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

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CHINA HUARONG ENERGY COMPANY LIMITED
中國華榮能源股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01101)

- (1) PROPOSED DISPOSAL OF LIABILITIES**
(2) PROPOSED ISSUANCE OF THE SUBSCRIPTION CONVERTIBLE PREFERENCE SHARES (INCLUDING THE SUBSCRIPTION CPS CONVERSION SHARES) UNDER SPECIFIC MANDATE
(3) PROPOSED RECLASSIFICATION AND REDESIGNATION OF AUTHORISED SHARE CAPITAL
(4) PROPOSED AMENDMENTS AND RESTATEMENT OF MEMORANDUM AND ARTICLES OF ASSOCIATION AND
(5) NOTICE OF EGM

Capitalised terms used in this cover shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 12 to 37 of this circular. A notice convening the EGM to be held at Imperial Room I-III, Mezzanine Floor, Towers Wing, The Royal Pacific Hotel & Towers, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong at 9:00 a.m. on Monday, 17 December 2018 is set out on pages EGM-1 to EGM-4 of this circular. A form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.huarongenergy.com.hk>). Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as practicable, and in any event not less than 48 hours before the time appointed for holding the EGM or at any adjournment thereof (as the case may be). 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 (as the case may be) should you so wish.

23 November 2018

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DEFINITIONS

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

“2018 Convertible Bonds”	the HK\$103,500,000 aggregate principal amount of 7.0% convertible bonds due 2018 issued by the Company on 31 October 2016 held by Credit Suisse (Hong Kong) Limited, as disclosed in the announcements of the Company dated 24 October 2016, 31 October 2016, 16 January 2017 and 19 May 2017, and the circular of the Company dated 29 April 2017
“2019 Action Phoenix CB”	the HK\$745,060,000 7.0% convertible bonds due 2019 issued by the Company to Action Phoenix Limited on 19 May 2017, as disclosed in the announcements of the Company dated 16 January 2017, 16 March 2017 and 19 May 2017 and the circular of the Company dated 29 April 2017
“2019 King Success CB”	the HK\$118,070,000 7.0% convertible bonds due 2019 issued by the Company to King Success Corporate Consulting Limited on 30 November 2017, as disclosed in the announcements of the Company dated 21 August 2017 and 30 November 2017 and the circular of the Company dated 11 November 2017
“2019 King Wealth CB”	the HK\$102,000,000 7.0% convertible bonds due 2019 issued by the Company to King Wealth Enterprises Limited on 30 November 2017, as disclosed in the announcements of the Company dated 21 August 2017 and 30 November 2017 and the circular of the Company dated 11 November 2017
“2019 Kingwin Victory CB”	the HK\$647,350,000 7.0% convertible bonds due 2019 issued by the Company to Kingwin Victory Investment Limited on 30 November 2017, as disclosed in the announcements of the Company dated 21 August 2017 and 30 November 2017 and the circular of the Company dated 11 November 2017
“2019 Partners Kingwin CB”	the HK\$169,820,000 7.0% convertible bonds due 2019 issued by the Company to Partners Kingwin Fund (I) on 30 November 2017, as disclosed in the announcements of the Company dated 21 August 2017 and 30 November 2017 and the circular of the Company dated 11 November 2017
“Announcement”	the announcement of the Company dated 22 November 2018 in relation to, among other things, the Disposal of Liabilities and the Proposed Amendments and Restatement of Memorandum and Articles of Association
“Bank Creditor(s)”	the “Bank Creditor(s)” as defined in the Previous Circular

DEFINITIONS

“Bank Loan I”	the facility in the principal amount of RMB3,200,000,000 provided by Minsheng Bank (Shanghai) to Rongsheng Heavy Industries pursuant to the Loan Agreement I
“Bank Loan II”	the facility in the principal amount of RMB2,000,000,000 provided by Minsheng Bank (Shanghai) to Rongsheng Shipbuilding pursuant to the Loan Agreement II
“Bank Loan III”	the facility in the principal amount of RMB287,489,039.85 provided by Minsheng Bank (Suzhou) to Rongye Storage pursuant to the Loan Agreement III
“Bank Loans”	the Bank Loan I, the Bank Loan II and the Bank Loan III
“Board”	the board of Directors
“Boom Will”	Boom Will Limited, a company incorporated under the laws of the BVI with limited liability and wholly-owned by Mr. Chen as at the Latest Practicable Date
“BVI”	the British Virgin Islands
“BVI Transfer I”	has the meaning ascribed to it under the sub-section headed “Disposal of Liabilities – (D) Repayment Deeds” in the “Letter from the Board” in this circular
“BVI Transfer II”	has the meaning ascribed to it under the sub-section headed “Disposal of Liabilities – (D) Repayment Deeds” in the “Letter from the Board” in this circular
“BVI Transfer III”	has the meaning ascribed to it under the sub-section headed “Disposal of Liabilities – (D) Repayment Deeds” in the “Letter from the Board” in this circular
“Charged Shares I”	has the meaning ascribed to it under the sub-section headed “Disposal of Liabilities – (C) Deeds of Share Charge” in the “Letter from the Board” in this circular
“Charged Shares II”	has the meaning ascribed to it under the sub-section headed “Disposal of Liabilities – (C) Deeds of Share Charge” in the “Letter from the Board” in this circular
“Charged Shares III”	has the meaning ascribed to it under the sub-section headed “Disposal of Liabilities – (C) Deeds of Share Charge” in the “Letter from the Board” in this circular

DEFINITIONS

“Class A Convertible Preference Shares”	2,330,000,000 Subscription Convertible Preference Shares, with the special rights and restrictions as summarised in the sub-section headed “Disposal of Liabilities – (B) Subscription Agreement – (4) Principal terms of the Subscription Convertible Preference Shares” in the “Letter from the Board” in this circular
“Class B Convertible Preference Shares”	2,330,000,000 Subscription Convertible Preference Shares, with the special rights and restrictions as summarised in the sub-section headed “Disposal of Liabilities – (B) Subscription Agreement – (4) Principal terms of the Subscription Convertible Preference Shares” in the “Letter from the Board” in this circular
“Class C Convertible Preference Shares”	2,346,000,000 Subscription Convertible Preference Shares, with the special rights and restrictions as summarised in the sub-section headed “Disposal of Liabilities – (B) Subscription Agreement – (4) Principal terms of the Subscription Convertible Preference Shares” in the “Letter from the Board” in this circular
“Company”	China Huarong Energy Company Limited, an exempted limited company incorporated in the Cayman Islands and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 01101)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Convertible Bonds”	collectively, the 2018 Convertible Bonds, the 2019 Action Phoenix CB, the 2019 King Success CB, the 2019 King Wealth CB, the 2019 Kingwin Victory CB and the 2019 Partners Kingwin CB
“Convertible Preference Share(s)”	the restricted non-voting and non-redeemable convertible preference share(s) of HK\$0.50 each in the capital of the Company to be created pursuant to the resolutions to be proposed at the EGM
“CPS Conversion Share(s)”	the new Share(s) to be allotted and issued to the holder(s) of the Convertible Preference Share(s) upon conversion of the Convertible Preference Share(s)
“Creditor(s)”	the “Creditor(s)” as defined in the Previous Circular
“Deed of Share Charge I”	the deed of share charge to be entered into by OPASL as chargor in favour of Minsheng Bank (Shanghai) as chargee, upon completion of the Subscription Agreement, in respect of 4,086,080,000 Subscription Convertible Preference Shares

DEFINITIONS

“Deed of Share Charge II”	the deed of share charge to be entered into by OPASL as chargor in favour of Minsheng Bank (Shanghai) as chargee, upon completion of the Subscription Agreement, in respect of 2,553,800,000 Subscription Convertible Preference Shares
“Deed of Share Charge III”	the deed of share charge to be entered into by OPASL as chargor in favour of Minsheng Bank (Suzhou) as chargee upon completion of the Subscription Agreement, in respect of 366,120,000 Subscription Convertible Preference Shares
“Deeds of Share Charge”	collectively, the Deed of Share Charge I, the Deed of Share Charge II and the Deed of Share Charge III
“Director(s)”	the director(s) of the Company
“Disposal of Liabilities”	the proposal in respect of the settlement of the Relevant Debts owed by the Group to Minsheng Bank, further details of which are set out in the section headed “Disposal of Liabilities” in the “Letter from the Board” in this circular
“EGM”	the extraordinary general meeting of the Company to be held at Imperial Room I-III, Mezzanine Floor, Towers Wing, The Royal Pacific Hotel & Towers, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Hong Kong at 9:00 a.m. on Monday, 17 December 2018 to consider and, if thought fit, approve, among other things, (i) the Tripartite Deed, the Subscription Agreement, the Repayment Deeds and the transactions contemplated thereunder (including the grant of the Specific Mandate), (ii) the Proposed Reclassification and Redesignation of the Authorised Share Capital and (iii) the Proposed Amendments and Restatement of Memorandum and Articles of Association
“Fine Profit”	Fine Profit Enterprises Limited, a company incorporated under the laws of the BVI with limited liability and wholly-owned by Mr. Zhang, a substantial shareholder of the Company as at the Latest Practicable Date
“Gallop Sun”	Gallop Sun Limited, a company incorporated under the laws of the BVI with limited liability and wholly-owned by Mr. Zhang Dehuang, the father of Mr. Zhang, as at the Latest Practicable Date
“General Mandate”	the general mandate to issue up to 434,318,301 Shares granted to the Board by the Shareholders pursuant to the ordinary resolution passed at the annual general meeting of the Company held on 5 June 2017

DEFINITIONS

“Group”	the Company and its subsidiaries
“Guarantee I”	the guarantee provided by the Company to Minsheng Bank (Shanghai) in respect of the payment obligations of Rongsheng Heavy Industries under the Loan Agreement I up to an amount of RMB3,200,000,000
“Guarantee II”	the guarantee provided by the Company to Minsheng Bank (Shanghai) in respect of the payment obligations of Rongsheng Shipbuilding under the Loan Agreement II up to an amount of RMB2,000,000,000
“Guarantee III”	the guarantee provided by the Company to Minsheng Bank (Suzhou) in respect of the payment obligations of Rongye Storage under the Loan Agreement III up to an amount of RMB287,489,039.85
“Guarantees”	collectively, the Guarantee I, the Guarantee II and the Guarantee III
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Interim Report”	the interim report of the Group for the six months ended 30 June 2018
“Latest Practicable Date”	22 November 2018, being the latest practicable date for ascertaining certain information in this circular
“Leader World”	Leader World Investments Limited, a company incorporated under the laws of the BVI with limited liability and owned by Mr. Chen as to 38.33% as at the Latest Practicable Date
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement I”	the loan agreement entered into by Rongsheng Heavy Industries and Minsheng Bank (Shanghai) on 26 September 2014 pursuant to which Minsheng Bank (Shanghai) agreed to provide the Bank Loan I to Rongsheng Heavy Industries

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“Loan Agreement II”	the loan agreement entered into by Rongsheng Shipbuilding and Minsheng Bank (Shanghai) on 24 March 2015 pursuant to which Minsheng Bank (Shanghai) agreed to provide the Bank Loan II to Rongsheng Shipbuilding
“Loan Agreement III”	the loan agreement entered into by Rongye Storage and Minsheng Bank (Suzhou) on 28 September 2014 pursuant to which Minsheng Bank (Suzhou) agreed to provide the Bank Loan III to Rongye Storage
“Memorandum and Articles of Association”	the amended and restated memorandum and articles of association of the Company
“Minsheng Bank”	collectively, Minsheng Bank (Shanghai) and Minsheng Bank (Suzhou)
“Minsheng Bank (Shanghai)”	中國民生銀行股份有限公司上海分行 (China Minsheng Banking Corp., Ltd., Shanghai Branch*), the lender of the Bank Loan I and the Bank Loan II granted under the Loan Agreement I and the Loan Agreement II, respectively
“Minsheng Bank (Suzhou)”	中國民生銀行股份有限公司蘇州分行 (China Minsheng Banking Corp., Ltd., Suzhou Branch*), the lender of the Bank Loan III granted under the Loan Agreement III
“Mr. Chen”	Mr. Chen Qiang (陳強), an executive Director, the chairman and chief executive officer of the Company
“Mr. Zhang”	Mr. Zhang Zhi Rong (張志熔), a substantial shareholder of the Company who indirectly held 388,301,031 Shares, representing approximately 10.62% of the total issued share capital of the Company as at the Latest Practicable Date
“Notice of EGM”	the notice of EGM dated 23 November 2018, which is set out on pages EGM-1 to EGM-4 of this circular
“OPASL”	Oriental Patron Assets Services Limited 東英資產服務有限公司, a company incorporated under the laws of the BVI with limited liability
“OP Asia”	Orient Patron Asia Limited, a company incorporated in Hong Kong with limited liability, which is an affiliated company of OPASL and OP Financial

DEFINITIONS

“OP Financial”	Orient Patron Financial Asset Co Ltd, a company incorporated in the BVI with limited liability, which directly and beneficially holds 30% of the shareholding of OPASL
“OPASL Promissory Note”	the interest-free promissory note to be issued by OPASL to the Company to satisfy the subscription monies payable under the Subscription Agreement
“Outspace”	Outspace Limited, a company incorporated under the laws of the BVI with limited liability and wholly-owned by Mr. Chen as at the Latest Practicable Date
“Outstanding Amount”	the aggregate outstanding amount (including principal and accrued interest) of the Bank Loans of approximately RMB4,828,650,296.62 as at the Latest Practicable Date
“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“PRC Subsidiaries”	collectively, Rongsheng Heavy Industries, Rongsheng Shipbuilding and Rongye Storage
“Previous Circular”	the circular of the Company dated 9 March 2016 in relation to, among other things, the Previous Disposal of Liabilities, the Previous Subscriptions and the Previous Specific Mandate
“Previous Disposal of Liabilities”	the “Disposal of Liabilities” as defined in the Previous Circular
“Previous Subscription(s)”	the “Subscription(s)” as defined in the Previous Circular
“Previous Specific Mandate”	the “Specific Mandate” as defined in the Previous Circular
“Proposed Amendments and Restatement of Memorandum and Articles of Association”	the proposed amendments to and restatement of the Memorandum and Articles of Association to incorporate, among other things, the terms of the Convertible Preference Shares, further details of which are set out in the Appendix to this circular
“Proposed Reclassification and Redesignation of Authorised Share Capital”	the proposed reclassification and redesignation of the authorised share capital of the Company, further details of which are set out in the section headed “Proposed Reclassification and Redesignation of Authorised Share Capital” in the “Letter from the Board” in this circular

DEFINITIONS

“Public Float Requirement”	the requirement under Rule 8.08(1)(a) of the Listing Rules that at least 25% of the Company’s total number of issued shares must at all times be held by the public
“Registrar”	the share registrar of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Relevant Debt I”	the borrowings in the amount of RMB1,808,000,000 under the Bank Loan I in respect of which Minsheng Bank (Shanghai) enforced the Guarantee I and requested the Company to repay
“Relevant Debt II”	the borrowings in the amount of RMB1,130,000,000 under the Bank Loan II in respect of which Minsheng Bank (Shanghai) enforced the Guarantee II and requested the Company to repay
“Relevant Debt III”	the borrowings in the amount of RMB162,000,000 under the Bank Loan III in respect of which Minsheng Bank (Suzhou) enforced the Guarantee III and requested the Company to repay
“Relevant Debts”	collectively, the Relevant Debt I, the Relevant Debt II and the Relevant Debt III
“Repayment Deed I”	the equity for debt repayment deed to be entered into among the Company, Minsheng Bank (Shanghai) and OPASL upon completion of the Subscription Agreement to, among other things, conditionally transfer the 4,086,080,000 Subscription Convertible Preference Shares to be held by OPASL to Minsheng Bank (Shanghai) to fully settle the Relevant Debt I in the event that the Company is unable to fulfil its payment obligations under the Guarantee I
“Repayment Deed II”	the equity for debt repayment deed to be entered into among the Company, Minsheng Bank (Shanghai) and OPASL upon completion of the Subscription Agreement to, among other things, conditionally transfer the 2,553,800,000 Subscription Convertible Preference Shares to be held by OPASL to Minsheng Bank (Shanghai) to fully settle the Relevant Debt II in the event that the Company is unable to fulfill its payment obligations under the Guarantee II

DEFINITIONS

“Repayment Deed III”	the equity for debt repayment deed to be entered into among the Company, Minsheng Bank (Suzhou) and OPASL upon completion of the Subscription Agreement to, among other things, conditionally transfer the 366,120,000 Subscription Convertible Preference Shares to be held by OPASL to Minsheng Bank (Suzhou) to fully settle the Relevant Debt III in the event that the Company is unable to fulfill its payment obligations under the Guarantee III
“Repayment Deeds”	collectively, the Repayment Deed I, the Repayment Deed II and the Repayment Deed III
“Repayment Shares I”	has the meaning ascribed to it under the sub-section headed “Disposal of Liabilities – (D) Repayment Deeds” in the “Letter from the Board” in this circular
“Repayment Shares II”	has the meaning ascribed to it under the sub-section headed “Disposal of Liabilities – (D) Repayment Deeds” in the “Letter from the Board” in this circular
“Repayment Shares III”	has the meaning ascribed to it under the sub-section headed “Disposal of Liabilities – (D) Repayment Deeds” in the “Letter from the Board” in this circular
“RMB”	Renminbi, the lawful currency of the PRC
“Rongsheng Heavy Industries”	江蘇熔盛重工有限公司 (Jiangsu Rongsheng Heavy Industries Co., Ltd.*), a company incorporated in the PRC with limited liability and a subsidiary of the Company
“Rongsheng Shipbuilding”	江蘇熔盛造船有限公司 (Jiangsu Rongsheng Shipbuilding Co., Ltd.*), a company incorporated in the PRC with limited liability and a subsidiary of the Company
“Rongye Storage”	南通熔燁倉儲有限公司 (Nantong Rongye Storage Co., Ltd.*), a company incorporated in the PRC with limited liability and a subsidiary of the Company
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) (or, after the Proposed Reclassification and Redesignation of Authorised Share Capital becomes effective following the passing of the relevant resolution at the EGM, ordinary share(s)) of HK\$0.50 each in the share capital of the Company

DEFINITIONS

“Share Option(s)”	the outstanding share option(s) granted under the Share Option Schemes
“Share Option Schemes”	the pre-IPO share option scheme and the post-IPO share option scheme of the Company both adopted by the Company on 24 October 2010
“Shareholder(s)”	holder(s) of the Shares
“Specific Mandate”	the specific mandate for the allotment and issuance of the Subscription Convertible Preference Shares (including the Subscription CPS Conversion Shares) to be granted to the Board at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the proposed subscription of the Subscription Convertible Preference Shares by OPASL at the Subscription Price pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 22 November 2018 entered into between the Company as issuer and OPASL as the subscriber relating to the issue of the Subscription Convertible Preference Shares
“Subscription Convertible Preference Share(s)”	7,006,000,000 Convertible Preference Share(s) proposed to be allotted and issued by the Company to OPASL under the Specific Mandate, comprising the Class A Convertible Preference Shares, the Class B Convertible Preference Shares and the Class C Convertible Preference Shares, with the special rights and restrictions summarised in the sub-section headed “Disposal of Liabilities – (B) Subscription Agreement – (4) Principal terms of the Subscription Convertible Preference Shares” in the “Letter from the Board” in this circular
“Subscription CPS Conversion Share(s)”	the new Share(s) to be allotted and issued to the holder(s) of the Subscription Convertible Preference Share(s) upon conversion of the Subscription Convertible Preference Share(s)
“Subscription Price”	HK\$0.50 per Subscription Convertible Preference Share
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs

DEFINITIONS

“Transferee Subsidiary”	the subsidiary of the Company, whereby the OPASL Promissory Note will be transferred from the Company to such subsidiary as one of the steps of the Disposal of Liabilities, further details of which are set out in the section headed “Disposal of Liabilities” in the “Letter from the Board” in this circular
“Tripartite Deed”	the tripartite deed dated 22 November 2018 entered into among the Company, Minsheng Bank (Shanghai), Minsheng Bank(Suzhou) and OPASL
“Wealth Consult”	Wealth Consult Limited, a company incorporated under the laws of the BVI with limited liability and wholly-owned by Mr. Zhang, a substantial shareholder of the Company as at the Latest Practicable Date
“%”	per cent.

For the purpose of this circular, unless otherwise specified or the context requires otherwise, “” denotes an English translation of a Chinese name and is for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.*

For the purpose of this circular, the exchange rate of RMB1.00 = HK\$1.13 have been used for currency translation, where applicable. Such an exchange rate is for illustrative purposes and does not constitute representations that any amount in HK\$ or RMB has been, could have been or may be converted at such a rate.

LETTER FROM THE BOARD

CHINA HUARONG ENERGY COMPANY LIMITED 中國華榮能源股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01101)

Executive Directors:

CHEN Qiang *(Chairman and Chief Executive Officer)*

HONG Liang *(Chief Operating Officer)*

WANG Tao

ZHU Wen Hua

ZHANG Ming

Independent Non-executive Directors:

WANG Jin Lian

ZHOU Zhan

LAM Cheung Mau

Registered Office:

Cricket Square, Hutchins Drive

P.O. Box 2681, Grand Cayman

KY1-1111, Cayman Islands

Principal Place of Business in Hong Kong:

Room 2201, 22nd Floor,

China Evergrande Centre,

38 Gloucester Road,

Wanchai, Hong Kong

23 November 2018

*To the Shareholders and, for information only,
to the holders of the Share Options and
the Convertible Bonds*

Dear Sir or Madam,

**(1) PROPOSED DISPOSAL OF LIABILITIES
(2) PROPOSED ISSUANCE OF THE SUBSCRIPTION CONVERTIBLE
PREFERENCE SHARES (INCLUDING THE SUBSCRIPTION CPS
CONVERSION SHARES) UNDER SPECIFIC MANDATE
(3) PROPOSED RECLASSIFICATION AND REDESIGNATION OF
AUTHORISED SHARE CAPITAL
(4) PROPOSED AMENDMENTS AND RESTATEMENT OF
MEMORANDUM AND ARTICLES OF ASSOCIATION
AND
(5) NOTICE OF EGM**

INTRODUCTION

Reference is made to the announcements of the Company dated 19 November 2015, 7 March 2016, 24 March 2016 and 14 September 2016 and the Previous Circular in relation to, among other things, the Previous Disposal of Liabilities, the Previous Subscriptions and the Previous Specific Mandate. Reference is also made to the Announcement in relation to the Disposal of Liabilities and the Proposed Amendments and Restatement of Memorandum and Articles of Association.

LETTER FROM THE BOARD

As disclosed in the Previous Circular, the Company proposed to conduct the Previous Disposal of Liabilities with an aim to ease the financial burden of the Group, including but not limited to those in relation to the shipbuilding business of the Group. Since the Previous Specific Mandate was approved by the then Shareholders at the extraordinary general meeting held on 24 March 2016, the Company has been actively negotiating with the Creditors on the terms and conditions as well as the execution plan for the implementation of the Previous Disposal of Liabilities. However, given the unsatisfactory Share price performance since the grant of the Previous Specific Mandate, the Bank Creditors have remained relatively passive in the course of negotiating with the Company regarding the Previous Disposal of Liabilities and the Previous Subscriptions. As a result, no definitive agreement has been entered into by the Company and the Bank Creditors (or their designated entities) prior to the expiry of the Previous Specific Mandate on 24 September 2016.

As disclosed in the announcement of the Company dated 14 September 2016, the Company had been actively negotiating with the Creditors on potential adjustments to the original structure and terms and conditions as well as the execution plan for the implementation of the Previous Disposal of Liabilities. The Previous Specific Mandate expired on 24 September 2016.

Pursuant to the Loan Agreement I entered into between Rongsheng Heavy Industries and Minsheng Bank (Shanghai) on 26 September 2014, Minsheng Bank (Shanghai) agreed to provide the Bank Loan I to Rongsheng Heavy Industries in the principal amount of RMB3,200,000,000. Pursuant to the Guarantee I, the Company agreed to guarantee the payment obligations of Rongsheng Heavy Industries under the Loan Agreement I up to an amount of RMB3,200,000,000, comprising the principal and other payables thereof.

Pursuant to the Loan Agreement II entered into between Rongsheng Shipbuilding and Minsheng Bank (Shanghai) on 24 March 2015, Minsheng Bank (Shanghai) agreed to provide the Bank Loan II to Rongsheng Shipbuilding in the principal amount of RMB2,000,000,000. Pursuant to the Guarantee II, the Company agreed to guarantee the payment obligations of Rongsheng Shipbuilding under the Loan Agreement II up to an amount of RMB2,000,000,000, comprising the principal and other payables thereof.

Pursuant to the Loan Agreement III entered into between Rongye Storage and Minsheng Bank (Suzhou) on 28 September 2014, Minsheng Bank (Suzhou) agreed to provide the Bank Loan III to Rongye Storage in the principal amount of RMB287,489,039.85. Pursuant to the Guarantee III, the Company agreed to guarantee the payment obligations of Rongye Storage under the Loan Agreement III up to an amount of RMB287,489,039.85, comprising the principal and other payables thereof.

As at the Latest Practicable Date, the Outstanding Amount was RMB4,828,650,296.62, all of which will be matured on 25 December 2018. Given the PRC Subsidiaries were unable to repay the Bank Loans by its respective maturity date, Minsheng Bank requested the Company to repay part of the Outstanding Amount in the amount of RMB3,100,000,000 (being the Relevant Debts) pursuant to the Guarantees. As a result, the Company proposed to conduct the Disposal of Liabilities for the purpose of settling the Relevant Debts by entering into the Tripartite Deed and the Subscription Agreement.

LETTER FROM THE BOARD

In order to implement the Disposal of Liabilities and ease the financial burden of the Group, the Company proposed to convene the EGM to consider, and if thought fit, approve, among other things, the grant of the Specific Mandate to allot and issue the Subscription Convertible Preference Shares at the Subscription Price to OPASL pursuant to the Subscription Agreement for the purpose of settling the Relevant Debts pursuant to the Repayment Deeds.

The Company further proposed that (i) the authorised share capital of the Company of HK\$30,000,000,000 divided into 60,000,000,000 Shares be reclassified and redesignated as 52,994,000,000 ordinary Shares, 2,330,000,000 Class A Convertible Preference Shares, 2,330,000,000 Class B Convertible Preference Shares and 2,346,000,000 Class C Convertible Preference Shares; (ii) all of the existing issued Shares be reclassified and redesignated as ordinary Shares; and (iii) three new classes of Convertible Preference Shares be created in the share capital of the Company by amending and restating the Memorandum and Articles of Association to incorporate the terms of the Convertible Preference Shares in connection with the issuance of the Subscription Convertible Preference Shares.

The purpose of this circular is to provide you with further details of the Disposal of Liabilities, the Specific Mandate, the Proposed Reclassification and Redesignation of Authorised Share Capital and the Proposed Amendments and Restatement of Memorandum and Articles of Association, together with the Notice of EGM.

DISPOSAL OF LIABILITIES

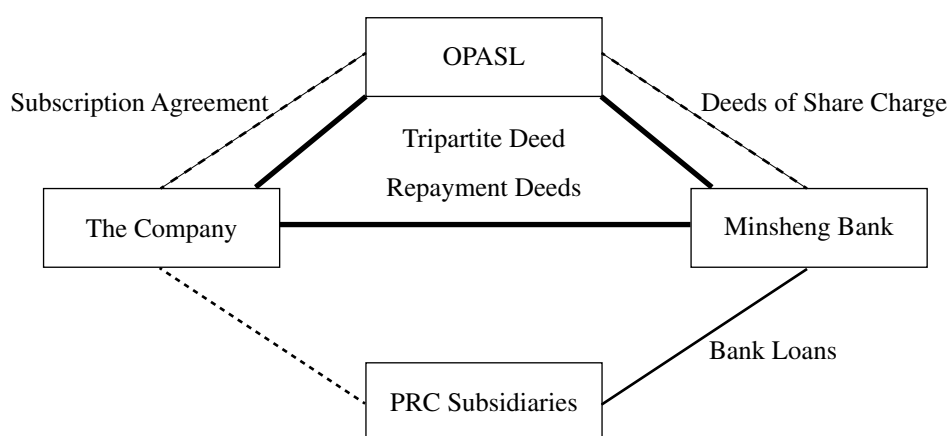
The Disposal of Liabilities proposed by the Company comprises the following steps:

- (i) the subscription of the Subscription Convertible Preference Shares issued by the Company to OPASL and the issuance of the OPASL Promissory Note by OPASL to the Company as consideration for the subscription pursuant to the Subscription Agreement entered into between the Company and OPASL on 22 November 2018;
- (ii) the transfer of the OPASL Promissory Note from the Company to the Transferee Subsidiary, the consideration of which will be recognised as an internal debt owed by the Transferee Subsidiary to the Company;
- (iii) upon receipt of the Subscription Convertible Preference Shares pursuant to the Subscription Agreement, the provision of a share charge in respect of the Subscription Convertible Preference Shares by OPASL in favour of Minsheng Bank pursuant to the Deeds of Share Charge to be entered into upon completion of the Subscription Agreement;
- (iv) the enforcement of the payment obligations of the Company by Minsheng Bank pursuant to the Guarantees;
- (v) the transfer of the Subscription Convertible Preference Shares to be held by OPASL to Minsheng Bank pursuant to the Repayment Deeds to (a) fully settle the Relevant Debts owed by the Group to Minsheng Bank; and (b) release the Guarantees provided by the Company and/or OPASL in favour of Minsheng Bank in respect of the Relevant Debts; and

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- (vi) the set-offs of liabilities among the Company, the Transferee Subsidiary and OPASL, namely (a) the internal debt owed by the Transferee Subsidiary to the Company in respect of the transfer of the OPASL Promissory Note; (b) the liabilities owed by the Company to OPASL, representing the transfer of the Subscription Convertible Preference Shares by OPASL to Minsheng Bank in satisfaction of the repayment of the Relevant Debts on behalf of the Company; and (c) the liabilities owed by OPASL to the Transferee Subsidiary under the OPASL Promissory Note.

The following chart illustrates the relationship amongst the Tripartite Deed, the Subscription Agreement, the Deeds of Share Charge and the Repayment Deeds as well as the obligations of the relevant parties thereto:



(A) Tripartite Deed

In order to fulfill the payment obligations of the Company under the Guarantees in relation to the Bank Loans, on 22 November 2018, the Company, Minsheng Bank (Shanghai), Minsheng Bank (Suzhou) and OPASL entered into the Tripartite Deed, pursuant to which, among other things, Minsheng Bank is entitled to request the Company to fulfill its repayment obligation under each of the Guarantees prior to the respective maturity dates of the Bank Loans upon written confirmation by the Company and to fully settle the Relevant Debts in the manner set out in the Tripartite Deed.

(1) Conditions

Completion of the Tripartite Deed is subject to, among other things, the following conditions:

- (a) the Company having obtained the approvals and consents by the Shareholders, the Stock Exchange and the SFC (if applicable) for the arrangements for the Disposal of Liabilities and the relevant transactions contemplated under the Tripartite Deed, and such approvals and consents remaining effective;
- (b) the Company and OPASL having completed the Subscription at the Subscription Price pursuant to the terms of the Tripartite Deed;

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- (c) OPASL and Minsheng Bank having (i) entered into the Deeds of Share Charge upon completion of the Subscription Agreement pursuant to the terms of the Tripartite Deed, pursuant to which OPASL shall agree to charge the Subscription Convertible Preference Shares in favour of Minsheng Bank; and (ii) completed the relevant registration in respect of the charged securities under the Deeds of Share Charge; and
- (d) the Company, OPASL and Minsheng Bank having entered into the Repayment Deeds upon completion of the Subscription Agreement pursuant to the terms of the Tripartite Deed, pursuant to which OPASL shall agree to transfer all the Subscription Convertible Preference Shares to Minsheng Bank for the settlement of the Relevant Debts, in the event that the Company is unable to fulfill its payment obligations under the Guarantees.

(2) *Obligations of the Company and OPASL*

The following sets forth the principal obligations of the Company and OPASL under the Tripartite Deed:

- (a) each of the Company and OPASL has irrevocably undertaken to Minsheng Bank to (i) complete the execution of the Subscription Agreement upon or prior to the execution of the Tripartite Deed; and (ii) subject to the fulfilment of the conditions precedent as further described in paragraph (b) below, allot and issue the Subscription Convertible Preference Shares at the Subscription Price of HK\$0.5 per Subscription Convertible Preference Share;
- (b) each of the Company and OPASL has agreed to use their best endeavors to procure the satisfaction of the following conditions upon or prior to the allotment and issuance of the Subscription Convertible Preference Shares:
 - (i) the Company having convened an extraordinary general meeting and obtained the approval by the Shareholders of (1) the amendments to and restatement of the Memorandum and Articles of Association in respect of the Proposed Reclassification and Redesignation of Authorised Share Capital; and (2) the allotment and issuance of the Subscription Convertible Preference Shares pursuant to the Subscription Agreement; and
 - (ii) the Company having obtained the listing approval and permission to deal in the Subscription CPS Conversion Shares to be issued upon exercise of the conversion rights attaching to the Subscription Convertible Preference Shares, and such other relevant approval and consent from the Stock Exchange and the SFC (if applicable);
- (c) subject to the satisfaction of all other agreed matters under the Tripartite Deed to the satisfaction of Minsheng Bank, OPASL has agreed to (and the Company has agreed to procure OPASL to) enter into the Deeds of Share Charge with each of Minsheng Bank (Shanghai) and Minsheng Bank (Suzhou), respectively;

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- (d) the Company and OPASL have agreed to enter into the Repayment Deeds with each of Minsheng Bank (Shanghai) and Minsheng Bank (Suzhou), respectively, upon completion of the Subscription Agreement and pursuant to the instructions of Minsheng Bank; and
- (e) each of the Company and OPASL has irrevocably undertaken to Minsheng Bank to deliver the original share certificate(s) in the name of Minsheng Bank (or its nominee), copies of the updated register of members of the Company as certified by the Directors and other relevant documents evidencing the ownership of Minsheng Bank (or its nominee) after transfer of the Subscription Convertible Preference Shares pursuant to the Repayment Deeds.

(3) *Obligations of Minsheng Bank*

Minsheng Bank has agreed to enter into a written confirmation in respect of the Disposal of Liabilities with the Company and/or OPASL upon satisfaction by the Company and OPASL of all their obligations under the Tripartite Deed, the Deeds of Share Charge and the Repayment Deeds irrevocably and in all respects to the satisfaction of Minsheng Bank, pursuant to which the Guarantees provided by the Company in favour of Minsheng Bank in respect of the Relevant Debts will be released.

(B) *Subscription Agreement*

On 22 November 2018, the Company entered into the Subscription Agreement with OPASL, pursuant to which OPASL conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, the Subscription Convertible Preference Shares at the Subscription Price of HK\$0.50 per Subscription Convertible Preference Share. The consideration for the Subscription payable by OPASL will be satisfied by the issuance of the OPASL Promissory Note by OPASL to the Company.

(1) *Subscription Price*

The Subscription Price was arrived at after arm's length negotiation between the Company and OPASL with reference to (i) the historical performance of the market price; (ii) the prevailing market conditions; and (iii) the basis that the Company is not permitted to issue Shares at less than their par value without applying to the court for an order sanctioning a capital reduction. The Directors are of the view that the Subscription Price is fair and reasonable, on normal commercial terms, and is in the interests of the Company and the Shareholders as a whole.

The Subscription Price represents:

- (a) a premium of approximately 190.70% over the closing price of HK\$0.1720 per Share as quoted on the Stock Exchange on 22 November 2018 (being the date of the Tripartite Deed and the Subscription Agreement);

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- (b) a premium of approximately 198.69% over the average closing price of approximately HK\$0.1674 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 21 November 2018 (being the last trading day before the date of the Tripartite Deed and the Subscription Agreement); and
- (c) a premium of approximately 190.70% over the closing price of HK\$0.1720 per Share as quoted on the Stock Exchange as at the Latest Practicable Date.

(2) *Ranking of the Subscription Convertible Preference Shares*

The Subscription Convertible Preference Shares, when issued and allotted, shall rank *pari passu* among themselves. The Subscription Convertible Preference Shares shall rank in priority to the Shares then in issue on a distribution of assets on liquidation or winding up of the Company in respect of the aggregate nominal amount paid up on such Subscription Convertible Preference Shares and shall not have a right to vote (except in the limited circumstances as set out in the sub-section headed “(4) Principal terms of the Subscription Convertible Preference Shares” below).

(3) *Conditions*

Completion of the Subscription Agreement is subject to, among other things, the following conditions:

- (a) the Shareholders having convened the EGM in accordance with the relevant requirements (including the Listing Rules and the Takeovers Code) and having passed the resolutions as set out in the Notice of EGM;
- (b) the Stock Exchange and the SFC (if applicable) having provided the listing approval and other relevant approvals and consents for issuance of the CPS Conversion Shares by the Company and the Listing Committee of the Stock Exchange having unconditionally approved the allotment of and dealing in the CPS Conversion Shares pursuant to the Subscription Agreement, and such approvals remaining effective;
- (c) the Company having maintained its listing status on the Stock Exchange and the Shares not being subject to any dealing restrictions;
- (d) subject to any waivers by the relevant regulatory bodies or government bodies, the parties and/or their subsidiaries or holding companies (as the case may be) having complied with all the applicable laws and regulations;
- (e) the parties to the Subscription Agreement and/or their subsidiaries or holding companies (as the case may be) having obtained (i) any necessary internal approval in relation to the Subscription Agreement and the matters contemplated thereunder and (ii) any necessary external approval or permission;
- (f) the Board having approved the entering into and the performance of the Subscription Agreement and the transactions contemplated thereunder;

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- (g) the board of directors of OPASL having approved the entering into and the performance of the Subscription Agreement and the transactions contemplated thereunder;
- (h) none of the circumstances potentially preventing or affecting the completion of the Subscription Agreement and the transactions contemplated thereunder by OPASL pursuant to the Subscription Agreement having occurred; and
- (i) the Company having complied with the Public Float Requirement under the Listing Rules upon completion of the Subscription.

None of the conditions to the Subscription Agreement can be waived by the Company or OPASL. As at the Latest Practicable Date, conditions (e), (f) and (g) above have been satisfied.

(4) *Principal terms of the Subscription Convertible Preference Shares*

Set out below are the principal terms of the Subscription Convertible Preference Shares:

- Issuer: The Company
- Classes: 7,006,000,000 Subscription Convertible Preference Shares, comprising:
- (a) 2,330,000,000 Class A Convertible Preference Shares;
 - (b) 2,330,000,000 Class B Convertible Preference Shares; and
 - (c) 2,346,000,000 Class C Convertible Preference Shares

The Subscription CPS Conversion Shares converted from each class of the Subscription Convertible Preference Shares may be transferred without restriction or subject to a lock-up period of 6 or 12 calendar months. Please refer to “Transferability” below for further details. Save for the transferability, there is no material difference between the terms and conditions of the Class A Convertible Preference Shares, the Class B Convertible Preference Shares and the Class C Convertible Preference Shares.

- Par value: HK\$0.50 each
- Subscription Price: HK\$0.50 per Subscription Convertible Preference Share
- Consideration of conversion: No payment of additional consideration is required for the conversion of the Subscription Convertible Preference Shares.

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- Conversion period: Any time after issue at the option of the holder(s) of the Subscription Convertible Preference Shares, provided that the conversion right shall be suspended to the extent that it would result in the Company failing to comply with the Public Float Requirement.
- Conversion ratio: Each Subscription Convertible Preference Share shall be convertible at any time to ordinary Shares on a one-to-one basis, subject to adjustments upon occurrence of the following prescribed events:
- (a) if and whenever the Shares are consolidated or sub-divided into a different nominal amount, then the same consolidation or sub-division shall be effected on the Subscription Conversion Preference Shares; and
 - (b) if the issue of Shares following the exercise by a holder of the Subscription Convertible Preference Shares of the conversion rights would result in the Company not meeting the Public Float Requirement immediately after the conversion, then the conversion and the number of Shares to be issued pursuant to such conversion shall be restricted to the maximum number of Shares issuable by the Company which would not in the reasonable opinion of the Company result in a breach of the Public Float Requirement.
- Interest: The Subscription Convertible Preference Shares shall be non-interest-bearing.
- Dividends: Each Subscription Convertible Preference Share shall confer on its holder the right to receive any dividends *pari passu* with the holders of Shares on the basis of the number of Subscription CPS Conversion Share(s) into which each Subscription Convertible Preference Share may be converted and on an as converted basis.
- Distribution of assets: On a distribution of assets on liquidation or winding up of the Company (but not on conversion of the Subscription Convertible Preference Shares or any repurchase by the Company of the Subscription Convertible Preference Shares or Shares), the assets and funds of the Company available for distribution shall first be paid to the holder(s) of the Subscription Convertible Preference Shares *pari passu* among themselves in respect of the aggregate nominal amounts paid up on the Subscription Convertible Preference Shares held by them, and the remaining shall be distributed *pari passu* to the holders of any class of shares.

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Voting rights: The holder(s) of the Subscription Convertible Preference Shares shall not have the right to vote at any general meeting of the Company (except for any resolution for winding up of the Company or to vary or abrogate the rights or privileges of the holder(s) of the Subscription Convertible Preference Shares or to vary the restrictions to which the holder(s) of the Subscription Convertible Preference Shares are subject).

However, the holder(s) of the Subscription Convertible Preference Shares shall have the right to attend any general meeting of the Company.

Redemption: The Subscription Convertible Preference Shares shall be non-redeemable by the Company or the holder(s) thereof.

Transferability: The Subscription Convertible Preference Shares may be transferred by the holder(s) thereof without restriction, provided that the holder(s) thereof shall give prior written notice to the Company and (if applicable) the Stock Exchange where the transferee is a connected person of the Company.

The Subscription CPS Conversion Shares converted from the Class A Convertible Preference Shares may be transferred without restriction.

Any holder of the Subscription CPS Conversion Shares converted from and upon conversion of the Class B Convertible Preference Shares shall be subject to a lock-up period commencing on the issue date and ending on the date which is 6 calendar months from the issue date.

Any holder of the Subscription CPS Conversion Shares converted from and upon conversion of the Class C Convertible Preference Shares shall be subject to a lock-up period commencing on the issue date and ending on the date which is 12 calendar months from the issue date.

During the above lock-up periods, the relevant member shall not, without the prior written consent of the Board, either directly or indirectly offer, lend, pledge, charge, issue, sell, contract to purchase, purchase any option or contract to grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any of such Subscription CPS Conversion Shares converted from the Class B Convertible Preference Shares or the Class C Convertible Preference Shares or any interests therein.

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Listing: No application will be made for the listing of the Subscription Convertible Preference Shares on the Stock Exchange or any other stock exchange. The Company shall apply to the Stock Exchange for the listing of, and permission to deal in, the Subscription CPS Conversion Shares.

Following completion of the Subscription Agreement, the Subscription Convertible Preference Shares will be accounted for as an equity instrument in the consolidated financial statements of the Group under the International Financial Reporting Standards.

(5) *Principal terms of the OPASL Promissory Note*

Set out below are the principal terms of the OPASL Promissory Note:

Issuer: OPASL

Principal amount: HK\$3,503,000,000

Maturity date: Upon the release of the Guarantees provided by the Company in favour of Minsheng Bank in respect of the Relevant Debts pursuant to the Tripartite Deed (or such other date as OPASL and the Company (or their respective assignee) may agree in writing)

Interest rate: Nil

Redemption: OPASL may at any time and from time to time redeem all or any part of the OPASL Promissory Note at any price as may be agreed between OPASL and the Company (or its assignee)

Transferability: The OPASL Promissory Note may not be transferred, in whole or in part, by the Company or its subsidiaries to any person who is not a subsidiary of the Company without the prior written consent of OPASL. The OPASL Promissory Note may be transferred, in whole or in part, by the Company to any of its subsidiary by serving OPASL a transfer notice

The Company will enter into an agreement with the Transferee Subsidiary, pursuant to which the Company will transfer the OPASL Promissory Note to the Transferee Subsidiary. The outstanding consideration in respect of the transfer of the OPASL Promissory Note will be recognised as an internal debt owed by the Transferee Subsidiary to the Company.

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(C) Deeds of Share Charge

(1) *Deed of Share Charge I*

Upon completion of the Subscription Agreement, OPASL and Minsheng Bank (Shanghai) shall enter into the Deed of Share Charge I, pursuant to which OPASL covenants with Minsheng Bank (Shanghai) that OPASL:

- (a) charges as legal and beneficial owner of 4,086,080,000 Subscription Convertible Preference Shares (the “**Charged Shares I**”) pursuant to the Subscription Agreement in favour of Minsheng Bank (Shanghai), as security for the payment and discharge of the Bank Loan I, by way of first fixed charge, all OPASL’s right, title and interest from time to time in and to the Charged Shares I; and
- (b) to the extent and at any time all OPASL’s right, title and interest from time to time in and to the Charged Shares I are not effectively charged by way of fixed charge referred to in item (a) above, charges by way of first floating charge all the assets and/or undertaking of OPASL which from time to time are the subject of the security created or expressed to be created in favour of Minsheng Bank (Shanghai) pursuant to the Deed of Share Charge I.

(2) *Deed of Share Charge II*

Upon completion of the Subscription Agreement, OPASL and Minsheng Bank (Shanghai) shall enter into the Deed of Share Charge II, pursuant to which OPASL covenants with Minsheng Bank (Shanghai) that OPASL:

- (a) charges as legal and beneficial owner of 2,553,800,000 Subscription Convertible Preference Shares (the “**Charged Shares II**”) pursuant to the Subscription Agreement in favour of Minsheng Bank (Shanghai), as security for the payment and discharge of the Bank Loan II, by way of first fixed charge, all OPASL’s right, title and interest from time to time in and to the Charged Shares II; and
- (b) to the extent and at any time all OPASL’s right, title and interest from time to time in and to the Charged Shares II are not effectively charged by way of fixed charge referred to in item (a) above, charges by way of first floating charge all the assets and/or undertaking of OPASL which from time to time are the subject of the security created or expressed to be created in favour of Minsheng Bank (Shanghai) pursuant to the Deed of Share Charge II.

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(3) *Deed of Share Charge III*

Upon completion of the Subscription Agreement, OPASL and Minsheng Bank (Suzhou) shall enter into the Deed of Share Charge III, pursuant to which OPASL covenants with Minsheng Bank (Suzhou) that OPASL:

- (a) charges as legal and beneficial owner of 366,120,000 Subscription Convertible Preference Shares (the “**Charged Shares III**”) pursuant to the Subscription Agreement in favour of Minsheng Bank (Suzhou), as security for the payment and discharge of the Bank Loan III, by way of first fixed charge, all OPASL’s right, title and interest from time to time in and to the Charged Shares III; and
- (b) to the extent and at any time all OPASL’s right, title and interest from time to time in and to the Charged Shares III are not effectively charged by way of fixed charge referred to in item (a) above, charges by way of first floating charge all the assets and/or undertaking of OPASL which from time to time are the subject of the security created or expressed to be created in favour of Minsheng Bank (Suzhou) pursuant to the Deed of Share Charge III.

(D) **Repayment Deeds**

(1) *Repayment Deed I*

Upon completion of the Subscription Agreement, the Company, Minsheng Bank (Shanghai) and OPASL shall enter into the Repayment Deed I. The principal terms and conditions of the Repayment Deed I are expected to be as follows:

- (a) in the event that the Company is required to compensate Minsheng Bank (Shanghai) the Relevant Debt I under the Guarantee I and that the Company is unable to fulfill its payment obligations under the Guarantee I, OPASL will conditionally agree to transfer 4,086,080,000 Subscription Convertible Preference Shares (the “**Repayment Shares I**”) to be held by OPASL to Minsheng Bank (Shanghai) (the “**BVI Transfer I**”);
- (b) subject to the terms of the Repayment Deed I, Minsheng Bank (Shanghai) will agree that upon completion of the BVI Transfer I pursuant to the terms of the Repayment Deed I, the Relevant Debt I owed by the Group to Minsheng Bank (Shanghai) shall be deemed as fully settled; and
- (c) Minsheng Bank (Shanghai) will agree that the Repayment Shares I being transferred pursuant to the Repayment Deed I shall be subject to the terms and conditions as stated in the Memorandum and Articles of Association.

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(2) *Repayment Deed II*

Upon completion of the Subscription Agreement, the Company, Minsheng Bank (Shanghai) and OPASL shall enter into the Repayment Deed II. The principal terms and conditions of the Repayment Deed II are expected to be as follows:

- (a) in the event that the Company is required to compensate Minsheng Bank (Shanghai) the Relevant Debt II under the Guarantee II and that the Company is unable to fulfill its payment obligations under the Guarantee II, OPASL will conditionally agree to transfer 2,553,800,000 Subscription Convertible Preference Shares (the “**Repayment Shares II**”) to be held by OPASL to Minsheng Bank (Shanghai) (the “**BVI Transfer II**”);
- (b) subject to the terms of the Repayment Deed II, Minsheng Bank (Shanghai) will agree that upon completion of the BVI Transfer II pursuant to the terms of the Repayment Deed II, the Relevant Debt II owed by the Group to Minsheng Bank (Shanghai) shall be deemed as fully settled; and
- (c) Minsheng Bank (Shanghai) will agree that the Repayment Shares II being transferred pursuant to the Repayment Deed II shall be subject to the terms and conditions as stated in the Memorandum and Articles of Association.

(3) *Repayment Deed III*

Upon completion of the Subscription Agreement, the Company, Minsheng Bank (Suzhou) and OPASL shall enter into the Repayment Deed III. The principal terms and conditions of the Repayment Deed III are expected to be as follows:

- (a) in the event that the Company is required to compensate Minsheng Bank (Suzhou) the Relevant Debt III under the Guarantee III and that the Company is unable to fulfill its payment obligations under the Guarantee III, OPASL will conditionally agree to transfer 366,120,000 Subscription Convertible Preference Shares (the “**Repayment Shares III**”) to be held by OPASL to Minsheng Bank (Suzhou) (the “**BVI Transfer III**”);
- (b) subject to the terms of the Repayment Deed III, Minsheng Bank (Suzhou) will agree that upon completion of the BVI Transfer III pursuant to the terms of the Repayment Deed III, the Relevant Debt III owed by the Group to Minsheng Bank (Suzhou) shall be deemed as fully settled; and
- (c) Minsheng Bank (Suzhou) will agree that the Repayment Shares III being transferred pursuant to the Repayment Deed III shall be subject to the terms and conditions as stated in the Memorandum and Articles of Association.

Minsheng Bank will enforce the Guarantee I, the Guarantee II and the Guarantee III in the event that the outstanding amounts of the Bank Loan I, the Bank Loan II and the Bank Loan III amount to RMB1,808,000,000, RMB1,130,000,000 and RMB162,000,000, respectively, upon their respective maturity dates. Since the Company will be unable to fulfill its payment obligations under

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the Guarantees following the entering into of the Repayment Deeds, OPASL will transfer the Subscription Convertible Preference Shares to be held by it to Minsheng Bank pursuant to the Repayment Deeds. Upon completion of the aforementioned transfer, (i) the Relevant Debts owed by the Group to Minsheng Bank shall be deemed as fully settled; and (ii) the Guarantees provided by the Company and/or OPASL to Minsheng Bank in respect of the Relevant Debts shall be released in full.

(E) Set-off of Liabilities between the Group and OPASL

Following the settlement of the Relevant Debts, the remaining outstanding liabilities arising from the Disposal of Liabilities will include:

- (a) the internal debt in the amount of RMB3,100,000,000 owed by the Transferee Subsidiary to the Company, representing the outstanding consideration in respect of the transfer of the OPASL Promissory Note from the Company to the Transferee Subsidiary;
- (b) the liabilities in the amount of RMB3,100,000,000 owed by the Company to OPASL, representing the transfer of the Subscription Convertible Preference Shares by OPASL to Minsheng Bank in satisfaction of the repayment of the Relevant Debts on behalf of the Company; and
- (c) the liabilities in the amount of HK\$3,503,000,000 (equivalent to RMB3,100,000,000) owed by OPASL to the Transferee Subsidiary (being the holder of the OPASL Promissory Note), representing the amount payable by OPASL under the OPASL Promissory Note.

Upon completion of the Disposal of Liabilities the Company, the Transferee Subsidiary and OPASL will enter into a tripartite settlement agreement to set off the relevant liabilities as aforementioned, pursuant to which (i) OPASL will be released from its payment obligation owed to the Transferee Subsidiary under the OPASL Promissory Note, as further described in paragraph (c) above; (ii) the Company will be released from its liabilities owed to OPASL, as further described in paragraph (b) above; and (iii) the Transferee Subsidiary will be released from its internal debt owed to the Company, as further described in paragraph (a) above.

SPECIFIC MANDATE

The Board proposes to seek, at the EGM, the grant of the Specific Mandate from the Shareholders to allot and issue 7,006,000,000 Subscription Convertible Preference Shares and 7,006,000,000 Subscription CPS Conversion Shares upon full conversion of the Subscription Convertible Preference Shares.

Assuming the completion of the Disposal of Liabilities took place and there would be no change in the issued share capital of the Company from the Latest Practicable Date to completion of the Disposal of Liabilities, the 7,006,000,000 Subscription CPS Conversion Shares upon full conversion of the Subscription Convertible Preference Shares pursuant to the Disposal of Liabilities represents:

- (i) approximately 191.61% of the issued share capital of the Company as at the Latest Practicable Date;

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- (ii) approximately 65.71% of the enlarged issued share capital of the Company immediately after the allotment and issuance of the 7,006,000,000 Subscription CPS Conversion Shares upon full conversion of the Subscription Convertible Preference Shares (assuming no conversion of the Convertible Bonds and no exercise of the Share Options); and
- (iii) approximately 53.96% of the enlarged issued share capital of the Company immediately after the allotment and issuance of the 7,006,000,000 Subscription CPS Conversion Shares upon full conversion of the Subscription Convertible Preference Shares (assuming full conversion of the Convertible Bonds and full exercise of the Share Options).

Fund-raising activities in the past twelve months

Save for the issuance of the 2019 Partners Kingwin CB, the 2019 King Success CB, the 2019 King Wealth CB and the 2019 Kingwin Victory CB, pursuant to which no proceeds had been received by the Company as they were issued in exchange for existing indebtedness of the Company, the Company has not raised any fund by issuing equity securities during the 12 months immediately before the date of this circular.

The Company may, after completion of the Disposal of Liabilities, consider various fund raising exercises, whether in the form of equity and/or debt financings, to support the development of its existing energy exploration and production business which includes the exploration and operations of certain oilfields in the Kyrgyz Republic (a country in central Asia) and/or to further reduce its debt level. The Company is seeking various forms of financing to, among other things, refinance current debts, including seeking financial assistance from substantial shareholder(s) of the Company. Notwithstanding the foregoing, as at the Latest Practicable Date, the Company did not have any concrete plan to conduct any fund raising activity for the next 12 months.

INFORMATION ON THE COMPANY, MINSHENG BANK AND OPASL

The Company

The Company is an investment holding company. The Group is a diversified large heavy industries group in the PRC and is principally engaged in shipbuilding, offshore engineering, marine engine building, engineering machinery and energy exploration and production.

Minsheng Bank

China Minsheng Banking Corp., Ltd. is a joint stock limited company incorporated in the PRC with limited liability and the A shares and H shares of which are listed on the Shanghai Stock Exchange and the Stock Exchange respectively.

Minsheng Bank (Shanghai) and Minsheng Bank (Suzhou) are the Shanghai Branch and Suzhou Branch, respectively, of China Minsheng Banking Corp., Ltd.

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China Minsheng Banking Corp., Ltd. and its subsidiaries provide corporate and personal banking, treasury business, finance leasing, fund and asset management, investment banking and other financial services in the PRC.

Save as disclosed in this circular, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Minsheng Bank (Shanghai), Minsheng Bank (Suzhou) and their respective ultimate beneficial owner(s) are Independent Third Parties.

OPASL

OPASL is a company incorporated with limited liability in the BVI, the principal business of which is the provision of asset and transactional based financing. OPASL is directly and beneficially owned by each of Mr. Chen Jiawen and OP Financial as to 70% and 30%, respectively. OP Financial is beneficially owned by Mr. Zhang Zhi Ping, Mr. Zhang Gaobo, Mr. Chan Nap Kee Joseph and Mr. Chan Lap Tak Jeffrey, each being an Independent Third Party, as to 48.5%, 46.5%, 2.5% and 2.5%, respectively. OP Asia, an affiliated company of OPASL and OP Financial, is the financial adviser of the Company.

Save as disclosed in this circular, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of OPASL, OP Financial and OP Asia and their respective ultimate beneficial owner(s) are Independent Third Parties.

As the Outstanding Amount due from the Group to Minsheng Bank is significant and will all be matured on 25 December 2018, the Company and Minsheng Bank have been discussing and negotiating on different settlement proposals. In light of the internal policy and practices of Minsheng Bank, the Company and Minsheng Bank have determined to adopt the tripartite arrangement for carrying out the Disposal of Liabilities, whereby a third party independent of the Company and Minsheng Bank will be involved to facilitate the Disposal of Liabilities. As such, the Company has engaged OPASL as a facilitator of the Company to be involved in the Disposal of Liabilities and taking a bridging role as a party to the OPASL Promissory Note, the Deeds of Share Charge and the Repayment Deeds. A facilitator fee of HK\$180,000 shall be payable by the Company to OPASL for its facilitation of the Disposal of Liabilities, which is equivalent to approximately 0.005% of the amount of the Relevant Debts. The aforementioned facilitator fee payable by the Company to OPASL was determined after arm's length commercial negotiation between the Company and OPASL.

Given that the tripartite arrangement for carrying out the Disposal of Liabilities is viable and acceptable to Minsheng Bank under its internal policy and practices and the involvement of OPASL in the Disposal of Liabilities as a facilitator of the Company which is vital to the success of the Disposal of Liabilities, having taken into account the abovementioned factors and the factors set out in the section headed "Reasons for and Benefits of the Disposal of Liabilities" below, the Directors consider that the facilitator fee payable by the Company to OPASL to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming the completion of the Disposal of Liabilities took place and there would be no change in the shareholding structure of the Company from the Latest Practicable Date other than those contemplated hereunder, the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately following the allotment and issuance of the Subscription CPS Conversion Shares upon full conversion of the Subscription Convertible Preference Shares (assuming no conversion of the Convertible Bonds and no exercise of the Share Options); and (iii) immediately following the allotment and issuance of the Subscription CPS Conversion Shares upon full conversion of the Subscription Convertible Preference Shares (assuming full conversion of the Convertible Bonds and full exercise of the Share Options) are set out below for illustrative purpose:

Shareholders	As at the		Immediately following the		Immediately following the	
	Latest Practicable Date		allotment and issuance of the		allotment and issuance of the	
			Subscription CPS Conversion		Subscription CPS Conversion	
			Shares upon full conversion of the		Shares upon full conversion of the	
			Subscription Convertible		Subscription Convertible	
			Preference Shares (assuming no		Preference Shares (assuming full	
			conversion of the Convertible		conversion of the Convertible	
			Bonds and no exercise of the		Bonds and full exercise of the	
			Share Options) (Notes 8 and 9)		Share Options) (Notes 9 and 10)	
	Number	%	Number	%	Number	%
	of Shares	(approximately)	of Shares	(approximately)	of Shares	(approximately)
Fine Profit (Note 1)	366,556,231	10.03	366,556,231	3.44	366,556,231	2.82
Gallop Sun (Note 1)	160,000,000	4.38	160,000,000	1.50	160,000,000	1.23
Wealth Consult (Note 1)	21,744,800	0.59	21,744,800	0.20	21,744,800	0.17
Sub-total	548,301,031	15.00	548,301,031	5.14	548,301,031	4.22
Mr. Chen (Director and holder of Share Options)	-	-	-	-	14,000,000	0.11
Boom Will (Note 2)	27,200,000	0.74	27,200,000	0.26	27,200,000	0.21
Leader World (Note 2)	84,000,000	2.30	84,000,000	0.79	84,000,000	0.65
Outspace (Note 2)	98,000,000	2.68	98,000,000	0.92	98,000,000	0.75
Sub-total	209,200,000	5.72	209,200,000	1.97	223,200,000	1.72

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Shareholders	As at the		Immediately following the		Immediately following the	
	Latest Practicable Date		allotment and issuance of the		allotment and issuance of the	
			Subscription CPS Conversion		Subscription CPS Conversion	
	Number	%	Number	%	Number	%
	of Shares	(approximately)	of Shares	(approximately)	of Shares	(approximately)
			Shares upon full conversion of the		Shares upon full conversion of the	
			Subscription Convertible		Subscription Convertible	
			Preference Shares (assuming no		Preference Shares (assuming full	
			conversion of the Convertible		conversion of the Convertible	
			Bonds and no exercise of the		Bonds and full exercise of the	
			Share Options) (Notes 8 and 9)		Share Options) (Notes 9 and 10)	
Other Directors (holders of Share Options)	-	-	-	-	6,801,000	0.05
Minsheng Bank (Shanghai) (Note 3)	-	-	6,639,880,000	62.27	6,639,880,000	51.14
Minsheng Bank (Suzhou) (Note 4)	-	-	366,120,000	3.43	366,120,000	2.82
Holders of 2019 Action Phoenix CB (Note 5)	340,000,000	9.30	340,000,000	3.19	1,490,120,000	11.48
Top Acton Limited (Note 6)	348,000,000	9.52	348,000,000	3.26	348,000,000	2.68
Other public Shareholders (Note 7)	2,210,870,476	60.46	2,210,870,476	20.74	3,361,068,476	25.89
TOTAL	3,656,371,507	100.00	10,662,371,507	100.00	12,983,490,507	100.00
Total public Shareholders	2,898,870,476	79.28	3,447,171,507	32.33	4,257,369,507	32.79

Notes:

- Wealth Consult is a wholly-owned subsidiary of Fine Profit, which in turn is wholly-owned by Mr. Zhang, a substantial shareholder of the Company. Gallop Sun is wholly-owned by Mr. Zhang Dehuang, the father of Mr. Zhang.
- Boom Will, Leader World and Outspace are beneficially owned by Mr. Chen as to 100%, 38.33% and 100%, respectively.
- Minsheng Bank (Shanghai) may be subject to the obligations to make a general offer under the Takeovers Code in the event that it holds 30% or more of the issued share capital of the Company upon conversion of the Subscription Convertible Preference Shares. Pursuant to the Proposed Amendments and Restatement of Memorandum and Articles of Association as set out in the Appendix to this circular, if the issue of ordinary Shares following the exercise by a holder of the Convertible Preference Shares of the conversion rights would result in the Company not meeting the Public Float Requirement immediately after the conversion, then the conversion and the number of ordinary Shares to be issued pursuant to such conversion shall be restricted to the maximum number of ordinary Shares issuable by the Company which would not in the reasonable opinion of the Company result in a breach of the Public Float Requirement.
- Both Minsheng Bank (Suzhou) and Minsheng Bank (Shanghai) are branches of China Minsheng Banking Corp., Ltd. As such, Minsheng Bank (Suzhou) will also not be regarded as a public Shareholder in the event that Minsheng Bank (Suzhou) and Minsheng Bank (Shanghai), individually or in aggregate, hold 10% or more of

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the issued share capital of the Company upon conversion of the Subscription Convertible Preference Shares. Minsheng Bank (Suzhou) and Minsheng Bank (Shanghai) may be subject to the obligations to make a general offer under the Takeovers Code in the event that they, individually or in aggregate, hold 30% or more of the issued share capital of the Company upon conversion of the Subscription Convertible Preference Shares.

5. As at the Latest Practice Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the holders of the 2019 Action Phoenix CB were Action Phoenix Limited and Castle Giant Investments Limited, both of which were indirectly wholly-owned by Ms. Mak Siu Hang Viola, an Independent Third Party.
6. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Top Acton Limited was wholly-owned by Mr. Mei Liang, an Independent Third Party.
7. Other public Shareholders include (i) certain employees of the Group, who are also holders of certain Share Options which entitle them to subscribe for 13,498,000 Shares; (ii) the holder of the 2018 Convertible Bonds which entitle them to convert into 150,000,000 Shares; (iii) the holder of the 2019 King Wealth CB which entitle them to convert into 204,000,000 Shares; (iv) the holder of the 2019 King Success CB which entitle them to convert into 60,000,000 Shares; (v) the holder of the 2019 Kingwin Victory CB which entitle them to convert into 482,700,000 Shares; and (vi) the holder of the 2019 Partners Kingwin CB which entitle them to convert into 240,000,000 Shares.
8. It is assumed that (i) the completion of the Repayment Deeds has taken place; (ii) there will not be any changes in the issued share capital of the Company save for the allotment and issuance of the CPS Conversion Shares; (iii) the conversion ratio will not be adjusted in any event; and (iv) the Subscription Convertible Preference Shares will be converted in full. Based on the aforementioned assumptions, immediately following the allotment and issuance of the Subscription CPS Conversion Shares and upon full conversion of the Subscription Convertible Preference Shares (assuming no conversion of the Convertible Bonds and no exercise of the Share Options), (i) public Shareholders include Fine Profit, Gallop Sun, Wealth Consult, the holders of the 2019 Action Phoenix CB, Top Acton Limited and other public Shareholders as described in note 7 above; (ii) Minsheng Bank (Shanghai) will become a substantial shareholder and a connected person of the Company upon full conversion of the Subscription Convertible Preference Shares; and (iii) since both Minsheng Bank (Suzhou) and Minsheng Bank (Shanghai) are branches of China Minsheng Banking Corp., Ltd., Minsheng Bank (Suzhou) will also not be regarded as a public Shareholder in the event that Minsheng Bank (Suzhou) and Minsheng Bank (Shanghai), individually or in aggregate, hold 10% or more of the issued share capital of the Company upon conversion of the Subscription Convertible Preference Shares.
9. Pursuant to the Proposed Amendments and Restatement of Memorandum and Articles of Association as set out in the Appendix to this circular, if the issue of ordinary Shares following the exercise by a holder of the Convertible Preference Share with conversion rights would result in the Company not meeting the Public Float Requirement immediately after the conversion, then the conversion and the number of ordinary Shares to be issued pursuant to such conversion shall be restricted to the maximum number of ordinary Shares issuable by the Company which would not in the reasonable opinion of the Company result in a breach of the Public Float Requirement. Under the circumstances indicated, the Company shall be able to continue to fulfill the Public Float Requirement.
10. It is assumed that (i) the completion of the Repayment Deeds has taken place; (ii) there will not be any changes in the issued share capital of the Company save for the allotment and issuance of the CPS Conversion Shares, the conversion Shares pursuant to the conversion of the Convertible Bonds and the Shares pursuant to the exercise of the Share Options; (iii) the conversion ratio will not be adjusted in any event; (iv) the Subscription Convertible Preference Shares will be converted in full; (v) the conversion prices of the respective Convertible Bonds will not be adjusted as a result of any dilutive event; (vi) the Convertible Bonds will be converted in full at the conversion price of HK\$0.50 per conversion share; and (vii) there will be no redemption, purchase or cancellation of the Convertible Bonds pursuant to the terms and conditions of the respective Convertible Bonds. Based on the aforementioned assumptions, immediately following the allotment and issuance of the Subscription CPS Conversion Shares upon full conversion of the Subscription Convertible Preference Shares (assuming full conversion of the Convertible Bonds and full exercise of the Share Options), (i) public Shareholders include Fine Profit, Gallop Sun, Wealth Consult, Top Acton Limited and other public Shareholders as described in note 7 above; (ii) Minsheng Bank (Shanghai) will become a substantial

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shareholder and a connected person of the Company upon full conversion of the Subscription Convertible Preference Shares; and (iii) since both Minsheng Bank (Suzhou) and Minsheng Bank (Shanghai) are branches of China Minsheng Banking Corp., Ltd., Minsheng Bank (Suzhou) will also not be regarded as a public Shareholder in the event that Minsheng Bank (Suzhou) and Minsheng Bank (Shanghai), individually or in aggregate, hold 10% or more of the issued share capital of the Company upon conversion of the Subscription Convertible Preference Shares.

11. The shareholding table above is for illustrative purpose only. The final shareholdings of Minsheng Bank and the holders of the Convertible Bonds in the Company upon completion of the Disposal of Liabilities and/or the issuance of conversion shares of the Convertible Bonds may be different from those shown in the table above. Further announcement(s) will be made by the Company regarding the changes in the shareholdings of the Company following completion of the Disposal of Liabilities as and when necessary.

REASONS FOR AND BENEFITS OF THE DISPOSAL OF LIABILITIES

Improvements on the liquidity and financial position of the Group

Taking into account, among other things, (i) the unsatisfactory financial performance and the deteriorating financial position of the Group in the past years; and (ii) the current adverse market conditions in the shipbuilding industry which is unlikely to be recovered in the near future, the Directors consider that it is necessary and expedient for the Group to improve its overall liquidity and financial position.

As disclosed in the Interim Report, as at 30 June 2018, the total borrowings and finance lease liabilities of the Group amounted to approximately RMB23,502,096,000 and, after taking into account the repayment on demand clauses of certain borrowings, RMB23,160,080,000 of which were repayable within one year and the remaining RMB342,016,000 were repayable between one to two years. The Relevant Debts, which amounted to RMB3,100,000,000 and will be matured on 25 December 2018, accounted for approximately 13.19% of the total borrowings and finance lease liabilities and 13.39% of the borrowings and finance lease liabilities repayable within one year as at 30 June 2018. Accordingly, the Directors consider that the Disposal of Liabilities, which would enable the settlement of the Relevant Debts, is conducive to the improvement of the overall liquidity and financial position of the Group, thereby generating a positive impact on its continued operations and sustainable development.

Alternative means to settle the Relevant Debts

The Directors have considered a number of alternative means to settle the Relevant Debts before resolving to the Disposal of Liabilities, including (i) the repayment of the Relevant Debts with proceeds from fundraising activities; and (ii) the issuance of convertible bonds and/or new Shares to Minsheng Bank. The Company has also engaged OP Asia as its financial adviser and sought advice from OP Asia regarding different debt and equity fundraising options. In addition, the Company has also requested OP Asia to assist the Company in identifying and discussing with potential investors for these fundraising plans.

Debt financing options

With a view to settling the Relevant Debts, the Directors have considered a number of debt financing options, such as the obtaining of a new loan and/or the issuance of convertible bonds.

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The Company has, with the assistance of OP Asia, made enquiries with a number of financial institutions in relation to the possibility of obtaining new financings. However, given (i) the high gearing ratio of the Group; (ii) the unsatisfactory financial performance and the deteriorating financial position of the Group in the past years; and (iii) the adverse market conditions in the shipbuilding industry, the Company was unable to obtain any additional loans from other financial institutions to refinance the Relevant Debts. The Company has also considered and explored other debt financing options such as the issuance of convertible bonds. However, neither the Company nor OP Asia was able to identify any potential investors willing to participate in such debt financing for similar reasons as aforementioned. In addition, as disclosed in the Interim Report, the Company has previously issued a significant amount of convertible bonds and the aggregate principal amount outstanding as at 30 June 2018 was approximately RMB1,208,400,000, of which approximately RMB1,011,900,000 remained outstanding as at the Latest Practicable Date.

Given the high gearing ratio of the Group, measured by total borrowings and finance lease liabilities divided by the sum of total borrowings and finance lease liabilities and total deficit, which was approximately 191.5% as at 31 December 2017 and increased to approximately 205.5% as at 30 June 2018, any additional debt financing will further increase the gearing ratio of the Group, as well as increasing the interest burden and finance cost to the Group. After due and careful consideration, the Directors were of the view that any further debt financing would not align with the continuing effort of the Group to ease its financial burden and improve its leverage and overall financial condition, and equity financing would be more appropriate and favourable to the Company.

Equity financing options

The Directors have considered and explored the possibility of repaying the Relevant Debts by equity fundraising, such as placing of new Shares, rights issue and open offer. OP Asia has, on behalf of the Company, approached and discussed with a number of financial institutions to solicit interests on the potential equity fundraising of the Company. However, the feedback from these financial institutions was unfavourable due to (i) the unsatisfactory Share price performance and the deteriorating financial position of the Group in the past few years; (ii) the adverse market conditions in the shipbuilding industry; (iii) the uncertainty in the prospects of the new energy service business of the Group in the short run; and (iv) the volatility of the stock market in Hong Kong. Even if the Company were able to identify any potential investor interested in the equity fundraising of the Company, given the aforementioned factors and the significant amount of funds to be raised, being approximately RMB3,100,000,000, (i) the Company may not be well positioned to negotiate favourable terms such as subscription price; and (ii) the Company may not be able to complete the fundraising in time to settle the Relevant Debts in full by its maturity date on 25 December 2018 due to the lengthy negotiation and documentation process typically associated with equity fundraising.

Issuance of the Subscription Convertible Preference Shares being the best option for the Company

The Company had extensive discussions with Minsheng Bank and proposed different options regarding the settlement of the Relevant Debts, and eventually reached consensus with Minsheng Bank on the Disposal of Liabilities which involves the issuance of the Subscription Convertible Preference Shares, being the only proposal considered to be feasible and acceptable to Minsheng Bank.

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The Company has considered the settlement of the Relevant Debts by the issuance of convertible bonds and/or new Shares to Minsheng Bank. However, after due and careful consideration, the Directors were of the view that neither option is feasible nor favourable to the Company because (i) as stated above, the Company already has a significant amount of outstanding convertible bonds and any further debt financing will have a negative impact on the gearing ratio and financial position of the Group; and (ii) given the amount of the Relevant Debts is significant, any issuance of new Shares to Minsheng Bank will have a significant and immediate dilution effect on the shareholding structure of the Company, which would be detrimental to the Company and the Shareholders as a whole.

Following completion of the Subscription Agreement, the Subscription Convertible Preference Shares will be accounted for as an equity instrument in the consolidated financial statements of the Group under the International Financial Reporting Standards and will therefore reduce the high gearing ratio of the Group and improve the leverage position of the Group. In addition, given that the Subscription Convertible Preference Shares are non-interest-bearing and will not create any financial cost, it will also help reduce the financial burden of the Group. Therefore, the issuance of the Subscription Convertible Preference Shares is in line with the objective of the Group in reducing its financial burden and improving its leverage and overall financial condition.

Apart from the immediate positive impact on the gearing ratio and the financial position of the Company, the issuance of the Subscription Convertible Preference Shares will also enable the Company to maintain a stable shareholding structure and decision-making process to the greatest extent possible because (i) as compared to the issuance of new Shares, the issuance of the Subscription Convertible Preference Shares will not create an immediate dilutive effect on the shareholding of the existing Shareholders; and (ii) given that no voting rights are attached to the Subscription Convertible Preference Shares prior to conversion, Minsheng Bank cannot exercise immediate impact on the decision-making process of the Company.

While the Subscription Convertible Preference Shares are perpetual in nature with an indefinite conversion period, pursuant to the terms of the Subscription Agreement, the conversion right of the Subscription Convertible Preference Shares shall be suspended to the extent that it would result in the Company failing to comply with the Public Float Requirement. If the issue of the Shares following the exercise by a holder of the Subscription Convertible Preference Shares of the conversion right would result in the Company not meeting the Public Float Requirement immediately after the conversion, then the conversion and the number of Shares to be issued pursuant to such conversion shall be restricted to the maximum number of Shares issuable by the Company which would not in the reasonable opinion of the Company result in a breach of the Public Float Requirement. As such, despite the perpetual nature and indefinite conversion period of the Subscription Convertible Preference Shares, the Company will be able to comply with the Public Float Requirements at all times.

In addition, while the Subscription CPS Conversion Shares converted from the Class A Convertible Preference Shares may be transferred without restriction, the Subscription CPS Conversion Shares converted from the Class B Convertible Preference Shares and the Class C Convertible Preference Shares will be subject to a lock-up period of 6 and 12 months, respectively, under the Subscription Agreement. As such, any disposal of the Subscription CPS Conversion Shares converted from the Class B Convertible Preference

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Shares and/or the Class C Convertible Preference Shares can only be conducted over a period of 6 and 12 months, respectively, which will minimise the impact on the shareholding structure of the Company as well as the volatility of the Share price.

Please refer to the section headed “Disposal of Liabilities – (B) Subscription Agreement – (4) Principal terms of the Subscription Convertible Preference Shares” above for further details on the restrictions on the conversion rights, the transferability, the lock-up period and the accounting treatment of the Subscription Convertible Preference Shares.

In order to enable the Shareholders to have a comprehensive understanding of the issuance of the Subscription Convertible Preference Shares and its effect on the shareholding structure of the Company, the terms and conditions of the Subscription Agreement, the principal terms of the Subscription Convertible Preference Shares and the effect of the issuance of the Subscription Convertible Preference Shares on the shareholding structure of the Company (i) immediately following the allotment and issuance of the Subscription CPS Conversion Shares upon full conversion of the Subscription Convertible Preference Shares (assuming no conversion of the Convertible Bonds and no exercise of the Share Options); and (ii) immediately following the allotment and issuance of the Subscription CPS Conversion Shares upon full conversion of the Subscription Convertible Preference Shares (assuming full conversion of the Convertible Bonds and full exercise of the Share Options) are fully disclosed in the sections headed “Disposal of Liabilities – (B) Subscription Agreement” and “Effect on the Shareholding Structure of the Company” above.

Taking into account the abovementioned factors, in particular (i) the equity and non-interest-bearing nature of the Subscription Convertible Preference Shares, which would have an immediate positive impact on the gearing ratio and the financial position of the Group; (ii) the absence of any immediate dilutive effect on the shareholding of the existing Shareholders and the non-voting nature of the Subscription Convertible Preference Shares prior to conversion, which would enable the Company to maintain a stable shareholding structure and decision-making process; (iii) the restrictions on the conversion rights, which would enable the Company to comply with the Public Float Requirements at all times; and (iv) the lock-up period imposed on the Subscription CPS Conversion Shares converted from the Class B Convertible Preference Shares and/or the Class C Convertible Preference Shares, which would minimise the impact on the shareholding structure of the Company as well as the volatility of the Share price, the Directors (including the independent non-executive Directors) consider that the issuance of the Subscription Convertible Preference Shares to be the best option for the Company and the terms and conditions of the Subscription Agreement, which were determined after arm’s length negotiations between the Company and Minsheng Bank, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

PROPOSED RECLASSIFICATION AND REDESIGNATION OF AUTHORISED SHARE CAPITAL

The Board will propose at the EGM an ordinary resolution that (i) the authorised share capital of the Company of HK\$30,000,000,000 divided into 60,000,000,000 Shares of a par value of HK\$0.50 each be reclassified and redesignated as HK\$30,000,000,000 comprising 52,994,000,000 ordinary Shares of a par value of HK\$0.50 each, 2,330,000,000 Class A Convertible Preference Shares, 2,330,000,000 Class B Convertible Preference Shares and 2,346,000,000 Class C Convertible Preference Shares; (ii) all of the existing issued shares of the Company be reclassified and redesignated as ordinary Shares; and (iii) three

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new classes of Convertible Preference Shares be created in the share capital of the Company by amending and restating the Memorandum and Articles of Association to incorporate the terms of the Convertible Preference Shares in connection with the issuance of the Subscription Convertible Preference Shares.

The Proposed Reclassification and Redesignation of Authorised Share Capital is subject to, and shall take effect upon, the passing of the special resolution in relation to the Proposed Amendments and Restatement of Memorandum and Articles of Association by the Shareholders at the EGM.

PROPOSED AMENDMENTS AND RESTATEMENT OF MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board proposes that the Convertible Preference Shares be created and that the Memorandum and Articles of Association be amended and restated to incorporate the terms of the Convertible Preference Shares. The Proposed Amendments and Restatement of Memorandum and Articles of Association are subject to the approval of the Shareholders by way of a special resolution at the EGM and the passing of the ordinary resolution no. 1 set out in the Notice of EGM by the Shareholders at the EGM. Details of the Proposed Amendments and Restatement of Memorandum and Articles of Association are set out in the Appendix to this circular.

APPLICATION FOR LISTING

An application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of listing of, and permission to deal in the Subscription CPS Conversion Shares to be issued upon exercise of the conversion rights attaching to the Subscription Convertible Preference Shares under the Specific Mandate.

EGM

A notice convening the EGM to be held at Imperial Room I-III, Mezzanine Floor, Towers Wing, The Royal Pacific Hotel & Towers, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong at 9:00 a.m. on Monday, 17 December 2018 is set out on pages EGM-1 to EGM-4 of this circular. At the EGM, ordinary resolutions and a special resolution will be proposed to the Shareholders to consider and, if thought fit, to approve, (i) the Tripartite Deed, the Subscription Agreement, the Repayment Deeds and the transactions contemplated thereunder (including the grant of the Specific Mandate); (ii) the Proposed Reclassification and Redesignation of Authorised Share Capital; and (iii) the Proposed Amendments and Restatement of Memorandum and Articles of Association, respectively.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Tripartite Deed, the Subscription Agreement, the Repayment Deeds and the transactions contemplated thereunder (including the grant of the Specific Mandate), the Proposed Reclassification and Redesignation of Authorised Share Capital and the Proposed Amendments and Restatement of Memorandum and Articles of Association and therefore, no Shareholder is required to abstain from voting on the relevant resolutions at the EGM.

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A form of proxy for use at the EGM is sent to the Shareholders together with this circular. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not less than 48 hours before the time appointed for holding the EGM or at any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting (as the case may be) should you so wish.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that (i) the terms of the Tripartite Deed, the Subscription Agreement, the Repayment Deeds and the transactions contemplated thereunder (including the grant of the Specific Mandate); (ii) the Proposed Reclassification and Redesignation of Authorised Share Capital; and (iii) the Proposed Amendments and Restatement of Memorandum and Articles of Association, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the relevant resolutions to approve (i) the Tripartite Deed, the Subscription Agreement, the Repayment Deeds and the transactions contemplated thereunder (including the grant of the Specific Mandate); (ii) the Proposed Reclassification and Redesignation of Authorised Share Capital; and (iii) the Proposed Amendments and Restatement of Memorandum and Articles of Association at the EGM.

Shareholders and potential investors of the Company are reminded that the Disposal of Liabilities (including the Tripartite Deed, the Subscription Agreement, the Repayment Deeds and the transactions contemplated thereunder), may or may not be completed. The Disposal of Liabilities is also subject to and conditional upon the fulfillment (or, where applicable, waiver) of, among other things, the conditions described in the sub-sections headed “(A) Tripartite Deed – (1) Conditions”, “(B) Subscription Agreement – (3) Conditions” and “(D) Repayment Deeds” under the section headed “Disposal of Liabilities” above. There is no assurance as to whether and when the Disposal of Liabilities will take place. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

Yours faithfully,
For and on behalf of the Board
China Huarong Energy Company Limited
CHEN Qiang
Chairman

The full text of the Proposed Amendments and Restatement of Memorandum and Articles of Association is set out as follows:

1. PROPOSED AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION

- (a) Paragraphs 1, 2, 3, 4, 6 and 7 of the Memorandum of Association of the Company shall be amended as follows:

Existing paragraphs	To be amended as
1 The name of the Company is China Rongsheng Heavy Industries Group Holdings Limited (中國熔盛重工集團控股有限公司).	1 The name of the Company is China Huarong Energy Company Limited (中國華榮能源股份有限公司).
2 The Registered Office of the Company shall be at the offices of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands or at such other place in the Cayman Islands as the Board may from time to time decide.	2 The Registered Office of the Company shall be at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands or at such other place in the Cayman Islands as the Board may from time to time decide.
3 The objects for which the Company is established are unrestricted and shall include, but without limitation, the following: (a) to carry on business as an investment company and as an investment holding company and to acquire and hold shares, stocks, debenture stock, bonds, mortgages, obligations and securities of any kind issued or guaranteed by any company, corporation or undertaking of whatever nature and wherever constituted or carrying on business, and shares, stock, debenture stock, bonds, obligations and other securities issued or guaranteed by any government, sovereign ruler, commissioners, trust, local authority or other public body, and to vary, transpose, dispose of or otherwise deal with from time to time as may be considered expedient any of the Company's investments for the time being;	3 Subject to the following provisions of this Memorandum, the objects for which the Company is established are unrestricted and shall include, but without limitation: (a) to act and to perform all the functions of a holding company in all its branches and to coordinate the policy and administration of any subsidiary company or companies wherever incorporated or carrying on business or of any group of companies of which the Company or any subsidiary company is a member or which are in any manner controlled directly or indirectly by the Company;

Existing paragraphs**To be amended as**

(b) to subscribe for, conditionally or unconditionally, to underwrite, issue on commission or otherwise, take, hold, deal in and convert stocks, shares and securities of all kinds and to enter into partnership or into any arrangement for sharing profits, reciprocal concessions or cooperation with any person or company and to promote and aid in promoting, to constitute, form or organise any company, joint venture, syndicate or partnership of any kind, for the purpose of acquiring and undertaking any property and liabilities of the Company or of advancing, directly or indirectly, the objects of the Company or for any other purpose which the Company may think expedient;

(b) to act as an investment company and for that purpose to subscribe, acquire, hold, dispose, sell, deal in or trade upon any terms, whether conditionally or absolutely, shares, stock, debentures, debenture stock, annuities, notes, mortgages, bonds, obligations and securities, foreign exchange, foreign currency deposits and commodities, issued or guaranteed by any company wherever incorporated, or by any government, sovereign, ruler, commissioners, public body or authority, supreme, municipal, local or otherwise, by original subscription, tender, purchase, exchange, underwriting, participation in syndicates or in any other manner and whether or not fully paid up, and to meet calls thereon.

(c) to exercise and enforce all rights and powers conferred by or incidental to the ownership of any shares, stock, obligations or other securities including without prejudice to the generality of the foregoing all such powers of veto or control as may be conferred by virtue of the holding by the Company of some special proportion of the issued or nominal amount thereof, to provide managerial and other executive, supervisory and consultant services for or in relation to any company in which the Company is interested upon such terms as may be thought fit;

Existing paragraphs**To be amended as**

- (d) to stand surety for or to guarantee, indemnify, support or secure the performance of all or any of the obligations of any person, firm or company whether or not related or affiliated to the Company in any manner and whether by personal covenant or by mortgage, charge or lien upon the whole or any part of the undertaking, property and assets of the Company, both present and future, including its uncalled capital or by any such method and whether or not the Company shall receive valuable consideration therefor;
- (e) to carry on the business of promoters and entrepreneurs and to carry on business as financiers, capitalists, concessionaires, merchants, brokers, traders, dealers, agents, importers and exporters and to undertake and carry on and execute all kinds of investment, financial, commercial, mercantile, trading and other operations;
- (f) to carry on whether as principals, agents or otherwise howsoever the business of realtors, developers, consultants, estate agents or managers, builders, contractors, engineers, manufacturers, dealers in or vendors of all types of property including the provision of any services;
- (g) to purchase or otherwise acquire, to sell, exchange, surrender, lease, mortgage, charge, convert, turn to account, dispose of and deal with real and personal property and rights of all kinds and, in particular, mortgages, debentures, produce, concessions, options, contracts, patents, annuities, licences, stocks, shares, bonds, policies, book debts, business concerns, undertakings, claims, privileges and choses in action of all kinds; and

Existing paragraphs**To be amended as**

- (h) to engage in or carry on any other lawful trade, business or enterprise which may at any time appear to the Directors capable of being conveniently carried on in conjunction with any of the aforementioned businesses or activities or which may appear to the Directors likely to be profitable to the Company.

In the interpretation of this Memorandum of Association in general and of this Clause 3 in particular no object, business or power specified or mentioned shall be limited or restricted by reference to or inference from any other object, business or power, or the name of the Company, or by the juxtaposition of two or more objects, businesses or powers and that, in the event of any ambiguity in this Clause or elsewhere in this Memorandum of Association, the same shall be resolved by such interpretation and construction as will widen and enlarge and not restrict the objects, businesses and powers of and exercisable by the Company.

Existing paragraphs

- 4 Except as prohibited or limited by the Companies Law (2010 Revision), the Company shall have full power and authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Companies Law (2010 Revision) and shall have and be capable of from time to time and at all times exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate, irrespective of any question of corporate benefit, in doing in any part of the world whether as principal, agent, contractor or otherwise whatever may be considered by it necessary for the attainment of its objects and whatever else may be considered by it as incidental or conducive thereto or consequential thereon, including, but without in any way restricting the generality of the foregoing, the power to make any alterations or amendments to this Memorandum of Association and the Articles of Association of the Company considered necessary or convenient in the manner set out in the Articles of Association of

To be amended as

- 4 Subject to the following provisions of this Memorandum, the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided by Section 27(2) of the Companies Law (Revised). Nothing in this Memorandum shall permit the Company to carry on a business for which a licence is required under the laws of the Cayman Islands unless duly licensed. The Company shall not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this clause shall be construed as to prevent the Company from effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.

Existing paragraphs**To be amended as**

the Company, and the power to do any of the following acts or things, viz: to pay all expenses of and incidental to the promotion, formation and incorporation of the Company; to register the Company to do business in any other jurisdiction; to sell, lease or dispose of any property of the Company; to draw, make, accept, endorse, discount, execute and issue promissory notes, debentures, debenture stock, loans, loan stock, loan notes, bonds, convertible bonds, bills of exchange, bills of lading, warrants and other negotiable or transferable instruments; to lend money or other assets and to act as guarantors; to borrow or raise money on the security of the undertaking or on all or any of the assets of the Company including uncalled capital or without security; to invest monies of the Company in such manner as the Directors determine; to promote other companies; to sell the undertaking of the Company for cash or any other consideration; to distribute assets in specie to members of the Company; to contract with persons for the provision of advice, the management and custody of the Company's assets, the listing of the Company's shares and its administration; to make charitable or benevolent donations; to pay pensions or gratuities or provide other benefits in cash or kind to Directors, officers, employees, past or present and their families; to purchase Directors and officers liability insurance; to carry on any trade or business and generally to do all acts and things which, in the opinion of the Company or the Directors, may be conveniently or profitably or usefully acquired and dealt with, carried on, executed or done by the Company in connection with the business aforesaid PROVIDED THAT the Company shall only carry on the businesses for which a licence is required under the laws of the Cayman Islands when so licensed under the terms of such laws.

Existing paragraphs**To be amended as**

- 6 The share capital of the Company is HK\$3,800,000,000 divided into 38,000,000,000 shares of a nominal or par value of HK\$0.10 each with power for the Company insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Law (2010 Revision) and the Articles of Association and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to the powers hereinbefore contained.
- 7 If the Company is registered as exempted, its operations will be carried on subject to the provisions of Section 174 of the Companies Law (2010 Revision) and, subject to the provisions of the Companies Law (2010 Revision) and the Articles of Association, it shall have the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.
- 6 The share capital of the Company is HK\$30,000,000,000 divided into 60,000,000,000 shares of a nominal or par value of HK\$0.50 each comprising of: (i) 52,994,000,000 ordinary shares of a nominal or par value of HK\$0.50 each, (ii) 2,330,000,000 class A convertible preference shares of a nominal or par value of HK\$ 0.50 each, (iii) 2,330,000,000 class B convertible preference shares of a nominal or par value of HK\$ 0.50 each and (iv) 2,346,000,000 class C convertible preference shares of a nominal or par value of HK\$ 0.50 each, each with power for the Company insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Law (Revised) and the Articles of Association and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to the powers hereinbefore contained.
- 7 The Company may exercise the power contained in the Companies Law to deregister in the Cayman Islands and be registered by way of continuation in another jurisdiction.

2. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

- (a) The following shall be inserted in the existing Article 2.2:

WORD	MEANING
“Class A Convertible Preference Share”	shall mean a class A convertible preference share of the Company of HK\$0.50 each in the issued and unissued share capital of the Company.
“Class B Convertible Preference Share”	shall mean a class B convertible preference share of the Company of HK\$0.50 each in the issued and unissued share capital of the Company.
“Class C Convertible Preference Share”	shall mean a class C convertible preference share of the Company of HK\$0.50 each in the issued and unissued share capital of the Company.
“clear days”	shall mean in relation to the period of a notice that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect.
“Convertible Preference Share”	shall mean a convertible preference share of the Company of HK\$0.50 each in the issued and unissued share capital of the Company, namely, a Class A Convertible Preference Share, a Class B Convertible Preference Share or a Class C Convertible Preference Share, as the context may require.
“Conversion Date”	shall mean the business day immediately following the date of surrender of the certificate in respect of the relevant Convertible Preference Shares, together with an effective Conversion Notice, pursuant to Article 3A.5 below.
“Conversion Notice”	shall mean a notice served by any holder of the Convertible Preference Share from time to time stating that such holder of the Convertible Preference Share wishes to exercise the Conversion Right in respect of one or more Convertible Preference Shares held by such holder of the Convertible Preference Share, in substantially the form prescribed by the Company from time to time.
“Conversion Ratio”	shall mean the rate for conversion of any Convertible Preference Shares into Ordinary Shares on a one for one basis.

“Conversion Right”	shall mean the right, subject to the provisions of Article 3A.5 below of holder of the Convertible Preference Share to convert any Convertible Preference Shares into Ordinary Shares.
“Converting Shareholder”	shall mean a holder of the Convertible Preference Share all or some of whose Convertible Preference Shares are being or have been converted into Ordinary Shares.
“Issue Date”	shall mean the date of allotment and issue of the new Convertible Preference Shares.
“Ordinary Share”	shall mean an ordinary share of the Company of HK\$0.50 each in the issued and unissued share capital of the Company.
“Public Float Requirement”	shall mean the requirement under the Listing Rules applicable to the Company that not less than a specified percentage of the shares which are listed on the Exchange shall be held by the public for the purpose of the Listing Rules.
“Record Date”	shall mean the date and time by which a subscriber, transferee or holder of securities of the class in question would have to be registered in order to participate or be entitled to in the relevant distribution or rights.
“rights issue”	shall mean an offer by way of rights to existing holders of securities of the Company which enables those holders to subscribe for securities in proportion to their existing holdings.
“Statutes”	shall mean the Law and every other law of the Legislature of the Cayman Islands for the time being in force applying to or affecting the Company, its memorandum of association and/or these Articles.

- (b) The existing definition of the following terms in Article 2.2 shall be deleted in its entirety and replaced with the following:

Existing definitions

To be replaced by

<p>“Associate”</p>	<p>shall mean, in relation to any Director:</p> <p>(i) his spouse and any of his or his spouse’s children or step children, natural or adopted, under the age of 18 (together, the “family interests”);</p> <p>(ii) the trustees, acting in their capacity as such trustees, of any trust of which he or any of his family interests is a beneficiary or, in the case of a discretionary trust, is (to his knowledge) a discretionary object;</p> <p>(iii) any company in the equity capital of which he, his family interests and/or any of the trustees referred to in paragraph (ii) above, acting in their capacity as such trustees, taken together are directly or indirectly interested (other than through their respective interests in the capital of the Company) so as to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the HK Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board and any other company which is its subsidiary; and</p>	<p>“Close Associate(s)”</p>	<p>shall have the meaning given to it in the Listing Rules.</p>
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Existing definitions**To be replaced by**

- (iv) any other persons who would be deemed to be an “Associate” of the Director under the Listing Rules.

Existing definitions		To be replaced by	
“business day”	Shall mean a day on which the Stock Exchange generally is open for the business of dealing in securities in Hong Kong. For the avoidance of doubt, where the Stock Exchange is closed for the business of dealing in securities in Hong Kong on a business day by reason of a Number 8 or higher typhoon signal, black rainstorm warning or other similar event, such day shall for the purposes of these Articles be counted as a business day.	“business day”	shall mean a day on which the Exchange generally is open for the business of dealing in securities in Hong Kong. For the avoidance of doubt, where the Exchange is closed for the business of dealing in securities in Hong Kong on a business day by reason of a number 8 or higher typhoon signal, black rainstorm warning or other similar event, such day shall for the purposes of these Articles be counted as a business day.
“Companies Law” or “Law”	shall mean the Companies Law (2010 Revision), Cap. 22 of the Cayman Islands and any amendments thereto or re enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor.	“Companies Law” or “Law”	shall mean the Companies Law (Revised), Cap. 22 of the Cayman Islands and any amendments thereto or re enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor.
“Companies Ordinance”	shall mean the Companies Ordinance (Cap. 32 of the Laws of Hong Kong) as in force from time to time.	“Companies Ordinance”	shall mean the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) as in force from time to time.
“Company”	shall mean China Rongsheng Heavy Industries Group Holdings Limited (中國熔盛重工集團控股有限公司).	“Company”	shall mean China Huarong Energy Company Limited (中國華榮能源股份有限公司).
“electronic means”	includes sending or otherwise making available to the intended recipients of the communication in electronic format.	“electronic means”	shall include sending or otherwise making available to the intended recipients of the communication in electronic format.
“Electronic Transactions Law”	means the Electronic Transactions Law (2003 Revision) of the Cayman Islands and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor.	“Electronic Transactions Law”	shall mean the Electronic Transactions Law (2003 Revision) of the Cayman Islands and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor.

Existing definitions		To be replaced by	
“Listing Rules”	shall mean the Rules Governing the Listing of Securities on the Exchange as amended from time to time.	“Listing Rules”	shall mean the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time.
“members”	shall mean the persons who are duly registered as the holders from time to time of shares in the register including persons who are jointly so registered.	“members”	shall mean the persons who are duly registered as the holders from time to time of shares in the Register including persons who are jointly so registered.
“ordinary resolution”	shall mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorised representatives, at a general meeting held in accordance with these Articles and includes an ordinary resolution passed pursuant to Article 13.12.	“ordinary resolution”	shall mean a resolution passed by a simple majority of the votes of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorised representatives, at a general meeting held in accordance with these Articles and includes an ordinary resolution passed pursuant to Article 13.12.
“published on the Exchange’s website”	shall mean published in English and Chinese on the Exchange’s website in accordance with the Listing Rules;	“published on the Exchange’s website”	shall mean published in English and Chinese on the Exchange’s website in accordance with the Listing Rules.
“register”	shall mean the principal register and any branch registers.	“Register”	shall mean the principal register and where applicable any branch register of members to be maintained at such place within or outside the Cayman Islands as the Board shall determine from time to time.
“share”	shall mean a share in the capital of the Company.	“share”	shall mean a share in the capital of the Company of any class, including an Ordinary Share, a Class A Convertible Preference Share, a Class B Convertible Preference Share and a Class C Convertible Preference Share.

- (c) The existing definition of the follow term shall be deleted in its entirety:

“principal register”

shall mean the register of members of the Company maintained at such place within or outside the Cayman Islands as the Board shall determine from time to time.

- (d) The existing Articles 2.6, 3.1, 3.3, 3.6, 3.9, 3.11, 4.3, 4.5, 4.7, 4.8, 4.9, 4.10, 4.11, 4.13, 5.1, 5.3, 5.4, 6.11, 7.1, 7.2, 7.5(f), 7.7, 7.8, 7.9, 9.5, 9.7, 12.1, 12.3, 12.4, 12.5(a), 12.5(b), 12.6, 13.1, 13.2, 13.4, 13.6, 13.7, 13.11, 14.1, 14.4, 14.8, 14.11, 14.14, 14.15, 16.2, 16.3, 16.4, 16.5, 16.6, 16.14, 16.18, 16.22, 16.23, 16.24, 18.2, 18.3, 20.1, 20.4, 20.13, 22.1, 24.21, 24.23, 25.1(a), 26.1(a), 28.4, 28.5, 29.2, 30.1, 30.2(a), 30.9, 30.10, 31.2, 32.3 and 33.1 shall be amended as follows:

Existing articles	To be amended as
2.6 Section 8 of the Electronic Transactions Law shall not apply.	2.6 Section 8 and Section 19 of the Electronic Transactions Law shall not apply.
3.1 The capital of the Company at the date of the adoption of these Articles is HK\$3,800,000,000 divided into 38,000,000,000 shares of HK\$0.10 each.	3.1 The capital of the Company at the date of the adoption of these Articles is HK\$30,000,000,000 divided into 60,000,000,000 shares of a nominal or par value of HK\$0.50 each comprising of 52,994,000,000 Ordinary Shares, 2,330,000,000 Class A Convertible Preference Shares, 2,330,000,000 Class B Convertible Preference Shares and 2,346,000,000 Class C Convertible Preference Shares. Each Convertible Preference Share shall confer on its holder the right to receive any dividends <i>pari passu</i> with the holders of Ordinary Shares on the basis of the number of Ordinary Shares into which each Convertible Preference Share may be converted and on an as converted basis.

Existing articles

3.3 Subject to the Listing Rules, the Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine. No warrants shall be issued to bearer for so long as a recognised clearing house (in its capacity as such) is a member of the Company. Where warrants are issued to bearer, no new warrant shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such new warrant.

To be amended as

3.3 Subject to the Listing Rules, the Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine. No warrants shall be issued to bearer for so long as a recognised clearing house (in its capacity as such) is a member. Where warrants are issued to bearer, no new warrant shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such new warrant.

Existing articles

3.6 Subject to the Law, or any other law or so far as not prohibited by any law and subject to any rights conferred on the holders of any class of shares, the Company shall have the power to purchase or otherwise acquire all or any of its own shares (which expression as used in this Article includes redeemable shares) provided that the manner of purchase has first been authorised by a resolution of the members, and to purchase or otherwise acquire warrants for the subscription or purchase of its own shares, and shares and warrants for the subscription or purchase of any shares in any company which is its holding company and may make payment therefor in any manner authorised or not prohibited by law, including out of capital, or to give, directly or indirectly, by means of a loan, a guarantee, a gift, an indemnity, the provision of security or otherwise howsoever, financial assistance for the purpose of or in connection with a purchase or other acquisition made or to be made by any person of any shares or warrants in the Company or any company which is a holding company of the Company and should the Company purchase or otherwise acquire its own shares or warrants neither the Company nor the Board shall be required to select the shares or warrants to be purchased or otherwise acquired rateably or in any other manner as between the holders of shares or warrants of the same class or as between them and the holders of shares or warrants of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares provided always that any such purchase or other acquisition or financial assistance shall only be made in accordance with any relevant code, rules or regulations issued by the Exchange or the Securities and Futures Commission of Hong Kong from time to time in force.

To be amended as

3.6 Subject to the Law, or any other law or so far as not prohibited by any law or the Listing Rules and subject to any rights conferred on the holders of any class of shares, the Company shall have the power to purchase or otherwise acquire any of its own shares (which expression as used in this Article includes redeemable shares) provided that the manner of purchase has first been authorised by a resolution of the members, and to purchase or otherwise acquire warrants for the subscription or purchase of its own shares, and shares and warrants for the subscription or purchase of any shares in any company which is its holding company and may make payment therefor in any manner authorised or not prohibited by law, including out of capital, or to give, directly or indirectly, by means of a loan, a guarantee, a gift, an indemnity, the provision of security or otherwise howsoever, financial assistance for the purpose of or in connection with a purchase or other acquisition made or to be made by any person of any shares or warrants in the Company or any company which is a holding company of the Company and should the Company purchase or otherwise acquire its own shares or warrants neither the Company nor the Board shall be required to select the shares or warrants to be purchased or otherwise acquired rateably or in any other manner as between the holders of shares or warrants of the same class or as between them and the holders of shares or warrants of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares provided always that any such purchase or other acquisition or financial assistance shall only be made in accordance with any relevant code, rules or regulations issued by the Exchange or the Securities and Futures Commission of Hong Kong from time to time in force.

Existing articles	To be amended as
3.9 Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price, and if purchases are by tender, tenders shall be available to all members alike.	3.9 Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price as may from time to time determined by the Company in general meeting, either generally or with regard to specific purchases, and if purchases are by tender, tenders shall be available to all members alike.
3.11 The holder of the shares being purchased, surrendered or redeemed shall be bound to deliver up to the Company at its principal place of business in Hong Kong or such other place as the Board shall specify the certificate(s) thereof for cancellation and thereupon the Company shall pay to him the purchase or redemption monies in respect thereof.	3.13 The holder of the shares being purchased, surrendered or redeemed shall be bound to deliver up to the Company at its principal place of business in Hong Kong or such other place as the Board shall specify the certificate(s) thereof, if any, for cancellation and thereupon the Company shall pay to him the purchase or redemption monies in respect thereof.
4.3 The Board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.	4.3 The Board may, in its absolute discretion, at any time transfer any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.
4.5 Except when a register is closed and, if applicable, subject to the additional provisions of Article 4.8, the principal register and any branch register shall during business hours be kept open to the inspection of any member without charge.	4.5 Except when a Register is closed and, if applicable, subject to the additional provisions of Article 4.7, the principal register and any branch register shall during business hours be kept open to the inspection of any member without charge.

Existing articles**To be amended as**

4.7 The register may, on 10 business days' notice (or on 6 business days' notice in case of a rights issue) being given by advertisement published on the Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided or by advertisement published in the newspapers, be closed at such times and for such periods as the Board may from time to time determine, either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year). The Company shall, on demand, furnish any person seeking to inspect the register or part thereof which is closed by virtue of these Articles with a certificate under the hand of the Secretary stating the period for which, and by whose authority, it is closed. In the event that there is an alteration of book closure dates, the Company shall give at least 5 business days' notice by the above-mentioned means.

4.8 In lieu of, or apart from, closing the register pursuant to other provision in these Articles, the Board may fix in advance a date as the record date for any such determination of members entitled to receive notice of, or to vote at any general meeting of the members or any adjournment thereof, or for the purpose of determining the members entitled to receive payment of any dividend or distribution or in order to make a determination of members for any other purpose.

4.7 The Register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided or by advertisement published in the newspapers, be closed at such times and for such periods as the Board may from time to time determine, either generally or in respect of any class of shares, provided that the Register shall not be closed for more than 30 days in any year (or such longer period as the members may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year). The Company shall, on demand, furnish any person seeking to inspect the Register or part thereof which is closed by virtue of these Articles with a certificate under the hand of the Secretary stating the period for which, and by whose authority, it is closed. In the event that there is an alteration of book closure dates, the Company shall give at least 5 business days' notice before the announced closure, or the new closure, whichever is earlier.

4.9 In lieu of, or apart from, closing the Register pursuant to other provisions in these Articles, subject to the Listing Rules, the Board may fix in advance a date as the record date for any such determination of members entitled to receive notice of, or to vote at any general meeting of the members or any adjournment thereof, or for the purpose of determining the members entitled to receive payment of any dividend or distribution or in order to make a determination of members for any other purpose.

Existing articles

4.9 Any register held in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Board may impose) be open to inspection by a member without charge and any other person on payment of such fee not exceeding HK\$2.50 (or such higher amount as may from time to time be permitted under the Listing Rules) as the Board may determine for each inspection. Any member may require a copy of the register, or any part thereof, on payment of HK\$0.25, or such lesser sum as the Company may prescribe, for every 100 words or fractional part thereof required to be copied. The Company shall cause any copy so required by any person to be sent to that person within a period of 10 days commencing on the date next after the day on which the request is received by the Company.

To be amended as

4.8 Any Register held in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Board may impose) be open to inspection by a member without charge and any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Board may determine for each inspection. Any member may require a copy of the Register, or any part thereof, on payment of HK\$0.25, or such lesser sum as the Company may prescribe, for every 100 words or fractional part thereof required to be copied. The Company shall cause any copy so required by any person to be sent to that person within a period of 10 days commencing on the date next after the day on which the request is received by the Company.

Existing articles**To be amended as**

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| 4.10 | Every person whose name is entered as a member in the register shall be entitled without payment to receive, within the relevant time limit as prescribed in the Law or as the Exchange may from time to time determine, whichever is shorter, after allotment or lodgment of transfer (or within such other period as the conditions of issue shall provide), one certificate for all his shares of each class or, if he shall so request, in a case where the allotment or transfer is of a number of shares in excess of the number for the time being forming an Exchange board lot, upon payment, in the case of a transfer, of a sum equal to the relevant maximum amount as the Exchange may from time to time determine for every certificate after the first or such lesser sum as the Board shall from time to time determine, such numbers of certificates for shares in Exchange board lots or multiples thereof as he shall request and one for the balance (if any) of the shares in question, provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue a certificate or certificates to each such person, and the issue and delivery of a certificate or certificates to one of several joint holders shall be sufficient delivery to all such holders. All certificates for shares shall be delivered personally or sent through the post addressed to the member entitled thereto at his registered address as appearing in the register. | 4.10 | Every person whose name is entered as a member in the Register shall be entitled to receive, within any relevant time limit as prescribed in the Law or as the Exchange may from time to time determine, whichever is shorter, and subject to payment of any fees which may be payable pursuant to Article 7.7, after allotment or lodgement of transfer, or within such other period as the conditions of issue shall provide, one certificate for all his shares of each class or, if he shall so request, in a case where the allotment or transfer is of a number of shares in excess of the number for the time being forming an Exchange board lot, such numbers of certificates for shares in Exchange board lots or multiples thereof as he shall request and one for the balance (if any) of the shares in question, provided that, in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue a certificate or certificates to each such person, and the issue and delivery of a certificate or certificates to one of several joint holders shall be sufficient delivery to all such holders. All certificates for shares shall be delivered personally or sent through the post addressed to the member entitled thereto at his registered address as appearing in the Register. |
| 4.11 | Every certificate for shares or debentures or representing any other form of security of the Company shall be issued under the seal of the Company, which shall only be affixed with the authority of the Board. | 4.11 | Every certificate for shares or debentures or representing any other form of security of the Company shall be issued under the seal of the Company, which shall only be affixed with the authority of the Board or be executed under the signature of appropriate officials with statutory authority, unless otherwise determined by the Directors. |

Existing articles**To be amended as**

4.13 The Company shall not be bound to register more than four persons as joint holders of any share. If any share shall stand in the names of two or more persons, the person first named in the register shall be deemed the sole holder thereof as regards service of notices and, subject to the provisions of these Articles, all or any other matters connected with the Company, except the transfer of the share.

4.13 The Company shall not be bound to register more than four persons as joint holders of any share. If any share shall stand in the names of two or more persons, the person first named in the Register shall be deemed the sole holder thereof as regards service of notices and, subject to the provisions of these Articles, all or any other matters connected with the Company, except the transfer of the share.

5.1 The Company shall have a first and paramount lien on every share (not being a fully paid up share) for all moneys, whether presently payable or not, called or payable at a fixed time in respect of such share; and the Company shall also have a first and paramount lien and charge on all shares (other than fully paid up shares) standing registered in the name of a member (whether solely or jointly with others) for all the debts and liabilities of such member or his estate to the Company and whether the same shall have been incurred before or after notice to the Company of any equitable or other interest of any person other than such member, and whether the period for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such member or his estate and any other person, whether such person is a member of the Company or not.

5.1 The Company shall have a first and paramount lien on every share (not being a fully paid up share) for all moneys, whether presently payable or not, called or payable at a fixed time in respect of such share; and the Company shall also have a first and paramount lien and charge on all shares (other than fully paid up shares) standing registered in the name of a member (whether solely or jointly with others) for all the debts and liabilities of such member or his estate to the Company and whether the same shall have been incurred before or after notice to the Company of any equitable or other interest of any person other than such member, and whether the period for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such member or his estate and any other person, whether such person is a member or not.

Existing articles**To be amended as**

5.3 The Company may sell in such manner as the Board thinks fit any shares on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged, nor until the expiration of 14 days after a notice in writing, stating and demanding payment of the sum presently payable or specifying the liability or engagement and demanding fulfilment or discharge thereof and giving notice of intention to sell in default, shall have been given to the registered holder for the time being of the shares or the person, of which the Company has notice, entitled to the shares by reason of such holder's death, mental disorder or bankruptcy.

5.3 The Company may sell in such manner as the Board thinks fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged, nor until the expiration of 14 days after a notice in writing, stating and demanding payment of the sum presently payable or specifying the liability or engagement and demanding fulfilment or discharge thereof and giving notice of intention to sell in default, shall have been given to the registered holder for the time being of the shares or the person, of which the Company has notice, entitled to the shares by reason of such holder's death, mental disorder or bankruptcy.

5.4 The net proceeds of such sale by the Company after the payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debt or liability or engagement in respect whereof the lien exists, so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the shares prior to the sale and upon surrender, if required by the Company, for cancellation of the certificate for the share sold) be paid to the holder immediately before such sale of the share. For giving effect to any such sale, the Board may authorise any person to transfer the shares sold to the purchaser thereof and may enter the purchaser's name in the register as holder of the shares, and the purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

5.4 The net proceeds of such sale by the Company after the payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debt or liability or engagement in respect whereof the lien exists, so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the shares prior to the sale and upon surrender, if required by the Company, for cancellation of the certificate for the shares sold) be paid to the holder immediately before such sale of the shares. For giving effect to any such sale, the Board may authorise any person to transfer the shares sold to the purchaser thereof and may enter the purchaser's name in the Register as holder of the shares, and the purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Existing articles**To be amended as**

6.11 At the trial or hearing of any action or other proceedings for the recovery of any money due for any call, it shall be sufficient to prove that the name of the member sued is entered in the register as the holder, or one of the holders, of the shares in respect of which such debt accrued; that the resolution making the call is duly recorded in the minute book; and that notice of such call was duly given to the member sued, in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, and the proof of the matters aforesaid shall be conclusive evidence of the debt.

7.1 Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Board may approve, which is consistent with the standard form of transfer as prescribed by the Exchange and approved by the Board. All instruments of transfer must be left at the registered office of the Company or at such other place as the Board may appoint and all such instruments of transfer shall be retained by the Company.

6.11 At the trial or hearing of any action or other proceedings for the recovery of any money due for any call, it shall be sufficient to prove that the name of the member sued is entered in the Register as the holder, or one of the holders, of the shares in respect of which such debt accrued; that the resolution making the call is duly recorded in the minute book; and that notice of such call was duly given to the member sued, in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, and the proof of the matters aforesaid shall be conclusive evidence of the debt.

7.1 Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Board may approve, which is consistent with the standard form of transfer as prescribed by the Exchange and approved by the Board and may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time. All instruments of transfer must be left at the registered office of the Company or at such other place as the Board may appoint and all such instruments of transfer shall be retained by the Company.

Existing articles**To be amended as**

7.2 The instrument of transfer shall be executed by or on behalf of the transferor and by or on behalf of the transferee PROVIDED that the Board may dispense with the execution of the instrument of transfer by the transferee in any case which it thinks fit in its discretion to do so. The instrument of transfer of any share shall be in writing and shall be executed with a manual signature or facsimile signature (which may be machine imprinted or otherwise) by or on behalf of the transferor and transferee PROVIDED that in the case of execution by facsimile signature by or on behalf of a transferor or transferee, the Board shall have previously been provided with a list of specimen signatures of the authorised signatories of such transferor or transferee and the Board shall be reasonably satisfied that such facsimile signature corresponds to one of those specimen signatures. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register in respect thereof.

7.5(f) a fee of such maximum as the Exchange may from time to time determine to be payable (or such lesser sum as the Board may from time to time require) is paid to the Company in respect thereof.

7.2 The instrument of transfer shall be executed by or on behalf of the transferor and by or on behalf of the transferee PROVIDED that the Board may dispense with the execution of the instrument of transfer by the transferee in any case which it thinks fit in its discretion to do so. The instrument of transfer of any share shall be in writing and shall be executed with a manual signature or facsimile signature (which may be machine imprinted or otherwise) by or on behalf of the transferor and transferee PROVIDED that in the case of execution by facsimile signature by or on behalf of a transferor or transferee, the Board shall have previously been provided with a list of specimen signatures of the authorised signatories of such transferor or transferee and the Board shall be reasonably satisfied that such facsimile signature corresponds to one of those specimen signatures. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the Register in respect thereof.

7.5(f) a fee of such amount not exceeding the maximum amount as the Exchange may from time to time determine to be payable (or such lesser sum as the Board may from time to time require) is paid to the Company in respect thereof.

Existing articles**To be amended as**

7.7 Upon every transfer of shares the certificate held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and a new certificate shall be issued without charge to the transferee in respect of the shares transferred to him, and if any of the shares included in the certificate so given up shall be retained by the transferor, a new certificate in respect thereof shall be issued to him without charge. The Company shall also retain the instrument(s) of transfer.

7.7 Upon every transfer of shares, the certificate held by the transferor shall be given up to be cancelled and shall forthwith be cancelled accordingly and a new certificate shall be issued, on payment by the transferee of such fee not exceeding the maximum amount as the Exchange may from time to time determine to be payable or such lesser sum as the Board may from time to time require, to the transferee in respect of the shares transferred to him and, if any of the shares included in the certificate so given up shall be retained by the transferor, a new certificate in respect thereof shall be issued to him, on payment by the transferor of such fee not exceeding the maximum amount as the Exchange may from time to time determine to be payable or such lesser sum as the Board may from time to time require. The Company shall also retain the instrument(s) of transfer.

7.8 The registration of transfers may, on 10 business days' notice (or on 6 business days notice in case of a rights issue) being given by advertisement published on the Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided or by advertisement published in the newspapers, be suspended and the register closed at such times for such periods as the Board may from time to time determine, provided always that such registration shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year). In the event that there is an alteration of book closure dates, the Company shall give at least 5 business days' notice by the above-mentioned means.

7.8 The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided or by advertisement published in the newspapers, be suspended and the Register closed at such times for such periods as the Board may from time to time determine, provided always that such registration shall not be suspended or the Register closed for more than 30 days in any year (or such longer period as the members may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year). In the event that there is an alteration of book closure dates, the Company shall give at least 5 business days' notice before the announced closure, or the new closure, whichever is earlier.

Existing articles**To be amended as**

7.9 If, however, there are exceptional circumstances (e.g. during a Number 8 or higher typhoon signal and black rainstorm warning) that rendered the giving of such publication of advertisement in Article 7.8 above impossible, the Company shall comply with the requirements as soon as practicable.

7.9 If, however, there are exceptional circumstances (e.g. during a number 8 or higher typhoon signal and black rainstorm warning) that render the giving of such publication of advertisement in Article 7.8 above impossible, the Company shall comply with these requirements as soon as practicable.

9.5 A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 15% per annum as the Board may prescribe, and the Board may enforce the payment thereof if it thinks fit, and without any deduction or allowance for the value of the shares forfeited, at the date of forfeiture. For the purposes of this Article any sum which, by the terms of issue of a share, is payable thereon at a fixed time which is subsequent to the date of forfeiture, whether on account of the nominal value of the share or by way of premium, shall notwithstanding that time has not yet arrived, be deemed to be payable at the date of forfeiture, and the same shall become due and payable immediately upon the forfeiture, but interest thereon shall only be payable in respect of any period between the said fixed time and the date of actual payment.

9.5 A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding this, remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 15% per annum as the Board may prescribe, and the Board may enforce the payment thereof if it thinks fit, and without any deduction or allowance for the value of the shares forfeited, at the date of forfeiture. For the purposes of this Article any sum which, by the terms of issue of a share, is payable thereon at a fixed time which is subsequent to the date of forfeiture, whether on account of the nominal value of the share or by way of premium, shall notwithstanding that time has not yet arrived, be deemed to be payable at the date of forfeiture, and the same shall become due and payable immediately upon the forfeiture, but interest thereon shall only be payable in respect of any period between the said fixed time and the date of actual payment.

Existing articles**To be amended as**

9.7 When any share shall have been forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the register. Notwithstanding the above, no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice as aforesaid.

9.7 When any share shall have been forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register. Notwithstanding the above, no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice as aforesaid.

12.1 The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting in that year and shall specify the meeting as such in the notices calling it; and not more than 15 months shall elapse (or such longer period as the Exchange may authorise) between the date of one annual general meeting of the Company and that of the next. So long as the first annual general meeting of the Company is held within 18 months of its incorporation, it need not be held in the year of its incorporation or in the following years. The annual general meeting shall be held at such time and place as the Board shall determine.

12.1 The Company shall hold a general meeting as its annual general meeting in each year other than the year of the Company's adoption of these Articles, within a period of not more than 15 months after the holding of the last preceding annual general meeting or not more than 18 months after the date of adoption of these Articles (or such longer period as the Exchange may authorise). The annual general meeting shall be specified as such in the notices calling it and shall be held at such time and place as the Board shall appoint.

Existing articles

12.3 The Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any two or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member of the Company which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitioner, provided that such requisitioner held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitioner(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

To be amended as

12.3 The Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitioner(s), provided that such requisitioner(s) held as at the date of deposit of the requisition not less than one tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitioner, provided that such requisitioner held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitioner(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Existing articles**To be amended as**

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| 12.4 | An annual general meeting and any extraordinary general meeting called for the passing of a special resolution shall be called by not less than 21 days' notice in writing and any other extraordinary general meeting shall be called by not less than 14 days' notice in writing. Subject to the requirement under the Listing Rules, the notice shall be inclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place, and agenda of the meeting, particulars of the resolutions to be considered at the meeting and in the case of special business (as defined in Article 13.1) the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the Auditors and to all members other than such as, under the provisions hereof or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company. | 12.4 | An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings (including an extraordinary general meeting) must be called by notice of not less than fourteen (14) clear days and not less than ten (10) clear business days but if permitted by the rules of the Exchange, a general meeting may be called by shorter notice, subject to the Law. The notice shall specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in case of special business, the general nature of the business. The notice convening an annual general meeting shall specify the meeting as such. Notice of every general meeting shall be given to all members other than to such members as, under the provisions of these Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding up of a member and to each of the Directors and the Auditors. |
| 12.5(a) | in the case of a meeting called as an annual general meeting, by all the members of the Company entitled to attend and vote thereat or their proxies; and | 12.5(a) | in the case of a meeting called as an annual general meeting, by all the members entitled to attend and vote thereat; and |
| 12.5(b) | in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right. | 12.5(b) | in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together representing not less than 95% of the total voting rights at the meeting of all the members. |

Existing articles

12.6 There shall appear with reasonable prominence in every notice of general meetings of the Company a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a member of the Company.

To be amended as

12.6 There shall appear with reasonable prominence in every notice of general meetings of the Company a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a member.

Existing articles

13.1 All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (a) the declaration and sanctioning of dividends;
- (b) the consideration and adoption of the accounts and balance sheets and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheet;
- (c) the election of Directors in place of those retiring;
- (d) the appointment of Auditors;
- (e) the fixing of, or the determining of the method of fixing of, the remuneration of the Directors and of the Auditors;
- (f) the granting of any mandate or authority to the Directors to offer, allot, grant options over, or otherwise dispose of the unissued shares of the Company representing not more than 20% (or such other percentage as may from time to time be specified in the Listing Rules) in nominal value of its then existing issued share capital and the number of any securities repurchased pursuant to Article 13.1(g); and
- (g) the granting of any mandate or authority to the Directors to repurchase securities of the Company.

To be amended as

13.1 All business shall be deemed special that is transacted at an extraordinary general meeting, and also all business that is transacted at an annual general meeting, with the exception of:

- (a) the declaration and sanctioning of dividends;
- (b) the consideration and adoption of the accounts and balance sheets and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheet;
- (c) the election of Directors whether by rotation or otherwise in the place of those retiring;
- (d) the appointment of Auditors (where special notice of the intention for such appointment is not required by the Law) and other officers; and
- (e) the fixing of the remuneration of the Auditors, and the voting of remuneration or extra remuneration to the Directors.

Existing articles

13.2 For all purposes the quorum for a general meeting shall be two members present in person (or in the case of a corporation, by its duly authorised representative) or by proxy provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy. No business (except the appointment of a Chairman) shall be transacted at any general meeting unless the requisite quorum shall be present at the commencement of the business.

13.4 The Chairman shall take the chair at every general meeting, or, if there be no such Chairman or, if at any general meeting such Chairman shall not be present within 15 minutes after the time appointed for holding such meeting or is unwilling to act, the Directors present shall choose another Director as Chairman, and if no Director be present, or if all the Directors present decline to take the chair, or if the Chairman chosen shall retire from the chair, then the members present (whether in person or represented by proxy or duly authorised representative) shall choose one of their own number to be Chairman.

To be amended as

13.2 For all purposes the quorum for a general meeting shall be two members entitled to vote and present in person (in the case of a member being a corporation) by its duly authorised representative or by proxy provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy. No business (except the appointment of a Chairman) shall be transacted at any general meeting unless the requisite quorum shall be present at the commencement of the business.

13.4 The Chairman or if there is more than one Chairman, any one of them as may be agreed amongst themselves or failing such agreement, any one of them elected by all the Directors present shall preside as Chairman at a general meeting. If at any meeting no Chairman is present within 15 minutes after the time appointed for holding such meeting, or is willing to act as Chairman, the deputy Chairman or if there is more than one deputy Chairman, any one of them as may be agreed amongst themselves or failing such agreement, any one of them elected by all the Directors present shall preside as Chairman. If no Chairman or deputy Chairman is present or is willing to act as Chairman of the meeting, the Directors present shall choose one of their members to act, or if one Director only is present he shall preside as Chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, or if the Chairman chosen shall retire from the chair, then the members present in person or (in the case of a member being a corporation) by its duly authorised representative or by proxy and entitled to vote shall elect one of their members to be Chairman.

Existing articles

13.6 At any general meeting a resolution put to the vote of the meeting shall be decided on a poll.

To be amended as

13.6 At any general meeting a resolution put to the vote of the meeting shall be decided on a poll save that the Chairman may, in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. For purposes of this Article, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by the Company to its members; and (ii) relate to the Chairman's duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all members a reasonable opportunity to express their views.

Existing articles**To be amended as**

13.7 [Intentionally left blank]

13.7 Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded:

(a) by at least three members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or

(b) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and representing not less than one tenth of the total voting rights of all members having the right to vote at the meeting; or

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

A demand by a person as proxy for a member or in the case of a member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by the member.

13.11 In the case of an equality of votes, the Chairman of the meeting at which the poll is taken shall be entitled to a second or casting vote.

13.11 In the case of an equality of votes, whether on a poll or on a show of hands, the Chairman of the meeting at which the poll or show of hands is taken shall be entitled to a second or casting vote.

Existing articles**To be amended as**

14.1 Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the register. A member entitled to more than one vote is under no obligation to cast all his votes in the same way. For the avoidance of doubt, where more than one proxy is appointed by a recognised clearing house (or its nominee(s), each such proxy is under no obligation to cast all his votes in the same way.

14.1 Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting where a show of hands is allowed, every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) shall have one vote, and on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. On a poll a member entitled to more than one vote is under no obligation to cast all his votes in the same way. For the avoidance of doubt, where more than one proxy is appointed by a recognised clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands and is under no obligation to cast all his votes in the same way on a poll.

14.4 Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of this Article be deemed joint holders thereof.

14.4 Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the Register in respect of the relevant joint holding. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of this Article be deemed joint holders thereof.

Existing articles**To be amended as**

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| 14.8 | Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. Votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting (or at any one class meeting). | 14.8 | Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. Votes may be given either personally or by proxy. A proxy need not be a member. A member may appoint any number of proxies to attend in his stead at any one general meeting (or at any one class meeting). |
| 14.11 | Every instrument of proxy, whether for a specified meeting or otherwise, shall be in common form or such other form that complies with the Listing Rules as the Board may from time to time approve, provided that it shall enable a member, according to his intention, to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. | 14.11 | Every instrument of proxy, whether for a specified meeting or otherwise, shall be in common form or such other form that complies with the Listing Rules as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form and shall enable a member, according to his intention, to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. |
| 14.14 | Any corporation which is a member of the Company may, by resolution of its directors or other governing body or by power of attorney, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of members of any class of shares of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company and where a corporation is so represented, it shall be treated as being present at any meeting in person. | 14.14 | Any corporation which is a member may, by resolution of its directors or other governing body or by power of attorney, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of members of any class of shares of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member and where a corporation is so represented, it shall be treated as being present at any meeting in person. |

Existing articles

14.15 If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. [The person so authorised will be deemed to have been duly authorised without the need of producing any documents of title, notarised authorisation and/or further evidence for substantiating the facts that it is duly authorised.] A person so authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if such person were an individual member of the Company holding the number and class of shares specified in such authorisation, notwithstanding any contrary provision contained in these Articles.

16.2 The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting.

To be amended as

14.15 If a recognised clearing house (or its nominee(s)) is a member it may authorise such person or persons as it thinks fit to act as its representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. The person so authorised will be deemed to have been duly authorised without further evidence of the facts and the need of producing any documents of title, notarised authorisation and/or further evidence to substantiate that it is so authorised. A person so authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if such person were an individual member holding the number and class of shares specified in such authorisation, including, where a show of hands is allowed, the right to vote individually on a show of hands, notwithstanding any contrary provision contained in these Articles.

16.2 The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Existing articles

To be amended as

16.3 The Company may from time to time in general meeting by ordinary resolution increase or reduce the number of Directors but so that the number of Directors shall not be less than two. Subject to the provisions of these Articles and the Law, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

16.3 The Company may from time to time in general meeting by ordinary resolution increase or reduce the number of Directors but so that the number of Directors shall not be less than two. Subject to the provisions of these Articles and the Law, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors.

16.4 No person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless during the period, which shall be within the 7-day period commencing the day after the despatch of the notice of the meeting (or such other period, being a period of not less than 7 days, commencing no earlier than the day after the despatch of the notice of such meeting and ending no later than 7 days prior to the date appointed for such meeting, as may be determined by the Directors from time to time), there has been given to the Secretary notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

16.4 No person shall, unless recommended by the Board pursuant to the recommendation of the nomination committee of the Board, be eligible for election to the office of Director at any general meeting unless during the period, which shall be at least 7 days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgement of such notice(s) shall commence on the day after the despatch of the notice of the meeting appointed for such election and ending no later than 7 days prior to the date of such meeting, as may be determined by the Directors from time to time), there has been given to the Secretary notice in writing by a member (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected, and such person has been approved by the nomination committee of the Board.

Existing articles**To be amended as**

16.5 The Company shall keep at its office a register of directors and officers containing their names and addresses and occupations and any other particulars required by the Law and shall send to the Registrar of Companies of the Cayman Islands a copy of such register and shall from time to time notify to the Registrar of Companies of the Cayman Islands any change that takes place in relation to such Directors as required by the Law.

16.5 The Company shall cause to be kept in one or more books at its registered office a register of directors and officers in which there shall be entered the full names and addresses and such any other particulars required by the Law or as the Directors may determine. The Company shall send to the Registrar of Companies of the Cayman Islands a copy of such register and shall from time to time notify to the Registrar of Companies of the Cayman Islands any change that takes place in relation to such Directors as required by the Law.

16.6 The Company may by ordinary resolution at any time remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director and may by ordinary resolution elect another person in his stead. Any person so elected shall hold office during such time only as the Director in whose place he is elected would have held the same if he had not been removed. Nothing in this Article should be taken as depriving a Director removed under any provisions of this Article of compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director or as derogatory from any power to remove a Director which may exist apart from the provision of this Article.

16.6 The Company may by ordinary resolution at any time remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director and the members may by ordinary resolution elect another person in his stead at the meeting at which such Director is removed. Any person so elected shall hold office during such time only as the Director in whose place he is elected would have held the same if he had not been removed. Nothing in this Article should be taken as depriving a Director removed under any provisions of this Article of compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director or as derogatory from any power to remove a Director which may exist apart from the provision of this Article.

Existing articles

16.14 Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

To be amended as

16.14 Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director or past Director is contractually entitled) must first be approved by the Company in general meeting.

Existing articles**To be amended as**

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| 16.18 | The office of a Director shall be vacated: | 16.18 | The office of a Director shall be vacated: |
| | (a) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong; | | (a) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong; |
| | (b) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated; | | (b) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated; |
| | (c) if, without leave, he is absent from meetings of the Board (unless an alternate Director appointed by him attends in his place) for a continuous period of 12 months, and the Board resolves that his office be vacated; | | (c) if, without leave, he is absent from meetings of the Board (unless an alternate Director appointed by him attends in his place) for a continuous period of 12 months, and the Board resolves that his office be vacated; |
| | (d) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally; | | (d) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally; |
| | (e) if he ceases to be or is prohibited from being a Director by law or by virtue of any provisions in these Articles; | | (e) if he ceases to be or is prohibited from being a Director by law or by virtue of any provisions in these Articles; |
| | (f) if he shall be removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office; or | | (f) if he shall be removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office; or |
| | (g) if he shall be removed from office by an ordinary resolution of the members of the Company under Article 16.6. | | (g) if he shall be removed from office by an ordinary resolution of the members of the Company under Article 16.6. |

Existing articles

16.18 At every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Director appointed pursuant to Article 16.2 or Article 16.3 shall not be taken into account in determining which Directors are to retire by rotation. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

To be amended as

16.18 At every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at an annual general meeting at least once every three years. Any Director appointed by the Board pursuant to Article 16.2 shall not be taken into account in determining which Directors or the number of Directors who are to retire by rotation. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

Existing articles

- 16.22 A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Board in respect of any contract or arrangement or any other proposal whatsoever in which he or any of his Associates has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:
- (a) the giving of any security or indemnity either:
 - (i) to the Director or any of his Associates in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or
 - (ii) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his Associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
 - (b) any proposal concerning an offer of shares or debentures or other securities may promote or be interested in for subscription or purchase where the Director or any of his Associates is/are or is/are to be interested as a participant in the underwriting or sub underwriting of the offer;

To be amended as

- 16.22 A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Board in respect of any contract or arrangement or any other proposal whatsoever in which he or any of his Close Associates has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters:
- (a) the giving of any security or indemnity either:
 - (i) to the Director or any of his Close Associates in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or
 - (ii) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his Close Associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
 - (b) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his Close Associates is/are or is/are to be interested as a participant in the underwriting or sub underwriting of the offer;

Existing articles

- (c) any proposal concerning any other company in which the Director or any of his Associates is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director or any of his Associates is/are beneficially interested in the shares of that company, provided that, the Director and any of his Associates is/are not, in aggregate, beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of any of his Associates is derived) or of the voting rights;
- (d) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:
 - (i) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his Associates may benefit; or
 - (ii) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their Associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his Associates as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

To be amended as

- (c) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:
 - (i) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his Close Associates may benefit; or
 - (ii) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their Close Associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his Close Associates as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (d) any contract or arrangement in which the Director or any of his Close Associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

Existing articles**To be amended as**

- (e) any contract or arrangement in which the Director or any of his Associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

16.23 Where proposals are under consideration concerning the appointment (including fixing or varying the terms of or terminating the appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals shall be divided and considered in relation to each Director separately and in such case each of the Directors concerned (if not prohibited from voting under Article 16.22(a) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

16.23 Where proposals are under consideration concerning the appointment (including fixing or varying the terms of or terminating the appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals shall be divided and considered in relation to each Director separately and in such case each of the Directors concerned (if not prohibited from voting under Article 16.22 shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.)

Existing articles

To be amended as

16.24 If any question shall arise at any meeting of the Board as to the materiality of a Director's interest or the significance of a contract, arrangement or transaction or proposed contract, arrangement or transaction or as to the entitlement of any Director to vote or form part of a quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the Chairman of the meeting (or, where question relates to the interest of the Chairman, to the other Directors at the meeting) and his ruling (or, as appropriate, the ruling of the other Directors) in relation to any other Director (or, as appropriate, the Chairman) shall be final and conclusive except in a case where the nature or extent of the interests of the Director concerned (or, as appropriate, the Chairman) as known to such Director (or, as appropriate, the Chairman) has not been fairly disclosed to the Board.

16.24 If any question shall arise at any meeting of the Board as to the materiality of a Director's interest or the significance of a contract, arrangement or transaction or proposed contract, arrangement or transaction or as to the entitlement of any Director to vote or form part of a quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the Chairman of the meeting (or, where such question relates to the interest of the Chairman, to the other Directors at the meeting) and his ruling (or, as appropriate, the ruling of the other Directors) in relation to any other Director (or, as appropriate, the Chairman) shall be final and conclusive except in a case where the nature or extent of the interests of the Director concerned (or, as appropriate, the Chairman) as known to such Director (or, as appropriate, the Chairman) has not been fairly disclosed to the Board.

Existing articles

18.2 Without prejudice to the general powers conferred by these Articles, it is hereby expressly declared that the Board shall have the following powers:

- (a) to give to any person the right or option of requiring at a future date that an allotment shall be made to him of any share at par or at such premium as may be agreed; and
- (b) to give to any Directors, officers or employees of the Company an interest in any particular business or transaction or participation in the profits thereof or in the general profits of the Company either in addition to or in substitution for a salary or other remuneration.

To be amended as

18.2 Without prejudice to the general powers conferred by these Articles, it is hereby expressly declared that the Board shall have the following powers:

- (a) to give to any person the right or option of requiring at a future date that an allotment shall be made to him of any share at par or at such premium as may be agreed;
- (b) to give to any Directors, officers or employees of the Company an interest in any particular business or transaction or participation in the profits thereof or in the general profits of the Company either in addition to or in substitution for a salary or other remuneration; and
- (c) to resolve that the Company be deregistered in the Cayman Islands and continued in a named jurisdiction outside the Cayman Islands subject to the provisions of the Law.

Existing articles

18.3 Except as would, if the Company were a company incorporated in Hong Kong, be permitted by Section 157H of the Companies Ordinance as in force at the date of adoption of these Articles, and except as permitted under the Companies Law, the Company shall not directly or indirectly:

- (a) make a loan to a Director or his Associates or a director of any holding company of the Company;
- (b) enter into any guarantee or provide any security in connection with a loan made by any person to a Director or such a director; or
- (c) if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

To be amended as

18.3 The Company shall not make any loan, directly or indirectly, to a Director or his Close Associates if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622) of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong. This Article 18.3 shall only have effect for so long as the shares of the Company are listed on the Exchange.

Existing articles**To be amended as**

20.1 The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit in any part of the world and may determine the quorum necessary for the transaction of business. Unless otherwise determined two Directors shall be a quorum. For the purposes of this Article an alternate Director shall be counted in a quorum in place of the Director who appointed him and an alternate Director who is an alternate for more than one Director shall for quorum purposes be counted separately in respect of himself (if he is a Director) and in respect of each Director for whom he is an alternate (but so that nothing in this provision shall be construed as authorising a meeting to be constituted when only one person is physically present). A meeting of the Board or any committee of the Board may be held by means of a telephone or tele conferencing or any other telecommunications facility provided that all participants are thereby able to communicate contemporaneously by voice with all other participants and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

20.4 The Board may elect a Chairman of its meetings and determine the period for which he is to hold office; but if no such Chairman is elected, or if at any meeting the Chairman is not present within 15 minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the meeting.

20.1 The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit in any part of the world and may determine the quorum necessary for the transaction of business. Unless otherwise determined two Directors shall be a quorum. For the purposes of this Article an alternate Director shall be counted in a quorum in place of the Director who appointed him and an alternate Director who is an alternate for more than one Director shall for quorum purposes be counted separately in respect of himself (if he is a Director) and in respect of each Director for whom he is an alternate (but so that nothing in this provision shall be construed as authorising a meeting to be constituted when only one person is physically present). A meeting of the Board or any committee of the Board may be held by means of a telephone or tele conferencing or electronic or any other telecommunications facility provided that all participants are thereby able to communicate contemporaneously by voice with all other participants and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

20.4 The Board may elect one or more Chairman and one or more deputy Chairman of its meetings and determine the period for which they are respectively to hold such office; but if no such Chairman or deputy Chairman is elected, or if at any meeting no Chairman or deputy Chairman is present within 15 minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the meeting.

Existing articles

20.13 Unless required otherwise by the Listing Rules, a resolution in writing signed by each and every one of the Directors (or their respective alternates pursuant to Article 16.9) shall be as valid and effectual as if it had been passed at a meeting of the Board duly convened and held and may consist of several documents in like form each signed by one or more of the Directors or alternate Directors.

To be amended as

20.13 Unless required otherwise by the Listing Rules, a resolution in writing signed by each and every one of the Directors (or their respective alternates pursuant to Article 16.9) shall be as valid and effectual as if it had been passed at a meeting of the Board duly convened and held and may consist of several documents in like form each signed by one or more of the Directors or alternate Directors. Notwithstanding the foregoing, a resolution which relates to any matter or business in which a substantial shareholder of the Company (as defined in the Listing Rules from time to time), or a Director, has an interest conflicting with that of the Company which the Board determines, prior to the passing of such resolution, to be material, shall not be passed by a resolution in writing and shall only be passed at a meeting of the Directors held in accordance with these Articles.

Existing articles

22.1 The Board shall provide for the safe custody of the seal which shall only be used by the authority of the Board or of a committee of the Board authorised by the Board in that behalf, and every instrument to which such seal shall be affixed shall be signed by a Director and shall be countersigned by the Secretary or by a second Director or by some other person appointed by the Board for the purpose. The securities seal which shall be a facsimile of the common seal with the word "Securities" engraved thereon shall be used exclusively for sealing securities issued by the Company and for sealing documents creating or evidencing securities so issued. The Board may either generally or in any particular case resolve that the securities seal or any signatures or any of them may be affixed to certificates for shares, warrants, debentures or any other form of security by facsimile or other mechanical means specified in such authority or that any such certificates sealed with the securities seal need not be signed by any person. Every instrument to which the seal is affixed as aforesaid shall, as regards all persons dealing in good faith with the Company, be deemed to have been affixed to that instrument with the authority of the Directors previously given.

To be amended as

22.1 The Board shall provide for the safe custody of the seal which shall only be used by the authority of the Board or of a committee of the Board authorised by the Board in that behalf, and every instrument to which such seal shall be affixed shall be signed by a Director and shall be countersigned by the Secretary or by a second Director or by some other person appointed by the Board for the purpose. The securities seal which shall be a facsimile of the common seal with the word "Securities" engraved thereon shall be used exclusively for sealing securities issued by the Company and for sealing documents creating or evidencing securities so issued. The Board may either generally or in any particular case resolve that the securities seal or any signatures or any of them may be affixed to or imprinted on certificates for shares, warrants, debentures or any other form of security by facsimile or other mechanical means specified in such authority or that any such certificates sealed with the securities seal need not be signed by any person. Every instrument to which the seal is affixed or on which the seal is imprinted as aforesaid shall, as regards all persons dealing in good faith with the Company, be deemed to have been affixed to or imprinted on that instrument with the authority of the Directors previously given.

Existing articles**To be amended as**

24.21 Any resolution declaring or resolving upon the payment of a dividend or other distribution on shares of any class, whether a resolution of the Company in general meeting or a resolution of the Board, may specify that the same shall be payable or made to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend or other distribution shall be payable or made to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.

24.21 Any resolution declaring or resolving upon the payment of a dividend or other distribution on shares of any class, whether a resolution of the Company in general meeting or a resolution of the Board, may, subject to the provisions of the Listing Rules, specify that the same shall be payable or made to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend or other distribution shall be payable or made to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.

24.23 Unless otherwise directed by the Board, any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post to the registered address of the member entitled, or, in case of joint holders, to the registered address of the person whose name stands first in the register in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares and shall be sent at his or their risk, and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged.

24.23 Unless otherwise directed by the Board, any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post to the registered address of the member entitled, or, in case of joint holders, to the registered address of the person whose name stands first in the Register in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first in the Register in respect of such shares and shall be sent at his or their risk, and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged.

Existing articles

25.1(a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years after sent;

To be amended as

25.1(a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years;

Existing articles

26.1 The Company shall be entitled to destroy all instruments of transfer, probate, letters of administration, stop notices, powers of attorney, certificates of marriage or death and other documents relating to or affecting title to securities in or of the Company (“**Registrable Documents**”) which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of two years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of one year from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the register if purporting to have been made on the basis of an instrument of transfer or Registrable Document so destroyed was duly and properly made and every instrument of transfer or Registrable Document so destroyed was a valid and effective instrument or document duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company, provided always that:

- (a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without express notice of the Company of any claim (regardless of the parties thereto) to which the document might be relevant;

To be amended as

26.1 The Company shall be entitled to destroy all instruments of transfer, probate, letters of administration, stop notices, powers of attorney, certificates of marriage or death and other documents relating to or affecting title to securities in or of the Company (“**Registrable Documents**”) which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of two years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of one year from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register if purporting to have been made on the basis of an instrument of transfer or Registrable Document so destroyed was duly and properly made and every instrument of transfer or Registrable Document so destroyed was a valid and effective instrument or document duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company, provided always that:

- (a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without express notice of the Company of any claim (regardless of the parties thereto) to which the document might be relevant;

Existing articles**To be amended as**

28.4 The Board shall, commencing with the first annual general meeting cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Directors' report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an Auditors' report on such accounts prepared pursuant to Article 29.1 and such other reports and accounts as may be required by law.

28.5 Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting be sent in the manner in which notices may be served by the Company as provided herein to every member of the Company and every holder of debentures of the Company, provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

28.4 The Board shall cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Directors' report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an Auditors' report on such accounts prepared pursuant to Article 29.1 and such other reports and accounts as may be required by law.

28.5 Copies of those documents to be laid before the members at an annual general meeting shall not less than 21 days before the date of the meeting be sent in the manner in which notices may be served by the Company as provided herein to every member and every holder of debentures of the Company, provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

Existing articles

29.2 The Company shall at any annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The remuneration of the Auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Board. No person may be appointed as the, or an, Auditor, unless he is independent of the Company. The Board may before the first annual general meeting appoint an auditor or auditors of the Company who shall hold office until the first annual general meeting unless previously removed by an ordinary resolution of the members in general meeting in which case the members at that meeting may appoint Auditors. The Board may fill any casual vacancy in the office of Auditor but while any such vacancy continues the surviving or continuing Auditor or Auditors, if any, may act. The remuneration of any Auditor appointed by the Board under this Article may be fixed by the Board.

To be amended as

29.2 The Company shall at every annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The removal of an Auditor before the expiration of his period of office and the appointment of another Auditor in his stead for the remainder of his term at that meeting shall require the approval of an ordinary resolution of the members in general meeting. The remuneration of the Auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Board. No person may be appointed as the, or an, Auditor, unless he is independent of the Company. The Board may before the first annual general meeting appoint an auditor or auditors of the Company who shall hold office until the first annual general meeting unless previously removed by an ordinary resolution of the members in general meeting in which case the members at that meeting may appoint Auditors. The Board may fill any casual vacancy in the office of Auditor but while any such vacancy continues the surviving or continuing Auditor or Auditors, if any, may act. The remuneration of any Auditor appointed by the Board under this Article may be fixed by the Board.

Existing articles**To be amended as**

30.1 Except as otherwise provided in these Articles, any notice or document may be served by the Company and any notices may be served by the Board on any member either personally or by sending it through the post in a prepaid letter addressed to such member at his registered address as appearing in the register or, to the extent permitted by the Listing Rules and all applicable laws and regulations, by electronic means by transmitting it to any electronic number or address or website supplied by the member to the Company or by placing it on the Company's Website provided that the Company has obtained either (a) the member's prior express positive confirmation in writing or (b) the member's deemed consent, in the manner specified in the Listing Rules to receive or otherwise have made available to him notices and documents to be given or issued to him by the Company by such electronic means, or (in the case of notice) by advertisement published in the manner prescribed under the Listing Rules. In the case of joint holders of a share, all notices shall be given to that holder for the time being whose name stands first in the register and notice so given shall be sufficient notice to all the joint holders.

30.2 Notice of every general meeting shall be given in any manner hereinbefore authorised to:

- (a) every person shown as a member in the register of members as of the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the register of members;

30.1 Except as otherwise provided in these Articles, any notice or document may be served by the Company and any notices may be served by the Board on any member either personally or by sending it through the post in a prepaid letter addressed to such member at his registered address as appearing in the Register or, to the extent permitted by the Listing Rules and all applicable laws and regulations, by electronic means by transmitting it to any electronic number or address or website supplied by the member to the Company or by placing it on the Company's Website provided that the Company has obtained either (a) the member's prior express positive confirmation in writing or (b) the member's deemed consent, in the manner specified in the Listing Rules to receive or otherwise have made available to him notices and documents to be given or issued to him by the Company by such electronic means, or (in the case of notice) by advertisement published in the manner prescribed under the Listing Rules. In the case of joint holders of a share, all notices shall be given to that holder for the time being whose name stands first in the Register and notice so given shall be sufficient notice to all the joint holders.

30.2 Notice of every general meeting shall be given in any manner hereinbefore authorised to:

- (a) every person shown as a member in the Register as of the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the Register;

Existing articles**To be amended as**

- | | | | |
|-------|---|-------|--|
| 30.9 | A notice may be given by the Company to the person or persons entitled to a share in consequence of the death, mental disorder or bankruptcy of a member by sending it through the post in a prepaid letter addressed to him or them by name, or by the title of representative of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, within Hong Kong supplied for the purpose by the person claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death, mental disorder or bankruptcy had not occurred. | 30.9 | A notice may be given by the Company to the person or persons entitled to a share in consequence of the death, mental disorder or bankruptcy of a member by sending it through the post in a prepaid letter, envelop or wrapper addressed to him or them by name, or by the title of representative of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, supplied for the purpose by the person claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death, mental disorder or bankruptcy had not occurred. |
| 30.10 | Any person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which prior to his name and address being entered on the register shall have been duly given to the person from whom he derives his title to such share. | 30.10 | Any person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which prior to his name and address being entered on the Register shall have been duly given to the person from whom he derives his title to such share. |
| 31.2 | The Board shall be entitled to release or disclose any information in its possession, custody or control regarding the Company or its affairs to any of its members including, without limitation, information contained in the register of members and transfer books of the Company. | 31.2 | The Board shall be entitled to release or disclose any information in its possession, custody or control regarding the Company or its affairs to any of its members including, without limitation, information contained in the Register and transfer books of the Company. |

Existing articles	To be amended as
32.3 In the event of a winding up of the Company in Hong Kong, every member of the Company who is not for the time being in Hong Kong shall be bound, within 14 days after the passing of an effective resolution to wind up the Company voluntarily, or the making of an order for the winding up of the Company, to serve notice in writing on the Company appointing some person resident in Hong Kong and stating that person's full name, address and occupation upon whom all summonses, notices, process, orders and judgments in relation to or under the winding up of the Company may be served, and in default of such nomination the liquidator of the Company shall be at liberty on behalf of such member to appoint some such person, and service upon any such appointee, whether appointed by the member or the liquidator, shall be deemed to be good personal service on such member for all purposes, and, where the liquidator makes any such appointment, he shall with all convenient speed give notice thereof to such member by advertisement as he shall deem appropriate or by a registered letter sent through the post and addressed to such member at his address as appearing in the register, and such notice shall be deemed to be service on the day following that on which the advertisement first appears or the letter is posted.	32.3 [Intentionally left blank]
33.1 Every Director, Auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director, Auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.	33.1 Every Director, Auditor or other officer of the Company at any time, whether at present or in the past, shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director, Auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

- (e) The following Article be inserted immediately after Article 3.5 as Article 3.5A:

“3.5A Where the Company issues shares which do not carry voting rights, the words “non-voting” shall appear in the designation of such shares. Where the equity capital of the Company includes shares with different voting rights, the designation of each class of shares other than those with the most favourable voting rights, must include the words “restricted voting” or “limited voting”.”

- (f) The following Article be inserted immediately after Article 3.6 as Article 3.6A:

“3.6A The Board may accept the surrender for no consideration of any fully paid share.”

- (g) The following Article be inserted immediately after Article 3 as Article 3A:

“3A Convertible Preference Shares

The rights and restrictions of the Convertible Preference Shares are as follows:

3A.1 Dividend

Each Convertible Preference Share shall confer on the holder thereof the right to receive, out of the funds of the Company available for distribution and resolved to be distributed, any dividend *pari passu* with holders of Ordinary Shares on the basis of the number of Ordinary Share(s) into which each Convertible Preference Share may be converted in accordance with Article 3A.5 and on an as converted basis.

3A.2 Distribution of Assets

On a distribution of assets on liquidation or winding-up of the Company (but not on conversion of Convertible Preference Shares or any repurchase by the Company of Convertible Preference Shares or Ordinary Shares), the assets and funds of the Company available for distribution among the members of the Company shall, subject to applicable laws, be applied in the following priority:

- (a) firstly, in paying to the holders of the Convertible Preference Shares, *pari passu* as between themselves, an amount equal to the aggregate nominal amounts of the Convertible Preference Shares held by them; and
- (b) the remaining balance of such assets shall belong to and be distributed on a *pari passu* basis among the holders of any class of shares including the Convertible Preference Shares, other than any other shares not entitled to participate in such assets, by reference to the aggregate nominal amount of shares held by them respectively.

3A.3 Ranking of the Convertible Preference Shares

Save as expressly provided in these Articles, each Convertible Preference Share shall have the same rights as each of the Ordinary Shares.

3A.4 Voting

- (a) The Convertible Preference Shares shall confer on the holders thereof the right to receive notice of, or to attend but not the right to vote at, a general meeting of the Company, unless a resolution is to be proposed at a general meeting for winding-up the Company or a resolution is to be proposed which if passed would (subject to any consents required for such purpose being obtained) vary or abrogate the rights or privileges of the holders of the Convertible Preference Shares or vary the restrictions to which the Convertible Preference Shares are subject, in which event the Convertible Preference Shares shall confer on the holders thereof the rights to receive notice of, and to attend and vote at, such general meeting except the election of a Chairman, any motion for adjournment and the resolution for winding-up or the resolution which if passed would (subject to any consents required for such purpose being obtained) so vary or abrogate the rights and privileges of the holders of the Convertible Preference Shares or vary the restrictions to which the Convertible Preference Shares are subject.
- (b) Where the holders of the Convertible Preference Shares are entitled to vote on any resolution then, at the relevant general meeting or class meeting, on a show of hands every holder of the Convertible Preference Share who is present in person or by proxy or (being a corporation) by a representative shall have one vote and on a poll every holder of the Convertible Preference Share who is present in person or by proxy or (being a corporation) by a representative shall have one vote for each Ordinary Share into which each Convertible Preference Share held by him would be converted if the Registration Date for such Convertible Preference Share were the date 48 hours preceding the date of such general meeting or class meeting.

3A.5 Conversion

- (a) The Convertible Preference Shares shall be convertible at the option of the holder of the Convertible Preference Share, at any time after the Issue Date and without the payment of any additional consideration therefor, into such number of fully-paid Ordinary Shares as determined in accordance with the Conversion Ratio. Notwithstanding the generality of the foregoing in respect of any conversion of Convertible Preference

Shares, the Converting Shareholders shall be entitled to a pro rata portion of such dividend that has accrued thereon up to the date immediately prior to the service of a Conversion Notice on the Company.

- (b) The number of Ordinary Shares to which a Converting Shareholder shall be entitled upon conversion of its Convertible Preference Shares shall be the number obtained by multiplying the Conversion Ratio then in effect by the number of Convertible Preference Shares being converted.
- (c)
 - (i) Any holder of the Convertible Preference Share who wishes to convert one or more Convertible Preference Shares held by it pursuant to Article 3A.5(a) above shall deliver to the Company at its principal place of business in Hong Kong a Conversion Notice.
 - (ii) The relevant holder of the Convertible Preference Share shall deliver to the Company at its principal place of business in Hong Kong for surrender the certificate evidencing the Convertible Preference Shares to be converted or, if such certificates have been lost or destroyed, such evidence of title as the Company may reasonably require, at the same time and together with the Conversion Notice given by such holder of the Convertible Preference Share pursuant to Article 3A.5(c)(i) above.
 - (iii) Upon delivery of the Conversion Notice and the certificate evidencing the Convertible Preference Shares to be converted by the holder thereof to the Company, the Company shall, subject to Article 3A.8(c) and closing of the Register pursuant to other provision in these Articles, no later than fourteen (14) business days after the Conversion Date, effect the conversion of the Convertible Preference Shares in any manner available under applicable law, including but not limited to repurchasing the relevant Convertible Preference Shares or if appropriate, re-designating to the Ordinary Shares, and shall, no later than twenty-eight (28) business days after the Conversion Date, as elected by the Converting Shareholder in the Conversion Notice, deliver to such holder a certificate for the number of Ordinary Shares into which the Convertible Preference Shares are converted in the name as shown on the certificate evidencing the Convertible Preference Shares so surrendered to the Company, together with a new certificate for any remaining unconverted Convertible Preference Shares represented by the certificate surrendered by the Converting Shareholder under Article 3A.5(c)(ii) above.

- (d) The Company shall ensure that at all times there is a sufficient number of unissued Ordinary Shares in its authorised share capital to be issued in satisfaction of the Conversion Rights of the Convertible Preference Shares.
- (e) Notwithstanding anything to the contrary herein, if the issue of Ordinary Shares following the exercise by a holder of the Convertible Preference Share of the Conversion Rights relating to any of the Convertible Preference Shares held by such holder of the Convertible Preference Share would result in the Company not meeting the Public Float Requirement immediately after the conversion, then the conversion and the number of Ordinary Shares to be issued pursuant to such conversion shall be restricted to the maximum number of Ordinary Shares issuable by the Company which would not in the reasonable opinion of the Company result in a breach of the Public Float Requirement.

3A.6 Protection of the Conversion Ratio

- (a) The Conversion Ratio shall be fixed as one Conversion Preference Share for one Ordinary Share.
- (b) If and whenever the Ordinary Shares are consolidated or sub-divided into a different nominal amount, then the same consolidation or sub-division shall be effected on the Conversion Preference Shares.

3A.7 Redemption

The Convertible Preference Shares shall be non-redeemable by the Company or the holders thereof.

3A.8 Registration

- (a) The Company shall maintain and keep a full and complete Register as required by applicable laws for the purposes of determining the Convertible Preference Shares in issue and the holders of the Convertible Preference Shares and recording any transfer, purchase, repurchase, redesignation, conversion and/or cancellation of the Convertible Preference Shares and the issue of any replacement certificate in respect of the Convertible Preference Shares in substitution for any damaged, defaced, lost, stolen or destroyed certificate in respect of any Convertible Preference Shares and of sufficient identification details of all holders of the Convertible Preference Shares from time to time holding the Convertible Preference Shares.

- (b) As soon as practicable, and in any event (but subject to closing the Register pursuant to other provision in these Articles) not later than fourteen (14) business days after the Conversion Date, the Company will register or procure that its agent register the person or persons designated for the purpose in the Conversion Notice as holder(s) of the relevant number of Ordinary Shares in the Register and will, if the Converting Shareholder so requests in accordance with Article 3A.5(c)(iii), mail (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Conversion Notice not later than twenty-eight (28) business days after the Conversion Date.
- (c) The Company may effect the conversion of Convertible Preference Shares in any manner available under applicable law, including repurchasing the relevant Convertible Preference Shares or if appropriate, redesignating to Ordinary Shares, upon receipt of the Conversion Notice and surrender of the certificate in respect of the Convertible Preference Shares by the holder thereof. For purposes of the repurchase, the Company may, subject to the Company being able to pay its debts in the ordinary course of business, make payments out of its capital.
- (d) The person or persons specified for that purpose in the Conversion Notice will become the holder of record of the number of Ordinary Shares issuable upon conversion with effect from the date he is or they are registered as such in the Register (the “**Registration Date**”). Save as set out in this Article 3A.8, a holder of Ordinary Shares issued on conversion of Convertible Preference Shares shall not be entitled to any rights the Record Date for which precedes the relevant Registration Date.

3A.9 Undertakings

So long as any Convertible Preference Share remains capable of being converted into Ordinary Shares:

- (a) the Company will use all reasonable endeavours (1) to maintain a listing for all the issued Ordinary Shares on the Exchange and (2) to obtain and maintain a listing for any Ordinary Shares issued upon conversion of the Convertible Preference Shares on the Exchange;
- (b) the Company shall not, without the consent of the holders of the Convertible Preference Shares as a class, obtained in the manner provided in the Articles, or unless otherwise permitted pursuant to the Articles, modify, vary, alter or abrogate the rights attaching to the Convertible Preference Shares as a class; and

- (c) the Company shall pay all fees, capital and stamp duties payable in Hong Kong, if any, in respect of the issue of Ordinary Shares upon conversion of any Convertible Preference Shares.

3A.10 Payments

- (a) Payment of all amounts in respect of the Convertible Preference Shares under the terms and conditions thereof shall be made on the due dates into such bank account as the relevant holder of the Convertible Preference Share shall notify the Company by at least five business days' prior notice in writing from time to time. All payments made by the Company in respect of the Convertible Preference Shares pursuant to the terms and conditions of these Articles shall be made in Hong Kong dollars in immediately available funds.
- (b) If the due date for payment of any amount in respect of the Convertible Preference Shares is not a business day, then such payment shall be made by the Company on the next following business day in the same manner and without interest.
- (c) All payments or distributions with respect to Convertible Preference Shares held jointly by two or more persons shall be paid or made to whichever of such persons is named first in the Register and the making of any payment or distribution in accordance with this sub-paragraph shall discharge the liability of the Company in respect thereof.

3A.11 Transfer

- (a) The Convertible Preference Shares (and each of them) may be transferred by the holder thereof without restriction, provided that the holder thereof shall give prior written notice to the Company and (if applicable) the Exchange where the transferee is a connected person of the Company (as defined in the Listing Rules). The Company shall facilitate any such assignment or transfer of the Convertible Preference Shares, including making any necessary applications to the Exchange or any other regulatory authority for the said approval (if so required).
- (b) Any holder of Ordinary Shares converted from and upon conversion of the Class A Convertible Preference Shares may transfer such Ordinary Shares without restriction.
- (c) Any holder of Ordinary Shares converted from and upon conversion of the Class B Convertible Preference Shares shall be subject to a lock-up period commencing on the Issue Date and ending on the date which is 6 calendar months from the Issue Date. During such lock-up period, the relevant

member shall not, without the prior written consent of the Board, either directly or indirectly offer, lend, pledge, charge, issue, sell, contract to purchase, purchase any option or contract to grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any of such Ordinary Shares converted from the Class B Convertible Preference Shares or any interests therein.

- (d) Any holder of Ordinary Shares converted from and upon conversion of the Class C Convertible Preference Shares shall be subject to a lock-up period commencing on the Issue date and ending on the date which is 12 calendar months from the Issue Date. During such lock-up period, the relevant member shall not, without the prior written consent of the Board, either directly or indirectly offer, lend, pledge, charge, issue, sell, contract to purchase, purchase any option or contract to grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any of such Ordinary Shares converted from the Class C Convertible Preference Shares or any interests therein.

3A.12 Listing

No application will be made for the listing of the Convertible Preference Shares on the Exchange or any other stock exchange.

3A.13 Inconsistency

If there is any inconsistency between any provisions of this Article 3A and any other provision of these Articles, then this Article 3A prevails to the extent of the inconsistency except where this would result in a breach of the Statutes, including the Law or any other applicable law.”

- (h) The following Article be inserted immediately after Article 7.1 as Article 7.1A:

“7.1A Notwithstanding the provisions of 7.1 above, for so long as any shares are listed on the Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Exchange that are or shall be applicable to such listed shares. The register of members of the Company in respect of its listed shares (whether the Register or a branch register) may be kept by recording the particulars required by Section 40 of the Law in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Exchange that are or shall be applicable to such listed shares.”

- (i) The following Article be inserted immediately after Article 13.10 as Article 13.10A:

“13.10A Where a resolution is voted on by a show of hands, a declaration by the Chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of that facts without proof of the number or proportion of the votes recorded for or against the resolution. The result of the poll shall be deemed to be the resolution of the meeting. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Exchange.”

- (j) The following Article be inserted immediately after Article 23.1 as Article 23.1A:

“23.1A Notwithstanding any provisions in these Articles, the Board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members at a general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members at a general meeting.”

NOTICE OF EGM

CHINA HUARONG ENERGY COMPANY LIMITED 中國華榮能源股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01101)

NOTICE OF EGM

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting of China Huarong Energy Company Limited (the “**Company**”) will be held at 9:00 a.m. on Monday, 17 December 2018 (or at any adjournment thereof), at Imperial Room I-III, Mezzanine Floor, Towers Wing, The Royal Pacific Hotel & Towers, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong, for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions of the Company. Expressions used in this notice of EGM shall have the same meanings as those defined in the circular of the Company dated 23 November 2018 (the “**Circular**”) unless otherwise stated herein.

ORDINARY RESOLUTIONS

1. “**THAT** subject to and conditional upon passing of the special resolution no. 3,
 - (a) the authorised share capital of the Company of HK\$30,000,000,000 divided into 60,000,000,000 shares of a par value of HK\$0.50 each be and is hereby reclassified and redesignated as HK\$30,000,000,000 comprising (i) 52,994,000,000 ordinary shares of a nominal or par value of HK\$0.50 each (“**Ordinary Shares**”), (ii) 2,330,000,000 Class A Convertible Preference Shares, (iii) 2,330,000,000 Class B Convertible Preference Shares, and (iv) 2,346,000,000 Class C Convertible Preference Shares and the rights, privileges and restrictions of which are set out in the Circular, and all of the existing issued shares of the Company shall be reclassified and redesignated as Ordinary Shares which shall have the same rights and restrictions attached thereto as are attached to the shares immediately prior to the reclassification and redesignation of the share capital of the Company;
 - (b) the rights, privileges and restrictions of the three new classes of Convertible Preference Shares as set out in the Circular be and are hereby approved;
 - (c) the three new classes of Convertible Preference Shares shall rank *pari passu* with one another and each of the three new classes of Convertible Preference Shares shall have the rights, privileges and restrictions set out in the Circular; and
 - (d) the Directors be and are hereby authorised to do all such acts, matters or things and sign, negotiate, agree, ratify, approve, initial, execute, perfect or deliver all such documents, deeds or instruments (including affixing the common seal of the Company thereon) and take all such steps as the Director in his/her sole opinion and absolute discretion may consider necessary, appropriate or desirable to implement, give effect to or in connection with the transactions contemplated under this resolution.”

NOTICE OF EGM

2. **“THAT** subject to and conditional upon passing of the ordinary resolution no. 1 and the special resolution no. 3,
- (a) each of the Tripartite Deed, Subscription Agreement, the Repayment Deeds and the transactions contemplated thereunder be and is hereby approved and confirmed;
 - (b) the Directors be and are hereby generally and specifically authorised to allot, issue and deal in 7,006,000,000 Subscription Convertible Preference Shares to OPASL (the **“Specific Mandate”**), subject to the terms and conditions of the Subscription Agreement;
 - (c) subject to and conditional upon the granting by the Stock Exchange of the listing of and permission to deal in the Subscription CPS Conversion Shares, the allotment and issuance of new shares of the Company upon the exercise of the conversion rights attached to the Subscription Convertible Preference Shares in connection with the Specific Mandate in the share capital of the Company on a one-to-one basis (subject to adjustment in accordance with the terms and conditions of the Subscription Convertible Preference Shares) be and is hereby approved and confirmed, and the Directors be and are hereby authorised to allot, issue and deal in the Subscription CPS Conversion Shares pursuant to and in accordance with the terms and condition of the Subscription Convertible Preference Shares;
 - (d) the Specific Mandate is in addition to, and shall not prejudice nor revoke, the existing general or special mandate(s) which may from time to time be granted to the Directors prior to or at the same time as the passing of this resolution; and
 - (e) the Directors be and are hereby authorised to do all such acts, matters or things and sign, negotiate, agree, ratify, approve, initial, execute, perfect or deliver all such documents, deeds or instruments (including affixing the common seal of the Company thereon) and take all such steps as the Director in his/her sole opinion and absolute discretion may consider necessary, appropriate or desirable to implement, give effect to or in connection with the Tripartite Deed, Subscription Agreement, Repayment Deeds, the Specific Mandate, the issuance of Subscription CPS Conversion Shares and the transactions contemplated thereunder, including agreeing and making any modifications, amendments, waivers, variations or extensions of any documents, deeds or instruments as referred to in this resolution, as such Director may in his/her sole opinion and absolute discretion consider necessary, appropriate or desirable.”

SPECIAL RESOLUTION

3. **“THAT**
- (a) subject to and conditional upon passing of the ordinary resolution no. 1, the existing Memorandum and Articles of Association be and are hereby amended in the manner set out in the Appendix to the Circular, and the amended and restated Memorandum and Articles of Association incorporating all such amendments and all of the previous

NOTICE OF EGM

amendments made in compliance with applicable laws be and is hereby approved and adopted as the amended and restated Memorandum and Articles of Association in substitution for and to the exclusion of the then existing Memorandum and Articles of Association with effect from the date of passing this resolution; and

- (b) the Directors be and are hereby authorised to do all such acts, matters or things and sign, negotiate, agree, ratify, approve, initial, execute, perfect or deliver all such documents, deeds or instruments (including affixing the common seal of the Company thereon) and take all such steps as the Director in his/her sole opinion and absolute discretion may consider necessary, appropriate or desirable to implement, give effect to or in connection with this resolution, including agreeing and making any modifications, amendments, waivers, variations or extensions of any documents, deeds or instruments as referred to in this resolution, as such Director may in his/her sole opinion and absolute discretion consider necessary, appropriate or desirable.”

By order of the Board
China Huarong Energy Company Limited
CHEN Qiang
Chairman

Hong Kong, 23 November 2018

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:
Room 2201, 22nd Floor
China Evergrande Centre
38 Gloucester Road
Wanchai, Hong Kong

Notes:

Any member of the Company entitled to attend and vote at the EGM is entitled to appoint one or more than one proxy to attend and vote on his behalf. A proxy need not be a member of the Company.

Where there is joint holding of any share(s), any joint holder may vote at the EGM (or any adjournment thereof), either personally or by proxy, in respect of such share(s) as if he were solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the joint holders so present whose name stands first on the register of members of the Company in respect of such share(s) will alone be entitled to vote in respect thereof.

To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed (or a notorially certified copy of that power of attorney or authority), must be deposited at the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of the EGM (or at any adjournment thereof).

NOTICE OF EGM

The register of members of the Company will be closed from Monday, 10 December 2018 to Monday, 17 December 2018 (both days inclusive), during which no transfers of shares will be effected. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 7 December 2018.

All the proposed resolutions set out in this notice shall be decided by poll.

As at the date of this notice, the board of Directors comprises five executive Directors, Mr. CHEN Qiang (chairman and chief executive officer), Mr. HONG Liang (chief operating officer), Mr. WANG Tao, Ms. ZHU Wen Hua and Mr. ZHANG Ming; and three independent non-executive Directors, Mr. WANG Jin Lian, Ms. ZHOU Zhan and Mr. LAM Cheung Mau.