confirmed that Mr. Shi Jianping, Mr. Lian Jinhua and Mr. Bao Weiguo were elected the employees' representatives of the Fourth Supervisory Committee of the Company with a term of 3 years, commencing from 15th August 2004.

The relevant resolutions were published in the Securities Times, and in Wen Wei Po and The Standard in Hong Kong on 17th August 2004.

3. The notice of the 2004 Second Extraordinary General Meeting was published in the Securities Times, and in Wen Wei Po and The Standard in Hong Kong on 9th September 2004. The 2004 Second Extraordinary General Meeting was held on 27th October 2004 in Beijing. 5 shareholders and their proxies attended the meeting. This represents 399,003,999 shares of the entire shares among which 220,242,100 shares are A Shares and 178,761,899 shares are H Shares or 66.08% of the existing total number of shares of the Company. The meeting passed the resolutions on the approval of the Company to transfer its 20% equity interest in Hongda International Trading Company Limited at a consideration of RMB6 million (equivalent to the original investment amount contributed by the Company to China Textile Machinery (Group) Company Limited, the approval of the Company to contribute RMB30 million in cash to increase the registered capital of China Textile Machinery and Technology Import and Export Company, the approval of the Composite Service Contract entered into amongst the Company and the subsidiaries of the Company and China Textile Machinery (Group) Company Limited and its subsidiaries, and the approval of the amendment of Article 100 of the Articles of Association of the Company.

The relevant resolutions were published in the Securities Times, and in Wen Wei Po and The Standard in Hong Kong on 28th October 2004.