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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult an exchange participant or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in Oriental Metals (Holdings) Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, exchange participant or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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ORIENTAL METALS (HOLDINGS) COMPANY LIMITED

東方鑫源(集團)有限公司

(Incorporated in Hong Kong with limited liability)

STOCK CODE: 1208

**RE-ELECTION OF DIRECTORS AT THE 2004 ANNUAL GENERAL MEETING,
ADOPTION OF THE NEW SHARE OPTION SCHEME,
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES AND
AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

The Notice of Annual General Meeting of Oriental Metals (Holdings) Company Limited to be held at Kowloon Room I, M/F, Kowloon Shangri-La Hotel, 64 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Friday, 28 May 2004 at 3:00 p.m. is set out in the Annual Report 2003 sent together with this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Share Registrars of the Company, Computershare Hong Kong Investor Services Limited at Rooms 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the Annual General Meeting or any adjourned meeting should you so wish.

27 April 2004

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

“AGM”	the annual general meeting of the Company to be held at Kowloon Room I, M/F, Kowloon Shangri-La Hotel, 64 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Friday, 28 May 2004 at 3:00 p.m., notice of which is enclosed with the Annual Report 2003 sent together with this circular or, where the context so admits, any adjournment thereof;
“Allotment Date”	the date on which Shares are allotted and issued to a Grantee pursuant to the exercise of the rights attaching to an Option granted and exercised under the New Share Option Scheme;
“Articles of Association”	the articles of association of the Company;
“associate”	shall have the meaning ascribed to it under Rule 1.01 of the Listing Rules;
“Auditors”	the auditors for the time being of the Company or an independent financial adviser appointed by the Company from time to time;
“Board”	the board of Directors of the Company including independent non-executive directors or any duly authorised committee thereof;
“business day”	any day (excluding Saturday and Sunday) on which banks in Hong Kong are generally open for business;
“chief executive”	shall have the meaning ascribed to it under Rule 1.01 of the Listing Rules;
“Commencement Date”	in respect of any particular Option, the date on which such Option is deemed to have been granted and accepted in accordance with the terms of the New Share Option Scheme;
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;
“Company”	Oriental Metals (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange;

DEFINITIONS

“connected person”	shall have the meaning ascribed to it under Rule 1.01 of the Listing Rules;
“Coppermine”	Coppermine Resources Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Minmetals HK, currently the controlling shareholder of the Company holding approximately 74.98% of the issued share capital of the Company;
“Directors”	the directors of the Company;
“Eligible Person(s)”	any person who satisfies the eligibility criteria set out in the New Share Option Scheme;
“Employee”	any employee of any company in the Group (including any director of any company in the Group) who is in employment with any company in the Group (whether full-time or part-time) at the time when the Option is granted to such employee;
“Existing Share Option Scheme”	the existing share option scheme adopted by the Company at its extraordinary general meeting held on 25 November 1994 and will expire on 24 November 2004;
“Grantee”	any Eligible Person who accepts the Offer in accordance with the terms of the New Share Option Scheme, or (where the context so permits) the legal personal representative(s) entitled to any such Option in consequence of the death of the original Grantee;
“Group”	the Company and its Subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Issue Mandates”	the general and unconditional mandates to the Directors to exercise all the powers of the Company to allot, issue and deal with Shares up to a limit equal to (i) 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the resolution approving such mandate; plus (ii) the aggregate nominal amount of Shares repurchased by the Company under the Repurchase Mandate;

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“Latest Practicable Date”	21 April 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time;
“Minmetals”	China Minmetals Corporation (formerly known as China National Metals & Minerals Import & Export Corporation), a state-owned enterprise in the PRC, managed by the State-Owned Assets Supervision and Administration Commission and the holding company of Minmetals HK and Coppermine;
“Minmetals HK”	China Minmetals H.K. (Holdings) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Minmetals;
“New Share Option Scheme”	the new share option scheme to be adopted by the Company pursuant to the ordinary resolution no. 4 set out in the notice of AGM in its present or any amended form;
“Offer”	the offer of an Option made in accordance with the New Share Option Scheme;
“Option”	an option to subscribe for Shares granted pursuant to the New Share Option Scheme;
“Option Period”	in respect of any particular Option granted under the New Share Option Scheme, the period to be notified by the Board to each Grantee which the Board may in its absolute discretion determine as the period during which such Option may be exercised, save that such period shall not be more than 10 years from the Commencement Date;
“PRC”	People’s Republic of China;
“Repurchase Mandate”	the general and unconditional mandate to the Directors authorising the repurchases by the Company on the Stock Exchange of Shares not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the resolution approving such mandate;
“revised Listing Rules”	the Listing Rules revised by the Stock Exchange with effect from 31 March 2004;

DEFINITIONS

“Secretary”	the person for the time being performing the duties of that office or any other person appointed to perform any of the duties of the secretary to the Company, including a joint, temporary, assistant or deputy secretary;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;
“Shareholders”	holders of Shares;
“Shares”	fully paid shares of HK\$0.05 each or such other nominal amount prevailing from time to time in the capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option under the New Share Option Scheme;
“Subsidiary” or “Subsidiaries”	a subsidiary or subsidiaries (within the meaning of the Companies Ordinance and/or the Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants) of the Company for the time being and from time to time;
“substantial shareholder”	shall have the meaning ascribed to it under Rule 1.01 of the Listing Rules; and
“Takeover Code”	the Hong Kong Code on Takeovers and Mergers.

LETTER FROM THE BOARD



ORIENTAL METALS (HOLDINGS) COMPANY LIMITED

東方鑫源(集團)有限公司

(Incorporated in Hong Kong with limited liability)

STOCK CODE: 1208

Executive Directors:

LIN Xizhong (*Chairman*)

XU Huizhong

QIAN Wenchao

TANG Xiaojin

Registered Office:

9th Floor, China Minmetals Tower

79 Chatham Road South

Tsimshatsui

Kowloon

Hong Kong

Independent Non-executive Directors:

CHAN Wai Dune

TING Leung Huel, Stephen

27 April 2004

To the Shareholders

Dear Sir or Madam,

**RE-ELECTION OF DIRECTORS AT THE 2004 ANNUAL GENERAL MEETING,
ADOPTION OF THE NEW SHARE OPTION SCHEME,
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES AND
AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

1. INTRODUCTION

The purpose of this circular is to give you information on matters to be dealt with at the forthcoming AGM. They are: (i) re-election of Directors; (ii) adoption of the New Share Option Scheme; (iii) grant of general mandates to issue and repurchase Shares; and (iv) amendments to the Articles of Association.

2. RE-ELECTION OF DIRECTORS

The Board currently consists of six Directors, including:

- (i) three Executive Directors nominated by Minmetals HK (“Nominated Directors”), namely Mr. Lin Xizhong, Mr. Qian Wenchao and Mr. Tang Xiaojin, as referred to in the circular published by Minmetals HK, Coppermine and the Company dated 6 November 2003 and was appointed by the Board on 12 January 2004;

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- (ii) Mr. Xu Huizhong, the Executive Director and currently also the President of the Company, elected by the Shareholders in accordance with Article 85 at the 2002 annual general meeting of the Company; and
- (iii) two Independent Non-executive Directors elected by the Shareholders (“Elected Directors”) in accordance with Article 85 at the 2002 annual general meeting of the Company, namely Mr. Chan Wai Dune and Mr. Ting Leung Huel, Stephen.

According to Article 101 of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (excepting those Directors in respect of whom the provisions of Articles 84 and 85 apply), save and except the managing director(s), or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office. The Nominated Directors, who were appointed under Article 85 to hold office until the AGM, are not subject to retirement by rotation. The President, who acts as the managing director of the Company, is also not subject to retirement by rotation. Article 101 also provides that the Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. Article 101 further provides that the retiring Directors shall be eligible for re-election.

Mr. Lin Xizhong, Mr. Qian Wenchao and Mr. Tang Xiaojin, being appointed by the Board after the 2003 annual general meeting of the Company, will hold office only until the AGM in accordance with Article 85. In addition, one of the Elected Directors who are subject to retirement by rotation pursuant to Article 101, shall retire at the AGM. Pursuant to Article 101, lot has been drawn and Mr. Chan Wai Dune shall retire at the conclusion of the AGM. Mr. Lin Xizhong, Mr. Qian Wenchao, Mr. Tang Xiaojin and Mr. Chan Wai Dune are all eligible for re-election. Shareholders are invited to elect up to four Directors at the AGM to fill the vacancies available due to retirement of the four said Directors.

Article 87 of the Articles of Association provides that 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 general meeting unless, at least seven and not more than twenty-eight clear days before the day appointed for the meeting, there have been given to the Secretary notice in writing by some Shareholder (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.

Accordingly, if a Shareholder wishes to nominate a person to stand for election as a Director, notice of his intention to propose a resolution and the notice executed by his nominee of his willingness to be appointed have to be validly served on the Secretary of the Company during the period from 30 April 2004 to 20 May 2004 (both days inclusive).

The Board has recommended Mr. Lin Xizhong, Mr. Qian Wenchao, Mr. Tang Xiaojin and Mr. Chan Wai Dune as candidates for election by the Shareholders. A list of the four candidates recommended by the Board together with the individual candidate’s brief biography are set out in Appendix I of this circular. If a valid notice from a Shareholder to propose a person to stand for election as a Director at the AGM is received after the printing of this circular, the Company will issue a supplementary circular to inform Shareholders of the details of the additional candidate proposed.

LETTER FROM THE BOARD

3. NEW SHARE OPTION SCHEME

In compliance with the amendments to chapter 17 of the Listing Rules which came into effect on 1 September 2001 and for reasons set out in this letter, the Board considers that it is the interest of the Company to adopt the New Share Option Scheme.

At the AGM, an ordinary resolution will be proposed for the Company to approve the adoption of the New Share Option Scheme pursuant to which the Eligible Person may be granted Options to subscribe for Shares upon and subject to the terms and conditions of the New Share Option Scheme. A summary of the principal terms of the New Share Option Scheme is set out in Appendix II to this circular.

As at the Latest Practicable Date, the Company had granted options under the Existing Share Option Scheme to subscribe for a total of 49,770,000 Shares to the eligible persons, of which options to subscribe for 33,900,000 Shares had been exercised, options to subscribe for 4,730,000 Shares had been lapsed and options to subscribe for 11,140,000 Shares remained outstanding. There is no other share option scheme of the Company besides the Existing Share Option Scheme.

Principal terms of the New Share Option Scheme

A summary of the principal terms of the New Share Option Scheme is set out in Appendix II to this circular.

Reasons for the New Share Option Scheme

Under the New Share Option Scheme, the Directors may grant Options to any directors or employees of any company of the Group, and any advisers of, consultants of, contractors to any company of the Group or any person who has any relationship (whether business or otherwise) with any company of the Group or any person whom the Directors consider, in their sole discretion, have contributed, or will contribute, or can contribute to the Group. The New Share Option Scheme will enable the Group to offer valuable incentive to attract and retain quality personnel and other persons to work to increase the value of the Shares. To this end, the Directors may specify the minimum period, if any, for which an Option must be held or the performance targets, if any, that must be achieved before the Option can be exercised. The Directors further consider that in order to enable the Group to motivate the Eligible Person to optimise their performance and efficiency for the benefit of the Group and to attract and retain or otherwise maintain on-going business relationship with such Eligible Person whose contributions are or will be beneficial to the long term growth of the Group, it is important that the Group should be permitted to provide them an opportunity to have a personal stake in the Company.

Conditions of the New Share Option Scheme

The New Share Option Scheme is conditional upon:

- (a) the approval of the Shareholders at the AGM for the adoption of the New Share Option Scheme; and

LETTER FROM THE BOARD

- (b) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the new Shares which may be issued and allotted pursuant to the New Share Option Scheme.

Assuming that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date and the date of adoption of the New Share Option Scheme, the number of Shares that may be issued pursuant to the New Share Option Scheme will be 60,734,961 Shares, being 10% of the Company's issued share capital as at the Latest Practicable Date.

Value of the Options

The Directors consider it is inappropriate to value all the Options that can be granted under the New Share Option Scheme on the assumption that they were granted on the Latest Practicable Date, as a number of factors which are crucial for the determination of the valuation cannot be determined at this stage. Such factors include the exercise period and the conditions, such as performance targets, if any, that an Option is subject to. Accordingly, any valuation of the Options based on a large number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

Listing and dealings

Application has been made to the Listing Committee of the Stock Exchange for the granting of the approval of the listing of, and permission to deal in, the new Shares to be issued and allotted pursuant to exercise of the Option granted under the New Share Option Scheme.

The Shares are only listed on the Stock Exchange and not on any other stock exchanges.

4. GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the extraordinary general meeting of the Company held on 3 December 2003, ordinary resolutions were passed to grant general mandates to the Directors to issue and repurchase Shares. These general mandates will lapse at the conclusion of the AGM. Ordinary resolutions will be proposed at the AGM to grant to the Directors the general mandates:

- (i) to allot, issue and deal with shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing such resolution;
- (ii) to repurchase on the Stock Exchange Shares of an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing such resolution; and
- (iii) to extend the general mandate to allot, issue and deal with Shares as mentioned in paragraph (i) above by an amount representing the aggregate nominal amount of the Shares repurchased by the Company as mentioned in paragraph (ii) above pursuant to the Repurchase Mandate.

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The Issue Mandates and the Repurchase Mandate will continue in force from the date of the said resolutions until whichever is 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 laws of Hong Kong or the Articles of Association to be held; and
- (iii) the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to the Directors by such resolution.

With reference to these resolutions, the Board wishes to state that it has no immediate plans to repurchase any Shares or to issue any new Shares, whether for cash or otherwise, pursuant to the relevant mandates.

An explanatory statement, as required by the Listing Rules to be given to Shareholders in connection with the Repurchase Mandate, is set out in Appendix III of this circular. This contains all the information reasonably necessary to enable the Shareholders to make an informed decision on whether or not to vote for or against the ordinary resolution to grant the Repurchase Mandate at the AGM.

5. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Stock Exchange has revised the Listing Rules based on the results of the Consultation Conclusions on Proposed Amendments to the Listing Rules Relating to Corporate Governance Issues issued in January 2003. In view of the revised Listing Rules which came into effect on 31 March 2004, the Board considers that changes to the Articles of Association should be made in line with the changes required under the revised Listing Rules.

After the Companies (Amendment) Ordinance 2003 became effective on 13 February 2004, a director may be removed by an ordinary resolution instead of a special resolution notwithstanding any provision in a company's constitution. In this regard, amendments to the Articles of Association to reflect this legislative change will also be proposed at the AGM.

In addition, the Board also proposes to amend Article 101 to provide that all Directors, save and except the Directors appointed by the Board under Article 85 and the managing director(s), are subject to retirement by rotation and being eligible for re-election at the annual general meeting.

A special resolution which requires not less than 75% of the votes cast by the Shareholders attending and entitled to vote at the AGM will be put forth as special business to be considered and approved by the Shareholders at the AGM. Details relating to the proposed amendments to the Articles of Association are set out in Appendix IV of this circular.

6. ANNUAL GENERAL MEETING

A notice convening the AGM to be held on Friday, 28 May 2004 is set out in the 2003 Annual Report. At the AGM, resolutions will be proposed to approve, inter alia, the re-election of

LETTER FROM THE BOARD

Directors, the amendment to the Articles of Association, the adoption of the New Share Option Scheme and the granting of the Issue Mandates and Repurchase Mandate.

A form of proxy for use at the AGM is enclosed with the 2003 Annual Report. You are requested to complete the form of proxy and return it to the Share Registrars of the Company in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof, whether or not you intend to be present at the AGM. Completion and return of the form of proxy will not prevent you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

7. RECOMMENDATIONS

The Board is pleased to recommend its four candidates for directorship as set out in Appendix I for the Shareholders' consideration. Shareholders may, if thought fit, appoint the candidates as Directors with effect from the conclusion of the AGM to fill the vacancies arising from the retirement of Directors. Shareholders are encouraged to actively participate in the election of Directors at the AGM. The Board also believes that the adoption of the New Share Option Scheme, the granting of the Issue Mandates and the Repurchase Mandate and the amendments to the Articles of Association are in the best interests of the Company and the Shareholders, and accordingly recommends you to vote in favour of all the relevant resolutions to be proposed at the AGM.

Shareholders are reminded that according to Article 65 of the Articles of Association, at any general meeting, a resolution put to vote of the meeting shall be decided on a show of hands unless a poll is demanded. Procedure by which Shareholders may demand a poll are set out in Appendix V of this circular.

8. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

9. DOCUMENT AVAILABLE FOR INSPECTION

A draft of the terms of the New Share Option Scheme will be available for inspection at the registered office of the Company in Hong Kong at 9th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong during normal business hours from the date of this circular up to and including 28 May 2004 and at the AGM.

Yours faithfully,
By Order of the Board
Xu Huizhong
Director and President

LIST OF CANDIDATES

The four candidates recommended by the Board are set out below.

Mr. LIN Xizhong, aged 58, Chinese, was appointed as an Executive Director of the Company in January 2004 and became the Chairman of the Company in February 2004. Mr. Lin is currently the Vice President of Minmetals, the Vice Chairman and Managing Director of Minmetals HK and a Director of Coppermine, all being the controlling shareholders of the Company. He is the Chairman of ONFEM Holdings Limited and the Chairman of AXA-Minmetals Assurance Ltd. in Shanghai. Mr. Lin also holds directorships in certain companies controlled by the controlling shareholders of the Company. Save as disclosed above, Mr. Lin does not have any relationship with any other directors, senior management, substantial or controlling shareholders of the Company. Mr. Lin earned his Bachelor of Arts degree in Literature from the Beijing Foreign Studies University in PRC in 1973. From 1995 to 1998, he was China's representative in the APEC Business Advisory Council (ABAC) of Asia-Pacific Economic Cooperation Organisation. He was the Vice Chairman of First Pacific Bank during 1993 to 2000. Mr. Lin has over 30 years of experience in international trading, strategic investment and financial corporate management. On 12 March 2004, Mr. Lin was granted an option by the Company to subscribe for 3,000,000 Shares within the option period from 16 March 2004 to 15 March 2007 under the Existing Share Option Scheme. Save as disclosed above, as at the Latest Practicable Date, Mr. Lin did not have any interest (within the meaning of Part XV of the SFO) in the Shares. There is no service contract between the Company and Mr. Lin and currently he does not receive any emoluments for his directorship from the Company.

Mr. QIAN Wenchao, aged 38, Chinese, was appointed as an Executive Director of the Company in January 2004. Mr. Qian is currently a Director of both Minmetals HK and Coppermine, and an employee of Minmetals, all being the controlling shareholders of the Company. He is also a Director of ONFEM Holdings Limited. Mr. Qian also holds directorships in certain companies controlled by the controlling shareholders of the Company. Save as disclosed above, Mr. Qian does not have any relationship with any other directors, senior management, substantial or controlling shareholders of the Company. Mr. Qian earned his Bachelor of Arts degree in Economics from Beijing Technology and Business University and completed his graduate study in accounting in the same university in 1987 and 1989 respectively. He joined Minmetals in 1989 and has worked in the Overseas Enterprises Division of Minmetals and Minmetals HK with responsibilities in financial management. Mr. Qian has over 10 years of experience in financial corporate management. On 12 March 2004, Mr. Qian was granted an option by the Company to subscribe for 1,500,000 Shares within the option period from 16 March 2004 to 15 March 2007 under the Existing Share Option Scheme. Save as disclosed above, as at the Latest Practicable Date, Mr. Qian did not have any interest (within the meaning of Part XV of the SFO) in the Shares. There is no service contract between the Company and Mr. Qian and currently he does not receive any emoluments for his directorship from the Company.

Mr. TANG Xiaojin, aged 42, Chinese, was appointed as the Vice President of the Company in October 2003 and became an Executive Director of the Company in January 2004. He is also an employee of Minmetals. Mr. Tang joined the Group in 1995 and has been the General Manager of Orienmet Industry Company Limited since 1998. Save as disclosed above, Mr. Tang does not have any relationship with any other directors, senior management, substantial or controlling shareholders of the Company. Mr. Tang graduated from the Faculty of Mechanical Engineering of the Southern Institute of Metallurgy, the previous Jiangxi Institute of Metallurgy in PRC, in 1983 with a bachelor degree in engineering. He joined Beijing General Research Institute for Mining and Metallurgy in 1983 engaging in metallurgical research and design. In 1989, he joined the Personnel Department of the previous China National Nonferrous Metals Industry Corporation. Mr. Tang has over 20 years of experience in nonferrous metals industry. On 12 March 2004, Mr. Tang was granted an option by the Company to subscribe for 1,500,000 Shares within the option period from 16 March 2004 to 15 March 2007 under the Existing Share Option Scheme. Save as disclosed above, as at the Latest Practicable Date, Mr. Tang did not have any interest (within the meaning of Part XV of the SFO) in the Shares. The amount of director's emoluments of Mr. Tang is currently HK\$780,000 per annum. There is no service contract between the Company and Mr. Tang. The emoluments of the Executive Directors of the Company are determined by reference to the management function of each individual director and the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

Mr. CHAN Wai Dune, aged 51, was appointed as an Independent Non-executive Director of the Company in May 2002. Mr. Chan is also an Independent Non-executive Director of each of Hualing Holdings Limited, IIN International Limited, Zhongda International Holdings Limited and China Treasure (Greater China) Investments Limited. Mr. Chan does not have any relationship with any other directors, senior management, substantial or controlling shareholders of the Company and as at the Latest Practicable Date, he did not have any interests (within the meaning of Part XV of the SFO) in the Shares. Mr. Chan has over 22 years of experience in the finance sector, particularly in auditing and taxation area. He is a certified public accountant and is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Society of Accountants and the Taxation Institute of Hong Kong. The amount of Director's emolument of Mr. Chan is currently HK\$310,000 per annum. There is no service contract between the Company and Mr. Chan. The emoluments of the Independent Non-executive Directors of the Company are determined by reference to remuneration benchmark in the industry and the prevailing market conditions.

Save as disclosed above, there are no other matters in relation to the four candidates that need to be brought to the attention of the shareholders of the Company required under rule 13.51(2) of the revised Listing Rules.

RESOLUTIONS AND VOTING

In order to comply with section 157A of the Companies Ordinance, there must be a separate resolution for the appointment of each candidate, unless a resolution that a single resolution for the appointment of two or more candidates shall be proposed has been first agreed to by the meeting without any vote being cast against it.

This appendix sets out a summary of the principal terms of the New Share Option Scheme.

1. PURPOSE OF THE SCHEME

The purpose of the New Share Option Scheme is to recognise and acknowledge the contributions that the Eligible Person had made or may from time to time make to the Group whether in the past or in the future.

The New Share Option Scheme will provide the Eligible Persons with an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (i) motivate the Eligible Persons to optimise their performance and efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain ongoing business relationship with the Eligible Persons whose contributions are or will be beneficial to the long term growth of the Group.

2. WHO MAY JOIN

The Eligible Person who can participate in the New Share Option Scheme is any directors or any employees of any company of the Group and any advisers of, consultants of, contractors to any company of the Group or any person who has any relationship (whether business or otherwise) with any company of the Group or any person whom the Board considers, in their sole discretion, appropriate. In exercising such discretion, the Board shall have regard to the purposes of the New Share Option Scheme as set out in paragraph 1 and the following factors and such other factors as it may consider appropriate:

- (i) whether such person has any relationship (whether business or otherwise) with any company of the Group and the nature and duration of such relationship; and
- (ii) any contributions which have been made, or may be made, by such persons to the Group (or benefits received by the Group from such persons or persons associated with them) and the nature of any such contributions or benefits; and
- (iii) the views of the Independent Non-executive Directors of the Company in considering whether a director, chief executive or substantial shareholder of the Company or any of their respective associates should be approved as an Eligible Person.

In order for a person to satisfy the Board that he is qualified to be (or continues to be qualified to be) an Eligible Person, such person shall provide all such information as the Board may request for the purpose of assessing its eligibility (or continuing eligibility).

3. SUBSCRIPTION PRICE OF SHARES

The Subscription Price in respect of any particular Option shall be a price as the Board may in its absolute discretion determine at the time of grant of the relevant Option and shall not be less than the highest of (i) the closing price per Share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant Option; (ii) the amount equivalent to the average closing price per Share as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the relevant Option; and (iii) the nominal value of a Share.

4. MAXIMUM NUMBER OF SHARES

- (i) The maximum number of Shares to be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company ("Other Schemes") must not, in aggregate, exceed 30% of the issued share capital of the Company from time to time. No Option may be granted under any schemes of the Company (including the New Share Option Scheme) if this will result in the said 30% limit being exceeded.
- (ii) The total number of Shares which may be issued upon exercise of all Options (excluding, for this purpose, Options which have lapsed in accordance with the terms of the New Share Option Scheme and all Other Schemes) to be granted under the New Share Option Scheme and any Other Schemes must not, in aggregate, exceed 10% of the issued share capital of the Company at the date of the approval of the New Share Option Scheme by the Shareholders ("Scheme Mandate Limit") unless Shareholders' approval has been obtained pursuant to sub-paragraph (iv) below.
- (iii) The Scheme Mandate Limit may be refreshed by Shareholders in general meeting from time to time provided that the Scheme Mandate Limit so refreshed must not exceed 10% of the issued share capital of the Company at the date of the approval of the refreshment by the Shareholders. Upon any such refreshment, all Options previously granted under the New Share Option Scheme and Other Schemes including those outstanding, cancelled, lapsed in accordance with the terms of the New Share Option Scheme and all Other Schemes or options which have been exercised shall not be counted for the purpose of calculating whether the refreshed Scheme Mandate Limit has been exceeded. A circular must also be sent to the Shareholders containing such information from time to time required by the Stock Exchange under the Listing Rules.
- (iv) The Board may seek separate Shareholders' approval in general meeting to grant Options beyond the Scheme Mandate Limit provided the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Person(s) specified by the Company before such approval is sought and the Company must issue a circular to the Shareholders containing such information from time to time required by the Stock Exchange under the Listing Rules in relation to any such proposed grant to such Eligible Person.

- (v) No Options may be granted to any Eligible Person which, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the Options already granted or to be granted to such Eligible Person under the New Share Option Scheme (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital of the Company as at the date of such new grant. Any grant of further Options above this limit shall be subject to requirements provided under the Listing Rules.

5. GRANT OF OPTIONS TO CONNECTED PERSONS OR ANY OF THEIR RESPECTIVE ASSOCIATES

Any grant of Options to Directors, chief executive (other than a proposed Director or a proposed chief executive of the Company) or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee of the Option).

Where Options are proposed to be granted to a substantial shareholder of the Company or an independent non-executive Director or any of their respective associates, and the proposed grant of Options would result in the Shares issued and to be issued upon exercise of all Options already granted (including exercised, cancelled and outstanding Options) to such person in 12-month period up to and including the date of the grant of such Options to represent in aggregate over 0.1% of the total issued Shares for the time being and have an aggregate value (based on the closing price of a Share at each date of the grant of these Options) exceeding HK\$5,000,000, the proposed grant shall be subject to the approval of Shareholders in general meeting in accordance with the Listing Rules. The Company must also send a circular containing information as required under the Listing Rules to the Shareholders.

6. TIME OF ACCEPTANCE AND EXERCISE OF OPTION

An Offer may be accepted by the Grantee within 28 business days (or such shorter period as the Board shall determine) from the date of the Offer. A consideration of HK\$10.00 is payable on acceptance of the Offer.

An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period to be determined and notified by the Directors to each Grantee, which period may commence on the day on which the Offer is made but shall end in any event not later than 10 years from the date of the Board makes an Offer subject to the provisions for early termination thereof.

There is no general requirement on the minimum period for which an Option must be held under the terms of the New Share Option Scheme. However, at the time of granting an Option, the Board may, on a case by case basis, make such grant subject to such conditions, restrictions or limitations in relation to the minimum period of the Options to be held as the Board may determine in its absolute discretion.

7. PERFORMANCE TARGETS

The Directors may at their absolute discretion specify the performance targets, if any, that must be achieved before the Option can be exercised.

8. RIGHTS ARE PERSONAL TO GRANTEE

An Option shall be personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option.

9. RIGHTS ON CEASING EMPLOYMENT

(i) If the Grantee who is an Employee ceases to be an Employee for any reason other than his death or the termination of his employment on one or more of the following grounds that:

- (a) he has been guilty of serious misconduct; or
- (b) he becomes insolvent or is unable or has no reasonable prospect of being able to pay debts which are due or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally; or
- (c) he has been convicted of any criminal offence involving his integrity or honesty or any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the Grantee's services contract with any company of the Group.

the Grantee may exercise the Option (to the extent not already exercised) within a period of 3 months following the date of cessation of such employment, failing which the Option will lapse.

(ii) If the Grantee who is a director, an adviser of, a consultant of or a contractor to any company in the Group, or has any relationship (whether business or otherwise) with the Group but not an Employee, ceasing to be a director, an adviser of, a consultant of or a contractor to any company in the Group, or to have any relationship with the Group (as the case may be) for any reason other than his death (in the case of a Grantee being an individual), the Option (to the extent not already exercised) shall be exercised within 3 months following the date of such cessation, failing which the Option will lapse.

10. RIGHTS ON DEATH

If the Grantee dies before exercising the Option in full, provided that none of the events which would be a ground for termination of his employment under paragraph 9(i) above arises prior to his death, his personal representative(s) may exercise the Option up to the Grantee's entitlement (to the extent exercisable as at the date of his death and not already exercised) within a period of 12 months following his death or such longer period as the Board may determine, failing which the Option will lapse.

11. EFFECT OF ALTERATIONS TO CAPITAL

In the event of an alteration in the capital structure of the Company, excluding any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party, while an Option is exercisable, such corresponding alterations will be made in the number or nominal amount of Shares subject to unexercised Options, the Subscription Price, the maximum number of Shares subject to the New Share Option Scheme or the method of exercise of the Option. Any such alteration shall be certified by the Auditors as being fair and reasonable (except of a capitalisation of profits or reserves unless otherwise expressly required by the Board), and as giving Eligible Person the same proportion of equity capital as that to which they were previously entitled and as not requiring any Shares to be issued following such adjustment at less than its nominal value as a result thereof. Alteration shall be made on the basis that the relevant total Subscription Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same as it was before such event.

12. RIGHTS ON A GENERAL OFFER

If a general offer is made to all holders of Shares and such offer becomes or is declared unconditional, each Grantee shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

13. RIGHTS ON WINDING UP

In the event a notice is given by the Company to the Shareholders to convene a general meeting for the purpose of considering and approving a resolution to voluntarily wind up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee may by notice in writing to the Company together with a remittance of the Subscription Price in respect of which the notice is given (such notice to be received by the Company not later than 4 business days prior to the proposed Shareholders' meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and the Company shall, as soon as possible and in any event no later than the day immediately prior to the date of the proposed Shareholders' meeting, allot and issue such number of Shares credited as fully paid to the Grantee which falls to be issued on such exercise and register the Grantee as the holder thereof.

14. RIGHTS ON A COMPROMISE OR ARRANGEMENT

In the event of a compromise or arrangement between the Company and the Shareholders or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to the Shareholders or creditors to consider such scheme and the Grantee may by notice in writing to the Company together with a remittance for the Subscription Price in respect of which the notice is given (such notice to be received by the Company not later than 4 business days prior to the proposed meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and the Company shall, as soon as possible and in any event no later than the day immediately prior to the date of the proposed meeting, allot and issue such number of Shares credited as fully paid to the Grantee which falls to be issued on such exercise and registered the Grantee as the holder thereof.

15. RANKING OF SHARES

Shares allotted on the exercise of Options shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the Allotment Date and shall entitle the holders to participate in all dividends or other distributions paid or made after the Allotment Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the Allotment Date.

16. PERIOD OF THE SCHEME

The New Share Option Scheme will remain in force for a period of 10 years from the date of adoption of such scheme.

17. LAPSE OF OPTION

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in paragraphs 9 and 10 above;
- (iii) subject to the High Court of Hong Kong not making an order prohibiting the offeror to acquire the remaining Shares in the offer, the expiry of the period referred to in paragraph 12 above;
- (iv) subject to paragraph 13, the date of the commencement of the winding-up of the Company;
- (v) subject to paragraph 14, the date when the proposed compromise or arrangement becomes effective;

- (vi) the date on which the Grantee who is an Employee ceases to be an Employee by reason of the termination of his employment on any one or more of the grounds as referred to in paragraph 9(i) above;
- (vii) the happening of any of the following events, unless otherwise waived by the Board:
 - (a) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the asset or undertaking of the Grantee (being a body corporate);
 - (b) the Grantee (being a body corporate) has ceased or suspended payment of its debts, become unable to pay its debts (within the meaning of section 178 of the Companies Ordinance) or otherwise become insolvent;
 - (c) there is any unsatisfied judgement, order or award outstanding against the Grantee;
 - (d) there are circumstances which entitle any person to take any action, appoint any person commence proceedings or obtain any order of the type mentioned in sub-paragraphs (a), (b) or (c) above against any Grantee;
 - (e) a bankruptcy order has been made against any director of the Grantee (being a body corporate) in any jurisdiction; or
 - (f) a petition for bankruptcy has been presented against any director of the Grantee (being a body corporate) in any jurisdiction;
- (viii) the date on which the Grantee commits a breach of the term under paragraph 8, if the Board shall exercise the Company's right to cancel the Option;
- (ix) the date on which the Grantee commits a breach of any condition attached to the grant of its Option, if the Board shall exercise the Company's right to cancel the Option; or
- (x) the date on which the Board considers that the Grantee fails to meet the continuing eligibility criteria under the New Share Option Scheme, if the Board shall exercise the Company's right to cancel the Option.

18. ALTERATION OF THE NEW SHARE OPTION SCHEME

Those specific provisions of the New Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Eligible Person, and no changes to the authority of the Board in relation to any alteration of the terms of the New Share Option Scheme shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms or conditions of the New Share Option Scheme which are of a material nature must also be approved by the Shareholders in general meeting, except where the alteration take effect automatically under the existing terms of the New Share Option Scheme.

19. CANCELLATION OF UNEXERCISED OPTION

The Board shall have the absolute discretion to cancel any Option granted at any time provided that where an Option is cancelled and a new Option is proposed to be issued to the same Grantee, the issue of such new Option may only be made with available unissued Options (excluding, for this purpose, all cancelled Options) within the limits approved by Shareholders referred to in the paragraph 4 above.

20. TERMINATION

The Company by resolution in general meeting or the Board may terminate the operation of the New Share Option Scheme at any time, but Options granted prior to such termination shall continue to be valid and exercisable in accordance with the terms of such scheme.

This appendix serves as an explanatory statement to the Shareholders as required under the Listing Rules in connection with the proposed Repurchase Mandate and also constitutes the memorandum required under section 49BA of the Companies Ordinance.

REASONS FOR REPURCHASE MANDATE

Whilst the Directors do not presently intend to repurchase any Shares, they believe that the flexibility afforded by the mandate granted to them if the ordinary resolution no. 6 set out in the notice of AGM is passed would be beneficial to the Company and its Shareholders. Trading conditions on the Stock Exchange have sometimes been volatile in recent years and if there are occasions in the future when Shares are being traded at a discount to their underlying value, the ability of the Company to repurchase Shares can be beneficial to those shareholders who retain their investment in the Company since this may, depending on the circumstances, result in increases to the fully diluted net assets and/or earnings per share and will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders.

SHARE CAPITAL

As at 21 April 2004, being the Latest Practicable Date, the total issued share capital of the Company is 607,349,612 fully paid-up ordinary shares of HK\$0.05 each.

The exercise of the Repurchase Mandate up to 10% limit would enable the Company to repurchase 60,734,961 Shares.

SOURCE OF FUNDS FOR REPURCHASES

In repurchasing Shares, the Company may only apply funds entirely from the Company's available cashflow or working capital facilities, which will be funded legally available for such purpose in accordance with its Memorandum and Articles of Association and the Companies Ordinance. Such funds include but are not limited to the Company's profits available for distribution.

Whilst the Repurchase Mandate, if exercised in full, may have a material adverse impact on the working capital or gearing position of the Company, the Directors expect to exercise such mandate if and to such extent only as they are satisfied that the exercise thereof will not have such a material adverse impact.

DISCLOSURE OF INTERESTS

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to Repurchase Mandate in accordance with the Listing Rules and the Companies Ordinance.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, presently intend to sell any Shares to the Company under the Repurchase Mandate in the event that the latter is granted by the Shareholders.

The Company has not been notified by any connected persons of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company, in the event that Repurchase Mandate is granted by the Shareholders.

TAKEOVER CODE

If as a result of a share repurchase by the Company, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeover Code. Accordingly, a shareholder, or a group of shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code.

As at the Latest Practicable Date, Coppermine has an attributable interest of approximately 74.98% in the issued share capital of the Company. In the event that the Repurchase Mandate being exercised in full, the attributable interest of Coppermine in the Company will be increased to approximately 83.31% and such increase will not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeover Code. Assuming that there is no issue of Shares in the Company between the Latest Practicable Date and the date of a repurchase, an exercise of the Repurchase Mandate whether in whole would result in insufficient public float, the Directors have no intention to exercise the Repurchase Mandate to an extent as may result in a public shareholding of less than the minimum public float requirement.

MARKET PRICE

The highest and lowest traded market prices for Shares recorded on the Stock Exchange during each of previous twelve months before the printing of this circular were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2003		
April	0.150	0.130
May	0.290	0.130
June	0.238	0.175
July	0.225	0.190
August	0.275	0.218
September	0.315	0.240
October	0.370	0.240
November	0.310	0.245
December	0.415	0.245
2004		
January	*3.575	0.233
February	*3.600	*2.900
March	*3.300	*2.900

- * (i) *By an ordinary resolution duly passed at the Extraordinary General Meeting of the Company held on 3 December 2003, every ten issued and unissued ordinary shares of HK\$0.10 each in the capital of the Company were consolidated into one ordinary share of HK\$1.00 each immediately before the proposed capital reduction taking effect.*
- (ii) *By a special resolution duly passed at the Extraordinary General Meeting of the Company held on 3 December 2003 and with the sanction of an Order of the High Court of Hong Kong Special Administrative Region dated 6 January 2004, the proposed capital reduction took effect on 6 January 2004.*

SHARES REPURCHASES MADE BY THE COMPANY

No repurchases of Shares have been made by the Company during the last six months (whether on the Stock Exchange or otherwise).

This appendix sets out the proposed amendments to the Articles of Association to reflect the legislative changes to the Companies Ordinance regarding the removal of a director by an ordinary resolution and to incorporate the changes that are required under the revised Listing Rules.

Article 2 – Interpretation

New definitions will be added as follows:

- “**“associate”** shall have the meaning ascribed to it under the Listing Rules;
- “**Listing Rules**” shall mean the Rules Governing the Listing of Securities on the Stock Exchange;”

Article 3 – Share capital

Since the authorised share capital of the Company is set out in the Memorandum of Association of the Company, Article 3 will be deleted and hence the sub-heading “Share Capital and Modification of Rights” immediately before Article 3 will also be deleted and substituted therefor “Modification of Rights”.

Article 65 – Voting and demand for poll

The revised Listing Rules provide that any vote of shareholders taken at a general meeting to approve (i) connected transactions; (ii) transactions that are subject to independent shareholders’ approval pursuant to the Listing Rules; (iii) granting of options to a substantial shareholder or an independent non-executive director or any of their respective associates; and (iv) any other transaction in which a shareholder has a material interest and is therefore required to abstain from voting, must be taken on a poll. To reflect this new requirement, Article 65 will be amended as follows:

- “65 Subject to the rules prescribed by the Stock Exchange from time to time, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or the withdrawal of any other demand for a poll) a poll is demanded by:
- (i) the chairman of the meeting; or
 - (ii) at least three members present in person or by proxy for the time being entitled to vote at the meeting; or
 - (iii) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

- (iv) by any member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Unless a poll be so demanded and the demand is not withdrawn, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against such resolution.”

Voting rights

Under the revised Listing Rules, the articles of association of a listed company must provide that where any shareholder is subject to voting restrictions under the Listing Rules, any votes cast by or on behalf of such shareholder in contravention of such restriction shall not be counted. A new Article 71A will be added as follows:

“71A 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.”

Article 86 – Removal of Directors

Section 157B of the Companies Ordinance has been amended to provide that a director may be removed by an ordinary resolution instead of a special resolution notwithstanding any provision in a company’s constitution. To reflect this change, Article 86 will be amended as follows:

“86 The Company may by ordinary resolution remove any Director before the expiration of his period of office and may (subject to these Articles) by ordinary resolution appoint another person in his place. Any person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.”

Article 87 – Appointment of Directors

Article 87 will be amended to specify the lodgment period for the nomination of Directors by Shareholders, which 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, as follows:

“87 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 general meeting unless there have 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 and the minimum length of the period, during which such notice(s) are given, shall be at least 7 days and that the period for lodgment of such notice(s) shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such meeting.”

Article 96 & 97 – Power of Directors to hold offices of profit and to contract with the Company

Articles 96 and 97 will be amended to provide that Directors shall not vote for transactions in which they or their associates have a material interest, as follows:

- “96. Notwithstanding that such disclosure is made as aforesaid, a Director shall not be entitled to vote on any resolution of the Board approving any contract or arrangement in which he or any of his associates is materially interested. 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 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 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.
97. Save as otherwise provided by these Articles, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement in which he or any of his associates is to his knowledge materially interested, but this prohibition shall not apply to any of the following matters:
- (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, whether as an officer or shareholder 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;
- (iv) any proposal concerning the benefit of employees of the Company or its subsidiaries including:
 - (a) the adoption, modification or operation of a 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 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 associate(s), as such any privilege or advantage not generally accorded to the class of persons to which scheme or fund relates; and
- (v) 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.”

Article 101 – Rotation of Directors

Article 101 will be amended to provide that all Directors, save and except the Directors appointed by the Board under Article 85 and the managing director(s), are subject to retirement by rotation and being eligible for re-election at the annual general meeting, as follows:

“101 At each annual general meeting one-third of the Directors for the time being (excepting those Directors in respect of whom the provision of Article 85 applies), save and except the managing director(s), or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. The retiring Directors shall be eligible for re-election.”

According to the Article 65 of the Articles of Association, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or the withdrawal of any other demand for a poll) a poll is demanded by:

- (i) the chairman of the meeting; or
- (ii) at least three Shareholders present in person or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any Shareholder or Shareholders present in person or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (iv) by any Shareholder or Shareholders present in person or by proxy and holding Shares in the Company conferring a right to vote at a meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Article 66 further provides that the demand for a poll may be withdrawn with the consent of the chairman of the meeting, at any time before the close of the meeting or the taking of the poll, whichever is the earlier.