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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **China Shenhua Energy Company Limited** (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser, or to the bank, licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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**中国神华能源股份有限公司**  
**CHINA SHENHUA ENERGY COMPANY LIMITED**

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

**(Stock Code: 1088)**

**ISSUE OF SHARES**  
**AMENDMENT OF CONSTITUTIONAL DOCUMENTS**

**(1) PROPOSED A SHARE OFFERING AND LISTING**

**(2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION  
AND RULES AND PROCEDURES OF MEETINGS OF SHAREHOLDERS,  
THE BOARD AND THE SUPERVISORY COMMITTEE**

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A letter from the Board of the Company is set out on pages 3 to 9 of this circular.

A notice setting out the resolutions to be resolved at the extraordinary general meeting of the Company to be held at Island Shangri-La, Pacific Place, Supreme Court Road, Central, Hong Kong, on 24 August 2007 at 9:00 a.m. will be dispatched to Shareholders together with this circular. Whether or not you intend to attend the meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event by not less than 24 hours before the time appointed for the holding of 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 meeting or any adjournment thereof should you so wish.

10 July 2007

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## DEFINITIONS

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

“A Shares”	the ordinary shares to be subscribed for in RMB, which are proposed to be allotted and issued by the Company to qualified strategic investors, price consultation participants, and the individuals, legal entities and other investors which have maintained share accounts with the Shanghai Stock Exchange (except prohibited by PRC laws and regulations and other regulatory requirements an issuer is subject to), and to be listed on the Shanghai Stock Exchange;
“A Share Issue”	the proposed allotment and issue of not more than 1.8 billion A Shares by the Company to qualified strategic investors, price consultation participants, and the individuals, legal entities and other investors which have maintained share accounts with the Shanghai Stock Exchange (except prohibited by PRC laws and regulations and other regulatory requirements an issuer is subject to), by way of public offering of new shares, which are proposed to be listed on the Shanghai Stock Exchange;
“Articles of Association”	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time;
“Board”	the board of Directors of the Company;
“Company”	中國神華能源股份有限公司 (China Shenhua Energy Company Limited) a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange;
“CSRC”	中國證券監督管理委員會 (China Securities Regulatory Commission);
“Directors”	the directors of the Company, including the executive, non-executive and independent non-executive directors of the Company;
“Domestic Shares”	shares issued by the Company under PRC law, the par value of which is denominated in Renminbi, and which are subscribed for in Renminbi;
“EGM”	the extraordinary general meeting of the Company to be held on 24 August 2007 at Island Shangri-La, Pacific Place, Supreme Court Road, Central, Hong Kong to approve, <i>inter alia</i> , the A Share Issue;

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## DEFINITIONS

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“Group”	the Company and its subsidiaries;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“H Shares”	overseas listed shares of RMB1.00 each in the share capital of the Company which are listed on the main board of the Hong Kong Stock Exchange and traded in Hong Kong dollars;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“PRC”	the People’s Republic of China, excluding, for the purpose of this circular only, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan, China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) of RMB1.00 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Company’s Shares;
“Shenhua Group”	神華集團有限責任公司 (Shenhua Group Corporation Limited), the sole promoter of the Company; and
“Supervisory Committee”	the Supervisory Committee of the Company.

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LETTER FROM THE BOARD

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**中国神华能源股份有限公司**  
**CHINA SHENHUA ENERGY COMPANY LIMITED**

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 1088)**

*Executive Directors:*

Chen Biting  
Ling Wen

*Registered Office:*

Shenhua Tower  
22 Andingmen Xibinhe Road  
Dongcheng District  
Beijing, PRC

*Non-executive Directors:*

Yun Gongmin  
Zhang Xiwu  
Zhang Yuzhuo  
Han Jianguo

*Independent Non-executive Directors:*

Huang Yicheng  
Anthony Francis Neoh  
Cheng Xiaoyue

10 July 2007

*To the shareholders*

Dear Sir or Madam,

**ISSUE OF SHARES  
AMENDMENT OF CONSTITUTIONAL DOCUMENTS**

**(1) PROPOSED A SHARE OFFERING AND LISTING**

**(2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION  
AND RULES AND PROCEDURES OF MEETINGS OF SHAREHOLDERS,  
THE BOARD AND THE SUPERVISORY COMMITTEE**

**INTRODUCTION**

The Board announces that at a meeting of the Board held on 30 June 2007, it was resolved that, subject to Shareholders' approval, the Company will apply (i) to the relevant regulatory authorities for the allotment and issue of not more than 1.8 billion A Shares to qualified strategic investors, price

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## LETTER FROM THE BOARD

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consultation participants, and the individuals, legal entities and other investors which have maintained share accounts with the Shanghai Stock Exchange (except those prohibited by PRC laws and regulations and other regulatory requirements to which an A Share issuer is subject), by way of public offering of the A Shares and (ii) to the Shanghai Stock Exchange for the listing of its A Shares. The A Share Issue is subject to (i) approval from Shareholders at the EGM; and (ii) approvals from the CSRC and other relevant regulatory authorities.

In light of the A Share Issue and pursuant to the requirements of the applicable PRC laws and regulations, certain amendments are proposed to be made to the Articles of Association. It is also proposed that Rules and Procedures of Shareholders' General Meetings, Rules and Procedures of Meetings of the Board of Directors and Rules and Procedures of Meetings of the Supervisory Committee will be amended.

The purpose of this circular is to give you information on the matters to be dealt with at the EGM, which include (i) the proposed A Share Issue, (ii) the proposed amendments to the Articles of Association, Rules and Procedures of Shareholders' General Meetings, Rules and Procedures of Meetings of the Board of Directors and Rules and Procedures of Meetings of the Supervisory Committee.

### PROPOSED A SHARE OFFERING AND LISTING

#### General

At a meeting of the Board held on 30 June 2007, it was resolved that, subject to Shareholders' approval, the Company will apply (i) to the relevant regulatory authorities for the allotment and issue of not more than 1.8 billion A Shares to qualified strategic investors, price consultation participants, and the individuals, legal entities and other investors which have maintained share accounts with the Shanghai Stock Exchange (except those prohibited by PRC laws and regulations and other regulatory requirements to which an A Share issuer is subject), by way of public offering of the A Shares and (ii) to the Shanghai Stock Exchange for the listing of its A Shares. If any investors include connected persons (as defined under the Listing Rules) of the Group, the Company will take steps to comply with the relevant connected transaction requirements under the Listing Rules. At present, the H Shares of the Company are listed on the main board of the Hong Kong Stock Exchange.

#### Structure of the A Share Issue

<b>Type of securities to be issued:</b>	A Shares
<b>Nominal value:</b>	RMB1.00 each
<b>Proposed stock exchange for listing:</b>	Shanghai Stock Exchange

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## LETTER FROM THE BOARD

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<b>Number of A Shares to be issued:</b>	Not more than 1.8 billion A Shares. The final number of A Shares to be issued shall be subject to approval by the CSRC, and subject to adjustment by the Board, as authorised by the Shareholders at the EGM, and within the range approved by the CSRC having regard to the relevant circumstances.
<b>Rights attached to A Shares:</b>	The A Shares to be issued are listed Domestic Shares and, except as otherwise provided for in the relevant laws, administrative regulations, departmental rules and other regulatory documents and the Articles of Association, holders of such A Shares will be entitled to the same rights as the existing Shareholders of H Shares of the Company in all respects.
<b>Plan of distribution of distributable profits:</b>	<p>Shareholders under the A Share Issue will not be entitled to the distributable profits of the Company up to and including 30 June 2007. The amount of distributable profits of the Company as at 30 June 2007 shall be referenced to the audit results of the Company's auditors. The amount of such distributable profits shall be determined after taking into account transfers to the statutory surplus reserve (which pursuant to the Articles of Association shall be an amount equal to 10% of the net profits as calculated pursuant to PRC GAAP) and other statutory reserves (if any) and shall be the lesser of the amounts as calculated in accordance with PRC GAAP and International Financial Reporting Standards. The actual distribution of the distributable profits of the Company as at 30 June 2007 will be implemented by the Board in accordance with the authorisation given by the Shareholders to the Board in respect thereof.</p> <p>Distributable profits of the Company from 1 July 2007 to the date prior to the A Share Issue shall, following the A Share Issue, be for the benefit of the existing Shareholders and the new Shareholders in proportion to their respective shareholdings.</p>
<b>Target subscribers:</b>	Qualified strategic investors, price consultation participants, and the individuals, legal entities and other investors which have maintained share accounts with the Shanghai Stock Exchange (except those prohibited by PRC laws and regulations and other regulatory requirements to which an A Share issuer is subject).

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## LETTER FROM THE BOARD

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**Price determination method:** The issue price range will be determined based on prevailing market conditions of the PRC securities market at the time when the A Share Issue takes place, by way of market consultations or any other price determination method approved by the CSRC.

The issue price will be determined following discussions between the Company and the lead underwriters, based on the prevailing market conditions.

The issue price and the amount to be raised from the A Share Issue cannot be ascertained as at the date of this circular. The Company will make an announcement following the determination of the issue price and the amount to be raised from the A Share Issue, and providing further information as to the basis for determination of the issue price.

**Use of proceeds:** The net proceeds from the A Share Issue, after deducting relating expenses, will all be used to (i) invest in and improve the Group's coal, power and transportation sectors; (ii) acquire strategic assets in the PRC and overseas, and (iii) strengthen the Group's working capital base and for general corporate use. The apportionment of net proceeds between the abovementioned uses is subject to regulatory approval and has yet to be determined by the Company. The Company will make a further announcement following such determination.

### **Shareholders' approval and other approvals**

At the annual general meeting of the Company held on 15 May 2007, the Shareholders granted a general mandate to the Board to separately or concurrently issue, allot and deal with additional Domestic Shares and H Shares in the Company not exceeding 20% of each of its existing Domestic Shares and H Shares of the Company in issue as at the date of the special resolution. To date, the Company has not issued any Shares under the general mandate. The Board proposes to issue the A Shares pursuant to the general mandate and no further mandate will be sought from the Shareholders for the issue of the A Shares.

The A Share Issue is subject to (i) approval from Shareholders at the EGM; and (ii) approvals from the CSRC and other relevant regulatory authorities.

The EGM will be held on 24 August 2007 to consider and, if thought fit, approve, among other things, the A Share Issue and to authorise the Board to determine and implement the specific plan for the A Share Issue (including but not limited to the number of A Shares to be issued, target subscribers, issue price, method of issue, over-allotment option, timetable of issue, strategic investors and other matters relating to the A Share Issue and the listing of A Shares) and to agree and enter into documents in relation to the A Share Issue. The Shareholder approval in respect of the A Share Issue, if obtained, shall be effective for a period of 12 months from the date of such approval.

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## LETTER FROM THE BOARD

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In addition, the examination and consent of the Shanghai Stock Exchange for the listing of and dealings in the A Shares on the Shanghai Stock Exchange is also required.

### Reasons for and benefits of the A Share Issue

The Company believes that the A Share Issue will establish a new financing platform for the Company, fund the Company's ongoing business development and improve the Company's competitiveness and profit return to the Shareholders. The Board believes that the A Share Issue will benefit the Company and its Shareholders as a whole.

### Effect of the A Share Issue on the Company's shareholding structure

Set out below is the shareholding structure of the Company as at the date of this circular and immediately upon completion of the A Share Issue, based on the assumption that an aggregate of 1.8 billion A Shares will be issued.

	As at the date of this Circular		Immediately after completion of the A Share Issue	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Non listed Domestic Shares	14,691,037,955	81.2	0	0
Listed Shares				
- A Shares	0	0	16,491,037,955	82.9
- H Shares	<u>3,398,582,500</u>	<u>18.8</u>	<u>3,398,582,500</u>	<u>17.1</u>
Total	<u>18,089,620,455</u>	<u>100</u>	<u>19,889,620,455</u>	<u>100</u>

### PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION, RULES AND PROCEDURES OF SHAREHOLDERS' GENERAL MEETINGS, RULES AND PROCEDURES OF MEETINGS OF THE BOARD OF DIRECTORS AND RULES AND PROCEDURES OF MEETINGS OF THE SUPERVISORY COMMITTEE

In light of the proposed A Share Issue, the Board proposes to make certain amendments to the Articles of Association, Rules and Procedures of Shareholders' General Meetings and Rules and Procedures of Meetings of the Board of Directors, and the Supervisory Committee proposes to make certain amendments to Rules and Procedures of Meetings of the Supervisory Committee, pursuant to the requirements of the applicable PRC laws and regulations and the relevant rules of the stock exchange on which the A Shares will be listed. The proposed amendments are subject to the approval of Shareholders.

Details of the proposed amendments to the Articles of Association, Rules and Procedures of Shareholders' General Meetings, Rules and Procedures of Meetings of the Board of Directors and Rules and Procedures of Meetings of the Supervisory Committee are enclosed with the circular.

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## LETTER FROM THE BOARD

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### THE EGM

Special resolutions to approve A Share Issue and amendments to the Articles of Association will be proposed at the EGM. Ordinary resolutions to approve (i) amendments to Rules and Procedures of Shareholders' General Meetings, (ii) Rules and Procedures of Meetings of the Board of Directors, (iii) Rules and Procedures of Meetings of the Supervisory Committee, and (iv) the terms of the Acquisition Agreement entered into between the Company and Shenhua Group on 30 June 2007, the transactions contemplated therein, and the execution of the Acquisition Agreement by the directors of the Company will also be proposed at the EGM. The Notice to Shareholders in respect of the convening of the EGM will be dispatched to Shareholders together with this circular.

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the form of proxy in accordance with the instructions printed thereon. For holders of H Shares, the proxy form should be returned to Computershare Hong Kong Investor Services Limited and for holder of Domestic Shares, the proxy form should be returned to the Investor Relations Department of the Company in person or by post not less than 24 hours before the time appointed for holding the EGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any adjourned meeting should you so wish.

If you intend to attend the EGM in person or by proxy, you are required to complete and return the reply slip to Computershare Hong Kong Investor Services Limited for holder of H Shares or to the Investor Relations Department of the Company for holder of Domestic Shares on or before Saturday, 4 August 2007.

### PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

Pursuant to the Articles of Association of the Company, at any general meeting of shareholders a resolution shall be decided on a show of hands unless a poll is demanded, before or after any vote by show of hands. A poll can be demanded by (i) the chairman of the meeting; (ii) at least two shareholders entitled to vote present in person or by proxy; or (iii) one or more shareholders present in person or by proxy and representing 10 per cent or more of all shares carrying the right to vote at the meeting.

Unless a poll be so demanded, a declaration by the chairman that a resolution has on a show of hands been carried, unanimously, or carried by, a particular majority, or lost, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

The demand for a poll may be withdrawn by the person who made such a demand.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Directors consider that the proposed A Share Issue, amendments to the Articles of Association, Rules and Procedures of Shareholders' General Meetings, Rules and Procedures of Meetings of the Board of Directors and Rules and Procedures of Meetings of the Supervisory Committee are in the best interests of the Company and its Shareholders as a whole.

Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions which will be passed at the EGM.

Yours faithfully,  
for and on behalf of the Board  
**Chen Biting**  
*Chairman*

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## APPENDIX I      PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

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The Company, currently as an H share company, plans to make an application for the A Share Issue. Pursuant to the relevant requirements specified by the CSRC, the Company shall prepare a set of articles of association, which is suitable for adoption upon completion of the A Share Issue, in the course of its application for the A Share Issue in accordance with the rules applicable to the A share listed companies.

The relevant requirements applicable to the aforesaid A share companies mainly include “Company Law of the People’s Republic of China”, “Securities Law of the People’s Republic of China”, “Guide to Articles of Association of Listed Companies”, “Regulations of General Meetings of Listed Companies”, “Guiding Opinions on the Setting Up of a System of Independent Directors for Listed Companies”.

Please note that the Articles are written in Chinese and there is no official English translation in respect thereof. The translation into English language in this Appendix I is for reference only. In case of any inconsistency between the English and Chinese versions, the Chinese version shall prevail.

Details of amendments are as follows (appropriate consequential changes to the numbering and sequence of the relevant chapter, article, paragraph and sub-paragraph will be made, if required, which will not be specifically described herein):

- 1 Add the following words as Article 1: “For the purpose of protecting the legal rights and interests of the company, the shareholders and the creditors as well as regulating the organization and behaviours of the company, these Articles of Association (or “the Articles of Association”) are hereby formulated pursuant to the Company Law of the PRC (hereinafter called “the Company Law”), the Securities Law of the PRC (hereinafter called “the Securities Law”), Special Provisions of the State Council concerning the Floatation and Listing Abroad of Shares by Joint Stock Company with Limited Liability (hereinafter called “the Special Provisions”), the Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas (hereinafter called “the Mandatory Provisions”) and Guidance for the Articles of Association of Listed Companies (revised 2006) (hereinafter called “Guidance for AOA”) as well as other related stipulations.”
- 2 Add the following words as Articles 15: “The shares of the Company shall be issued in accordance with the principles of openness, fairness and impartiality, and same right is attached to each share of the same class.

The terms and issue price of shares of the same class issued in one issuance shall be same and same price shall be paid by each institution or individual for each share subscribed.”

- 3 The first paragraph of Article 15 of the original Articles of Association shall be amended as follows: “Shares that the Company issues to domestic investors for subscription in Renminbi shall be known as “domestic shares.” The domestic shares which are listed in PRC shall be known as “A Shares”. Shares that the Company issues to foreign investors for subscription in foreign currencies shall be known as “foreign shares”. The foreign shares which are listed overseas shall be known as “overseas-listed foreign shares” or “H Shares”.”

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**APPENDIX I      PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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- 4     Add the following words as the third paragraph of Article 17 of the Articles of Association: “The A shares of the Company shall be held in central custody at the Shanghai branch of China Securities Depository and Clearing Corporation Limited. The H Shares of the Company shall be held in custody at the authorised depository companies under the Hong Kong Securities Clearing Company Limited or be held in the name of an individual shareholder.”
- 5     Delete the following words in Article 16 of the original Articles of Association: “Upon the approval of the companies approving department authorized by the State Council, the Company may issue a total of 19,572,953,737 ordinary shares. Upon incorporation, the Company issued 15,000,000,000 shares to its promoter, representing 76.64% of the total ordinary shares that the Company may issue.”, and replace them with “Upon the approval of the companies approving department authorized by the State Council, the Company may issue a total of 19,889,620,455 ordinary shares. Upon incorporation, the Company issued 15,000,000,000 shares to its promoter, representing 75.41% of the total ordinary shares that the Company may issue. Such numbers shall be adjusted after the issuance of A Shares of the Company.”
- 6     Add the following words as the second and third paragraph of Article 19 of the Articles of Association: “After the H share issuance mentioned in the preceding paragraph, subject to the approval of the shareholder’s meeting by special resolution and by the vetting authority authorised by the State Council, the Company issued 1,800,000,000 A Shares to the public. After the aforementioned issuance, the shareholding structure of the Company is as follows:
- The Company issued a total of 19,889,620,455 ordinary shares upon its said A Share offering, of which, Shenhua Group Corporation Limited, the promoter, held 14,691,037,955 shares, representing 73.86% of the total share capital. Other shareholders holding domestic shares held 1,800,000,000 shares, representing 9.05% of the total share capital. While holders of H shares held 3,398,582,500 shares, representing 17.1% of the total share capital. Such numbers shall be adjusted after the issuance of A Shares of the Company.”
- 7     Delete the following words in Article 20 of the original Articles of Association: “The registered share capital of the Company shall be RMB18,089,620,455 upon completion of the issue of H shares.”, and replace them with “The registered share capital of the Company shall be RMB19,889,620,455. Such number shall be adjusted after the issuance of A Shares of the Company.”
- 8     Delete the following words in the second paragraph of Article 21 of the original Articles of Association: “Increase of the Company’s share capital can take the form of: (1) offering new shares to unspecified investors for subscription; (2) selling new shares to specified investors and/or its existing shareholders; (3) allotting bonus shares to its existing shareholders; (4) converting its public reserve funds into share capital; (5) other means as permitted by law and administrative regulations, as well as other means as authorized by the securities regulatory authorities of the State Council.”, and replace them with “Increase of the Company’s share capital can take the form of: (1) publicly offering shares; (2)

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**APPENDIX I      PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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non-publicly offering shares; (3) allotting bonus shares to its existing shareholders;(4) converting its public reserve funds into share capital; (5) other means as required by laws and administrative regulations as well as approved by the securities regulatory and supervisory authorities of the State Council.”

- 9 Amend the words “publish the announcement for at least three times in the newspapers” to be “publish the announcement in the newspapers” in the second paragraph of Article 24 of the original Articles of Association.

Amend the words “within ninety days as of the announcement was made for the first time” to “within forty-five days from the date on which the announcement was made” in Article 24 of the original Articles of Association.

- 10 Amend the sub-clause 3 and 4 of Article 25 of the original Articles of Association as follows: “(3) such shares are distributed to its employees as reward;(4) such shares are repurchased by the Company upon request of any shareholder opposing a resolution regarding a merger or division at a general meeting”. And add the following words to the last paragraph of Article 25 of the original Articles of Association: “The Company shall not buy or sell any share in the Company under any circumstance other than those set out above”.

- 11 Add the following words as sub-clause 4 of Article 28 of the Articles of Association: “(4) other means approved by the securities regulatory and supervisory authorities of the State Council.”

- 12 Delete the first paragraph of Article 28 of the original Articles of Association: “Shares which have been legally repurchased by the Company shall be cancelled within the period prescribed by the law and administrative regulations, and the Company shall apply to the original company registration authorities to register the change in its registered capital and issue a relevant press announcement”, and replace them with: “If the Company acquires its shares under the circumstances of Sub-clause 1, 2 and 3 of Article 27 of the Articles of Association, the proposed resolution shall be passed at the shareholders’ general meeting. After the Company acquired its shares pursuant to the Article 27, if it is under the circumstances of Sub-clause 1, the acquired shares shall be cancelled within 10 days since acquisition date; if it is under the circumstances of Sub-clause 2 and 4, the acquired shares shall be transferred or cancelled within 6 months.

After the Company acquired its shares pursuant to Sub-clause 3 of Article 27, the acquired shares shall not exceed 5% of all of the issued shares of the Company; the capital used for the acquisition shall be disbursed from the profit after tax of the Company; the acquired shares shall be transferred to employees within one year”.

- 13 Delete the last two paragraphs of Article 39 of the original Articles of Association: “Shares in the Company held by the promoters shall not be transferred within one year from the date of the incorporation of the Company. Shares issued prior to the Company’s public offering of shares may not be transferred within one year from the date on which the shares of the Company were listed for trading on stock exchange.

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**APPENDIX I      PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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The directors, supervisors, president and other senior management personnel of the Company must inform the Company of their respective shareholdings in the Company as well as any change to such shareholdings. During the term of their respective offices, they shall not dispose of more than 25% of their respective shareholdings in the Company in each year and they may not dispose of any shares of the Company held by them within 1 year from the date of listing of the Company's shares. No shares of the Company held by any of the persons mentioned above may be disposed of within half a year from that person's departure from his office."

- 14 Delete Article 41 of the original Articles of Association: "In the event of the Company convening a shareholders' meeting, distributing dividends, liquidating and conducting transactions regarding the determination of rights attached to shares, the Board of Directors shall decide on a date for such determination of rights attached to shares. The shareholders of the Company shall be such persons whose names appear in the register of shareholders at the conclusion of such date", and replace them with: "In the event of the Company convening a shareholders' meeting, distributing dividends, liquidating and conducting transactions regarding the determination of the identity of the Shareholders, the Board of Directors or the person who convenes the shareholders' meeting shall decide on a date for such registration of Shareholdings. The shareholders of the Company shall be such persons whose names appear in the register of shareholders at the conclusion of such date".
- 15 Add the following words as Article 48 of the Articles of Association: "The shares of the Company held by the promoters shall not be transferred within 1 year after the date of the establishment of the Company. The shares issued before the Company publicly issues shares shall not be transferred within 1 year from the date when the shares of the Company get listed and are traded on a stock exchange.

The directors, the supervisors, the president and other senior management personnel of the Company shall report to the Company the shares in the Company held by them and any changes thereof. The shares to be transferred by anyone of them each year during his/her term of office shall not exceed 25% of all the shares in the Company held by him/her, except as demanded by court order, inheriting, bequest or division of property in compliance with the laws.

In the event that the number of shares held by the director, the supervisor, president and other senior management personnel does not exceed 1000, such shares may be transferred in full at one time and is not subject to restriction on transfer ratio as set out in the preceding paragraph.

Shares held by the directors, the supervisors, president and other senior management personnel shall not be transferred in the following events: (1) Within 1 year commencing from the date of the shares of the Company get listed and traded on a stock exchange; (2) Within half a year commencing from the date of the departure of the directors, the supervisors, president and other senior management personnel; (3) the directors, the supervisors, president and other senior management personnel undertake not to transfer shares within a certain period; and (4) Other circumstances as set out in laws and regulations and stipulated by the securities regulatory and supervisory authorities of the State Council and the stock exchanges."

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**APPENDIX I      PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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- 16 Add the following words as Article 49 of the Articles of Association: “If any Director, Supervisor or senior management personnel of the Company or domestic shareholders holding over 5% of the Company’s shares sells its shares in the Company within 6 months of their purchase or purchases shares in the Company within 6 months after a sale of shares in the Company, the profit derived shall belong to the Company and shall be recovered and duly disclosed by the Board of Directors, provided that securities companies which hold over 5% of the shares in the Company as a result of the performance of their underwriting obligations in relation to the shares unsubscribed shall not be subject to the restriction of six-month limitation period when disposing of such shares.

If the Board of Directors fails to implement pursuant to the provisions of the preceding paragraph, the shareholders shall have the right to require the Board of Directors to implement the provisions within 30 days. If the Board of Directors fails to implement the provisions within the prescribed period, the shareholders shall, in the interests of the Company, have the right to institute legal proceedings directly at a People’s Court.

If the Board of Directors of Company does not comply with the provisions of first paragraph set out above, the responsible directors shall bear joint and several liability accordingly”.

- 17 Delete the Sub-clause 2 of Article 47 of the original Articles of Association and replace them with: “the right to apply, convene, chair, attend or appoint a proxy to attend any general meeting of shareholders and to vote at the general meeting”;

Add the following words in Item (9)(10)(11) and (12) of Sub-clause 5: “(9)corporate bond counterfoil; (10) Resolutions of the board meeting; (11)Resolutions of the Supervisory Committee meeting; (12)Financial and accounting reports.”

Amend the Sub-clause 7 as follows: “a shareholder who has objection to a resolution passed at a shareholders’ general meeting for the merger or division of the Company shall have the right to demand a purchase of his shares by the Company;”

Add “departmental regulations” before “the Articles of Association of the Company” in Sub-clause 8.

- 18 Add the following words as Article 52 of the Articles of Association: “When making a request for inspection of the information set out in the preceding Article or a request for information, a shareholder shall produce to the Company a written document evidencing the class and number of shares he holds in the Company. The Company shall, after verifying the identity of the shareholder, provide him with the requested information”.

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- 19 Add the following words as Article 53 of the Articles of Association: “Shareholders may apply to the People’s Court for rescission if any resolution passed at the meeting of shareholders or the Board of Directors violates the laws or administrative regulations.

In the event that the convening procedures of the meeting of shareholders or the Board of Directors, or the voting procedures thereof contravene any law or administrative regulations or these Articles of Association, or the content of any resolution passed at such meetings contravenes these Articles of Association, the shareholders may, within sixty days of the date of passing of the relevant resolution, apply to the People’s Court for rescission of such resolution”.

- 20 Add the following words as Article 54 of the Articles of Association: “If a director, president or other senior management personnel violates the laws, administrative regulations or the provisions of these Articles of Association during the performance of his duties and incurs losses to the Company, the shareholder(s) holding individually or in aggregate over 1 % of the shares in the Company for a continued period of over 180 days may request in writing the Supervisory Committee to initiate legal proceedings at the People’s Court. If the Supervisory Committee violates the laws, administrative regulations or the provision of the Articles of Association during the performance of its duties and incurs losses to the Company, the shareholders may request in writing the Board of Directors to initiate legal proceedings at the People’s Court.

If the Supervisory Committee or the Board of Directors refuses to initiate legal proceedings after receipt of the written request of the shareholders stipulated in the preceding paragraph, or fails to initiate legal proceedings within 30 days after the date of receipt of the request, or in the event that any failure to immediately initiate legal proceedings will result in irreparable damage to the interests of the Company in the case of an emergency, the shareholders as prescribed in the preceding paragraph shall, for the benefit of the Company and in its/their own name, have the right to directly initiate action at the Peoples’ Court.

In the event that any person infringes the lawful interests of the Company and causes losses to the Company, the shareholders as prescribed in the first paragraph of this Article may initiate legal proceedings at the Peoples’ Court in accordance with the provisions of the two preceding paragraphs”.

- 21 Add the following words as Article 55 of the Articles of Association: “In the event that a director, president or other senior management personnel violates the laws, administrative regulations or the provisions of the Articles of Association and harms the interests of the shareholders, the shareholders may initiate legal proceedings at the People’s Court”.
- 22 Amend the Sub-clause 1 of the first paragraph of Article 48 of the original Articles of Association as follows: “to comply with the laws, administrative regulations and the Articles of Association.”

Add the following words as Sub-clause 4 of Article 48 of the original Articles of Association: “A holder of ordinary shares shall not abuse his rights to impair the interests of the Company or other shareholders and shall not abuse the independent status of the Company as a legal person and the limited liability of a shareholder to impair the interests of the creditors of the Company.

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In the event that a shareholder abuses his rights and incurs losses to the Company or other shareholders, he shall bear the liability of compensation in compliance with the law.

In the event that a shareholder abuses the independent status of the Company as a legal person and the limited liability of shareholders, avoids his liabilities and severely impairs the interests of the creditors of the Company, he shall bear joint and several liability for the liabilities of the Company”.

- 23 Add the following words as Article 59 of the Articles of Association: “Holders of domestic shares holding over 5% of the Company’s voting shares who use the shares of the Company as pledge shall give written notice to the Company at the date on which such pledges are made. The pledge of H shares shall be processed pursuant to the Hong Kong laws, relevant rules of the Stock Exchange of Hong Kong and other applicable rules and regulations”.
- 24 Add the following words as Article 60 of the Articles of Association: “Any controlling shareholder or actual controlling person of the company shall not impair the interests of the Company making use of the connective relationships. In the event that any stipulation is violated and any losses are incurred to the Company, the controlling shareholder or the actual controlling person of the company shall bear the liability of making compensations thereof.

The controlling shareholder or actual controlling person of the Company owes a fiduciary duty to the company and the public shareholders of the company. The controlling shareholder shall exercise his rights as a contributor in strict compliance with laws and shall not impair the legal interests of the company and the public shareholders of the company by way of profits distribution, assets reorganization, foreign investments, funds impropriation, loan security, etc. and shall not impair the legal interests of the company and the public shareholders of the company making use of his controlling status”.

- 25 Replace “5%” in Sub-clause 13 of Article 52 of the original Articles of Association with “3%”.

Add “or change of company form” in Sub-clause 9 of Article 52 of the original Articles of Association.

Add the following words in Sub-clause 14, 15, 16 and 17 of Article 52 of the original Articles of Association: “ (14) to consider and decide on the guarantee matters required to be approved at Shareholders general meetings by the provisions of laws, regulations and these Articles of Association”; “(15) to consider and decide on any matter of purchase or sales of substantial assets of the company which exceeds 30% of the latest audited total assets within one year”; “(16) to consider and approve change of use of proceeds”; “(17) to consider share incentive schemes”;

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Delete the original Sub-clause 15 of Article 52 of the original Articles of Association: “The general meeting of shareholders may authorize or entrust the Board of Directors to process the matters it authorizes or entrusts to be done with”;

- 26 Add the following words as Article 63 of the Articles of Association: “The following acts of external guarantee of the Company shall be subject to the review and adoption of the general meetings of shareholders. (1) Any guarantee provided by the Company after the external guarantee of the Company or the subsidiaries controlled by the Company in aggregate reaches or exceeds 50% of the latest audited net assets; (2) Any guarantee provided by the Company after the external guarantee of the Company in aggregate reaches or exceeds 30% of the latest audited total assets; (3) Any guarantee provided to any person or entity whose asset liabilities ratio exceeds 70%; (4) Any single guarantee, which exceeds 10% of the latest audited net assets; (5) Any guarantee provided to any shareholder, actual controlling person and his connected party”.
- 27 Amend Article 53 of the original Articles of Association as follows: “Save that the Company is under exceptional circumstances such as crisis, the Company shall not enter into any contracts with any person other than the directors, president and other senior management personnel based on which the management of all or the substantial part of the businesses of the Company will be given to such person upon approval of the company by way of special resolution.”
- 28 Replace “less than two thirds of that as required by the Articles of Association” in Sub-clause 1 of the second paragraph of Article 54 of the original Articles of Association with “less than six persons”.

Add the following words as Sub-clause 5 of the same article: “other matters required by law, administrative regulations, departmental rules or the Articles of Associations”.

- 29 Add the following words as Article 66 of the Articles of Association: “The independent directors are entitled to propose the convening of EGM. When an independent director proposes to the Board of Directors to convene an EGM, the Board of Directors shall pursuant to the relevant laws, administrative regulations and provisions of these Articles of Association indicate its agreement or disagreement to the convening of an EGM in writing within ten (10) days after its receipt of such proposal.

Should the Board of Directors agree to convene an EGM, it shall issue a notice on the convening of an EGM within five (5) days after the passing of a resolution of the Board of Directors. Should the Board of Directors does not agree to convene an EGM, it shall set forth the reasons and publish an announcement hereof.”.

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- 30 Add the following words as Article 67 of the Articles of Association: “The Supervisory Committee is entitled to propose the convening of EGM. When the Supervisory Committee proposes to the Board of Directors to convene an EGM, the proposal shall be submitted in writing. The Board of Directors shall pursuant to the relevant laws, regulations and provisions of these articles of association indicate its agreement or disagreement to the convening of an EGM in writing within ten (10) days after its receipt of such proposal.

Should the Board of Directors agree to convene an EGM, it shall issue a notice on the convening of an EGM within five (5) days after passing of a resolution of the Board of Directors. In the event that in the notice any changes are made to the original proposal, approval of the Supervisory Committee shall be obtained.

In the event that the Board of Directors does not agree to convene an EGM or gives no response within ten (10) days after its receipt of such proposal, the Board of Directors shall be deemed to be incapable of performing or fail to perform the duty of convening an EGM, in which case the of the Supervisory Committee may convene and preside over an EGM on its own.”

- 31 Add the following words as Article 68 of the Articles of Association: “If the shareholders require to convene an EGM or a class shareholders’ meeting, the following procedures shall be followed:

(1) Two (2) or more shareholders holding, individually or collectively, 10% or more of the shares carrying voting rights at the proposed meeting may execute one or more written requirements with the same form and contents, submitting for the Board of Directors to convene an EGM or a class shareholders’ meeting and set forth the topics for discussion at the meeting. The Board of Directors shall following the receipt of such written request convene an EGM or a class shareholders’ meeting as soon as possible. The aforementioned number of shares held shall be calculated as of the date when the written request was put forward by the shareholders.

(2) In case that the Board of Directors does not issue a notice convening a meeting within thirty (30) days after receipt of the aforementioned written request, the shareholder raising such request may convene a meeting on its own within four (4) months after receipt of such aforementioned written request by the Board. The procedures for convening the meeting shall as similar with those for convening a shareholders’ meeting by the board as possible.

In case that the shareholders failed to convene a meeting at the aforementioned request and convene and hold a meeting on its own, the expenses reasonably incurred shall be born by the Company and deducted from the amounts owed by the company to the director who is in breach of his duty”.

- 32 Add the following words as Article 69 of the Articles of Association: “the general meeting of shareholders convened by the Supervisory Committee or shareholders shall be notified to the Board of Directors in writing, while completing relevant filing procedures for record to the relevant branch of securities regulatory and supervisory authorities of the State Council of the place of the Company and the stock exchange.

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The convening shareholder(s) shall submit relevant supporting materials to the relevant branch of securities regulatory and supervisory authorities of the State Council of the place of the Company and the stock exchange when they issue announcements in relation to the shareholders general meeting notice and the meeting results.”

- 33 Add the following words as Article 70 of the Articles of Association: “As for the general meeting of shareholders convened by the Supervisory Committee or shareholders, the Board of Directors and the secretary to Board of directors shall render his cooperation. The Board of Directors shall provide the shareholders’ register at the date of the registration of shareholdings.”
- 34 Add the following words as Article 71 of the Articles of Association: “The disbursements necessary for a general meeting convened by the Supervisory Committee or shareholders shall be borne by the Company”.
- 35 Delete the following words in Article 55 of the original Articles of Association: “In the event that the Company has a sole shareholder, the requirement on the period of notice of the general meeting of shareholders may be waived upon the written approval by the shareholder.”
- 36 Add the following as Article 73: “The contents of the proposals shall fall into the scope of functions and powers of the general meeting of shareholders with definite topics of discussion and specific resolutions as well as comply with the relevant stipulations of laws, administrative regulations and the Articles of Association.”
- 37 Amend Article 56 of the original Articles of Association as follows: “The Board, Directors, the Supervisory Committee and the shareholders holding, individually or collectively, 3% or more shareholdings of the Company is/are entitled to put forward proposals to the Company at the shareholders general meetings.

The shareholders holding, individually or collectively, 3% or more shareholdings of the Company are entitled to put forward supplemental proposals and submit them to the convening person in writing ten days prior to the convening of the general meeting. The convening person shall issue a supplemental notice of the general meeting within two days after receipt of such proposals to announce the contents of the supplemental proposals and submit the same to the general meeting of shareholders for consideration and approval.

Save for the circumstances as set forth in the preceding paragraph, the convening person shall not make amendments to any proposals as set out in the notice of the general meeting or put forward any additional proposals after the issuance of the shareholders general meeting notice.

Any proposal which is not set out in the notice of the general meeting of shareholders or not in compliance with the provisions of Article 73 of the Articles of Association shall not be voted and such proposal shall not be passed hereof.”

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- 38 Add the following words “the duration of the meeting” after the word “venue” to Sub-clause 2 of Article 58 of the original Articles of Association.

Add the following words “all the shareholders are entitled to attend the general meeting of shareholders” after “To explain in express words” in Sub-clause 7 of Article 58 of the original Articles of Association.

- 39 Add the following as Article 78:

“In the event that any matter concerning the election of a director or a supervisor is to be discussed, the detailed information concerning the candidates of the director or the supervisor shall be fully disclosed, which shall include at least the following:

(1) Personal information such as the educational background, work experiences, part-time jobs, etc.; (2) Whether any connective relationship exists between him and the Company, the controlling shareholder(s) of the Company and the actual controlling person; (3) Number of shares of the Company he held; (4) Whether he was punished by any securities regulatory and supervisory authorities of the State Council, other authorities and Stock Exchanges”.

- 40 Add the following words as Article 79: “Following the issuance of the notice of the general meeting of shareholders, the general meeting shall not be delayed or cancelled and the proposals set forth in the notice of the general meeting of shareholders shall not be cancelled without any justifiable reasons. Upon the occurrence of any delay or cancellation of meetings, the convening person shall publish an announcement and explain the reasons at least two working days prior to the original date of convening of the meeting”.

- 41 Add the following words in Article 62 of the original Articles of Association: “All the shareholders or their proxies recorded on the date of registration of shareholding are entitled to attend the general meeting of shareholders and exercise their voting rights according to applicable laws, regulations and the Articles of Association.”

- 42 Replace “1/2” in the second paragraph of Article 66 of the original Articles of Association with “1/2 (excluding 1/2)”.

- 43 Add the following words as the second and third paragraph of Article 67 of the original Articles of Association: “shares of the Company held by the Company shall carry no voting right and such shares shall be excluded from the total number of voting shares represented by the shareholders at the meeting.

The Board of Directors, independent Directors and shareholders who satisfy the relevant qualifications may canvass the shareholders for votes”.

- 44 Add the following as Article 88: “At the time of the general meeting of shareholders when shareholders consider and review matters in relation to connected transactions, the

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connected shareholders shall refrain from the votings and the number of shares represented by them shall not be counted into the aggregate valid number of shares. The announcement of the resolutions of the general meeting of shareholders shall fully disclose the votings of non-connected shareholders”.

45 Add the following in Article 73 of the original Articles of Association:

“(5) the acquisition or disposal by the Company of material assets or the provision of security within one year with a value exceeding 30% of the latest audited total asset of the Company;

(6) share incentives scheme; and

(7) According to laws, administrative regulations or the Articles of Association, any other matter approved by an ordinary resolution at the general meeting of shareholders resolving such matters that may have material impact on the Company and shall be approved by a special resolution”.

46 Add the following as Article 95: “At the time when the general meeting of shareholders considers any proposals, it shall not make amendments hereto, otherwise, any relevant changes shall be deemed as a new proposal, which can not be voted upon at this meeting”.

47 Add the following as Article 96:

“The chairman of the general meeting of shareholders shall prior to the voting announce the number of shareholders and their proxies present at the meeting in person and the total number of shares carrying voting rights held by them. The number of shareholders and their proxies present at the meeting in person and the total number of shares carrying voting rights shall be subject to the number registered at the meeting”.

48 Add the following as Article 97: “Two shareholders representatives shall be elected to participate in vote counting and to supervise the counting process before any voting takes place at the general meeting of shareholders, but shareholders (and their proxies) who have an interest in the matters under consideration shall not participate in vote counting and the supervision of the counting process.

When voting takes place at the general meeting of shareholders, lawyers, shareholder representative and supervisor shall be responsible for counting votes and supervising the counting process. The voting results shall be announced at the general meeting and recorded in the meeting minutes.”

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49 Delete Article 74 of the original Articles of Association:

“When requesting the convening of an EGM or a class meeting, shareholders or the Supervisory Committee shall comply with the following procedures:

- i. Two (2) or more shareholders holding an aggregate of 10% or more of the shares carrying the right to vote at the meeting, or the Supervisory Committee shall sign one (1) or more written requests of the same form stating the object of the meeting and demanding that the Board of Directors convene an EGM or a class meeting thereof. The Board of Directors shall following the receipt of such written request convene an EGM or a class shareholders’ meeting as soon as possible. The aforementioned number of shares held shall be calculated as of the date when the written request was put forward by the shareholders.
- ii. In the event that the Board of Directors fails to issue a notice to convene a meeting within thirty (30) days of the date of the receipt of such request, the shareholders making the request or the Supervisory Committee may convene such a meeting on its own, in similar manner as to shareholders’ meetings convened by the Board of Directors, within four (4) months of the date of the receipt of such request.

In the event that shareholders or the Supervisory Committee convene, a meeting due to the failure by the Board of Directors to duly convene the same, all reasonable expenses so incurred shall be borne by the Company, by deducting from such sums owed by the Company to the director who is in breach of his duty”.

50 Add the following as the second, third and fourth paragraphs of Article 98 of the Articles of Association: “chairman of Supervisory Committee shall preside over and be the chairman of the meeting for shareholders general meetings convened by Supervisory Committee. In the event that chairman of Supervisory Committee fails to perform or is unable to perform his duty, one (1) supervisor nominated by half or more of all supervisors shall preside over the meeting.

Convener shall nominate candidate for presiding over and being the chairman of the general meetings convened by shareholders on their own.

During the course of shareholders general meeting and where the meeting can not proceed due to breach of meeting procedural rules by the chairman of meeting, the general meeting can nominate one (1) person as the chairman of meeting provided half or more of voting rights represented by attending shareholders and the meeting shall proceed.”

51 Add the following as Article 104-107:

Article 104: “Resolutions of the general meeting of shareholders shall be announced promptly. The number of shareholders and proxies attending the meeting, the total number

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of shares carrying voting rights and its percentage of the total number of the voting shares of the Company, the voting methods, the voting result for each proposal and details of each of the resolutions passed shall be stated clearly in the announcement”.

Article 105: “In the event that a proposal has not been approved or a resolution of a previous shareholders’ general meeting has been amended by the current shareholders’ general meeting, the same shall be specifically mentioned in the announcement of the results of the general meeting of shareholders.”

Article 106: “In the event that a resolution relating to the election of Directors and Supervisors, the appointment of the newly appointed Directors and Supervisors shall take effect on the date of such resolution is passed.

In the event that the date on which the employee representative supervisor in the new session of the Supervisory Committee is elected is earlier than the formation of the new session of Supervisory Committee, the time of the assumption of office of such supervisor shall be deemed as the date of the formation of the new session of Supervisory Committee; save for the above, the time of the assumption of office of such employee representative supervisor shall be deemed as the date of the democratic election.”

Article 107: “In the event that a resolution relating to the distribution of cash dividends, the issue of bonus shares or the increase in share capital by way of a conversion of the capital reserve has been passed by the general meeting of shareholders, the Company shall implement such resolution within 2 months of the conclusion of the general meeting of shareholders”.

- 52 Add the following words in the first paragraph of Article 90 of the original Articles of Association: “Before the expiry of terms of director, shareholders general meeting shall not dismiss director’s position without giving justifiable reason.

The term of director shall be calculated from the starting date of his term until the expiry of term of the relevant session of Board of Directors. In the event that relevant director is not re-elected after the expiry of term of the director, before the re-elected director is appointed, the director whose terms has expired shall fulfil the director’s responsibility according to applicant laws, administrative regulations, departmental rules and Articles of Association”.

- 53 Add the following words as the second and third paragraphs of Article 119 of the Articles of Association: “in the event, as a result of the resignation of a director, that the number of the members of the Board of Directors falls below the minimum number required by law, before the new director is appointed, the resigned director shall fulfil the director’s responsibility according to applicant laws, regulations, administrative rules and the Articles of Association.

Save for above, the resignation of director will become effective upon delivery of the resignation letter to the board”.

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54 Delete Article 93 of the original Articles of Association: “In the event, as a result of the resignation of a director, that the number of the members of the Board of Directors falls below the minimum number required by law, such resignation shall not become effective until a new director is elected to fill the vacancy so arising. An EGM shall be convened by the Board of Directors as soon as possible for purpose of electing a new director to fill such vacancy”.

55 Article 94 of the original Articles of Association be amended to the following:

“a director shall clear all transitional procedures with the Board on resignation or expiry of term and shall fulfil his fiduciary obligations against the Company and shareholders. The obligations shall not be dismissed after the expiry of term and remains effective within the reasonable period specified by the Articles. The confidentiality duty shall still be binding for the director after his resignation or expiry of his term until relevant confidential information enters the public domain”.

56 The second paragraph of Article 96 of the original Articles of Association is amended to the following: “Independent directors shall be appointed for a term of three (3) years, which is renewable upon re-election. However, an independent director’s term of office shall not exceed a total of six (6) years”.

57 Add “or other securities and their listing” Sub-clause 7 of the first paragraph of Article 102 of the original Articles of Association.

Add “change of company form” in Sub-clause 8 of the first paragraph of Article 102 of the original Articles of Association.

Add “within the authorisation of shareholders general meetings, decide the Company’s external investments, purchase or dispose of assets, security on assets, external guarantee, entrusted asset management and connected transaction and other matters;” as Sub-clause 9 of the first paragraph of Article 102 of the original Articles of Association.

Move “to address the disposal of assets (including acquisition, sale and replacement) or related transactions according to the requirements of the securities regulatory authorities and the listing rules of the stock exchange on which shares of the Company are listed” in Sub-clause 16 of the first paragraph of Article 102 of the original Articles of Association to the third paragraph of Article 102 of the original Articles of Association.

Amend the second paragraph of Article 102 of the original Articles of Association to the following: “Unless otherwise required by relevant laws, administrative regulations and the Articles of Association, when the Board of Directors decide on the above matters specified in this article, approvals from half or more of all directors are required for passing of relevant proposal, except for proposals relating to plan of increase or decrease of the Company’s registered share capital, plan of issuance of corporate bonds, plan of merger, division and dissolution of the Company and amendments to the Articles of Association which require approvals from two thirds or more of all directors”.

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- 58 Add “the Board of Directors shall report to the shareholders’ general meeting regarding the informal audit opinion issued by the auditors of the Company in relation to the financial statements of the Company” as Article 129.
- 59 Add “the Board of Directors shall stipulate the authority to conduct external investments, acquisition or disposal of assets, security imposed on assets, external guarantee, entrusted asset management and connected transactions, and establish detailed procedures for review and execution; as for material investments, experts or specialized persons shall be consulted and the investment proposal shall be submitted to the shareholders general meeting for approval” as Article 132.
- 60 Replace “notify all the directors ten days before holding of the meeting” in Article 106 of the original Articles of Association with “notify all directors and supervisors ten days before holding of the meeting”.
- 61 Replace “ $\frac{1}{2}$ ” in the first paragraph of Article 110 of the original Articles of Association with “ $\frac{1}{2}$  (excluding  $\frac{1}{2}$ )”.

Replace the following words in Article 110 of the original Articles of Association:

“Where a director or any of his related parties (as defined under the Listing Rules on the Stock Exchange of Hong Kong Limited) has any interest in the subject matter of the meeting (including approval of any contract, transaction and arrangement), such director shall withdraw from the meeting and abstain from voting. Such director shall not be counted in the quorum present at the same meeting of the Board of Directors. Notwithstanding the foregoing provision, such prohibition shall not apply and such director may vote (and be counted in the quorum) with respect to any resolution(s) concerning any one or more of the following matters:

The provision to any director or any of his related parties of any security or indemnity with respect to money loaned to the Company or any of its subsidiaries, or obligations incurred or undertaken by him or any of his related parties at the request of or for the benefit of the Company or any of its subsidiaries; or

The provision by the Company or any of its subsidiaries of any security or indemnity to a third party with respect to a debt or obligation of the Company or any of its subsidiaries for which the director or any of his associates has assumed the liability in whole or in part and whether individually or jointly with others under a guarantee or indemnity or by the provision of security;

Any proposal with respect to an offer of shares or debentures or other securities of the Company or any other company which the issuer may promote or of which the Company may be interested in the subscription or purchase, in which the director or any of his related parties is or is interested as a participant in the underwriting or sub-underwriting of the offer;

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Any offer made by any other company in which the director or any of his related parties is interested, directly or indirectly, whether as an officer or executive officer or a shareholder; or any offer made by any other company in which the director or any of his related parties is beneficially interested, provided that he and any of his related parties together are not beneficially interested in five percent (5%) or more of the issued shares of any class of such company or of the voting rights thereof or of any third company through which such interest is derived;

Any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including:

The adoption, modification or operation of any employees' share plan or any share incentive or share option plan under which the director or any of his related parties may benefit; or

The adoption, modification or operation of a pension fund or retirement, death or disability benefits plan which relates both to directors, their related parties and employees of the Company or any of its subsidiaries and does not provide with respect to any director (or any of his related parties), as such any privilege or advantage which may not generally be afforded to the class of persons to which such plan or fund relates; and

Any contract or arrangement in which the director or any of his related parties is interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his or their interests in shares or debentures or other securities of the issuer”.

with the following:

“Where a director or any of his related parties (as defined under the Listing Rules on the Stock Exchange of Hong Kong Limited) has any interest in the subject matter of the meeting (including approval of any contract, transaction and arrangement) or a director has any connected relationship with any enterprise involved in the proposals, such director shall withdraw from the meeting and abstain from voting. Such director shall not be counted in the quorum present at the same meeting of the Board of Directors. The Board of Directors meeting may be held when more than half of the non-connected directors attend the meeting. The resolution of the Board of Directors meeting shall be passed by more than half of the non-connected directors. If the number of non-interested directors attending the meetings is less than 3, the matter shall be submitted to the shareholders' general meeting for consideration”.

- 62 Add the following words as the third paragraph of Article 141 of Articles of Association: “the minutes of board meetings shall be kept and maintained as company records for no less than 10 years”.

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- 63 Replace “their terms can be renewed upon new election” in the third paragraph of Article 117 of the original Articles of Association with “their terms can be renewed upon new appointment”.
- 64 Add the following words as Article 152: “The president and other senior management personnel may prior to the expiration of their terms submit to resign from their current posts. The specific procedures and rules in relation to the resignation of president and the senior management personnel shall be provided for in the employment contracts entered into between the president and the senior management personnel and the company.”
- 65 Delete “financial controller” in Article 125 of the original Articles of Association and replace them with “other senior management personnel”.
- 66 Add the following words as Article 157: “If Supervisors have not been re-elected in time when the term of office of the current Supervisors expires or the resignation of a Supervisor causes the number of members on the Supervisory Committee to fall below the minimum number required by law, such Supervisor shall continue to perform his/her duties as a Supervisor in accordance with the requirements of the laws, administrative regulations and these Articles of Association until the vacancy has been filled up by another elected Supervisor.”
- 67 Add the following words as Article 158: “supervisors shall ensure the authenticity, accuracy and completeness of the information disclosed by the Company.”
- 68 Amend Sub-clause 1 of the first paragraph of Article 129 of the original Articles of Association as follows: “to review the periodical reports of the Company made by the Board of Directors and give opinion in writing;”

Amend Sub-clause 2 as follows: “to inspect the Company’s financial situation”.

Amend Sub-clause 3 as follows: “to supervise the performance of the Directors, President and other senior management personnel during the performance of their duties to the Company and to propose the removal of any Directors, President and other senior management personnel who has violated the laws, administrative regulations, these Articles of Association or resolutions of the general meeting of shareholders;”

Amend Sub-clause 4 as follows: “When the behaviours of the directors, President and other senior management personnel of the Company harm the interests of the Company, the aforementioned personnel are requested to rectify their behaviours;”

Amend the Sub-clause 5 to the following: “to review such financial information as the financial statements, business reports and any plans for distribution of profits to be submitted by the Board of Directors to the general meetings of shareholders, and to retain, on the Company’s behalf any certified public accountants or practising auditors to assist in the review of such information should any doubt arises with respect thereof”;

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Amend Sub-clause 6 as follows: “to propose the convening of an EGM and, in case the Board of Directors does not perform its obligation to convene and preside over the meetings of shareholders in accordance with the Company Law, to convene and preside over the general meeting of shareholders;”

Amend Sub-clause 7 of Article 129 of the original Articles of Association to the following: “to negotiate with the directors on behalf of the Company or lodge suits against the directors, president and other senior management personnel according to Article 152 of PRC Company Law;”

Amend Sub-clause 8 of Article 129 to the following: “to make proposals to the general meeting of shareholders;”

Amend Sub-clause 9 of Article 129 to the following: “if there are any unusual circumstances in the Company’s operations, to conduct investigation;”

Amend the second paragraph of Article 129 of the original Articles of Association as follows: “supervisors are entitled to attend the board meeting and make enquiries or suggestions to the proposals made to the board meeting”.

- 69 Replace “1/2” in the third paragraph of Article 130 of the original Articles of Association with “two thirds”.

Replace “Supervisory Committee Meeting should prepare the meeting minutes and attending supervisors should sign on the minutes. The minutes for Supervisory Committee meetings shall be kept as company records by the secretary to board” in Article 130 of the original Articles of Association with the following words : “Supervisory Committee should prepare the meeting minutes for the matters decided at the meetings and attending supervisors should sign on the minutes. Supervisors are entitled to have their statements at the meeting recorded in the minutes. The meeting minutes shall be kept and maintained as company record for no less than 10 years.”

- 70 Add the following words as Article 165: “without any provisions contained in these Articles of Association or the legal authorization given by the Board of Directors, any director shall not in his own name act on behalf of the Company or the Board of Directors. In the event that a director acts in his own name, where a third party reasonably considers that this director acts on behalf of the Company or the Board of Directors, he shall declare his position and capacity in advance.”

- 71 Add the following words as Article 183: “Any director, supervisor, president or other senior management personnel who are in breach of the provisions of any laws, administrative regulations, departmental rules or these Articles of Association when he is performing his duties and incurs losses to the Company shall bear the liability of making indemnification.”

- 72 Amend Article 155 of the original Articles of Association as follows: “The financial statements of the Company shall, in addition to being prepared in accordance with

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accounting principles and regulations of the PRC, shall also be prepared in accordance with either international accounting standards, or with those accounting standards of other jurisdictions where the Company's shares are listed. In the event of any material discrepancies are found in the financial statements prepared in accordance with the two sets of accounting principles, such discrepancies shall be stated in the financial statements. The after-tax profit to be distributed by the Company shall be the lower of the after-tax profit calculated under the above two accounting standards".

- 73 Replace Article 157 of the original Articles of Association with the following: 'The Company shall submit its annual financial and accounting report to the securities regulatory and supervisory authorities of the State Council and the stock exchange of the place where the Company's shares are listed within 4 months after the end of each accounting year; The Company shall submit the interim financial and accounting report to the branch of the securities regulatory and supervisory authorities of the State Council, and to the stock exchange in accordance with the relevant regulatory requirements of the place where the Company's shares are listed, within 2 months after the end of the first 6 months of each accounting year; submit the quarterly financial and accounting report to the branch of securities regulatory and supervisory authorities of the State Council, and to the stock exchange in accordance with the relevant regulatory requirements of the place in the event that the Company's shares are listed, within 1 months after the end of the first 3 months and the end of the first 9 months, of each accounting year.

The aforementioned financial statements shall be prepared and announced in accordance with the provisions of relevant laws, administrative regulations and departmental rules".

- 74 Delete the following words in Sub-clause 3 of the first paragraph of Article 159 of the original Articles of Association: "drawdown welfare fund pursuant to the requirements of all applicable laws and regulations." Delete the following words in Sub-clause 5 of the same article "payment of dividend to shareholders" and replace them with "payment of ordinary shares' dividend." Add the following words in the same article: "Company shares which held by the Company itself shall not be eligible for profits distribution."
- 75 Delete the following words in Article 163 of the original Articles of Association: "The Company's common welfare fund shall be used for the collective welfare of the Company's employees.
- 76 Delete the following words in Article 169 of the Articles of Association: "The Company shall establish an internal audit system in which a designated audit department is established" and replace them with "The Company shall establish an internal audit system in which auditing personnel are appointed".
- 77 Add the following words in Article 171 of the original Articles of Association: "Once the retaining period expires, the Company may renew the retaining period of the Accounting firm."

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- 78 Delete the following words in Article 178 of the original Articles of Association: “decided at a meeting of the Board of Directors.”
- 79 Delete the following words in the second paragraph of Article 185 of the original Articles of Association: “In the event of a merger, the parties to the merger shall execute a merger agreement and prepare the balance sheet and the inventory of assets. The Company shall notify its creditors within ten (10) days and publish an announcement in a newspaper at least three (3) times within thirty (30) days of the date of the Company’s merger resolution.” and replace them with the following words: “In the event of a merger, the parties to the merger shall execute a merger agreement and prepare the balance sheet and the inventory asset. The Company shall notify its creditors within ten (10) days and publish an announcement in a newspaper within thirty (30) days of the date of the Company’s merger resolution. Creditors who receive the notice within thirty (30) days after the receipt date, creditors who haven’t received the notice within forty-five (45) days since the announcement date, may require the Company to pay off the debts or provide relevant security.”
- 80 Delete the words in the third paragraph of Article 186 of the original Articles of Association: “Debts of the Company prior to the division shall be assumed by the companies that exist after the division in accordance with the agreement entered into between the parties” and replace them with “The companies after the division shall be responsible for the debts of the Company prior to the division, save for those written agreement on debts repayment issues between the Company and creditors prior to the division.”
- 81 Delete the words in Sub-clause 3 and 4 of Article 188 of the original Articles of Association and replace them with: “(3) business license is annulled, the Company is ordered to close or discharged in accordance with the law; and (4) When serious difficulties in business management are experienced by the Company, shareholder’s interest will be seriously harmed if the Company continues to exist, and cannot be solved through other ways, shareholders who hold more than 10% of the Company’s voting rights may request People’s Court to dissolve the Company.”
- 82 Delete the following words in Article 189 of the original Articles of Association: “Where the Company is dissolved pursuant to sub-clause 1 of the preceding article, a liquidation committee, whose composition shall be determined by an ordinary resolution at a general meeting of shareholders, shall be set up within fifteen (15) days of the dissolution.

Where the Company is dissolved pursuant to sub-clause 3, the People’s Court shall, in accordance with the provisions of the relevant laws, coordinate with the shareholders, relevant authorities and professionals to establish a liquidation committee to execute the liquidation.

Where the Company is dissolved pursuant to sub-clause 4, the relevant regulatory authorities shall coordinate with the shareholders, relevant authorities and professionals to establish a liquidation committee to execute the liquidation.”,

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and replace them with the following words: “Where the Company is dissolved pursuant to sub-clause 1, 3 and 4, a liquidation committee shall be established within fifteen (15) days since the event triggering dissolution and shall start commence liquidating. The member of the liquidation committee shall be decided by the directors or in the shareholders’ general meetings. If the liquidation committee is not established within the time limit, the creditors may request the People’s Court to designate relevant professionals to establish a liquidation committee to execute the liquidation.”

83 Add the following words in Sub-clause 4 of Article 192 of the original Articles of Association: “and the taxation fees generated from the process of liquidation.”

84 Add the following words as Article 228 of the Articles of Association: “Members of a liquidation committee shall be faithful in the discharge of their duties and perform their liquidation obligations according to laws.

Members of a liquidation committee shall not abuse their power to accept bribes or other illegal benefit and shall not seize company property.

If members of a liquidation committee intentionally or through gross negligence cause the company or its creditors to suffer loss, they shall be liable for compensation”.

85 Add the following words as Article 229 of the Articles of Association: “If the Company is declared bankrupt in accordance with applicable laws, the bankruptcy liquidation shall be conducted in accordance with laws on enterprise bankruptcy.”

86 Replace “securities regulatory authorities of the State Council” in the original Articles of Association with “securities regulatory and supervisory authorities of the State Council”.



Replace “applicable departmental rules” in Sub-clause 14 of Article 11 of the Original Rules and Procedures of Shareholders’ General Meetings with “the listing rule of the stock exchanges on which the Company’s shares are listed”.

Delete Sub-clause 15 of Article 11 of the original Rules and Procedures of Shareholders’ General Meetings: “the shareholders general meeting may authorise or entrust the Board of Directors to process matters it authorities or entrusts to be done with”. Delete the following words in the same article: “the shareholders general meeting shall exercise its powers within the scope permitted by the Company Law and shall not interfere with the shareholders exercising their rights.

5. Add the following words to Article 12 of the original Rules and Procedures of Shareholders’ General Meetings: “The contents shall fall within the responsibilities of the shareholders’ general meeting and have clear topics and content for resolution. The proposals shall comply with the relevant provisions under the laws, administrative regulations and the Articles of Association.”
6. Add the following as Article 13: “Before holding the shareholders general meeting, Board of Directors, Supervisory Committee and shareholder(s) individually or collectively holding over 3% of the shares in the Company may make proposals.

Shareholder(s) individually or collectively holding over 3% of the shares in the Company may submit the supplemental proposals in writing to the convener 10 days prior to the holding of the shareholders’ general meeting. The convener shall issue a supplemental notice for shareholders general meeting within 2 days upon receipt of the proposal, announce the content of the supplemental proposal and submit the supplemental proposals to the shareholders’ general meeting for consideration.

Save for the above, the convener shall not make further amendment to the proposals in the shareholder general meeting notice or add new proposals after issuance of the shareholder general meeting notice.

The shareholders general meeting shall not vote for or resolve the proposals that are not listed in the shareholders general meeting notice or that do not comply with relevant provision under the Articles of Association.”

7. Delete Article 13 of the original Rules and Procedures of Shareholders’ General Meetings: “proposals for shareholders general meetings shall normally be proposed by the Board of Directors.”
8. Delete Articles 14 of the original Rules and Procedures of Shareholders’ General Meetings: “where two or above half of all the independent directors of the Company submit to the Board of Directors to convene the extraordinary general meeting, the submitting independent directors shall be responsible for submitting the proposals.”

9. Delete Article 15 of the original Rules and Procedures of Shareholders' General Meetings: "where the shareholders general meeting is to be held, shareholders holding individually or collectively 5% or more of all shares carrying voting rights are entitled to submit in writing supplemental proposals to the Company. The Company shall incorporate the proposals which fall within the scope of responsibilities of the shareholders general meeting into the meeting agenda".
10. Delete Articles 16 of the original Rules and Procedures of Shareholders' General Meetings: "where the Supervisory Committee proposes to convene the shareholders general meeting, the Supervisory Committee shall be responsible for submitting the proposals."
11. Delete Articles 17 of the original Rules and Procedures of Shareholders' General Meetings: "where the shareholders holding individually or collectively 10% or more of all shares carrying voting rights proposes to convene the shareholders general meeting, the proposing shareholders shall be responsible for submitting the proposals, irrespective of whether the general meeting is convened by the Board of Directors."
12. Delete Article 18 of the original Rules and Procedures of Shareholders' General Meetings: "before the Chairman of Board of Directors dispatches the board meeting notice relating to the shareholders' general meetings, the secretary to the board may collect proposals from shareholders individually holding 5% or more of the shares carrying voting rights (for convening annual general meetings of shareholders) or shareholders individually holding 10% or more of the shares carrying voting rights (for convening extraordinary general meetings), supervisors, independent directors, and then submit the proposals to the general meetings for consideration and approval after their approval at the board meeting".
13. Delete Article 19 of the original Rules and Procedures of Shareholders' General Meetings: "annual general meetings should, at least, consider the following proposals:
  - (1). consider the annual report prepared by the Board of Directors, including the investment plans and operation strategies for the next year;
  - (2). consider the annual report prepared by the Supervisory Committee;
  - (3). consider the audited financial review for the last financial year;
  - (4). consider the profits distribution plan for the last financial year; and
  - (5). Appoint, dismiss or cease to re-appoint accounting firms."
14. Delete Articles 20 of the original Rules and Procedures of Shareholders' General Meetings: "where the Supervisory Committee or shareholders holding individually or collectively 10% or more of all shares carrying voting rights proposes to convene the extraordinary

general or class meeting, one or several written request with the same format and contents can be signed to specify on the proposals, while relevant proposals falling within the the scope of responsibilities of the shareholders general meeting shall be submitted to the Board of Directors”.

15. Add the following as Sub-clause 5 of the second paragraph of Article 22 of the original Rules and Procedures of Shareholders' General Meetings: “Other situations as required under applicable laws, administrative regulations, departmental rules or the Articles of Association”.

Delete the third, fourth and fifth paragraphs of the same article:

“number of shares held under the above Article 22(3) shall be calculated as at the date when the shareholders submit the written request.

Where the shareholders and the Supervisory Committee propose to convene the extraordinary general meeting or class meeting, the following procedures shall be complied with: (1) two (2) or more shareholders holding collectively 10% (inclusive) or more of shares carrying voting rights at the relevant meetings or Supervisory Committee can sign one or more written request with the same format and content to propose to the Board of Directors to convene the extraordinary general or class meeting and to specify on the relevant proposals. Upon receipt of the above request, the Board of Directors shall convene the extraordinary general or class meeting as soon as practicable. The number of shares held by shareholders mentioned above shall be calculated as at the date when the shareholders submit the written request;

(2) where the Board of Directors fails to issue the meeting notice within 30 days from the receipt of the written request, the proposing shareholders or Supervisory Committee may convene the meeting on their own within four months from the board's receipt of the written request. The procedures by which the meeting is convened shall be as similar as that of the Shareholders meetings convened by the Board of Directors.

Where shareholders or the Supervisory Committee need to convene the general meeting in the above situation, the reasonable expenses incurred shall be borne by the Company by deducting from the remuneration due to the director who is in breach of his duty.”

16. Add the following as Article 16: “Independent directors are entitled to propose to the Board of Directors for convening the extraordinary general meeting. With regard to the proposal made by the independent director for holding an extraordinary general meeting, the Board of Directors shall, in accordance with the laws, administrative regulations, and the Articles of Associations, give a written reply on whether to hold the extraordinary general meeting or not within 10 days upon receipt of the proposal.

If the Board of Directors agrees to hold the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after the resolution is made by the Board of Directors. If the Board of Directors does not agree to hold the extraordinary general meeting, it shall give the reasons and make an announcement in respect thereof.”

17. Add the following as Article 17: “the Supervisory Committee is entitled to propose to the Board of Directors for convening the extraordinary general meeting and the proposal shall be in writing. With regard to the proposal made by the Supervisory Committee for holding an extraordinary general meeting, the Board of Directors shall, in accordance with the laws, administrative regulations, and the Articles of Associations, give a written reply on whether to hold the extraordinary general meeting or not within 10 days upon receipt of the proposal.

If the Board of Directors agrees to hold the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after the resolution is made by the Board of Directors. Amendments in the notice made to the proposals shall be approved by the Supervisory Committee.

If the Board of Directors does not agree to hold the extraordinary general meeting or does not respond within ten days from receipt of the request, it will be deemed as failing or unable to perform its function to convene the shareholders general meetings, when the Supervisory Committee may convene and preside over the meeting on its own.”

18. Add the following as Article 18: “Where the shareholders propose to convene the extraordinary general or class meeting, the following procedures shall be complied with: (1) two (2) or more shareholders holding collectively 10% (inclusive) or more of shares carrying voting rights at the relevant meetings can sign one or more written request with the same format and content to propose to the Board of Directors to convene the extraordinary general or class meeting and to specify on the relevant proposals. Upon receipt of the above request, the Board of Directors shall convene the extraordinary or class meeting as soon as practicable. The number of shares held by shareholders mentioned above shall be calculated as at the date when the shareholders submit the written request;

(2) where the Board of Directors fails to issue the meeting notice within 30 days from the receipt of the written request, the proposing shareholders may convene the meeting on their own within four months from the board’s receipt of the written request. The procedures by which the meeting is convened shall be as similar as that of Shareholders meetings convened by the Board of Directors.

Where shareholders convene the general meeting in the above situation, the reasonable expenses incurred shall be borne by the Company by deducting from the remuneration due to the director who is in breach of his duty.”

19. Add the following as Article 19: “the general meeting of shareholders to be convened by the Supervisory Committee or shareholders shall be notified to the Board of Directors in writing, while completing relevant filing procedures for record to the relevant branch of securities regulatory and supervisory authorities of the State Council of the place of the Company and the stock exchange.

The convening shareholder(s) shall submit relevant supporting materials to the relevant branch of securities regulatory and supervisory authorities of the State Council of the place of the Company and the stock exchange when they issue the announcements in relation to shareholders general meeting notice and the meeting results.”

20. Add the following as Article 20: “the Board of Directors and the secretary to the board shall render cooperation to shareholders general meetings convened by the Supervisory Committee or shareholders on their own. The Board of Directors shall provide the shareholders’ register as at the date of registration of Shareholding.”
21. Add the following as Article 21: “Where the Supervisory Committee or shareholders convene the shareholders general meeting on their own, the relevant expenses necessary for holding the meeting shall be borne by the Company”.
22. Replace “designated address, date and time of the meeting” in Article 26 (2) in the original Articles of Association with “designated address, duration, date and time of the meeting”.

Add the following in the Article 26(7) of the original Rules and Procedures of Shareholders’ General Meetings: “all the shareholders are entitled to attend the shareholders general meeting”.

23. Delete Article 28 of the original Rules and Procedures of Shareholders’ General Meetings: “after dispatching the meeting notice, the convener shall not make any new proposals that are not included in the meeting notice. When the largest shareholder puts forward the proposal relating to the new distribution plan, he shall submit the same to the board 10 days before the holding of the general meeting and procure its announcement by the board. If less than 10 days, the largest shareholder shall not make any new proposal relating to the distribution”.
24. Replace “directors, supervisors, secretary to the board, PRC counsel, president, vice president, financial controller” in Article 37 of the original Rules and Procedures of Shareholders’ General Meetings with “directors, supervisors, president and other senior management personnel and PRC lawyer”.
25. Delete Article 42 of the original Rules and Procedures of Shareholders’ General Meetings: “when the shareholders’ general meeting is held, shareholders holding, individually or collectively, 5% or more of the Company’s shares can register the new proposals with the Company. Chairman of the meeting shall decide whether to incorporate the new proposals

into the meeting agenda according to the Article 20 of these Rules and Procedures of Shareholders' General Meetings. When an extraordinary general meeting is held, the Company will not accept registration of new proposals and the chairman of the meeting shall not incorporate the new proposals into the meeting agenda”.

26. Add the following to Article 43 of the original Rules and Procedures of Shareholders' General Meetings: “Any shareholders' general meeting convened by the Supervisory Committee on its own shall be presided over by the chairman of the Supervisory Committee who shall also be the chairman of the meeting. If the Chairman of the Supervisory Committee is unable to or fails to perform his duties, a supervisor jointly elected by over half of all Supervisors shall preside over the meeting.

Any shareholders' general meeting convened by the shareholders on their own shall be presided over by a representative nominated by the convener who shall also be the chairman of the meeting.

Where the shareholders general meeting is unable to proceed due to breach of the Rules and Procedures of Shareholders' General Meetings committed by the chairman of the meeting during the course of the meeting, the shareholders general meeting may nominate one person as chairman of the meeting once approved by shareholders holding half or more of all attending shares carrying voting rights and the meeting shall then proceed”.

27. Delete the Article 46 of the original Rules and Procedures of Shareholders' General Meetings: “after the chairman of the meeting announces the opening of the meeting, he shall firstly announce the number of the attending shareholders and whether it meets the quorum, followed by the announcement of the meeting agenda as specified in the meeting notice, and ask whether there is any objection to the order of voting for the proposals made. Where the board or the chairman of the meeting does not incorporate the proposals raised by Supervisory Committee or shareholders into the meeting agenda, the board or the chairman of meeting shall explain and specify the reasons hereof. At extraordinary general meetings, no one shall require the proposals that are not included in the meeting notice to be discussed and considered”.
28. Delete the Article 47 of the original Rules and Procedures of Shareholders' General Meetings: “The chairman of the meeting starts to read out the proposals or designate others to read them out after he makes inquiries about the meeting procedures, and shall make explanations on the proposals according to the following requirements as necessary:
- (1). where the board raises the proposals, the chairman of board or anyone else designated by him shall specify on the proposal; and
  - (2). where the Supervisory Committee, shareholders individually or collectively holding 5% or more of the Company's shares raise the proposals, the person raising the proposals or his legal representative or proxies of the shareholders shall specify on the proposal”.

29. Replace “directors or supervisors ” in Article 50 of the original Rules and Procedures of Shareholders’ General Meetings with “directors, supervisors, president and other senior management personnel”.
30. Delete Article 52 of the original Rules and Procedures of Shareholders’ General Meetings: “the extraordinary general meetings should not consider proposals that are not included in the meeting notice. When the extraordinary general meetings consider the proposal in the meeting notice, proposals relating to the following matters should not be revised:
- (1). increase and decrease of register share capital;
  - (2). issue of corporate bonds;
  - (3). division, merge, dissolve and liquidation of the Company;
  - (4). amendment to the Articles of Association;
  - (5). profit distribution plan and plan to make up the operation loss;
  - (6). appointment and dismissal of the member of the board and Supervisory Committee;
  - (7). change of the use of proceeds raised through share offering;
  - (8). connected transactions required to be submitted to the general meetings;
  - (9). acquisition or disposal of assets required to be submitted to the general meetings; and
  - (10). change of accounting firm.

Any revision made to the above proposals will be deemed as a new proposal and thus cannot be considered in the general meeting then held. General meetings should consider and discuss the proposals in order and should not delay or skip anyone for any reason. Where the general meeting is presented different proposals regarding the same matter, they should be considered and resolved in the order of time when the proposal is submitted”.

Replace the above with:

“the shareholders general meeting shall not amend the proposals when it considers the proposals. Otherwise, relevant amendments shall be deemed as new proposals which may not be voted at the meeting then held”.

31. Replace “ $\frac{1}{2}$ ” in the second paragraph of Article 53 of the original Rules and Procedures of Shareholders’ General Meetings with “ $\frac{1}{2}$  (excluding  $\frac{1}{2}$ )”.

Add “(5) the annual report of the Company” in Article 53(5) of the original Rules and Procedures of Shareholders’ General Meetings.

32. Add “share incentive scheme” and “the amount of the material assets purchased or disposed of or the amount of the security/guarantee given by the Company within one year exceeds 30% of its latest audited total assets;” as Article 61(6) and (5) of the original Rules and Procedures of Shareholder’s General Meetings respectively.

Add “and change of company form” in Article 61(3) of the original Rules and Procedures of Shareholders’ General Meetings.

Add “As required by applicable laws, regulations or the Articles of Association” in Article 61(5) of the original Rules and Procedures of Shareholders’ General Meetings.

33. Delete the following as Article 66 of the original Rules and Procedures of Shareholders’ General Meetings: “where the shareholders general meeting considers proposals relating to election of directors or supervisors, the candidate for director or supervisor shall be voted separately”.
34. Replace the Article 69 of the original Rules and Procedures of Shareholders’s General Meetings with the following: “Before a voting on proposals is made at a shareholders’ general meeting, two shareholders’ representatives shall be recommended to take part in the counting and monitoring of the ballots. If a shareholder has an interest in any matter to be considered, the shareholder and his proxy shall not take part in the counting and monitoring of the ballots.

When voting on the proposals is made at the shareholders’ general meeting, the lawyers, representatives of both shareholders and supervisors shall be jointly responsible for the counting and monitoring of the ballots. The voting results shall be announced at the meeting and recorded in the meeting minutes”.

35. Replace Articles 71(1)-(7) of the original Rules and Procedures of Shareholders’ General Meetings with the following:
- (1). the date, venue, agenda of the meeting and the name of the convener;
  - (2). the name of the chairman of the meeting, and the directors, supervisors, secretary to the board, managers and other senior management personnel of the Company attending or present at the meeting;
  - (3). the number of shareholders and proxies attending the meeting, the total number of voting shares they represent and the proportion of these shares to the total number of shares of the Company;

- (4). the process of discussion in respect of each proposal, highlights of the proposals considered which are proposed by the persons who speak at the meeting and the results of the poll;
- (5). details of the inquiries or recommendations of the shareholders, and the corresponding response or explanations;
- (6). the name of the lawyer, counting officer and monitoring officer;
- (7). other matters which, according to the provisions of the Articles of Association, shall be recorded in the minutes of the meeting.

Directors and supervisors attending the meeting, the secretary to the Board of Directors, the convener or their representatives, and the chairman of the meeting shall sign the minutes of the meeting, and shall guarantee the truthfulness, accuracy and completeness of the minutes. The minutes of the meeting and the signed attendance record of those shareholders on the spot and the powers of attorney of those attending by proxy, the valid information relating to the voting on line and by other means shall be kept for no less than 10 years.”

- 36. Amend Article 79 of the original Rules and Procedures of Shareholders' General Meetings to the following: “These Rules shall come into effect after discussion by and upon the approval of the shareholders general meetings. Amendments to the Rules shall be submitted to the shareholders general meeting for approval”.
- 37. Delete Article 80 of the original Rules and Procedures of Shareholders' General Meetings: “In the event that amendments are to be made to these Rules and Procedures of Shareholders' General Meetings, proposals in relation to the amendments shall be put forward by the Board of Directors and submitted to the general meetings of shareholders for approval by way of ordinary resolution”.

The Rules and Procedures of Meetings of the Board of Directors are written in Chinese. The English version of this Appendix III is an unofficial translation and is for reference only. In case of any inconsistency between the English and Chinese versions, the Chinese version shall prevail.

The amendments to Rules and Procedures of Meetings of the Board of Directors are set out below. (Appropriate consequential changes to the numbering and sequence of the relevant chapter, article, paragraph and sub-paragraph will be made, if required, which will not be specifically described herein):

1. Add the following words “Guidance for the Articles of Association of Listed Companies (revised 2006)” after “the Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas” in Article 1.
2. Replace “make plans relating to the merge, division, dissolution of the Company” in Sub-clause 3 of the first paragraph of Article 4 with “make plans relating to the merge, division, dissolution, liquidation and change of form of the Company”.
3. Delete the following words in the section 5 of the Sub-clause 3 of the first paragraph of Article 5:

“Decide on transactions which meet one or more of the following criteria: (1) the value of the involved assets (should there are both book value and evaluated value, the higher one) accounts for 50% or more of the latest audited total assets of the Company; (2) the transactional value (including liabilities and expenses) accounts for 30% or more of the latest audited net assets of the Company and exceeds RMB50 million; (3) profits derived from the transaction accounts for 50% or more of the audited net profits of last financial year and exceeds RMB5 million; (4) operating revenue of last financial year from the subject of the transaction (e.g. equity interest) accounts for 50% or more of the Company’s audited operating revenue of last financial year and exceed RMB50 million; and (5) net profits of last financial year from the subject of the transaction (e.g. equity interest) accounts for 50% or more of the Company’s audited net profits of last financial year and exceed RMB5 million.”

4. Replace the following in the first paragraph of Article 6

“Senior management personnel means the president, vice president, financial controller, secretary to the board of the Company. The board has the following powers in relation to the personnel management of senior management personnel: (1) required to be submitted to the shareholders’ general meeting: (a) draft the remuneration scheme for directors; (b) nominate the candidate for director; (c) propose to dismiss relevant directors; and (d) approve the written resignation request from directors.”

with the following:

“Senior management personnel means the president, vice president, financial controller, secretary to the board. The board has the following powers in relation to the personnel management of directors and senior management personnel: (1) required to be submitted to the shareholders’ general meeting: (a) decide the remuneration scheme for directors; (b) elect directors; and (c) dismiss relevant directors.”

5. Replace “chairman of board should sign and despatch the extraordinary board meeting notice within 7 working days” in Article 27 with “chairman of board should sign and despatch the notice relating to the extraordinary general meeting three days before the extraordinary board meeting is held”.
6. Replace “Notice of periodic board meetings should be given 14 days before holding of the meeting...” in the second article of the second paragraph of Article 32(2)(2) with “Notice of periodic board meetings should be given 10 days before holding of the meeting...”
7. Add the following words in the first paragraph of Article 34 of the original Articles of Association: “Unless otherwise required under applicable laws, regulations and the Articles of Association”. Replace “ $\frac{1}{2}$ ” with “ $\frac{1}{2}$  (excluding  $\frac{1}{2}$ )”.
8. Replace “expect certain matters which require two thirds of all directors’ consent as required under the Articles” in the fourth paragraph of Article 36 with “except otherwise required under the applicable laws, regulations and these Articles of Association”.

The sixth paragraph of Article 36 should be amended to:

“A director shall withdraw from relevant meeting of the Board of Directors or vote on any resolutions (including resolutions approving any agreements, transactions or arrangements) proposed at the meetings of the Board of Directors where he or any of his associates (“associate” as defined in the Listing Rules of Stock Exchange of Hong Kong Limited) owns an interest in, or he is the connected party of the enterprise involved in, the proposals submitted to the board meeting for approval, and shall not be counted towards the quorum of the relevant board meetings. Such Board of Directors meeting may be held when more than half of the non-connected directors attend the meeting. The resolution of the Board of Directors meeting shall be passed by more than half of the non-interested directors. If the number of non-connected directors attending the meetings is less than 3, the matter shall be submitted to the shareholders’ general meeting for consideration”.

9. Amend Article 49 as follows: “Amendments to these Rules and Procedures of Meetings of the Board of Directors should become effective after they are considered and approved by the Board of Directors and approved at the shareholders’ general meetings”.

The Rules and Procedures of Meetings of the Supervisory Committee are written in Chinese. The English version of this Appendix IV is an unofficial translation and is for reference only. In case of any inconsistency between the English and Chinese versions, the Chinese version shall prevail.

The amendments to Rules and Procedures of Meetings of the Supervisory Committee are set out below. (Appropriate consequential changes to the numbering and sequence of the relevant chapter, article, paragraph and sub-paragraph will be made, if required, which will not be specifically described herein):

1. Add “Guidance for the Articles of Association of Listed Companies (revised 2006)” after “the Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas” in Article 1.
2. Amend the Article 9 to the following:

“The Supervisory Committee shall have the following functions:

- (1). to review the periodical reports prepared by the Board of Directors and give opinion in writing;
- (2). to inspect the Company’s financial situation;
- (3). to oversee the Company’s directors, president and other senior management personnel for any violations of laws, administrative regulations, Articles or any resolutions of shareholders’ general meeting committed while performing their duties for the Company, and to propose to remove directors or senior management personnel who commit the above violation;
- (4). if any act of the Company’s directors, president, vice-president and other senior management personnel harms the interests of the Company, to require them to rectify such act accordingly;
- (5). to examine and review financial information such as financial reports, business reports and profit distribution plans as proposed by the Board of Directors to the shareholders’ general meeting, and if there are any queries, it can engage any certified public accountant or practising auditors in the name of the Company to assist in the review;
- (6). to propose the convening of extraordinary general meetings and, in case the Board of Directors fail to perform their duties to convene and preside over the general meetings of shareholders in accordance with the Company Law, to convene and preside over the general meetings of shareholders;

- (7). to communicate with the directors on behalf of the Company and initiate legal proceedings against the directors and/or senior officers pursuant to the provisions contained in Article 152 of the Company Law;
- (8). to make proposals to the shareholders' general meeting;
- (9). If there are any unusual circumstances in the Company's operations, to conduct investigation, and, if necessary, to engage an accounting firm, law firm or other professionals to assist in their work and relevant expenses shall be borne by the Company;
- (10). to exercise other duties or powers as provided by the Articles of Association.

Supervisors shall attend the meetings of supervisors and raise inquires or proposals in relation to the proposals made to Board of Directors”.

- 3. Delete the Article 13 of the original Rules and Procedures of Meetings of the Supervisory Committee : “the Supervisory Committee shall read out the surveillance and inspection report for the last year at the annual general meeting, which includes:
  - (1). financial situation of the Company;
  - (2). situation of compliance and implementation by directors, president and other senior officers of applicable laws, regulations, the Articles and general meeting resolutions;
  - (3). appraisal given by the supervisory committed to directors, president and other senior officers regarding implementing their duties; and
  - (4). other material events deemed by the Supervisory Committee as necessary to report to the general meeting.

Where the Supervisory Committee deems necessary, it can give opinions on the proposals made to the general meetings of shareholders and submit an independent report”.

- 4. Replace the “the Supervisory Committee meetings shall not be held unless half or more of all supervisors attend. “in the first paragraph of Article 22 of the original Rules and Procedures of Meetings of the Supervisory Committee with “the Supervisory Committee meetings shall not be held unless two thirds or more of all supervisors attend”.

5. Replace “drafting of or amendments to this rules shall be effective after consideration and approval of two thirds or above of all supervisors and approval by ordinary resolution of shareholders’ general meeting” in Article 40 of the original Rules and Procedures of Meetings of the Supervisory Committee with “ drafting of or amendments to this Rules and Procedures of Meetings of the Supervisory Committee shall become effective after consideration by and approval of two thirds or above of all supervisors and approval of shareholders’ general meeting”.