



粤海制革有限公司
GUANGDONG TANNERY LIMITED

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 1058)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Guangdong Tannery Limited (the “Company”) will be held at The Harbour Room, 3rd Floor, The Ritz-Carlton, Hong Kong, 3 Connaught Road Central, Hong Kong on Tuesday, 15 June 2004 at 2:30 p.m. for the purposes of transacting the following businesses:

As Ordinary Business:

1. To receive and consider the audited Consolidated Financial Statements and the Reports of the Directors and the Auditors for the year ended 31 December 2003.
2. To re-elect retiring Directors and to authorise the Board of Directors to fix the remuneration of the Directors.
3. To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration.

And as Special Business, to consider and, if thought fit, to pass with or without amendments, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTION

4. “**THAT:**

- (a) subject to the following provisions of this resolution and pursuant to Section 57B of the Companies Ordinance, the exercise by the Directors of the Company during the Relevant Period (as defined in paragraph (d) of this resolution) of all the powers of the Company to issue, allot and deal with additional ordinary shares of HK\$0.10 each in the capital of the Company (the “Ordinary Shares”) and to make or grant offers, agreements and options which would or 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 authorisation given to the Directors of the Company and shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of the Ordinary Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) of this resolution), (ii) the exercise of the rights of subscription or conversion attaching to any warrants, convertible bonds or other securities issued by the Company which are convertible into shares of the Company, (iii) any option scheme or similar arrangement

for the time being adopted for the grant or issue to the Directors, officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, or (iv) any scrip dividend or similar arrangement providing for the allotment of Ordinary Shares in lieu of the whole or part of a dividend on the Ordinary Shares of the Company in accordance with the Articles of Association of the Company (the “Articles”), shall not exceed 20 per cent. of the aggregate nominal amount of the Ordinary Shares in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and

(d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until the earliest 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 or any applicable laws of Hong Kong to be held; and
- (iii) the date on which the authority given under this resolution is revoked or varied by an ordinary resolution of the Shareholders of the Company in general meeting;

and,

“Rights Issue” means an offer of Ordinary Shares open for a period fixed by the Company (or by the Directors of the Company) to the holders of Ordinary Shares on the Register of Members (Ordinary Shares) of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors of the Company 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, any territory outside Hong Kong).”

5. **“THAT:**

- (a) subject to paragraphs (b) and (c) of this resolution, the total number of shares of HK\$0.10 each in the capital of the Company (“Ordinary Shares”) which may be issued by the Directors of the Company upon the exercise of the options to be granted under the share option scheme adopted by the Company on 31 May 2002 (the “Scheme”) and any other schemes of the Company, shall not exceed 10 per cent. of the Ordinary Shares in issue as at the date of the passing of this resolution;
- (b) for the purpose of calculating the 10 per cent. limit, all options previously granted under the Scheme or any other schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the scheme or exercised) will not be counted;
- (c) the maximum number of Ordinary Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company shall not exceed 30 per cent. of the Ordinary Shares in issue from time to time.”

And as Special Business, to consider and, if thought fit, to pass with or without amendments, the following resolution as a special resolution:

SPECIAL RESOLUTION

6. **“THAT:**

(a) Article 2 of the Company’s Articles of Association (the “Articles”) be amended by:

- (i) deleting the existing definition of “associate”;
- (ii) inserting the following definitions:

“associate” in relation to any Director, has the meaning ascribed to it in the Listing Rules;

“Listing Rules” means the Rules Governing the Listing of Securities on the Stock Exchange;

- (iii) in the definition of “clearing house”, deleting the words “a recognised clearing house within the meaning of section 2 of the Securities (Clearing Houses) Ordinance of Hong Kong or”;

(b) Article 56 of the Articles be deleted and replaced with the following:

“56 Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held and subject to Article 66A, on a show of hands every Member who is present in person (or, in the case of a Member being a corporation, by its duly authorised representative) at a general meeting of the Company shall have one vote, and on a poll every Member who is present in person (or, in the case of a Member being a corporation, by its duly authorised representative) or by proxy shall have one vote for every share held by him.”;

(c) the following Article 66A be added to the Articles:

“66A Where a Member is, under the Listing Rules, required to abstain from voting on any resolution or restricted to voting only for or only against any resolution, any vote cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.”;

(d) Article 78 of the Articles be amended by deleting the word “special” in the first line of Article 78 and replacing it with the word “ordinary”;

(e) Article 79 of the Articles be deleted and replaced with the following:

“79 No person other than a Director retiring at the meeting shall, unless recommended by the Board, be eligible for election to the office of Director at any annual general meeting unless, during a period of not less than seven days commencing no earlier than the day after the despatch of the notice of the annual general meeting and at least seven days before the day appointed for the meeting, there has been given to the Secretary notice in writing by some Member (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 and also notice in writing signed by the person to be proposed of his willingness to be elected.”;

(f) Article 91(H) of the Articles be deleted and replaced with the following:

“(H) Save as otherwise provided by the Articles, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement in which he and/or any of his associates is/are to his knowledge materially interested, but this prohibition shall not apply to any of the following matters namely:

- (i) any contract or arrangement for giving to such Director and/or any of his associates any security or indemnity in respect of money lent by him and/or any of them or obligations undertaken by him and/or any of them for the benefit of the Company;
- (ii) any contract or arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company which the Director and/or any of his associates has/have himself and/or themselves guaranteed or secured in whole or in part;
- (iii) any contract or arrangement by a Director and/or any of his associates to subscribe for shares, debentures or other securities of the Company issued or to be issued pursuant to any offer or invitation to Members or debenture holders of the Company or any class thereof or to the public or any section thereof, or to underwrite any shares, debentures or other securities of the Company;
- (iv) any contract or arrangement in which the Director and/or any of his associates is/are interested by virtue only of his and/or their interest(s) in shares or debentures or other securities of the Company in the same manner as other holders of such shares or debentures or other securities of the Company;
- (v) any contract or arrangement concerning any other company in which the Director and/or any of his associates is/are interested only, whether directly or indirectly, as an officer or executive or shareholder other than a company in which the Director and/or together with any of his associates owns/own five per cent. or more of the issued shares or voting rights of any class of shares of such company (or of any third company through which his and/or their interest(s) is/are derived);
- (vi) any proposal concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors and/or any of his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director and/or any of his associates as such any privilege or advantage not accorded to the employees to which such scheme or fund relates; and
- (vii) any arrangement for the benefit of employees of the Company or of any of its subsidiaries under which the Director and/or any of his associates benefit(s) in a similar manner as the employees and which does not accord to any Directors and/or any of his associates as such any privilege or advantage not accorded to the employees to whom such arrangement relates.”

By order of the Board
Chan Miu Ting
Company Secretary

Hong Kong, 21 May 2004

Registered office:

29th Floor

Guangdong Investment Tower

148 Connaught Road Central

Hong Kong

Notes:

- (i) A shareholder entitled to attend and vote at the above meeting may appoint more than one proxy to attend and, on a poll, vote in his place and such proxy need not be a shareholder of the Company.
- (ii) A form of proxy is enclosed. To be valid, the form of proxy together with the power of attorney (if any) or other authority (if any) under which it is signed (or a notarially certified copy of such power or authority) must be delivered to the Company's share registrar and share transfer office, Tengis Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding the meeting or adjourned meeting. The appointment of a proxy will not prevent a shareholder from subsequently attending and voting at the meeting or any adjourned meeting if he so wishes. If a shareholder who has lodged a form of proxy attends the meeting, his form of proxy will be deemed to have been revoked.
- (iii) In the case of joint shareholders, the vote of the senior who tenders a vote, whether in person, or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority will be determined by the order in which the names stand in the Company's register of shareholders in respect of the joint holding.
- (iv) The Register of Members of the Company will be closed on 14 and 15 June 2004, during such period no transfer of shares will be effected.

In order to determine the identity of the shareholder who are entitled to attend and vote at the Meeting, all transfer documents accompanied by the relevant share certificates must be lodged at the office of the Company's registrar and share transfer office, Tengis Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:30 p.m. on 11 June 2004.

- (v) In relation to resolution no. 4, approval is being sought from the shareholders for the grant to the Directors of a general mandate to authorise the allotment and issue of shares under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The purpose of the general mandate to be conferred on the Directors is to enable them to issue shares up to a specified number without having to first obtain the consent of shareholders in general meeting. The need for such an issue of shares could, for example, arise in the context of a transaction (such as an acquisition) which has to be completed speedily. The Directors believe that it is in the interest of the Company if such a general mandate is granted to them. The Directors wish to state that they presently have no immediate plans to issue any new shares of the Company other than shares which may fall to be issued under the share option scheme of the Company.
- (vi) In relation to resolution no. 5, the Directors wish to state that they will exercise the powers conferred thereby to issue shares upon the exercise of the options granted under the share option scheme of the Company in circumstances which they deem appropriate for the benefit of the shareholders.
- (vii) In relation to resolution no. 6, the purpose of this item is to bring the Articles of Association of the Company in line with certain changes to the Listing Rules and the Companies Ordinance. The background for the proposed amendments to the following Articles of Association of the Company is set out below:
 - (a) Articles 56 and 66A To reflect the restriction on voting by Members as required by Appendix 3 (as amended) to the Listing Rules.
 - (b) Article 78 To be consistent with the Companies Ordinance (as amended) that removal of any Director before the expiration of his period of office can be made by ordinary resolution which will be carried by a simple majority of votes cast in favour of the resolution at that meeting.

- (c) Article 79 To be consistent with Appendix 3 (as amended) to the Listing Rules, which requires a minimum period during which notice may be given by a shareholder other than a Director to propose a person for election as a Director (and during which notice may be given by such person of his willingness to be elected). The minimum period must be fixed for at least seven days and should commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and at least seven days before the date of such meeting.
- (d) Articles 91(H) and 2 To be consistent with the provision of Appendix 3 (as amended) to the Listing Rules so that (1) subject to certain exceptions, a Director is not allowed to vote on any resolution of the Board 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; and (2) the term “associate” in relation to a Director will have the same meaning as in the Listing Rules.

*Please also refer to the published version of this announcement in the (**The Standard**)*