



GUANGDONG KELON ELECTRICAL HOLDINGS COMPANY LIMITED
廣東科龍電器股份有限公司

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 921)

NOTICE OF THE 2003 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2003 Annual General Meeting ("AGM") of the members of Guangdong Kelon Electrical Holdings Company Limited (the "Company") will be held at the conference room of the Company's head office, Shunde District, Foshan City, Guangdong Province on Saturday, 19 June 2004 at 10:00 a.m., to consider, approve and authorize the following businesses:

Ordinary Resolutions

- (1) To consider and approve the report of the Directors of Guangdong Kelon Electrical Holdings Company Limited for the year 2003; and
- (2) To consider and approve the report of Supervisory Committee of Guangdong Kelon Electrical Holdings Company Limited for the year 2003; and
- (3) To consider and approve the audited annual financial statements of Guangdong Kelon Electrical Holdings Company Limited for the year 2003; and
- (4) To consider and approve the profit distribution proposal of the company for the year 2003; and
- (5) To consider and approve the resolution on the reappointment of Auditors of the Company presented by the Board of Directors and authorize the Board of Directors to fix remuneration of the Auditors; and
- (6) To consider and approve the proposed amendments to "The Rules and Regulations Governing Shareholders' Meetings" as follows:

Original Content of Rule 37:

When a related party transaction is being considered for approval at a shareholders' general meeting, any shareholder who is interested in the related party transaction shall abstain from voting and the voting rights held by such shareholder shall not be counted towards the total number of shares with voting rights that are present at the shareholders' general meeting. The announcement on the resolution of the shareholders' general meeting shall fully disclose the results of the voting by shareholders who are not interested in the transaction. Under exceptional circumstances where a related party shareholder is unable to abstain from voting, the Company, after obtaining the consent from the relevant authorities, may carry on the voting in accordance with normal procedures, and details of this shall be disclosed in the announcement on the resolutions of the shareholders' general meeting.

To be amended as:

When a related party transaction is being considered for approval at a shareholders' general meeting, any shareholder who is interested in the related party transaction shall abstain from voting and the voting rights held by such shareholder shall not be counted towards the total number of shares with voting rights that are present at the shareholders' general meeting. The announcement on the resolution of the shareholders' general meeting shall fully disclose the results of the voting by shareholders who are not interested in the transaction. Where any shareholder shall abstain from voting in relation to certain matter or restricted to voting only for or only against any particular resolution in accordance with the Listing Rules of the Hong Kong Stock Exchange, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

- (7) To consider and approve the proposed amendments to "The Rules and Regulations Governing Directors' Meetings" as follows:

Original Content of Rule 24:

When resolutions are being made, any director who has conflict of interest in any resolutions of the board of directors, such director shall abstain from and has no right of voting, and shall not be counted in the quorum of such meeting.

To be amended as:

When resolutions are being made, any director who has conflict of interest in any resolutions of the Board of director, such director shall abstain from and has no right of votings, and shall not be counted in the quorum of the meeting. The directors shall not vote on any board resolution approving any contracts or arrangements or proposals in which such director or any of his associates (as defined in the Listing Rules of the Hong Kong Stock Exchange) has a material interest, nor shall be counted in the quorum present at the meeting.

Special Resolution

- (8) To consider and approve the proposed amendments to the Company's Articles of Association set out below by way of a special resolution and authorize the Board of Directors to present the Company's amended Articles of Association to the relevant PRC government authorities.

It is proposed that:

- (i) **Articles 1.2 and 25.3 be amended respectively as follows:**

Article 1.2:

Original Content:

"Registered Chinese Name:

廣東科龍電器股份有限公司

English Company Name:

GUANGDONG KELON ELECTRICAL
HOLDINGS COMPANY LIMITED

Company Address:	No. 8 Ronggang Road, Ronggui, Shunde, Guangdong Province, China
Postal Code:	528303
Telephone:	(765) 8362570
Fax:	(765) 8361055”

To be amended as:

“Registered Chinese Name:	廣東科龍電器股份有限公司
English Company Name:	GUANGDONG KELON ELECTRICAL HOLDINGS COMPANY LIMITED
Company Address:	No. 8 Ronggang Road, Ronggui, Shunde District, Foshan City, Guangdong Province, China
Postal Code:	528303
Telephone:	(757)28362570
Fax:	(757)28361055”

Article 25.3

Original Content:

“In this Articles, the following expressions shall have the following meanings unless the context otherwise requires:

“Articles of Association”	The Articles of Association of the Company
“Board”	The Board of Directors
“Chairman”	Chairman of the Board of Directors
“Directors”	The directors of the Company
“Ordinary Share”	Any domestic shares or overseas listed foreign shares of the Company
“Company Address”	Registered address in No. 8 Ronggang Road, Ronggui, Shunde District, Foshan City, Guangdong Province
“RMB”	China Renminbi, the lawful currency of the PRC
“Secretary to the Board of of Directors	Company secretary appointed by the Board

“PRC” or the “State”	The People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Company”	Guangdong Kelon Electrical Holdings Company Limited
“Accountant firm”	Has the same meaning as “Auditor” as defined in “the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited”
“SCRES”	State Commission for Restructuring the Economic System of the PRC

To be amended as:

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

“Articles of Association”	The Articles of Association of the Company
“Board”	The Board of Directors
“Chairman”	Chairman of the Board of Directors
“Directors”	The directors of the Company
“Ordinary share”	Any domestic shares or overseas listed foreign shares of the Company
“Company Address”	Registered address at No. 8 Ronggang Road, Ronggui, Shunde District, Foshan City, Guangdong Province, China
“RMB”	Renminbi, the lawful currency of the PRC
“Secretary to the Board of Directors”	Company secretary appointed by the Board of Directors
“PRC”or “State”	The People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Company” or “the Company”	Guangdong Kelon Electrical Holdings Company Limited
“Accountants’ firm”	Same as the “Auditor” defined in “the Rules Governing the Listing of Securities on the Stock Exchange”
“SCRES”	State Commission for Restructuring the Economic System of the PRC”

(ii) Article 8.22 be amended as follows:

Original Content:

When a related party transaction is being considered for approval at a shareholders' general meeting, any shareholder who is interested in the related party transaction shall abstain from voting and the voting rights held by such shareholder shall not be counted towards the total number of shares with voting rights that are present at the shareholders' general meeting. The announcement on the resolution of the shareholders' general meeting shall fully disclose the results of the voting by shareholders who are not interested in the transaction. Under exceptional circumstances where a related party shareholder is unable to abstain from voting, the Company, after obtaining the consent from the relevant authorities, may carry on the voting in accordance with normal procedures, and details of this shall be disclosed in the announcement on the resolutions of the shareholders' general meeting.

To be amended as:

When a related party transaction is being considered for approval at a shareholders' general meeting, any shareholder who is interested in the related party transaction shall abstain from voting and the voting rights held by such shareholder shall not be counted towards the total number of shares with voting rights that are present at the shareholders' general meeting. The announcement on the resolution of the shareholders' general meeting shall fully disclose the results of the voting by shareholders who are not interested in the transaction. Where any shareholder shall abstain from voting in relation to certain matter or restricted to voting only for or only against any particular resolution in accordance with the Listing Rules of the Hong Kong Stock Exchange, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Article 10.3 be amended as follows:

Original Content:

Both the Board of Directors and Supervisory Committee may propose to the shareholders' general meeting for nomination or replacement of the Company's directors.

Shareholders who individually or jointly hold more than 5% of the total number of the Company's issued shares with voting rights may propose to the shareholders' general meeting for replacement of the Company's directors. When nominating directors, the maximum number of nominations which a shareholder may make shall be determined on the basis that holding of 5% of the total number of issued shares with voting rights may nominate one director (any balance below 5% will not be counted).

The written notice showing the intention to nominate directors and the acceptance of the nomination from the nominated directors shall be delivered to the Board of Directors of the Company no later than seven days prior to the date of the shareholders' general meeting. The requirements of these Articles of Association shall apply to the resolutions on nomination of and replacement of directors.

To be amended as:

Both the Board of Directors and Supervisory Committee may propose to the shareholders' general meeting for nomination or replacement of the Company's directors.

Shareholders who individually or jointly hold more than 5% of the total number of the Company's issued shares with voting rights may propose to the shareholders' general meeting for replacement of the Company's directors. When nominating directors, the maximum number of nominations which a shareholder may make shall be determined on the basis that holding of 5% of the total number of issued shares with voting rights may nominate one director (any balance below 5% will not be counted).

The written notice showing the intention to nominate directors and the acceptance of the nomination from the nominated directors shall be delivered to the Board of Directors of the Company no sooner than the following date after dispatch of notice on the shareholders' general meeting related to the directors' election and no later than seven days prior to the date of the shareholders' general meeting. The requirements of these Articles of Association shall apply to the resolutions on nomination of and replacement of directors.

(iv) Article 10.16 be amended as follows:

Original Content:

The Board of Directors shall not, without the prior approval of shareholders in a general meeting, dispose of or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of the consideration for the proposed disposal and the value of the consideration for any similar disposal of fixed assets in the four months immediately preceding the proposed disposal, exceeds 33% of the value of the Company's fixed assets as stated in the last balance sheet placed before the shareholders in general meeting.

A "disposal of fixed assets" as referred to in this article includes an act involving the transfer of an interest in certain assets but does not include the provision of fixed assets by way of security.

Breach of the first paragraph of this article shall not affect the validity of any transaction entered into by the Company in disposing of fixed assets.

To be amended as:

The Board of Directors shall not, without the prior approval of shareholders in a general meeting, dispose of or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of the consideration for the proposed disposal and the value of the consideration for any similar disposal of fixed assets in the four months immediately preceding the proposed disposal, exceeds 33% of the value of the Company's fixed assets as stated in the last balance sheet placed before the shareholders in general meeting.

A "disposal of fixed assets" as referred to in this article includes an act involving the transfer of an interest in certain assets but does not include the provision of fixed assets by way of security.

Breach of the first paragraph of this article shall not affect the validity of any transaction entered into by the Company in disposing of fixed assets.

Security provided by the Company to external parties shall be subject to consent by two thirds of all member of the board or approval from shareholders' general meeting. The Company shall not directly or indirectly provide loan security for secured objects with a gearing ratio exceeding 70%; or provide security for controlling shareholders and other connected parties, any non-legal entities or individuals representing a shareholding of less than 50%. The total amount of security provided by the Company to external parties shall not exceed 50% of the net assets as recorded in the latest financial year's combined accounting statement. Where the Company provides security to any external party, anti-security shall be sought from the secured party who in term shall be able to undertake the anti-security.

(v) Article 10.29 be amended as follows:

Original Content:

Where any Director has conflict of interest in any resolutions of board of the directors, such director shall abstain from and has no right of voting, and shall not be counted in the quorum of such meeting.

To be amended as:

Where any Director has conflict of interest in any resolutions of the Board of director, such director shall abstain from and has no right of votings, and shall not be counted in the quorum of the meeting. The directors shall not vote on any board resolution approving any contracts or arrangements or proposals in which such director or any of his associates (as defined as in the Listing Rules of the Hong Kong Stock Exchange) has a material interest, nor shall be counted in the quorum present at the meeting.

By Order of the Board
Guangdong Kelon Electrical Holdings Company Limited
Gu Chu Jun
Chairman

Foshan City, Guangdong, the PRC, 30 April 2004

Notes:

- (a) Holders of the Company's shares whose names appear on the register of members of the Company as at the close of business on 19 May 2004 will be entitled to attend the AGM or any adjournment thereof.
- (b) Persons holding H shares of RMB1.00 each of the Company ("H Shares") should note that the register of members of H Shares will be closed from 19 May 2004 to 19 June 2004 (both days inclusive), during which period no share transfer will be effected.
- (c) A shareholder entitled to attend and vote at the AGM may appoint a proxy or proxies (whether he or she is a shareholder of the Company or not) to attend and vote instead of him or her. Each shareholder (or his/her proxy or proxies) shall be entitled to cast one vote for each share held. The completion and deposit of a form of proxy will not preclude any shareholder from attending and voting at the AGM or any adjournment thereof.

- (d) Shareholders must appoint a proxy or proxies in writing. Such instrument should be signed by the person appointing the proxy or proxies or by his or her authorized attorney. If the form of proxy is signed by an attorney, the document appointing the attorney must be certified by a notary. To be valid, a notarially certified power of attorney or other authority (if any) and the form of proxy must be received by the Secretary's Office 24 hours prior to the commencement of the AGM. A form of proxy for use at the AGM will be dispatched to the shareholders in due course.
- (e) The AGM is expected to last for half a day. Shareholders attending the AGM will be responsible for their own transportation and accommodation expenses.
- (f) The address of the Secretary's Office is:

The Secretary's Office of the Board of Directors of Guangdong Kelon Electrical Holdings Company Limited

No. 8 Ronggang Road
Ronggui, Shunde District
Foshan City
Guangdong Province
528303

Tel : (86) 757 28362570
Fax : (86) 757 28361055
Post code : 528303
Contact person : Li Lin, Yu Wan Li

As at the date of this announcement, the Company's executive directors include Mr Gu Chu Jun, Mr Liu Cong Meng, Mr Li Zhen Hua, Mr Yan You Song, Mr Zhang Hong and Mr Fang Zhi Guo; and the independent non-executive directors include Mr Chan Pei Cheong, Andy, Mr Li Kung Man and Mr Xu Xiao Lu.

"Please also refer to the published version of this announcement in China Daily"