
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Sinopec Kantons Holdings Limited (the “Company”), you should at once hand this circular together with the accompanying form of proxy to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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中国石化
SINOPEC

SINOPEC KANTONS HOLDINGS LIMITED

(中石化冠德控股有限公司) *

(incorporated in Bermuda with limited liability)

(Stock Code: 934)

PROPOSALS FOR

**(1) RENEWAL OF NON-EXEMPT CONTINUING CONNECTED
TRANSACTIONS IN RELATION TO**

**(I) THE NEW CRUDE OIL JETTY AND STORAGE SERVICES FRAMEWORK
MASTER AGREEMENT;**

AND

**(II) THE NEW SINOPEC FUEL OIL SALES COMPANY LIMITED
FRAMEWORK MASTER AGREEMENT**

**(2) RENEWAL OF DISCLOSEABLE TRANSACTIONS AND NON-EXEMPT
CONTINUING CONNECTED TRANSACTIONS IN RELATION TO**

**(I) THE NEW SINOPEC FINANCE FINANCIAL SERVICES
FRAMEWORK MASTER AGREEMENT; AND**

**(II) THE NEW CENTURY BRIGHT FINANCIAL SERVICES FRAMEWORK
MASTER AGREEMENT**

(3) PROPOSED ADOPTION OF NEW BYE-LAWS

AND

NOTICE OF SPECIAL GENERAL MEETING

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**



SOMERLEY CAPITAL LIMITED

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 8 to 43 of this circular.

A letter from the Independent Board Committee containing its recommendation to the Shareholders is set out on pages 44 to 45 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Shareholders is set out on pages 46 to 66 of this circular.

A notice convening the SGM to be held at Salon Rooms II-III, 5/F., Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong at 10:00 a.m. on 15 December 2022, Thursday is set out on pages N-1 to N-4 of this circular.

Whether or not you are able to attend the SGM or any adjournment thereof (as the case may be) in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the completed form to the office of the Company’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as practicable, and in any event not later than forty-eight (48) hours before the time appointed for the holding of the SGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM (or any adjourned meeting thereof) should you so desire.

15 November 2022

* For identification purpose only

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

PRECAUTIONARY MEASURES FOR THE SGM

To safeguard the health and safety of the Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the SGM:

- (1) Compulsory temperature screening/checks
- (2) Wearing of surgical face mask
- (3) Limit of the number of attendees
- (4) Other measures required by the Government and/or regulatory authorities

Attendees who do not comply with the precautionary measures above may be denied entry to the SGM venue.

For the health and safety of the Shareholders, the Company would like to encourage the Shareholders to exercise their right to vote at the SGM by appointing the chairman of the SGM as their proxy instead of attending the SGM in person. Completion and return of the proxy form will not preclude the Shareholders from attending and voting in person at the SGM or any adjournment thereof should they so desire.

PRECAUTIONARY MEASURES FOR THE SGM

To safeguard the health and safety of the Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the SGM, which include without limitation:

- (1) Compulsory temperature screening/checks will be carried out on every attendee at the entrance of the SGM venue.
- (2) Every attendee will be required to wear a surgical face mask throughout the SGM and sit at a distance from other attendees.
- (3) The number of SGM attendees is limited to avoid over-crowding.
- (4) Any other additional precautionary measures in accordance with the prevailing requirements or guidelines of the Government and/or regulatory authorities, or as considered appropriate in light of the development of the COVID-19 pandemic.

Attendees are requested to observe and practice good personal hygiene at all times at the SGM venue.

To the extent permitted under law, the Company reserves the right to deny entry into the SGM venue or require any person to leave the SGM venue so as to ensure the health and safety of the attendees at the SGM.

For the health and safety of the Shareholders, the Company would like to encourage the Shareholders to exercise their right to vote at the SGM by appointing the chairman of the SGM as their proxy instead of attending the SGM in person. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the SGM or any adjournment thereof should they so desire.

Due to the constantly evolving COVID-19 pandemic situation, the Company may be required to change the SGM arrangements when and as appropriate. Shareholders should check the Company's website and/or the Stock Exchange's website for future announcements and updates on the SGM arrangements.

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DEFINITIONS

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

“2019 Announcement”	the announcement of the Company dated 21 October 2019 in relation to, among others, the Existing Framework Master Agreements and the transactions contemplated thereunder
“2019 Circular”	the circular of the Company dated 11 November 2019 in relation to, among others, the Existing Framework Master Agreements and the transactions contemplated thereunder
“Auditor”	the auditor of the Company
“Board”	the board of Directors
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“Century Bright”	Sinopec Century Bright Capital Investment Limited (中國石化盛駿國際投資有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Sinopec Group Company
“Century Bright Group”	Century Bright and its subsidiaries
“Company”	Sinopec Kantons Holdings Limited (中石化冠德控股有限公司*), an exempted company incorporated in Bermuda with limited liability, the Shares are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Existing Bye-laws”	the bye-laws of the Company approved by a written resolution passed by the sole member of the Company on 9 June 1998 and as amended, supplemented or modified from time to time

DEFINITIONS

“Existing Crude Oil Jetty and Storage Services Framework Master Agreement”	the agreement dated 21 October 2019 entered into between Huade, Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company and Sinopec Pipeline Storage and Transportation Branch Company, details of which are disclosed in the 2019 Announcement and the 2019 Circular, as amended by a supplemental agreement dated 30 September 2020 whereby Sinopec Pipeline Storage and Transportation Branch Company assigned all its rights and obligations under the Existing Crude Oil Jetty and Storage Services Framework Master Agreement to Sinopec Petroleum Marketing Company
“Existing Century Bright Financial Services Framework Master Agreement”	the agreement dated 21 October 2019 entered into between the Company and Century Bright, details of which are disclosed in the 2019 Announcement and the 2019 Circular
“Existing Framework Master Agreements”	collectively, the Existing Crude Oil Jetty and Storage Services Framework Master Agreement, the Existing Sinopec Fuel Oil Sales Company Limited Framework Master Agreement, the Existing Sinopec Finance Financial Services Framework Master Agreement, and the Existing Century Bright Financial Services Framework Master Agreement
“Existing Sinopec Finance Financial Services Framework Master Agreement”	the agreement dated 21 October 2019 entered into between Huade and Sinopec Finance Guangzhou Branch, details of which are disclosed in the 2019 Announcement and the 2019 Circular
“Existing Sinopec Fuel Oil Sales Company Limited Framework Master Agreement”	the agreement dated 21 October 2019 entered into between Huade and Sinopec Fuel Oil, details of which are disclosed in the 2019 Announcement and the 2019 Circular
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Huade”	惠州市大亞灣華德石化有限公司 (Huizhou Daya Bay Huade Petrochemical Company Limited*), a company incorporated under the laws of the PRC with limited liability, and a wholly-owned subsidiary of the Company

DEFINITIONS

“Huizhou Jetty”	the Huizhou Crude Oil Jetty Complex, including its oil tanker handling, crude oil unloading, storage and pipeline transmission facilities, which are located on Mabianzhou Island (馬鞭洲島) in the Daya Bay Economic and Technological Development Zone (大亞灣經濟技術開發區) in Huizhou (惠州), Guangdong Province, the PRC, which is owned and operated by the Group through Huade
“Independent Board Committee”	the independent board committee of the Board, comprising all independent non-executive Directors, namely Ms. Tam Wai Chu, Maria, Mr. Fong Chung, Mark, Dr. Wong Yau Kar, David and Ms. Wong Pui Sze, Priscilla, established for the purpose of considering and advising the Independent Shareholders on the New Non-exempt Framework Master Agreements and the transactions contemplated thereunder
“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the New Non-exempt Framework Master Agreements and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than SKI and, if any, any other Shareholder(s) who has a material interest and is required to abstain from voting on the relevant resolution(s) at the SGM pursuant to the Listing Rules
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, chief executives, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Latest Practicable Date”	9 November 2022 being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“New Bye-laws”	the amended and restated bye-laws of the Company set out in Appendix I to this circular proposed to be approved and adopted by the Shareholders at the SGM
“New Century Bright Financial Services Framework Master Agreement”	the agreement dated 26 October 2022 entered into between the Company and Century Bright, details of which are disclosed in “II. Renewal of Non-exempt Continuing Connected Transactions and Discloseable Transactions – B. Discloseable Transactions and Non-exempt Continuing Connected Transactions – 2. The New Century Bright Financial Services Framework Master Agreement” of this circular
“New Crude Oil Jetty and Storage Services Framework Master Agreement”	the agreement dated 26 October 2022 entered into between Huade and Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company and Sinopec Petroleum Marketing Company, details of which are disclosed in “II. Renewal of Non-exempt Continuing Connected Transactions and Discloseable Transactions – A. Non-exempt Continuing Connected Transactions – 1. The New Crude Oil Jetty and Storage Services Framework Master Agreement” of this circular
“New Non-exempt Framework Master Agreements”	collectively, the New Crude Oil Jetty and Storage Services Framework Master Agreement, the New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement, the New Sinopec Finance Financial Services Framework Master Agreement, and the New Century Bright Financial Services Framework Master Agreement
“New Sinopec Finance Financial Services Framework Master Agreement”	the agreement dated 26 October 2022 entered into between Huade and Sinopec Finance Guangzhou Branch, details of which are disclosed in “II. Renewal of Non-exempt Continuing Connected Transactions and Discloseable Transactions – B. Discloseable Transactions and Non-exempt Continuing Connected Transactions – 1. The New Sinopec Finance Financial Services Framework Master Agreement” of this circular
“New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement”	the agreement dated 26 October 2022 entered into between Huade and Sinopec Fuel Oil, details of which are disclosed in “II. Renewal of Non-exempt Continuing Connected Transactions and Discloseable Transactions – A. Non-exempt Continuing Connected Transactions – 2. The New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement” of this circular

DEFINITIONS

“PBOC”	People’s Bank of China (中國人民銀行)
“PRC” or “China”	the People’s Republic of China, which for the purposes of this circular and for geographical reference purposes (unless otherwise indicated) excludes Taiwan, the Macau Special Administrative Region and Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be held at Salon Rooms II-III, 5/F., Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong at 10:00 a.m. on 15 December 2022, Thursday, the notice of which is set out in pages N-1 to N-4 of this circular
“Share(s)”	the ordinary share(s) of the Company with a nominal value of HK\$0.10 each
“Shareholder(s)”	holder(s) of Share(s)
“Sinopec Corp.”	China Petroleum & Chemical Corporation (中國石油化工有限公司) (stock code: 386), a joint stock limited liability company incorporated in the PRC, the shares of which are listed on the Stock Exchange and the stock exchanges of Shanghai, the indirect controlling Shareholder holding approximately 60.33% of the issued share capital of the Company
“Sinopec Finance”	中國石化財務有限責任公司 (Sinopec Finance Company Limited*), a company incorporated under the laws of the PRC with limited liability and is owned as to 51% by Sinopec Group Company and 49% by Sinopec Corp.
“Sinopec Finance Group”	Sinopec Finance and its subsidiaries
“Sinopec Finance Guangzhou Branch”	中國石化財務有限責任公司廣州分公司 (Sinopec Finance Company Limited Guangzhou Branch*), a branch company of Sinopec Finance
“Sinopec Fuel Oil”	中國石化燃料油銷售有限公司 (Sinopec Fuel Oil Sales Company Limited*), a company incorporated under the laws of the PRC with limited liability and a non wholly-owned subsidiary of Sinopec Corp.
“Sinopec Fuel Oil Group”	Sinopec Fuel Oil and its subsidiaries

DEFINITIONS

“Sinopec Group”	Sinopec Group Company, its subsidiaries and its associated companies and affiliates, and “member of the Sinopec Group” shall mean any one of them (including the Company) unless otherwise stated in this circular
“Sinopec Group Company”	China Petrochemical Corporation (中國石油化工集團有限公司, formerly known as 中國石油化工總公司), an enterprise established under the laws of the PRC, being the controlling shareholder of Sinopec Corp. (by virtue of its holding of approximately 68.34% in the issued share capital in Sinopec Corp.), and the ultimate controlling Shareholder
“Sinopec Guangzhou Branch”	中國石油化工股份有限公司廣州分公司 (China Petroleum & Chemical Corporation Guangzhou Branch*), a company incorporated under the laws of the PRC and a branch company of Sinopec Corp.
“Sinopec Marketing”	中國石化銷售股份有限公司 (Sinopec Marketing Co., Ltd.*), a company incorporated under the laws of the PRC and a non wholly-owned subsidiary of Sinopec Corp.
“Sinopec Petroleum Marketing Company”	中石化石油銷售有限責任公司 (Sinopec Petroleum Marketing Company Limited*), a company incorporated under the laws of the PRC and a wholly-owned subsidiary of Sinopec Corp.
“Sinopec Petroleum Reserve Company”	中國石化集團石油商業儲備有限公司 (Sinopec Petroleum Reserve Company Limited*), a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of Sinopec Group Company
“Sinopec Yu Ji”	中石化榆濟管道有限責任公司 (Sinopec Yu Ji Pipeline Company Limited*), a limited liability company incorporated in the PRC which was wholly-owned by Sinomart KTS Development Limited (經貿冠德發展有限公司), a wholly-owned subsidiary of the Company, prior to the completion of its disposal on 30 September 2020
“SKI”	Sinopec Kantons International Limited, a company incorporated with limited liability in the British Virgin Islands, being the controlling Shareholder

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

In this circular, unless the context otherwise requires, the terms “associate(s)”, “connected person(s)”, “continuing connected transaction(s)”, “controlling shareholder(s)” and “subsidiary(ies)” shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.

Translation of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 to HK\$1.09 for information purposes only. Such translation should not be constructed as representations that the relevant amounts have been, could have been, or could be converted at that rate or any other rate or at all.

- * The English translation of the names of companies incorporated or established in the PRC referred to in this circular is for reference only. The official names of those companies are in Chinese.*

LETTER FROM THE BOARD



中国石化
SINOPEC

SINOPEC KANTONS HOLDINGS LIMITED

(中石化冠德控股有限公司) *

(incorporated in Bermuda with limited liability)

(Stock Code: 934)

Executive Directors:

Mr. Chen Yaohuan (*Chairman*)
Mr. Zhong Fuliang
Mr. Mo Zhenglin
Mr. Yang Yanfei
Mr. Zou Wenzhi
Mr. Ren Jiajun
Mr. Sang Jinghua (*General Manager*)

Independent Non-executive Directors:

Ms. Tam Wai Chu, Maria
Mr. Fong Chung, Mark
Dr. Wong Yau Kar, David
Ms. Wong Pui Sze, Priscilla

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:

34/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

15 November 2022

To the Shareholders

Dear Sir or Madam,

PROPOSALS FOR
(I) RENEWAL OF NON-EXEMPT CONTINUING CONNECTED
TRANSACTIONS IN RELATION TO
(I) THE NEW CRUDE OIL JETTY AND STORAGE SERVICES
FRAMEWORK MASTER AGREEMENT; AND
(II) THE NEW SINOPEC FUEL OIL SALES COMPANY LIMITED
FRAMEWORK MASTER AGREEMENT
(2) RENEWAL OF DISCLOSEABLE TRANSACTIONS AND
NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS IN
RELATION TO
(I) THE NEW SINOPEC FINANCE FINANCIAL SERVICES
FRAMEWORK MASTER AGREEMENT; AND
(II) THE NEW CENTURY BRIGHT FINANCIAL SERVICES
FRAMEWORK MASTER AGREEMENT
(3) PROPOSED ADOPTION OF THE BYE-LAWS
AND
NOTICE OF SPECIAL GENERAL MEETING

* For identification purpose only

LETTER FROM THE BOARD

I. INTRODUCTION

References are made to the announcement of the Company dated 26 October 2022, in relation to, among others, the entering into of the New Non-exempt Framework Master Agreements on 26 October 2022, and the announcement of the Company dated 26 October 2022 in relation to the proposed adoption of the New Bye-laws.

The purposes of this circular include:

- (i) to provide the Shareholders with further information regarding the details of the New Non-exempt Framework Master Agreements;
- (ii) to set out the recommendation of the Independent Board Committee to the Shareholders and the advice of the Independent Financial Adviser to the Independent Board Committee and the Shareholders in relation to the New Non-exempt Framework Master Agreements;
- (iii) to provide the Shareholders with information regarding the proposed adoption of the New Bye-laws; and
- (iv) to give the Shareholders other information in accordance with the requirements of the Listing Rules.

II. RENEWAL OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS AND DISCLOSEABLE TRANSACTIONS

A. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. The New Crude Oil Jetty and Storage Services Framework Master Agreement

Date

26 October 2022

Parties

- (a) Huade, a wholly-owned subsidiary of the Company;
- (b) Sinopec Guangzhou Branch;
- (c) Sinopec Petroleum Reserve Company; and
- (d) Sinopec Petroleum Marketing Company.

LETTER FROM THE BOARD

Sinopec Guangzhou Branch is a branch company of Sinopec Corp., Sinopec Petroleum Marketing Company is a wholly-owned subsidiary of Sinopec Corp., and Sinopec Petroleum Reserve Company is a wholly-owned subsidiary of Sinopec Group Company. As Sinopec Group Company is the holding company of Sinopec Corp., which indirectly wholly owns SKI, the controlling Shareholder, each of Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company and Sinopec Petroleum Marketing Company is an associate of SKI and a connected person of the Company under Chapter 14A of the Listing Rules.

Term

Subject to obtaining the approval by the Independent Shareholders at the SGM, a term of three years commencing from 1 January 2023 to 31 December 2025.

Nature of the transactions

Pursuant to the New Crude Oil Jetty and Storage Services Framework Master Agreement, Huade shall provide the following services and facilities to Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company and Sinopec Petroleum Marketing Company, and/or their respective subsidiaries:

- (i) jetty and related services concerning the unloading of crude oil from oil tankers and dockage;
- (ii) crude oil storage and related services concerning the storage of crude oil in oil tanks and oil tank handling; and
- (iii) the transmission of oil and related services.

Huade shall from time to time enter into definitive agreements with Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company and/or Sinopec Petroleum Marketing Company and/or their respective subsidiaries with respect to the above services, for which the parties will negotiate with reference to, among other factors, laws and regulations, market conditions, normal commercial terms, trade customs and the principle of fairness.

LETTER FROM THE BOARD

Pricing basis

Pursuant to the New Crude Oil Jetty and Storage Services Framework Master Agreement, the service fees payable by Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company and Sinopec Petroleum Marketing Company and/or their respective subsidiaries to Huade shall be determined on the following basis:

- (i) (in respect of services governed by the State-prescribed prices) charged on the basis of the State-prescribed prices. The State-prescribed prices in respect of transmission of crude oil are issued by the National Development and Reform Commission “NDRC”) and delivered to the relevant parties in the industry in respect of transmission of crude oil; and the State-prescribed prices in respect of port charges are issued jointly by the NDRC and the Ministry of Transports of the PRC and delivered to the relevant parties in the industry;
- (ii) (in respect of services governed by government-approved prices) subject to paragraph (iii) below, Huade can adjust the service fees with the approval of the relevant government departments upon the negotiation between relevant parties, and Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company and/or Sinopec Petroleum Marketing Company (as the case may be) shall provide, or shall procure their respective subsidiaries to provide, assistance as required by Huade. The government-approved prices for unloading and storage of crude oil are issued by the Guangdong Pricing Bureau and delivered to the relevant parties in the industry; and
- (iii) if the State-prescribed prices or the government-approved prices (as the case may be) of any of the above services are abolished or unavailable, the service fees payable shall be either:
 - a. the market price for the relevant service (to be determined by the parties after arm’s length negotiations) with reference to (I) actual and direct costs for providing the service, (II) the prevailing market price charged by independent third parties in the vicinity providing the same or similar service, or the price charged by Huade for providing the same or similar services to other independent third parties (if applicable). For the avoidance of doubt, the service fees for the relevant service shall not be lower than (I) and (II); or

LETTER FROM THE BOARD

- b. if no market price is available or agreed between the parties, the service fees charged by Huade for such service on the basis of the previous applicable State-prescribed prices or government-approved prices (as the case may be), times a margin with reference to (but not exceeding) the rate of increase of the PRC consumer price index announced by the relevant PRC authority, during the immediately preceding calendar year. Information on such consumer price index may be obtained from the National Bureau of Statistics of China.

Historical transaction amounts

The following table sets out the transaction amounts received by Huade under the Existing Crude Oil Jetty and Storage Services Framework Master Agreement for each of the two years ended 31 December 2020 and 31 December 2021 and the six months ended 30 June 2022, based on unaudited management accounts:

Transaction amounts received by Huade		
For the year ended		For the six months
31 December 2020	31 December 2021	ended 30 June 2022
<i>(approx. RMB (approx. HK\$))</i>		
RMB450,950,000 (HK\$491,536,000)	RMB442,230,000 (HK\$482,031,000)	RMB223,400,000 (HK\$243,506,000)

None of these transaction amounts has exceeded the relevant annual caps for the corresponding financial years.

Annual caps

The following table sets out the existing annual caps of the transaction amounts estimated to be received by Huade under the Existing Crude Oil Jetty and Storage Services Framework Master Agreement for each of the two years ended 31 December 2020 and 31 December 2021 and the year ending 31 December 2022:

Existing annual caps		
For the year ended		For the year ending
31 December 2020	31 December 2021	31 December 2022
<i>(RMB (approx. HK\$))</i>		
RMB650,000,000 (HK\$708,500,000)	RMB650,000,000 (HK\$708,500,000)	RMB650,000,000 (HK\$708,500,000)

LETTER FROM THE BOARD

The following table sets out the annual caps of the transaction amounts estimated to be received by Huade under the New Crude Oil Jetty and Storage Services Framework Master Agreement for each of the three years ending 31 December 2023, 31 December 2024 and 31 December 2025:

31 December 2023	Annual caps For the year ending 31 December 2024	31 December 2025
	<i>(RMB (approx. HK\$))</i>	
RMB550,000,000 (HK\$599,500,000)	RMB550,000,000 (HK\$599,500,000)	RMB550,000,000 (HK\$599,500,000)

In arriving at the aforesaid annual caps, the following factors were taken into account: (i) the historical transaction amounts; (ii) the State-prescribed prices and the government-approved prices for these services; (iii) in light of the demand for petroleum products in the PRC market, Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company and Sinopec Petroleum Marketing Company and their respective subsidiaries are expected to import a stable quantity of crude oil and therefore will consume and require a stable amount of crude oil jetty services and facilities; and (iv) given the nature of mutual reliance on the supply and consumption of the services and facilities by Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company and/or Sinopec Petroleum Marketing Company and their respective subsidiaries, demand in such volume and quantity of services and facilities of the Group will remain stable.

The payment terms of these transactions will be determined by the parties on a transaction-by-transaction basis, in accordance with market norms and on normal commercial terms, and with reference to prescriptions by and approvals of the PRC government.

Reasons and benefits of the transactions

As the existing jetty and crude oil storage facilities of Huade are close to Sinopec Guangzhou Branch with a crude oil pipeline connected between Huade and Sinopec Guangzhou Branch, and the business operations of Sinopec Petroleum Reserve Company, Sinopec Petroleum Marketing Company and Sinopec Guangzhou Branch are from time to time conducted closely and simultaneously, Huade has been regularly providing crude oil jetty and storage services to Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company and Sinopec Petroleum Marketing Company and/or their respective subsidiaries, with Sinopec Guangzhou Branch being a major customer of Huade for crude oil unloading and pipeline transmission.

LETTER FROM THE BOARD

Currently, the business income of Huade is mostly attributable from Sinopec Guangzhou Branch. The provision of crude oil jetty unloading and storage services to Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company and/or Sinopec Petroleum Marketing Company can enable Huade to continue capturing the business opportunities and utilise the business value of its crude oil jetty and facilities, and create economic benefits for Huade, and therefore is in the interests of the Company and the Shareholders as a whole.

Internal control measures for the transactions

- (a) **Effective connected transactions management system:** The Company has formulated and strictly implemented policies such as the *Listing Affairs Management System* and *Management Measures of Connected Transactions of Sinopec Kantons Holdings Limited* to make regular assessment on the effectiveness of the related internal control systems for connected transactions, thereby ensuring that the connected transactions are conducted on a regulated basis under fair and reasonable pricing principles and transaction methods and in the interests of the Company and the Shareholders as a whole, and therefore the connected transactions entered into by the Company will be conducted under effective control and regulation via the Company's connected transaction management systems.
- (b) **Daily management of connected transactions:** The risk control department and finance department of the Company conduct monthly inspection in relation to types of connected transactions and transaction amount to assure the consistency of the types and transaction data of the connected transactions with what actually occurred, and by setting up a transaction cap warning alert, which is usually set at approximately 80% of the annual cap set for connected transactions, the risk of exceeding the annual cap on connected transactions is effectively avoided.
- (c) **Review on risk management and internal control by the management and the audit committee of the Board:** The relevant personnel of the Company report regularly to the audit committee of the Board on the execution of connected transactions. The risk control department of the Company includes connected transactions in its scope of annual internal control assessment and includes connected transactions in its regularly prepared risk management and internal control reports to the audit committee, which also conducts an annual review of the Company's risk management and internal control systems.

LETTER FROM THE BOARD

- (d) **Annual review by independent non-executive Directors:** The independent non-executive Directors of the Company conduct an annual review of the continuing connected transaction agreements and the transactions thereunder and confirm that the agreements and transactions are (a) in the ordinary course of the Group's business; (b) on normal or better commercial terms; and (c) that the terms of the agreements governing the transactions are fair and reasonable and in the interests of the shareholders of the Company as a whole.
- (e) **Annual review and confirmation by the auditor:** The auditor of the Company will review the continuing connected transactions of the Company annually and confirm to the Board that nothing has come to its attention that causes it to believe that such transactions (a) have not been approved by the Board; (b) were not, in all material respects, in accordance with the pricing policies provided in the transactions involving the provision or receipt of goods or services by the Group; (c) were not carried out, in all material respects, in accordance with the relevant agreements governing such transactions; and (d) have exceeded the applicable respective annual caps.

2. **The New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement**

Date

26 October 2022

Parties

- (a) Huade, a wholly-owned subsidiary of the Company; and
- (b) Sinopec Fuel Oil.

Sinopec Fuel Oil is a wholly-owned subsidiary of Sinopec Marketing, which is held as to approximately 70.42% by Sinopec Corp. and approximately 29.58% by a group of investors who are all independent third parties each holding less than 3%. Accordingly, Sinopec Fuel Oil is a non wholly-owned subsidiary of Sinopec Corp., which indirectly wholly owns SKI, the controlling Shareholder. Sinopec Fuel Oil is therefore an associate of SKI and a connected person of the Company under Chapter 14A of the Listing Rules.

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Term

Subject to obtaining the approval by the Independent Shareholders at the SGM, a term of three years commencing from 1 January 2023 to 31 December 2025.

Nature of the transactions

Pursuant to the New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement, Huade shall provide the following services and facilities to the Sinopec Fuel Oil Group:

- (i) services concerning the unloading of fuel oil, and berthing and docking of oil tankers; and
- (ii) fuel oil storage services concerning the storage of fuel oil in oil tanks, and the provision of blending and heating services.

Huade shall from time to time enter into definitive agreements with the Sinopec Fuel Oil Group with respect to the above services, for which the parties will negotiate with reference to, among other factors, laws and regulations, market conditions, normal commercial terms, trade customs and the principle of fairness.

Pricing basis

Pursuant to the New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement, the service fees payable by the Sinopec Fuel Oil Group to Huade shall be determined on the following basis:

- (i) (in respect of services governed by the State-prescribed prices) charged on the basis of the State-prescribed prices to be promulgated by the relevant government authority(ies) (if available);
- (ii) (in respect of services governed by government-approved prices to be promulgated by the relevant government authority(ies) (if available)) subject to paragraph (iii) below, Huade can adjust the service fees with the approval of the relevant government departments upon the negotiation between relevant parties, and the Sinopec Fuel Oil Group shall provide assistance as required by Huade;

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- (iii) if the State-prescribed prices or the government-approved prices (as the case may be) of any of the above services are abolished or unavailable, the service fees payable shall be either:
- a. the market price for the relevant service (to be determined by the parties after arm's length negotiations) with reference to (I) actual and direct costs for providing the service, (II) the prevailing market price charged by independent third parties in the vicinity providing the same or similar service, or the price charged by Huade for providing the same or similar services to other independent third parties (if applicable). For the avoidance of doubt, the service fees for the relevant service shall not be lower than (I) and (II); or
 - b. if no market price is available or agreed between the parties, the service fees charged by Huade for such service on the basis of the previous applicable State-prescribed prices or government-approved prices (as the case may be), times a margin with reference to (but not exceeding) the rate of increase of the PRC consumer price index announced by the relevant PRC authority, during the immediately preceding calendar year. Information on such consumer price index may be obtained from the National Bureau of Statistics of China.

Historical transaction amounts

The following table sets out the transaction amounts received by Huade under the Existing Sinopec Fuel Oil Sales Company Limited Framework Master Agreement for each of the two years ended 31 December 2020 and 31 December 2021 and the six months ended 30 June 2022, based on unaudited management accounts:

Transaction amounts received by Huade		
For the year ended		For the six months
31 December 2020	31 December 2021	ended 30 June 2022
<i>(approx. RMB (approx. HK\$))</i>		
RMB48,510,000	RMB47,070,000	RMB23,650,000
(HK\$52,876,000)	(HK\$51,306,000)	(HK\$25,779,000)

None of these transaction amounts has exceeded the relevant annual caps for the corresponding financial years.

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Annual caps

The following table sets out the existing annual caps of the transaction amounts estimated to be received by Huade under the Existing Sinopec Fuel Oil Sales Company Limited Framework Master Agreement for each of the two years ended 31 December 2020 and 31 December 2021 and the year ending 31 December 2022:

Existing annual caps		
For the year ended	For the year ending	For the year ending
31 December 2020	31 December 2021	31 December 2022
<i>(RMB (approx. HK\$))</i>		
RMB70,000,000	RMB70,000,000	RMB70,000,000
(HK\$76,300,000)	(HK\$76,300,000)	(HK\$76,300,000)

The following table sets out the annual caps of the transaction amounts estimated to be received by Huade under the New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement for each of the three years ending 31 December 2023, 31 December 2024 and 31 December 2025:

Annual caps		
For the year ending	For the year ending	For the year ending
31 December 2023	31 December 2024	31 December 2025
<i>(RMB (approx. HK\$))</i>		
RMB80,000,000	RMB80,000,000	RMB80,000,000
(HK\$87,200,000)	(HK\$87,200,000)	(HK\$87,200,000)

In arriving at the aforesaid annual caps, the following factors were taken into account: (i) the historical transaction amounts; (ii) the two new 5,000-tonne fuel oil terminals of Huade were officially commissioned in 2021; (iii) the actual and direct costs for providing the services under the New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement, which are expected to increase from approximately RMB35.17 million for the year ended 31 December 2020 to approximately RMB46.87 million for the year ending 31 December 2022, taking into account (I) the increase in cost of manpower and repair and maintenance following the commission of the two new 5,000-tonne fuel oil terminals in 2021; (II) an estimated growth rate of approximately 6.43% with reference to the average consumer price index growth rate of approximately 2.1% for 2023-2025; and (III) a margin of approximately 48% with reference to the margins (i.e. operating profits over operating costs) of comparable companies; and (iv) and the per-unit service fees may be raised during 2023-2025 after arm's length negotiations between Huade and Sinopec Fuel Oil going forward.

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The payment terms of these transactions will be determined by the parties on a transaction-by-transaction basis, in accordance with market norms and on normal commercial terms, and with reference to prescriptions by and approvals of the PRC government.

Reasons and benefits of the transactions

Aiming to expand the storage and logistics business and increase the service income as well as enhance the economic benefits and profitability, Huade had invested in the construction of its new fuel oil terminals in Huizhou and the terminals had been put into operation in 2021.

The Sinopec Fuel Oil Group is specialised in fuel oil trading, which have a huge demand for fuel oil storage services. The provision of fuel oil storage services to the Sinopec Fuel Oil Group by Huade is conducive to capturing business opportunities and bringing in operating income, which create economic benefits for Huade, and therefore is in the interests of the Company and the Shareholders as a whole.

Internal control measures for the transactions

- (a) **Effective connected transactions management system:** The Company has formulated and strictly implemented policies such as the *Listing Affairs Management System* and *Management Measures of Connected Transactions of Sinopec Kantons Holdings Limited* to make regular assessment on the effectiveness of the related internal control systems for connected transactions, thereby ensuring that the connected transactions are conducted on a regulated basis under fair and reasonable pricing principles and transaction methods and in the interests of the Company and the Shareholders as a whole, and therefore the connected transactions entered into by the Company will be conducted under effective control and regulation via the Company's connected transaction management systems.
- (b) **Daily management of connected transactions:** The risk control department and finance department of the Company conduct monthly inspection in relation to types of connected transactions and transaction amount to assure the consistency of the types and transaction data of the connected transactions with what actually occurred, and by setting up a transaction cap warning alert, which is usually set at 80% of the annual cap set for connected transactions, the risk of exceeding the annual cap on connected transactions is effectively avoided.
- (c) **Review on risk management and internal control by the management and the audit committee of the Board:** The relevant personnel of the Company report regularly to the audit

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committee of the Board on the execution of connected transactions. The risk control department of the Company includes connected transactions in its scope of annual internal control assessment and includes connected transactions in its regularly prepared risk management and internal control reports to the audit committee, which also conducts an annual review of the Company's risk management and internal control systems.

- (d) **Annual review by independent non-executive Directors:** The independent non-executive Directors of the Company conduct an annual review of the continuing connected transaction agreements and the transactions thereunder and confirm that the agreements and transactions are (a) in the ordinary course of the Group's business; (b) on normal or better commercial terms; and (c) that the terms of the agreements governing the transactions are fair and reasonable and in the interests of the shareholders of the Company as a whole.
- (e) **Annual review and confirmation by the auditor:** The auditor of the Company will review the continuing connected transactions of the Company annually and confirm to the Board that nothing has come to its attention that causes it to believe that such transactions (a) have not been approved by the Board; (b) were not, in all material respects, in accordance with the pricing policies provided in the transactions involving the provision or receipt of goods or services by the Group; (c) were not carried out, in all material respects, in accordance with the relevant agreements governing such transactions; and (d) have exceeded the applicable respective annual caps.

B. DISCLOSEABLE TRANSACTIONS AND NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. The New Sinopec Finance Financial Services Framework Master Agreement

Date

26 October 2022

Parties

- (a) Huade, a wholly-owned subsidiary of the Company; and
- (b) Sinopec Finance Guangzhou Branch.

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Sinopec Finance Guangzhou Branch is a branch company of Sinopec Finance, which is owned as to 51% by Sinopec Group Company and 49% by Sinopec Corp. As Sinopec Group Company is the holding company of Sinopec Corp., which indirectly wholly owns SKI, the controlling Shareholder, Sinopec Finance Guangzhou Branch is therefore an associate of SKI and a connected person of the Company under Chapter 14A of the Listing Rules.

Term

Subject to obtaining the approval by the Independent Shareholders at the SGM, a term of three years commencing from 1 January 2023 to 31 December 2025.

Nature of the transactions

Pursuant to the New Sinopec Finance Financial Services Framework Master Agreement, Sinopec Finance Guangzhou Branch shall provide financial services to Huade, including loan services, deposit services, entrusted loan services, bill acceptance and discount services, and transfer and relevant settlement services, settlement schemes planning services, and other financial services as requested or instructed by Huade, provided that the provision of the relevant services by Sinopec Finance Guangzhou Branch has been approved by the CBIRC and is within the business scope of Sinopec Finance Guangzhou Branch as registered with relevant Municipal Administration for Market Regulation.

Huade shall from time to time enter into definitive agreements with Sinopec Finance Guangzhou Branch with respect to the above services, for which the parties will negotiate with reference to, among other factors, laws and regulations, market conditions, normal commercial terms, trade customs and the principle of fairness.

Pricing basis

Sinopec Finance Guangzhou Branch shall adhere to the principles below in providing the aforementioned financial services to Huade:

- (i) *loan services*: the interest rates for loans granted to Huade by Sinopec Finance Guangzhou Branch shall be referenced to the base lending rates as announced by PBOC from time to time; and in compliance with the relevant laws and regulations, the interest rates shall not be higher than the interest rates for loans offered by other independent commercial banks to members of the Sinopec Group;

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- (ii) *deposit services*: the interest rates for Huade's onshore PRC deposits with Sinopec Finance Guangzhou Branch shall be referenced to the deposit interest rates as announced by PBOC from time to time, and shall be no lower than the interest rates for deposits offered by other independent commercial banks to the members of the Sinopec Group. In order to determine whether the interest rates and the overall terms and conditions of the deposits to be offered by Sinopec Finance Guangzhou Branch are no less favourable to that offered by independent commercial banks, prior to placing any deposits with Sinopec Finance Guangzhou Branch, Huade's finance department will obtain quotations of base deposit rates (for deposits of similar nature, amount, currency and term) promulgated by the PBOC from its website. The quotations will be submitted to Huade's management for review and approval. After consideration and review by Huade's management, Huade will only place deposits with Sinopec Finance Guangzhou Branch provided that the interest rates offered by Sinopec Finance Guangzhou Branch are no less favourable to Huade than the prevailing base deposit rate promulgated by PBOC;
- (iii) *entrusted loan services*: the service fees for entrusted loans shall not be higher than the fees offered by other independent commercial banks to the members of the Sinopec Group;
- (iv) *bill acceptance and discount services*: the rates for bill acceptance and discount services shall be referenced to the rediscount rates as announced by PBOC from time to time; and depending on market conditions, the rates shall not be higher than the discount rates offered by other independent commercial banks to the members of the Sinopec Group; and
- (v) *transfer and settlement services and settlement schemes planning services*: the services shall be free of charge. However, if any service charges relating to such services have been imposed by independent commercial banks on Sinopec Finance Guangzhou Branch, the same amount of service charges can be charged by Sinopec Finance Guangzhou Branch.

Historical transaction amounts – Deposits services

The following table sets out the maximum outstanding balance at any time (including any interest accrued therefrom) for the deposits placed by Huade with Sinopec Finance Guangzhou Branch under the Existing Sinopec Finance Financial Services Framework Master Agreement for each of the two years ended 31 December 2020 and 31 December 2021 and the six months ended 30 June 2022, based on unaudited management accounts:

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Maximum outstanding balance (including any interest accrued therefrom)		
For the year ended	For the year ended	For the six months
31 December 2020	31 December 2021	ended 30 June 2022
<i>(approx. RMB (approx. HK\$))</i>		
RMB50,130,000 (HK\$54,642,000)	RMB288,580,000 (HK\$314,552,000)	RMB141,990,000 (HK\$154,769,000)

None of the above amounts has exceeded the relevant annual caps for the corresponding financial years.

Annual caps – Deposits services

The following table sets out the existing annual caps in respect of the maximum outstanding balance at any time (including any interest accrued therefrom) for the deposits estimated to be placed by Huade with Sinopec Finance Guangzhou Branch under the Existing Sinopec Finance Financial Services Framework Master Agreement for each of the two years ended 31 December 2020 and 31 December 2021 and the year ending 31 December 2022:

Existing annual caps		
For the year ended	For the year ended	For the year ending
31 December 2020	31 December 2021	31 December 2022
<i>(RMB (approx. HK\$))</i>		
RMB400,000,000 (HK\$436,000,000)	RMB400,000,000 (HK\$436,000,000)	RMB400,000,000 (HK\$436,000,000)

The following table sets out the annual caps in respect of the maximum outstanding balance at any time (including any interest accrued therefrom) for the deposits estimated to be placed by Huade with Sinopec Finance Guangzhou Branch under the New Sinopec Finance Financial Services Framework Master Agreement for each of the three years ending 31 December 2023, 31 December 2024 and 31 December 2025:

Annual caps		
For the year ending	For the year ending	For the year ending
31 December 2023	31 December 2024	31 December 2025
<i>(RMB (approx. HK\$))</i>		
RMB400,000,000 (HK\$436,000,000)	RMB400,000,000 (HK\$436,000,000)	RMB400,000,000 (HK\$436,000,000)

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In arriving at the aforesaid annual caps, the future business expansion plans, the expected increase of business volume, the expected increase of cash flow movement of Huade and the following factors have been considered by Huade:

- (i) the lower than expected historical maximum outstanding balance (i.e. daily highest deposit amount) was due to the number of batches of payment of the trade and other receivables from members of the Sinopec Group. In determining the annual caps for 2023-2025, the Group has considered the expected increase in funds to be collected from trade and other receivables. As at 30 June 2022, trade receivables in the amount of approximately RMB497,950,000 (approximately HK\$542,766,000) was recorded by Huade and for the six months ended 30 June 2022, net cash inflow from operating activities in the amount of approximately RMB194,740,000 (approximately HK\$212,267,000) was recorded by Huade. The Group will continue to step up its effort in collecting trade and other receivables. Pursuant to the New Sinopec Finance Financial Services Framework Master Agreement, Huade will consider depositing any funds deriving from trade and other receivables and operating activities as deposits with Sinopec Finance Guangzhou Branch first, before taking into account any future investing and financing activities such as capital expenditures and dividend payouts. As shown above, the maximum outstanding balance of deposits have been increasing gradually in 2020-2022. The increase was more significant compared to the maximum outstanding balance of deposits for 2017-2019. In view of the expected increase in funds to be derived from collection of trade and other receivables, it is expected that the funds available for deposit with Sinopec Finance Guangzhou Branch will be maintained at a level higher than the historical amounts and potentially on par with the proposed cap amounts should the Group manages to collect all of its trade and other receivables;
- (ii) Huade had entered into an agreement with an independent international oil corporation in the first half of 2022 relating to the provision of terminal loading and unloading services which is expected to commence after the completion of Ethylene project of the independent oil corporation in 2023-2024. It is expected that Huade's cash inflow from operating activities and cash position will increase upon commencement of such arrangement.
- (iii) in order to strengthen the centralised management of funds and monitor the use of funds, the Sinopec Group (including the Group) will utilise the "funding pool" platform with the assistance of Sinopec Finance Guangzhou Branch. Such platform amasses the funds of the Sinopec Group (including the Group) and enables

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loans to be granted within the Sinopec Group (including the Group) by capitalising on the leeway arising from the difference in the time for receipt and payment of funds of members of the Sinopec Group (including the Group), with an aim to support the development of the Sinopec Group and the Group;

- (iv) Sinopec Finance and Sinopec Finance Guangzhou Branch are under the supervision of CBIRC and have been maintaining satisfactory operating results and financial positions with good risk controls and well-regulated management in the past three years. The safety standards of their settlement system reach the standards of domestic commercial banks. Please refer to section headed “Internal control measures for the transactions – Sinopec Finance Guangzhou Branch” for further details. The collaboration between Huade and Sinopec Finance Guangzhou Branch reduces finance costs, increases interest income of deposits, lowers settlement costs and controls risks;
- (v) there will be interest income from the deposits of Huade with Sinopec Finance Guangzhou Branch at a rate no less favourable than those offered by other independent commercial banks in the PRC;
- (vi) in respect of Huade’s funds settlement business at Sinopec Finance Guangzhou Branch, settlement expenses will be undertaken by Sinopec Finance Guangzhou Branch while Huade has no obligations to pay for the settlement expenses to Sinopec Finance Guangzhou Branch, save if other independent commercial banks charge Sinopec Finance Guangzhou Branch for such fees, Sinopec Finance Guangzhou Branch will charge Huade the same accordingly; and
- (vii) given that the PRC government is currently enhancing the control of outflow of capital out of mainland China, the time required for Huade to obtain approval to distribute dividends to the Company will be longer, therefore the deposits placed by Huade with Sinopec Finance Guangzhou Branch will increase for the three financial years ending 31 December 2025.

Loan services and bill acceptance and discount services

In view that the loan services and bill acceptance and discount services to be provided by Sinopec Finance Guangzhou Branch to Huade will be on normal commercial terms or better than those offered by independent third parties for comparable services in the PRC, and will not be secured by assets of Huade, such services which also constitute financial assistance received by the Group are fully exempt under Rule 14A.90 of the Listing Rules from

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all reporting, annual review, announcement and Independent Shareholders' approval requirements. As such, no annual caps have been set for such services.

Entrustment loans and other services

The entrustment loans and other financial services which may be provided by Sinopec Finance Guangzhou Branch to Huade will be on normal commercial terms and on terms similar to or even better than those offered by independent third parties for comparable services in the PRC. As all of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the total fees estimated to be paid by Huade to Sinopec Finance Guangzhou Branch for the entrustment loans and other financial services on an annual basis will fall within the de minimis threshold of 0.1% as stipulated under Rule 14A.76(1)(a) of the Listing Rules, such transactions are fully exempt from all reporting, annual review, announcement and Independent Shareholders' approval requirements. The Company will comply with the relevant requirements of the Listing Rules if and when such relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceed the relevant threshold.

Reasons and benefits of the transactions

The New Sinopec Finance Financial Services Framework Master Agreement was entered into on the following basis:

- (i) the interest rates on loans and deposits to be offered by Sinopec Finance Guangzhou Branch to Huade will be no less favourable than those offered by other independent commercial banks in the PRC;
- (ii) Sinopec Finance and Sinopec Finance Guangzhou Branch are regulated by PBOC and CBIRC and Sinopec Finance Guangzhou Branch will provide its services in accordance with the rules and operational requirements of these regulatory authorities;
- (iii) Sinopec Finance Guangzhou Branch fully understands and is familiar with the business nature and needs of Huade. As Sinopec Finance Guangzhou Branch and Huade are both members of Sinopec Group, Sinopec Finance Guangzhou Branch can better foresee the funding needs of Huade and can offer flexible and cost-effective services to Huade;
- (iv) it is beneficial for the settlement operations for members of the Sinopec Group (including the Group), strengthening Huade's capital management and control in order to mitigate and avert operational risks;

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- (v) it will reduce the time of capital in transit for Huade. It will also accelerate the turnover of cash flow and reduce transaction costs and expenses, thereby further enhancing the quality and efficiency of capital utilisation;
- (vi) Sinopec Finance Guangzhou Branch will also provide diversified financial services for Huade, which is in line with the interests of the Company and the Shareholders as a whole. The financial services provided by Sinopec Finance Guangzhou Branch are in line with market norms and are on normal commercial terms, with reference to arrangements with other independent commercial banks in the PRC;
- (vii) pursuant to the relevant regulations of PBOC and CBIRC, the customers of Sinopec Finance Guangzhou Branch are limited to entities within the Sinopec Group and its subsidiaries, including the Group, thereby reducing the risks that Sinopec Finance Guangzhou Branch may otherwise be exposed to if its customers include other entities unrelated to the Sinopec Group (including the Group); and
- (viii) Sinopec Finance Guangzhou Branch undertakes to repay deposits (including the interest income) and grant loans or entrustment loans to Huade upon Huade's requests without delay.

The Group and Sinopec Finance Guangzhou Branch have been implementing the following internal control measures to control the risks involved in depositing funds with Sinopec Finance Guangzhou Branch:

Internal control measures for the transactions – Sinopec Finance Guangzhou Branch

Given that Sinopec Finance Guangzhou Branch is not a public licensed bank, the Group has taken into consideration the following internal control measures to assess whether it is fair and reasonable for Huade to place deposits with Sinopec Guangzhou Branch:

- (a) in accordance with PRC laws and regulations, Sinopec Finance Guangzhou Branch will ensure the safe and stable operation of its fund management information system, which has undergone the security test in respect of connections to online commercial banking platforms and has reached the national security standards for commercial banks;
- (b) Sinopec Finance and Sinopec Finance Guangzhou Branch will ensure their compliance with the risk monitoring indicators for financial institutions issued by CBIRC and in accordance with the PRC laws and regulations. In particular, Sinopec Finance

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Guangzhou Branch is required to comply with the Administrative Measures for the Group Finance Companies* (《企業集團財務公司管理辦法》) (the “Measures”) promulgated by CBIRC to standardise the activities of group finance companies. Pursuant to the Measures, Sinopec Finance Guangzhou Branch shall comply with (i) certain compliance and risk control requirements/measures relating to the operation of group finance companies such as maintaining certain financial ratios; and (ii) PBOC’s deposit reserve requirements by placing certain amounts of deposit reserve with the PBOC in proportion to the deposit balances;

- (c) Sinopec Group Company has also made a commitment to CBIRC for increasing the share capital of Sinopec Finance in case Sinopec Finance is in financial straits and it is expected that Sinopec Group Company will have sufficient financial resources to fulfill such commitment to CBIRC. Sinopec Group Company, a state-owned enterprise, is the largest oil and petrochemical products supplier and the second largest oil and gas producer in the PRC, the largest refining company and the second largest chemical company in the world. As at 30 June 2022, Sinopec Corp., the principal subsidiary of Sinopec Group Company, together with its subsidiaries had total assets of approximately RMB2,059,814 million and cash at bank and on hand of approximately RMB233,937 million;
- (d) in accordance with the PRC laws and regulations, Sinopec Finance Guangzhou Branch will allow Huade to check the status of its deposits with Sinopec Finance Guangzhou Branch to enable Huade to monitor and ensure that the maximum outstanding balance at any time (including any interest accrued therefrom) for Huade’s deposits with Sinopec Finance Guangzhou Branch does not exceed the relevant upper limit;
- (e) if there is a breach of laws or regulations, Sinopec Finance Guangzhou Branch will inform Huade immediately and ascertain the procedures and plans to ratify and mitigate the situation; and
- (f) Sinopec Finance Guangzhou Branch has only provided financial services to Sinopec Group and it has not defaulted on any of its payment to the Group in the past

Internal control measures for the transactions – The Group

- (a) **Effective connected transactions management system:** The Company has formulated and strictly implemented policies such as the *Listing Affairs Management System* and *Management Measures of Connected Transactions of Sinopec Kantons Holdings Limited* to make regular assessment on the effectiveness of the related

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internal control systems for connected transactions, thereby ensuring that the connected transactions are conducted on a regulated basis under fair and reasonable pricing principles and transaction methods and in the interests of the Company and the Shareholders as a whole, and therefore the connected transactions entered into by the Company will be conducted under effective control and regulation via the Company's connected transaction management systems.

- (b) **Daily management of connected transactions:** The risk control department and finance department of the Company conduct monthly inspection in relation to types of connected transactions and transaction amount to assure the consistency of the types and transaction data of the connected transactions with what actually occurred, and by setting up a transaction cap warning alert, which is usually set at 80% of the annual cap set for connected transactions, the risk of exceeding the annual cap on connected transactions is effectively avoided.
- (c) **Review on risk management and internal control by the management and the audit committee of the Board:** The relevant personnel of the Company report regularly to the audit committee of the Board on the execution of connected transactions. The risk control department of the Company includes connected transactions in its scope of annual internal control assessment and includes connected transactions in its regularly prepared risk management and internal control reports to the audit committee, which also conducts an annual review of the Company's risk management and internal control systems.
- (d) **Annual review by independent non-executive Directors:** The independent non-executive Directors of the Company conduct an annual review of the continuing connected transaction agreements and the transactions thereunder and confirm that the agreements and transactions are (a) in the ordinary course of the Group's business; (b) on normal or better commercial terms; and (c) that the terms of the agreements governing the transactions are fair and reasonable and in the interests of the shareholders of the Company as a whole.
- (e) **Annual review and confirmation by the auditor:** The auditor of the Company will review the continuing connected transactions of the Company annually and confirm to the Board that nothing has come to its attention that causes it to believe that such transactions (a) have not been approved by the Board; (b) were not, in all material respects, in accordance with the pricing policies provided in the transactions involving the provision or receipt of goods or services by the Group; (c) were not carried

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out, in all material respects, in accordance with the relevant agreements governing such transactions; and (d) have exceeded the applicable respective annual caps.

The Directors consider that the above internal control measures are adequate to cover the risks involved in depositing funds with Sinopec Finance Guangzhou Branch.

2. The New Century Bright Financial Services Framework Master Agreement

Date

26 October 2022

Parties

- (a) the Company; and
- (b) Century Bright.

Century Bright is a wholly-owned subsidiary of Sinopec Group Company, the holding company of Sinopec Corp., which indirectly wholly owns SKI, the controlling Shareholder. Century Bright is therefore an associate of SKI and a connected person of the Company under Chapter 14A of the Listing Rules.

Term

Subject to obtaining the approval by the Independent Shareholders at the SGM, a term of three years commencing from 1 January 2023 to 31 December 2025.

Nature of the transactions

Pursuant to the New Century Bright Financial Services Framework Master Agreement, the Century Bright Group shall provide deposit services, credit facility services and settlement and similar services to the Group outside the PRC.

Pricing basis

In respect of deposit services, the Century Bright Group shall pay the Group interest accrued on the deposits calculated with reference to the interest rates for similar deposit services as announced by other independent commercial banks in Hong Kong from time to time. Such interest rates shall be equal to or higher than (i) the interest rates offered by the Century Bright Group to Sinopec Group Company and other members of the Sinopec Group

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or any independent third party in similar deposit arrangements; and (ii) the interest rates for similar deposit services as announced by other independent commercial banks in Hong Kong from time to time, whichever is higher. In order to determine whether the interest rates of the deposits to be offered by Century Bright are no less favourable to the prevailing market interest rates for deposits, prior to placing any deposits with the Century Bright Group, the Group's finance department will obtain quotations of interest rates for deposits of similar nature, amount, currency and term from two independent commercial banks in Hong Kong. The quotations will be submitted to the Group's management for review and approval. After consideration and review by the Group's management, the Group will only place deposits with the Century Bright Group provided that the interest rates offered by the Century Bright Group are no less favourable to the Group than the quotations obtained from the independent commercial banks in Hong Kong.

The credit facility services to be provided by the Century Bright Group to the Group will be on normal commercial terms or better, and the interest rates will be determined with reference to the interest rates for similar credit facility services as offered by other independent commercial banks in Hong Kong from time to time. The relevant interest rate offered by the Century Bright Group shall be equal to or lower than: (i) the interest rates offered by the Century Bright Group to Sinopec Group Company and other members of the Sinopec Group or any independent third party for similar credit facility services; or (ii) the interest rates for similar credit facility services as offered by other independent commercial banks in Hong Kong from time to time, whichever is lower. The credit facilities offered by the Century Bright Group to the Group will not be secured by assets of the Group.

In respect of settlement and similar services, the Group shall pay the Century Bright Group service fees calculated with reference to services fees charged for similar services by other independent commercial banks in Hong Kong from time to time. Such services charges shall be equal to or lower than (i) the services charges for similar services offered by the Century Bright Group to Sinopec Group Company and other members of the Sinopec Group or any independent third party; and (ii) the services charges for similar services charged by other independent commercial banks in Hong Kong from time to time, whichever is lower.

LETTER FROM THE BOARD

Historical transaction amounts – Deposit services

The following table sets out the maximum outstanding balance at any time (including any interest accrued therefrom) for the deposits placed by Group with the Century Bright Group under the Existing Century Bright Financial Services Framework Master Agreement for each of the two years ended 31 December 2020 and 31 December 2021 and the six months ended 30 June 2022, based on unaudited management accounts:

Maximum outstanding balance (including any interest accrued therefrom)		
For the year ended		For the six months
31 December 2020	31 December 2021	ended 30 June 2022
HK\$412,320,000	HK\$437,350,000	HK\$439,880,000

None of the above amounts has exceeded the relevant annual caps for the corresponding financial years.

Annual caps – Deposit services

The following table sets out the existing annual caps in respect of the maximum outstanding balance at any time (including any interest accrued therefrom) for the deposits estimated to be placed by the Group with the Century Bright Group under the Existing Century Bright Financial Services Framework Master Agreement for each of the two years ended 31 December 2020 and 31 December 2021 and the year ending 31 December 2022:

Existing annual caps		
For the year ended		For the year ending
31 December 2020	31 December 2021	31 December 2022
HK\$500,000,000	HK\$500,000,000	HK\$500,000,000

The following table sets out the annual caps in respect of the maximum outstanding balance at any time (including any interest accrued therefrom) for the deposits estimated to be placed by the Group with the Century Bright Group under the New Century Bright Financial Services Framework Master Agreement for each of the three years ending 31 December 2023, 31 December 2024 and 31 December 2025:

Annual caps		
For the year ending		For the year ending
31 December 2023	31 December 2024	31 December 2025
HK\$900,000,000	HK\$900,000,000	HK\$900,000,000

LETTER FROM THE BOARD

In arriving at the aforesaid annual caps, the historical figures of the transactions, the significant increase in the Group's cash and cash equivalent of HK\$5.28 billion as at 30 June 2022 from HK\$223 million as at 31 December 2019 attributable to the disposal of Sinopec Yu Ji in around September 2020 by the Group at a consideration of RMB3.22 billion (equivalent to approximately HK\$3.51 billion), the Group's anticipated cash generated from operations and dividends received from joint ventures and associate, anticipated business volume and opportunities and financial control and treasury management, and the requirement to settle accounts receivables from members of the Sinopec Group or any independent third party through the deposit accounts of the Group with the Century Bright Group have been considered by the Group. Having considered the current cash position of the Group, it is expected that the Group will increase the amount of deposits to be placed with the Century Bright Group in 2023-2025. Annual caps were therefore set higher than the historical amounts.

Credit facility services

A credit facility of US\$500 million is expected to be granted by Century Bright Group to the Group during the term of the New Century Bright Financial Services Framework Master Agreement, renewable annually. In view that the credit facility services to be provided by the Century Bright Group to the Group will be on normal commercial terms or better than those offered by independent third parties for comparable services outside the PRC, and will not be secured by assets of the Group, such services which also constitute financial assistance received by the Group are fully exempt under Rule 14A.90 of the Listing Rules from all reporting, annual review, announcement and Independent Shareholders' approval requirements. As such, no annual caps have been set for such services.

Settlement and similar services

The settlement and similar services which may be provided by the Century Bright Group to the Group will be on normal commercial terms and on terms similar to or even better than those offered by independent third parties for comparable services outside the PRC. As all of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the total fees estimated to be paid by the Group to the Century Bright Group for settlement and similar services on an annual basis will fall within the de minimis threshold of 0.1% as stipulated under Rule 14A.76(1)(a) of the Listing Rules, such transactions are fully exempt from all reporting, annual review, announcement and Independent Shareholders' approval requirements. The Company will comply with the relevant requirements of the Listing Rules if and when such relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceed the relevant threshold.

LETTER FROM THE BOARD

Reasons for and benefits of the transactions

The New Century Bright Financial Services Framework Master Agreement was entered into on the following basis:

- (i) the deposit interest rates to be offered by the Century Bright Group to the Group will be no less favourable than those offered by the commercial banks in Hong Kong;
- (ii) it will reduce the time of capital transit for the Group, and will accelerate the turnover of cash flow and reduce transaction costs and expenses, thereby further enhancing the quality and efficiency of capital utilisation;
- (iii) the interest rate of the credit facility to be offered by the Century Bright Group to the Group will be no less favourable than those offered by the independent third parties in Hong Kong and the credit facility will not be secured by assets of the Group; and
- (iv) the Century Bright Group will provide diversified financial services for the Group, which is in line with the interests of the Company and the Shareholders as a whole.

Internal control measures for the transactions

- (a) **Effective connected transactions management system:** The Company has formulated and strictly implemented policies such as the *Listing Affairs Management System and Management Measures of Connected Transactions of Sinopec Kantons Holdings Limited* to make regular assessment on the effectiveness of the related internal control systems for connected transactions, thereby ensuring that the connected transactions are conducted on a regulated basis under fair and reasonable pricing principles and transaction methods and in the interests of the Company and the Shareholders as a whole, and therefore the connected transactions entered into by the Company will be conducted under effective control and regulation via the Company's connected transaction management systems.
- (b) **Daily management of connected transactions:** The risk control department and finance department of the Company conduct monthly inspection in relation to types of connected transactions and transaction amount to assure the consistency of the types and transaction data of the connected transactions with what actually occurred, and by setting up a transaction cap warning alert, which is usually set at 80% of the annual cap set for connected transactions, the risk of exceeding the annual cap on connected transactions is effectively avoided. In addition, before the

LETTER FROM THE BOARD

Company accepts any financial services from Century Bright, the Company will obtain quotations from independent financial institutions for similar services of the same duration. The Company will compare these quotations with those provided by Century Bright and decide whether to accept the quotations provided by Century Bright.

- (c) **Review on credit risks:** Given that Century Bright is not a public licensed bank, the Group has taken into account the following factors when assessing whether it is fair and reasonable for the Group to place deposits with the Century Bright Group: (i) Century Bright holds a Hong Kong money lender's licence and is regulated by the licensing regulatory bodies such as the Hong Kong Companies Registry and the Commissioner of Police in Hong Kong pursuant to the Money Lenders Ordinance (Cap. 163); (ii) Century Bright has received credit ratings of A/ A2 from Standard & Poor's and Moody's; (iii) Sinopec Group Company, the controlling shareholder of Century Bright, is obliged to provide financial support to Century Bright pursuant to a *keepwell deed* it entered into with Century Bright, under which Sinopec Group Company undertook to ensure the payment of Century Bright's debts through various means in the event of an emergency situation where Century Bright has payment difficulties; (iv) Sinopec Group Company has sufficient financial resources to fulfill its obligations under the *keepwell deed*. Please refer to sub-section (c) of section headed "Internal control measures for the transactions – Sinopec Finance Guangzhou Branch" for details; (v) Century Bright has only provided financial services to Sinopec Group and it has not defaulted on any of its payment to the Group; and (vi) the Group is not precluded from using the deposit services from other financial institutions pursuant to the New Century Bright Financial Services Framework Master Agreement.
- (d) **Review on risk management and internal control by the management and the audit committee of the Board:** The relevant personnel of the Company report regularly to the audit committee of the Board on the execution of connected transactions. The risk control department of the Company includes connected transactions in its scope of annual internal control assessment and includes connected transactions in its regularly prepared risk management and internal control reports to the audit committee, which also conducts an annual review of the Company's risk management and internal control systems.

LETTER FROM THE BOARD

- (e) **Annual review by independent non-executive Directors:** The independent non-executive Directors of the Company conduct an annual review of the continuing connected transaction agreements and the transactions thereunder and confirm that the agreements and transactions are (a) in the ordinary course of the Group's business; (b) on normal or better commercial terms; and (c) that the terms of the agreements governing the transactions are fair and reasonable and in the interests of the shareholders of the Company as a whole.

- (f) **Annual review and confirmation by the auditor:** The auditor of the Company will review the continuing connected transactions of the Company annually and confirm to the Board that nothing has come to its attention that causes it to believe that such transactions (a) have not been approved by the Board; (b) were not, in all material respects, in accordance with the pricing policies provided in the transactions involving the provision or receipt of goods or services by the Group; (c) were not carried out, in all material respects, in accordance with the relevant agreements governing such transactions; and (d) have exceeded the applicable respective annual caps.

C. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Sinopec Group Company held approximately 68.34% of the issued share capital of Sinopec Corp. which indirectly held the entire issued share capital of SKI, Sinopec Group Company is therefore an indirect controlling Shareholder holding approximately 60.33% of the issued share capital of the Company.

As each of Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company, Sinopec Petroleum Marketing Company, Sinopec Finance Guangzhou Branch, Century Bright and Sinopec Fuel Oil is either a branch company or a subsidiary (as the case may be) of Sinopec Group Company or Sinopec Corp. (as the case may be), it is an associate of SKI and a connected person of the Company under Chapter 14A of the Listing Rules.

Accordingly, the transactions contemplated under each of the New Non-exempt Framework Master Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual caps for the transactions contemplated under each of the New Non-exempt Framework Master Agreements are more than 5%, such agreements are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing

LETTER FROM THE BOARD

Rules. The Company will also disclose the relevant details in its next published annual report in accordance with the relevant requirements as set out in Rule 14A.49 of the Listing Rules.

In respect of the New Sinopec Finance Financial Services Framework Master Agreement and the New Century Bright Financial Services Framework Master Agreement:

- (i) the provision of deposit services to the Group by the Sinopec Finance Guangzhou Branch and the Century Bright Group (as the case may be) thereunder also constitute financial assistance to be provided by the Group to the Sinopec Finance Guangzhou Branch and the Century Bright Group (as the case may be) under Rule 14.04(1)(e) of the Listing Rules. As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the aggregate transaction amounts for such transactions on an annual basis under such agreements (if required to be aggregated) are more than 5% but all of which are below 25%, such transactions also constitute discloseable transactions of the Company, and are therefore subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules;
- (ii) in view that 1) the loan services and bill acceptance and discount services to be provided by Sinopec Finance Guangzhou Branch to Huade and 2) the credit facility services to be provided by the Century Bright Group to the Group will be on normal commercial terms or better than those offered by independent third parties for comparable services in the PRC and outside the PRC (as the case may be), and will not be secured by assets of Huade and the Group (as the case may be), such services which also constitute financial assistance received by the Group are fully exempt under Rule 14A.90 of the Listing Rules from reporting, annual review, announcement and Independent Shareholders' approval requirements. As such, no annual caps have been set for such services; and
- (iii) in view that 1) the entrustment loans and other financial services to be provided by Sinopec Finance Guangzhou Branch to Huade and 2) the settlement and similar services to be provided by the Century Bright Group to the Group will be on normal commercial terms and on terms similar to or even better than those offered by independent third parties for comparable services in the PRC and outside the PRC (as the case may be), and that all of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the total fees estimated to be paid by Huade to Sinopec Finance Guangzhou Branch and by the Group to the Century Bright Group (as the case may be) for such services on an annual basis fall within the de minimis threshold of 0.1% as stipulated under Rule 14A.76(1)(a) of the Listing Rules, such transactions are fully exempt from all reporting, annual review, announcement and Independent Shareholders' approval requirements.

LETTER FROM THE BOARD

The Company will comply with the relevant requirements of the Listing Rules if and when such relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceed the relevant threshold.

In addition, as certain executive Directors, including Mr. Chen Yaohuan, Mr. Zhong Fuliang, Mr. Mo Zhenglin, Mr. Yang Yanfei, Mr. Zou Wenzhi and Mr. Ren Jiajun, are considered to have a material interest in the transactions contemplated under the New Non-exempt Framework Master Agreements due to their other executive posts within the Sinopec Group, they have abstained from voting on the board resolutions(s) to approve such agreements.

D. INFORMATION ON THE PARTIES TO THE NEW NON-EXEMPT FRAMEWORK MASTER AGREEMENTS

The Group

The Company, a non wholly-owned subsidiary of Sinopec Corp., was an exempted company incorporated in Bermuda with limited liability and the Shares are listed on the Stock Exchange. The principal activities of the Group include, among others, the operation of crude oil and oil products terminals and their ancillary facilities and the provision of logistics services including storage, logistics, transportation and terminal services on a global basis.

Huade, a wholly-owned subsidiary of the Company, was incorporated under the laws of the PRC with limited liability. It is principally engaged in the provision of crude oil transportation, unloading, storage and other jetty services for oil tankers.

Other parties

Sinopec Guangzhou Branch is a branch company of Sinopec Corp. incorporated under the laws of the PRC, which is principally engaged in the business of oil refining and petrochemical productions. Its marketing distribution network covers the whole South China area with some of the products exported to Southeast Asian countries.

Sinopec Petroleum Reserve Company is a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of Sinopec Group Company, which is principally engaged in the sale and storage of crude oil, the import and export of petrochemical products and the construction of oil reserve facilities.

Sinopec Petroleum Marketing Company is a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of Sinopec Corp., which is principally engaged in the wholesale of crude oil and the storage and distribution of crude oil, petroleum, natural gas and other oil products.

LETTER FROM THE BOARD

Sinopec Finance Guangzhou Branch is a branch company of Sinopec Finance. Sinopec Finance Guangzhou Branch and Sinopec Finance were established in the PRC as non-banking financial institutions and are regulated by PBOC and CBIRC. Sinopec Finance Guangzhou Branch is principally engaged in the provision of financial services, including but not limited to deposit services, loan services, entrusted loan services and entrusted investment services, in accordance with the rules and operational requirements of the relevant regulatory authorities.

Century Bright is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Sinopec Group Company, which is principally engaged in providing settlement and similar services and taking deposits from members of the Sinopec Group outside the PRC, and conducting intra group loan transactions. It is a money lender registered under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

Sinopec Fuel Oil is a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of Sinopec Marketing, which is held as to approximately 70.42% by Sinopec Corp., and approximately 29.58% by a group of investors who are all independent third parties each holding less than 3%. Sinopec Fuel Oil is principally engaged in the marketing and distribution of refined petroleum products. It also optimises markets and resources domestically and internationally, which broadens resource channels, and promotes fuel oil purchase and distribution. Its extensive marketing network includes branch companies in coastal provinces and municipalities of Tianjin, Shandong, Shanghai, Jiangsu, Zhejiang, Fujian and Guangdong in the PRC as well as regional companies and sales subsidiaries.

III. PROPOSED ADOPTION TO THE NEW BYE LAWS

The Board proposes to adopt the New Bye-laws in substitution for and to the exclusion of the Existing Bye-laws to (a) bring the Existing Bye-laws in line with the relevant requirements of the Listing Rules (including the core shareholder protection standards set out in Appendix 3 to the Listing Rules) and the applicable laws of Bermuda; (b) allow the Company to hold hybrid and electronic meetings of the Shareholders; and (c) introduce corresponding and house-keeping amendments.

The major proposed amendments to the Existing Bye-laws in the New Bye-laws are summarised as follows:

1. to allow general meetings (including adjourned meetings or postponed meetings) to be held as physical meetings in any part of the world and at one or more locations, or as hybrid meetings or electronic meetings, as may be determined by the Board in its absolute discretion;

LETTER FROM THE BOARD

2. to insert the definitions of “announcement”, “close associate”, “electronic communication”, “electronic meeting”, “hybrid meeting”, “Listing Rules”, “Meeting Location”, “physical meeting”, “Principal Meeting Place” and “substantial shareholder”, “extraordinary resolution”, and make corresponding changes to the relevant provisions in the New Bye-laws;
3. to provide the inspection hours and closure procedure regarding the principal register and branch register of members;
4. to provide that an annual general meeting of the Company be held in each financial year and within six months after the end of the Company’s financial year;
5. to allow the Board to change or postpone a general meeting to another date, time and place and change the form of such meeting in its absolute discretion. The postponement of a general meeting may occur automatically where a number 8 or higher typhoon signal, black rainstorm warning or other similar event is in force;
6. to provide that the notice period for an annual general meeting and all other general meetings of the Company including a special general meeting shall be at least 21 clear days and 14 clear days respectively;
7. to allow, for quorum purposes only, two persons appointed by the clearing house as authorised representative or proxy to form a quorum in a general meeting of the Company;
8. to allow Shareholder(s) the right to speak and vote at general meetings of the Company held in any form except where a Shareholder is required, by the Listing Rules, to abstain from voting to approve the matter under consideration;
9. to specify that a resolution put to the vote at general meetings of the Company shall be decided by poll except where the chairman of the meeting in good faith, decides to allow a resolution which related purely to a procedural or administrative matter to be voted on by a show of hands;
10. to amend the definition of “associates” to “close associates” with respect to resolutions of the Board approving contracts or arrangements under which a Director has a material interest and to update the language regarding particular contracts or arrangements in which a Director has a material interest;
11. to provide the Board with the power to allow the Company to be discontinued in Bermuda and continued in a named country or jurisdiction outside Bermuda;

LETTER FROM THE BOARD

12. to provide that the Directors shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorisation by the Shareholders in general meeting, as an addition to the existing Board and that any Director so appointed shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election;
13. to provide the Board with the power to capitalise reserves of the Company to pay up unissued shares to be allotted to employees pursuant to share incentive scheme or employee benefit scheme that has been adopted or approved by the Shareholders;
14. to require an extraordinary resolution (i.e. passed by a majority of not less than two-thirds of votes cast by Shareholders (66.67%) who are entitled to vote), rather than special resolution (i.e. passed by a majority of not less than three-fourths of votes cast by Shareholders (75%) who are entitled to vote), to remove the auditor of the Company before expiration of its term of office and by ordinary resolution to appoint another auditor;
15. to provide that the auditor appointed by the Directors to fill any casual vacancy in the office of auditor shall hold office until the next following annual general meeting of the Company and shall then be subject to appointment by the Shareholders at such remuneration to be determined by the Shareholders in accordance with the New Bye-laws;
16. to provide that the Board shall have power to present a petition to the court in the name and on behalf of the Company for the Company to be wound up, which shall be approved by a special resolution passed in a general meeting; and
17. to make other amendments, to update or clarify provisions where the Board considers appropriate and to better align the wording with the Listing Rules and the applicable laws of Bermuda.

The proposed adoption of the New Bye-laws is subject to the approval of the Shareholders by way of a special resolution at the SGM and shall take immediate effect upon the close of the SGM at which the relevant special resolution has been passed.

A copy of the complete set of the New Bye-laws is set out in Appendix I to this circular. The New Bye-laws is written in English. There is no official Chinese translation in respect thereof. Therefore, the Chinese version of the New Bye-laws is purely a translation and for reference only. Should there be any discrepancy, the English version shall prevail.

LETTER FROM THE BOARD

The legal advisers to the Company as to Hong Kong laws and Bermuda laws have respectively confirmed that the proposed amendments to the Existing Bye-laws comply with the Listing Rules to the extent applicable and do not violate the applicable laws of Bermuda. The Company confirms that there is nothing unusual about the New Bye-laws for a company listed on the Stock Exchange.

IV. THE SGM

The SGM will be held at Salon Rooms II-III, 5/F., Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong at 10:00 a.m. on 15 December 2022, Thursday, to consider, and if thought fit, approve (i) the New Non-exempt Framework Master Agreements and the proposed annual caps thereunder, and (ii) the proposed adoption of the New Bye-laws. The resolutions proposed at the SGM will be voted on by way of poll at the SGM. An announcement on the poll results will be made by the Company after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A notice convening the SGM is set out on pages N-1 to N-4 of this circular. Whether or not you are able to attend the SGM, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of a proxy form will not preclude you from attending and voting at the SGM or any adjournment thereof if you so wish.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for SKI (which held 1,500,000,000 Shares in aggregate, representing approximately 60.33% of the total number of issued Shares, as at the Latest Practicable Date), which is considered to have a material interest in the transactions contemplated under the New Non-exempt Framework Master Agreements and will abstain from voting on the resolution(s) in respect of the New Non-exempt Framework Master Agreements and the transactions contemplated thereunder (including the annual caps) at the SGM, none of the other Shareholders will be required to abstain from voting on the resolution(s) to be proposed at the SGM.

V. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 9 December 2022, Friday to 15 December 2022, Thursday (both days inclusive) during which period no transfer of Shares will be registered. In order to qualify for attending the SGM and casting votes at the meeting, all Share transfers, accompanied by the relevant share certificates, must be lodged with Tricor Secretaries Limited, the branch share registrar of the Company at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:00 p.m. on 8 December 2022, Thursday.

LETTER FROM THE BOARD

VI. RECOMMENDATION

The New Non-exempt Framework Master Agreements

The Directors (other than the Directors who have abstained from voting and including the independent non-executive Directors, the opinion of which after taking into account the advice of the Independent Financial Adviser, is included in the section headed “Letter from the Independent Board Committee” in this circular) are of the view that the New Non-exempt Framework Master Agreements are on normal commercial terms and are entered into in the ordinary and usual course of business of the Group on arm’s length basis, the terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account the factors stated in this circular.

Accordingly, the Directors (other than the Directors who have abstained from voting and including the independent non-executive Directors) recommend the Shareholders to vote in favour of the resolution(s) to be proposed at the SGM to approve the New Non-exempt Framework Master Agreements. Your attention is drawn to the recommendation of the Independent Board Committee as set out on pages 44 to 45 of this circular and the letter from the Independent Financial Adviser as set out on pages 46 to 66 of this circular.

The Proposed Adoption of the New Bye-laws

The Board (including the independent non-executive Directors) considers that the proposed adoption of the New Bye-laws as set out in Appendix I to this circular are in the interests of the Company and the Shareholders as a whole, and therefore recommend you to vote in favour of all the relevant resolution(s) to be proposed at the SGM in respect of the proposed adoption of the New Bye-laws.

VII. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
Sinopec Kantons Holdings Limited
Chen Yaohuan
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the full text of the letter from the Independent Board Committee to the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular, setting out its recommendation to the Independent Shareholders in respect of the New Non-exempt Framework Master Agreements and the transactions as contemplated thereunder.



SINOPEC KANTONS HOLDINGS LIMITED

(中石化冠德控股有限公司) *

(incorporated in Bermuda with limited liability)

(Stock Code: 934)

15 November 2022

To the Independent Shareholders

Dear Sir or Madam,

**(1) RENEWAL OF NON-EXEMPT CONTINUING CONNECTED
TRANSACTIONS IN RELATION TO
(I) THE NEW CRUDE OIL JETTY AND STORAGE SERVICES
FRAMEWORK MASTER AGREEMENT; AND
(II) THE NEW SINOPEC FUEL OIL SALES COMPANY LIMITED
FRAMEWORK MASTER AGREEMENT
(2) RENEWAL OF DISCLOSEABLE TRANSACTIONS
AND NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
(I) THE NEW SINOPEC FINANCE FINANCIAL SERVICES
FRAMEWORK MASTER AGREEMENT; AND
(II) THE NEW CENTURY BRIGHT FINANCIAL SERVICES
FRAMEWORK MASTER AGREEMENT**

We refer to the circular of the Company dated 15 November 2022 (the “**Circular**”) of which this letter forms a part. Terms defined in the Circular shall bear the same meanings herein unless the context otherwise requires.

We have been appointed by the Board as the members of the Independent Board Committee to advise the Independent Shareholders in respect of the New Non-exempt Framework Master Agreements and the transactions contemplated thereunder. Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in these regards.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the advice of the Independent Financial Adviser, we are of the opinion that the New Non-exempt Framework Master Agreements and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Group and are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the New Non-exempt Framework Master Agreements and the transactions contemplated thereunder.

We also draw the attention of the Independent Shareholders to (i) the letter from the Board, (ii) the letter from the Independent Financial Adviser, and (iii) the additional information set out in the appendices to the Circular.

Yours faithfully,
For and on behalf of the
Independent Board Committee

**Ms. Tam Wai Chu,
Maria**
*Independent
non-executive
Director*

**Mr. Fong Chung,
Mark**
*Independent
non-executive
Director*

**Dr. Wong Yau Kar,
David**
*Independent
non-executive
Director*

**Ms. Wong Pui Sze,
Priscilla**
*Independent
non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Somerley Capital Limited to the Independent Board Committee and the Independent Shareholders on the New Non-exempt Framework Master Agreements and the transactions contemplated thereunder and the annual caps, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY CAPITAL LIMITED

20th Floor
China Building
29 Queen's Road Central
Hong Kong

15 November 2022

*To: The Independent Board Committee and the Independent Shareholders of
Sinopec Kantons Holdings Limited*

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS REGARDING RENEWAL OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment by the Company to advise the Independent Board Committee and Independent Shareholders on the New Non-exempt Framework Master Agreements and the transactions contemplated thereunder (the “**Transactions**”) and the related annual caps (the “**Annual Caps**”), details of which are set out in the circular to the Shareholders dated 15 November 2022 (the “**Circular**”), of which this letter forms a part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

As at the Latest Practicable Date, Sinopec Group Company is a controlling shareholder of Sinopec Corp., which indirectly held the entire issued share capital of SKI. Sinopec Group Company is therefore an indirect controlling Shareholder. Since each of counterparties of the New Non-exempt Framework Master Agreements is either a branch company or a subsidiary of Sinopec Group Company or Sinopec Corp., it is an associate of SKI and a connected person of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Annual Caps are more than 5%, the transactions contemplated under each of the New Non-exempt Framework Master Agreements constitute continuing connected transactions of the Company and are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Tam Wai Chu, Maria, Mr. Fong Chung, Mark, Dr. Wong Yau Kar, David and Ms. Wong Pui Sze, Priscilla, has been formed to advise the Independent Shareholders on the New Non-exempt Framework Master Agreements and the transactions contemplated thereunder (including the Annual Caps). We have been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We are not associated with the Company, counterparties to the New Non-exempt Framework Master Agreements or their respective substantial shareholders or associates and accordingly we are considered eligible to give independent advice on the Transactions and the Annual Caps. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, counterparties to the New Non-exempt Framework Master Agreements or their substantial shareholders or associates.

During the past two years, we acted as the independent financial adviser and issued opinion letter regarding the renewal of continuing connected transactions of Sinopec Corp. as contained in its circular dated 3 September 2021. The past engagement was limited to providing independent advisory services to Sinopec Corp. pursuant to the Listing Rules. Under the past engagement, we received normal professional fees from Sinopec Corp. Notwithstanding the past engagement, as at the Latest Practicable Date, there were no relationships or interests between Somerley on one hand and the Group and their respective substantial shareholders and/or associates on the other hand that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and Independent Shareholders in connection with the Transactions and the Annual Caps.

In formulating our opinion, we have reviewed, among other things, the Existing Framework Master Agreements, the New Non-exempt Framework Master Agreements, the annual report of the Company for year ended 31 December 2021 (the “**Annual Report**”), the interim report of the Company for the six months ended 30 June 2022 (the “**Interim Report**”) and the information set out in the Circular. We have also discussed with and reviewed information provided by the management of the Group regarding the businesses of the Group, the prospects of conducting the New Non-Exempt Framework Master Agreements and the transactions contemplated thereunder.

We have relied on the information and facts supplied, and the opinions and intention expressed to us, by the management of the Group and have assumed that they are true, accurate and complete and will remain so up to the date of the SGM. We have also sought and received confirmation from the Company that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to believe that any material information has been withheld from us, or to doubt the truth or accuracy of the information provided. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view. We have not, however, conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our advice and recommendation with regard to the Transactions and the Annual Caps, we have taken into account the principal factors and reasons as set out below:

1. Information on the Group

The Company, a non wholly-owned subsidiary of Sinopec Corp., was an exempted company incorporated in Bermuda with limited liability and the Shares are listed on the Stock Exchange. The principal activities of the Group include, among other things, the operation of crude oil and oil products terminals and their ancillary facilities and the provision of logistics services including storage, logistics, transportation and terminal services on a global basis.

Huade, a wholly-owned subsidiary of the Company, was incorporated under the laws of the PRC with limited liability. It is principally engaged in the provision of crude oil transportation, unloading, storage and other jetty services for oil tankers.

2. Information on the connected parties

Sinopec Guangzhou Branch is a branch company of Sinopec Corp. incorporated under the laws of the PRC, which is principally engaged in the business of oil refining and petrochemical productions. Its marketing distribution network covers the whole South China area with some of the products exported to Southeast Asian countries.

Sinopec Petroleum Reserve Company is a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of Sinopec Group Company, which is principally engaged in the sale and storage of crude oil, the import and export of petrochemical products and the construction of oil reserve facilities.

Sinopec Petroleum Marketing Company is a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of Sinopec Corp., which is principally engaged in the wholesale of crude oil and the storage and distribution of crude oil, petroleum, natural gas and other oil products.

Sinopec Finance Guangzhou Branch is a branch company of Sinopec Finance. Sinopec Finance Guangzhou Branch and Sinopec Finance were established in the PRC as non-banking financial institutions and are regulated by PBOC and CBIRC. Sinopec Finance Guangzhou Branch is principally engaged in the provision of financial services, including but not limited to deposit services, loan services, entrusted loan services and entrusted investment services, in accordance with the rules and operational requirements of the relevant regulatory authorities.

Century Bright is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Sinopec Group Company, which is principally engaged in providing settlement and similar services and taking deposits from members of the Sinopec Group outside the PRC, and conducting intra group loan transactions. It is a money lender registered under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

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Sinopec Fuel Oil is a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of Sinopec Marketing, which is held as to approximately 70.42% by Sinopec Corp., and the remaining is held by independent minority shareholders. Sinopec Fuel Oil is principally engaged in the marketing and distribution of refined petroleum products. It also optimises markets and resources domestically and internationally, which broadens resource channels, and promotes fuel oil purchase and distribution. Its extensive marketing network includes branch companies in coastal provinces and municipalities of Tianjin, Shandong, Shanghai, Jiangsu, Zhejiang, Fujian and Guangdong in the PRC as well as regional companies and sales subsidiaries.

3. Background and reasons for the Transactions

We have discussed with and are advised by the management of the Group that the provision of crude oil jetty and storage services is the Group's principal business which is carried out by Huade, one of its major subsidiaries. Huade has been providing crude oil and fuel oil jetty and storage services to the Sinopec Group for more than seven years with the Sinopec Group being Huade's major customer contributing 91% of the Group's revenue in 2021. Having considered that the Existing Crude Oil Jetty and Storage Services Framework Master Agreement and the Existing Sinopec Fuel Oil Sales Company Limited Framework Master Agreement will expire after 31 December 2022 and the renewal is to ensure the Group's business operation continuity, we concur with the view of the management of the Group that the entering into of the New Crude Oil Jetty and Storage Services Framework Master Agreement and the New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

In respect of the provision of deposit services by Sinopec Finance Guangzhou Branch to Huade and the Century Bright Group to the Group, we are given to understand by the management of the Group that Sinopec Finance Guangzhou Branch and the Century Bright Group have provided deposit services to Huade and the Group for more than ten years. The deposits placed/will be placed with Sinopec Finance Guangzhou Branch by Huade and the Century Bright Group by the Group were/will be on a voluntary and non-exclusive basis and each of Huade and the Group may select its service provider at its sole discretion depending on whether the deposit rates being offered to them are favourable. Having considered that (i) there is no restriction under the current and new agreements on Huade and the Group for selecting their service provider(s) for the provision of deposit services; (ii) the renewal offers Huade the choice of selecting Sinopec Finance Guangzhou Branch and the Group the choice of selecting the Century Bright Group as its service providers; and (iii) the deposit rates to be offered to Huade by Sinopec Finance Guangzhou Branch and the Group by the Century Bright Group pursuant to the New Sinopec Finance Financial Services Framework Master Agreement and the New Century Bright Financial Services Framework Master Agreement shall be no less favourable than those offered by independent banks in the PRC and Hong Kong (as the case may be), we concur with the view of the management of the Group that the renewal of deposit services with Sinopec Finance Guangzhou Branch and the Century Bright Group is in the interests of the Company and its shareholders as a whole.

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4. The New Non-exempt Framework Master Agreements

As stated in the letter from Board, members of the Group entered into the New Non-exempt Framework Master Agreements with members of the Sinopec Group on 26 October 2022 in relation to (i) the provision of crude oil jetty and storage services by Huade to Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company and Sinopec Petroleum Marketing Company and/or their respective subsidiaries; (ii) the provision of fuel oil jetty and storage services by Huade to the Sinopec Fuel Oil Group; (iii) the provision of deposit services by Sinopec Finance Guangzhou Branch to Huade; and (iv) the provision of deposit services by the Century Bright Group to the Group outside the PRC, for the three years ending 31 December 2025.

A summary of the pricing basis for the transactions to be carried out under the New Non-exempt Framework Master Agreements which are subject to Independent Shareholders' approval is set out as follows:

Table 1: Particulars (including the pricing basis) of the transactions contemplated under the New Non-exempt Framework Master Agreements

Type of transaction	Agreement	Group member	Counterparty(ies)	Scope of services	Pricing basis
1. Crude oil jetty and storage services	New Crude Oil Jetty and Storage Services Framework Master Agreement	Huade	1. Sinopec Guangzhou Branch 2. Sinopec Petroleum Reserve Company 3. Sinopec Petroleum Marketing Company	Huade shall provide the following services and facilities to the counterparties and/or their respective subsidiaries: (i) jetty and related services relating to the unloading of crude oil from oil tankers and dockage; (ii) crude oil storage and related services relating to the storage of crude oil in oil tanks and oil tank handling; and (iii) the transmission of oil and related services.	Principally based on the State-prescribed prices or government-approved prices (as the case maybe and if applicable). If State-prescribed price or government-approved price of any services are abolished or unavailable, the service fees payable shall be either: (a) the fair market price; or (b) if market price is not available, then the previous applicable State-prescribed prices or government-approved prices (as the case may be) multiplied by a rate not exceeding the PRC consumer price index growth rate announced by relevant PRC authority during the immediately preceding calendar year.

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Type of transaction	Agreement	Group member	Counterparty(ies)	Scope of services	Pricing basis
2. Fuel oil jetty and storage services	New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement	Huade	Sinopec Fuel Oil	<p>Huade shall provide the following services and facilities to the Sinopec Fuel Oil Group:</p> <p>(i) services concerning the unloading of fuel oil, and berthing and docking of oil tankers; and</p> <p>(ii) fuel oil storage services concerning the storage of fuel oil in oil tanks, and the provision of blending and heating services.</p>	Same as above
3. Financial Services	For PRC Financial Services:				
	New Sinopec Finance Financial Services Framework Master Agreement	Huade	Sinopec Finance Guangzhou Branch	Sinopec Finance Guangzhou Branch shall provide deposit services to Huade within the PRC.	Principally based on deposit rates as announced by PBOC and shall not be lower than the deposit rates offered by independent commercial banks to members of the Sinopec Group.
	For Non-PRC Financial Services:				
	New Century Bright Financial Services Framework Master Agreement	the Century Bright Company	Century Bright	The Century Bright Group shall provide deposit services to the Group outside the PRC.	With reference to the interest rates for similar deposit services offered by independent commercial banks in Hong Kong and the rates offered to the Group shall be equal to or higher than the interest rates (i) offered by the Century Bright Group to its clients in similar deposit arrangements; and (ii) the interest rates for similar deposit services offered by independent commercial banks in Hong Kong, whichever is higher.

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We are advised by the management of the Group that due to the disposal of Sinopec Pipeline Storage and Transportation Company Limited Crude Oil Sales Branch Company* (“**Pipeline Storage & Transportation Company**”) by the Sinopec Group in September 2020, all rights and obligations of Pipeline Storage & Transportation Company in the Existing Crude Oil Jetty and Storage Services Framework Master Agreement were transferred to Sinopec Petroleum Marketing Company from 1 October 2020. Accordingly, Sinopec Petroleum Marketing Company replaced Pipeline Storage & Transportation Company as a signing party to the New Crude Oil Jetty and Storage Services Framework Master Agreement. Save for the aforementioned, all the transactions contemplated under the New Non-exempt Framework Master Agreements to be entered into between members of the Group and members of the Sinopec Group for the three years commencing from 1 January 2023 are materially the same as those under the Existing Crude Oil Jetty and Storage Services Framework Master Agreement, the Existing Sinopec Fuel Oil Sales Company Limited Framework Master Agreement, the Existing Sinopec Finance Financial Services Framework Master Agreement and the Existing Century Bright Financial Services Framework Master Agreement.

Crude oil jetty and storage services

As the Existing Crude Oil Jetty and Storage Services Framework Master Agreement will expire on 31 December 2022 and the Group intends to continue to provide crude oil jetty and storage services to members of the Sinopec Group after its expiry, Huade entered into the New Crude Oil Jetty and Storage Services Framework Master Agreement with Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company and Sinopec Petroleum Marketing Company on 26 October 2022.

We have reviewed the New Crude Oil Jetty and Storage Services Framework Master Agreement and the Existing Crude Oil Jetty and Storage Services Framework Master Agreement and are of the view that the terms stated in both agreements are materially the same. In addition, we have reviewed all three underlying agreements entered into between Huade and each of Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company and Sinopec Petroleum Marketing Company. The pricing of both framework agreements are principally based on the State-prescribed or government-approved prices (as the case may be). In this regard, we have reviewed (a) the relevant documents (i) issued by the Guangdong Pricing Bureau which set out the government-approved prices for unloading and storage of crude oil 《關於降低華德公司中轉原油有關收費標準的批覆》(粵價【2006】252號); (ii) issued by the NDRC which sets out the State-prescribed prices for transmission of crude oil 《國家計委關於調整原油管道運輸價格的通知》(計價格【2001】1377號); and (iii) jointly issued by the NDRC and the Ministry of Transports of the PRC which set out the State-prescribed prices for port charges 《關於修訂印發《港口收費計費辦法》的通知》(交水規【2019】2號) and 《關於階段性降低貨物港務費收費標準的通知》(交水發【2022】104號); and (b) five invoice samples relating to the transactions with each of Sinopec Guangzhou Branch and Sinopec Petroleum Reserve Company in 2020-2022, and noted that the prices charged to Sinopec Guangzhou Branch and Sinopec Petroleum Reserve Company were in accordance with the State-prescribed prices or government-approved prices (as the case may be). According to the management of the Group, there were no transaction between Huade and Sinopec Petroleum Marketing Company relating to the provision of

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crude oil jetty and storage services in the last three years. We are also advised by the management of the Group that the Group also provides unloading services to an independent third party. We have reviewed the related agreement and noted that the independent third party is charged for unloading services at a rate which is the same as that charged to the connected parties. Furthermore, we noted that, pursuant to the existing underlying agreements, (i) Sinopec Guangzhou Branch is required to settle payment on a quarterly basis with a 20-day credit period from the end of previous quarter; and (ii) each of Sinopec Petroleum Reserve Company and Sinopec Petroleum Marketing Company is required to settle the payment within 15 working days after receiving relevant invoice from Huade, all of which are no more favourable than the payment terms offered to the Group's customers. As disclosed in the Annual Report and Interim Report, the Group grants credit periods of 30 to 90 days or one year from the invoice date to its customers.

In the event the State-prescribed or government-approved prices of any services be abolished or unavailable, the service fee payables shall either be the fair market price or if no market price is available, then the previous applicable State-prescribed prices or government-approved prices (as the case may be) multiplied by a rate not exceeding the PRC consumer price index ("CPI") growth rate announced by the relevant PRC authority during the immediately preceding calendar year. Given the transactions will be carried out (i) in accordance with the State-prescribed or government-approved prices for the services which the Group provides; or (ii) in the event the prices of the services are no longer prescribed or approved by the State or the government, at the fair market price which shall not be lower than the market price charged by independent third parties in the vicinity providing the same or similar services or the price charged by Huade for providing the same or similar services to independent third parties (if applicable) and actual and direct costs of Huade for the provision of the services; or at a price based on the last State-prescribed or government-approved prices multiplied by a rate not exceeding the PRC CPI growth rate announced by the relevant PRC authority during the immediately preceding calendar, we consider that the pricing basis under the New Crude Oil Jetty and Storage Services Framework Master Agreement is fair and reasonable.

Having considered the above, we concur with the view of the management of the Group that the terms under the New Crude Oil Jetty and Storage Services Framework Master Agreement are on normal commercial terms and fair and reasonable.

Fuel oil jetty and storage services

As the Existing Sinopec Fuel Oil Sales Company Limited Framework Master Agreement will expire on 31 December 2022 and the Group intends to continue to provide fuel oil jetty and storage services to members of the Sinopec Group after its expiry, Huade entered into the New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement with Sinopec Fuel Oil on 26 October 2022.

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We have reviewed the New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement and the Existing Sinopec Fuel Oil Sales Company Limited Framework Master Agreement and are of the view that the terms stated in both agreements are materially the same. Furthermore, we have reviewed the existing underlying agreement entered into between Huade and a member of the Sinopec Fuel Oil Group and five sample invoices in 2020-2022 and noted that Huade is principally charging the member of the Sinopec Fuel Oil Group an all-in storage fee which is calculated based on an agreed price of RMB18 per month per m³ multiplied by the storage capacity provided to it of 230,000 m³. Based on the sample invoices, we noted that the all-in storage fee was charged in accordance with the existing agreement. Furthermore, we have discussed with and are advised by the management of the Group that (a) the Sinopec Group is currently the only client that requires fuel oil jetty and storage services from the Group; and (b) the agreed price of RMB18 per month per m³, which was determined back in 2019, was based on the then estimated cost for the provision of all-in storage services and applied an appropriate margin. According to the management of the Group, the Group intends to increase the all-in storage fee rate based on the estimated cost in the next three years plus an appropriate margin but this has not been finalised subject to further negotiation with the Sinopec Fuel Oil Group. In addition, we noted that based on the existing underlying agreement, the member of the Sinopec Fuel Oil Group is required to settle the payment within 10 working days upon receipt of invoice from Huade, which is no more favourable than the credit periods of 30 to 90 days or one year from the invoice date granted to the customers of the Group as disclosed in the Annual Report and Interim Report.

Having considered the above, we are of the view that the terms under the New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement are on normal commercial terms and fair and reasonable.

Financial services

As the Existing Sinopec Finance Financial Services Framework Master Agreement and the Existing Century Bright Financial Services Framework Master Agreement will expire on 31 December 2022 and the Group intends to continue to procure financial services from Sinopec Finance Guangzhou Branch and the Century Bright Group after their expiry, Huade entered into the New Sinopec Finance Financial Services Framework Master Agreement with Sinopec Finance Guangzhou Branch and the Company entered into the New Century Bright Financial Services Framework Master Agreement with Century Bright on 26 October 2022.

Save for the deposit services, the financial services under the New Sinopec Finance Financial Services Framework Master Agreement and the New Century Bright Financial Services Framework Master Agreement provided to members of the Group are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

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In respect of the PRC financial services, we have reviewed the New Sinopec Finance Financial Services Framework Master Agreement and the Existing Sinopec Finance Financial Services Framework Master Agreement and are of the view that the terms of deposit services stated in both agreements are materially the same. The pricing basis for the deposit services of the New Sinopec Finance Financial Services Framework Master Agreement are principally based on deposit rates as announced by PBOC and shall not be lower than the deposit rates offered by independent commercial banks to members of the Sinopec Group. As stated in the letter from the Board, in order to determine as to whether the interest rates and the overall terms and conditions of the deposits to be offered by Sinopec Finance Guangzhou Branch are no less favourable to those offered by independent commercial banks prior to placing any deposits with Sinopec Finance Guangzhou Branch, Huade's finance department will first obtain quotations of deposit rates (for deposits of similar nature, amount, currency and term) promulgated by PBOC from its website which will then be reviewed and decided by the management of Huade. We have reviewed five deposit slip samples in 2021-2022 and noted that the saving deposit rate and the agreement deposit rate offered to Huade were 0.35% and 1.15%, respectively, which are identical to the interest rates announced by PBOC.

In respect of the non-PRC financial services, we have reviewed the New Century Bright Financial Services Framework Master Agreement and the Existing Century Bright Financial Services Framework Master Agreement and are of the view that the terms of deposit services stated in both agreements are materially the same. The deposit rates to be offered by the Century Bright Group shall be referenced to the interest rates for similar deposit services offered by independent commercial banks in Hong Kong and such rate shall be equal to or higher than the interest rates (i) offered by the Century Bright Group to its client in similar deposit arrangements; and (ii) the interest rates for similar deposit services offered by independent commercial banks in Hong Kong, whichever is higher. As stated in the letter from the Board, in order to determine as to whether the deposit rates to be offered by the Century Bright Group are no less favourable to the prevailing market deposit rates prior to placing any deposits with the Century Bright Group, the Group's finance department will first obtain quotations of deposit rates of similar nature, amount, currency and term from two independent commercial banks in Hong Kong which will then be reviewed and decided by the management of the Group. We have reviewed five samples with quotations from two independent banks in Hong Kong in 2021-2022 and noted that the interest rates offered by the Century Bright Group were either equal to or higher than those offered by the independent banks.

Having considered the above, we considered that the terms of deposit services under the New Sinopec Finance Financial Services Framework Master Agreement and the New Century Bright Financial Services Framework Master Agreement are on normal commercial terms and fair and reasonable.

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We are advised by the management of the Group that Sinopec Finance Guangzhou Branch is required to operate in compliance with the Administrative Measures for the Group Finance Companies* (《企業集團財務公司管理辦法》) (the “Measures”) promulgated by CBIRC to standardise the activities of group finance companies, to prevent financial risk, and to facilitate the stable and sound operation and healthy development of group finance companies. We noted that the Measures set out certain compliance and risk control requirements/measures relating to the operation of group finance companies, including but not limited to maintaining certain financial ratios. Furthermore, pursuant to the Measures, Sinopec Finance (including Sinopec Finance Guangzhou Branch) is required to comply with PBOC’s deposit reserve requirements by placing certain amounts of deposit reserve with PBOC in proportion to the deposit balances, which the management of the Group considers and we concur such requirement is a measure to safeguard the safety of its deposits in Sinopec Finance Guangzhou Branch.

In addition, we are advised by the management of the Group that (i) the customers of Sinopec Finance Guangzhou Branch are limited to entities within the Sinopec Group, including the Group, thereby reducing the risks that Sinopec Finance Guangzhou Branch may otherwise be exposed; and (ii) Sinopec Group Company, being controlling shareholder of Sinopec Finance, made a commitment to CBIRC for increasing the share capital of Sinopec Finance in case Sinopec Finance is in financial straits. In respect of Century Bright, as stated in the letter from the Board, Sinopec Group Company, which is also the controlling shareholder of Century Bright, entered into a keepwell deed with Century Bright, pursuant to which Sinopec Group Company undertook to ensure the payment of Century Bright’s debts through various means in the event of an emergency situation where Century Bright has payment difficulties. Furthermore, Century Bright received credit ratings of A/A2 from Standard & Poor’s and Moody’s. Based on the above, the payment risk facing by the Group has been mitigated by the above commitment made by Sinopec Group Company to CBIRC and the keepwell deed.

Sinopec Group Company is a state-owned enterprise and is the largest oil and petrochemical products supplier and the second largest oil and gas producer in the PRC, the largest refining company and the second largest chemical company in the world according to its website. Sinopec Corp., the principal subsidiary of Sinopec Group Company, together with its subsidiaries had total assets of RMB2,059,814 million and cash at bank and on hand of RMB233,937 million as at 30 June 2022. Based on the above, it is believed that Sinopec Group Company will have sufficient financial resources to fulfill its obligations under the abovementioned commitment and keepwell deed. Furthermore, as confirmed by the management of the Company, there was no default of payment by Sinopec Finance Guangzhou Branch and Century Bright to the Group in the past.

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Given (i) Sinopec Finance Guangzhou Branch is regulated by CBIRC and PBOC in the PRC and Century Bright is a licensed money lender in Hong Kong; (ii) Sinopec Group Company is obliged to support Sinopec Finance Guangzhou Branch and Century Bright and has sufficient finance resources to fulfil its obligations under its commitment made to CBIRC and the keepwell deed; (iii) there was no default of payment by Sinopec Finance Guangzhou Branch and Century Bright to the Group in the past; (iv) the current and new agreements do not preclude the Group from using the deposit services offered by other financial institutions; and (v) the deposit rates to be offered to the Group by Sinopec Finance Guangzhou Branch and the Century Bright Group pursuant to the new framework master agreements shall be no less favourable than those offered by independent banks in the PRC and Hong Kong (as the case may be), we concur with the view of the management of the Group that the entering into of the New Sinopec Finance Financial Services Framework Master Agreement and the New Century Bright Financial Services Framework Master Agreement as regards the deposit services is in the interests of the Company and the Shareholders as a whole.

5. Proposed annual caps for the transactions contemplated under the New Non-exempt Framework Master Agreements

Set out below are (i) the historical transaction amounts and existing annual caps for the transactions under the Existing Framework Master Agreements for the two years ended 31 December 2021 and the six months ended 30 June 2022; and (ii) the proposed annual caps for the transactions under the New Non-exempt Framework Master Agreements for each of the three years ending 31 December 2025, as extracted from the letter from the Board:

Crude oil jetty and storage services

Table 2: Historical transaction amounts and existing/proposed annual caps for the transactions relating to the provision of crude oil jetty and storage services by Huade to members of the Sinopec Group

<i>(RMB in million)</i>	For the year ended		For the six months ended	For the year ending 31 December		
	31 December	2021	30 June	2023	2024	2025
	2020	2021	2022			
Historical transaction amount	450.95	442.23	223.40	n.a.	n.a.	n.a.
Existing/ proposed annual caps	650	650	650	550	550	550

We have discussed with the management of the Group on the utilisation of caps for 2020-2022 and are advised that the service fees paid to the Group by members of the Sinopec Group were lower than expected when determining the caps back in 2019 mainly due to the fact that the overall demand from the Sinopec Group was less than expected. We have discussed with the management of the Group and are advised that in arriving at the annual caps, the Group has considered, among other things, (i) the historical transaction amounts; (ii) the State-prescribed prices and the government-approved prices for the related services; (iii) the expected demand for the

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Group's crude oil jetty and storage services from members of the Sinopec Group; and (iv) the mutual reliance between the Group on one hand and members of the Sinopec Group on the other hand for the supply and demand of crude oil jetty and storage services.

Huade's revenue breakdown (generated from continuing connected transactions)

Huade's historical revenue of crude oil jetty and storage services could be categorised into (i) jetty and related services income; (ii) transmission of crude oil service income; and (iii) other related services income, which are set out as follows:

<i>(RMB in million)</i>	For the year ended 31 December		For the six months ended 30 June
	2020	2021	2022
Jetty and related services	194.0	187.3	98.7
Transmission of crude oil	221.8	213.8	106.1
Other related services ^(Note)	35.2	41.1	18.6
Sub-total	451.0	442.2	223.4

Note: According to the management of the Group, other related services include, amongst other things, charges for crude oil storage (more than 10 days) and tug boat service charges, etc.

(i) *Jetty services and crude oil transmission services*

Table 3: Huade's historical handling volume

<i>(in million tonnes)</i>	For the year ended 31 December		For the six months ended 30 June
	2020	2021	2022
Unloading of crude oil ^(Note)	12.2	11.4	6.1
Transmission of crude oil	12.1	11.7	5.8

Note: The unloading of crude oil and storage of crude oil (within 10 days) are hand-in-hand and thus both have the same transaction volume.

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Table 4: State-prescribed prices and the government-approved prices for the crude oil jetty and storage services

	RMB per tonne
Jetty and related services	
– Unloading and storage of crude oil ⁽¹⁾	14.5
– Port charges	<u>2.8⁽²⁾</u>
Sub-total	<u>17.3</u>
Transmission of crude oil	<u>20.0⁽³⁾</u>
Total	<u><u>37.3</u></u>

Note:

1. Unloading and storage of crude oil includes unloading of crude oil charged at RMB11.5 per tonne and storage of crude oil (within 10 days) charged at RMB3.0 per tonne.
2. Pursuant to “Notice on temporary reduction of port charges”* 《關於階段性降低貨物港務費收費標準的通知》 jointly issued by the NDRC and the Ministry of Transport of the PRC, the port charges will be reduced by 20% (i.e. to RMB2.24 per tonne) from October to December 2022.
3. According to the management of the Group, such price was determined following commercial negotiations between the parties with reference to the price range set out by the NDRC applicable for (i) the distance of transmission from Huade to Sinopec Guangzhou Branch’s complex in Guangzhou; and (ii) the diameter of Huade’s crude oil pipeline.

We are advised by the management of the Group that after having considered Huade’s historical handling volume as illustrated from Table 3 above, they believe that the handling volume for both jetty and related services and transmission of crude oil for each of the three years ending 31 December 2025 can reach 12.5 million tonnes per year. Furthermore, the State-prescribed prices and the government-approved prices applicable to the Group for the provision of crude oil jetty and storage services were generally stable in the past three years.

Based on the assumption of unchanged State-prescribed prices and the government-approved prices and projected demand for each of jetty and related services and transmission of crude oil of 12.5 million tonnes per year, it would translate into RMB466 million revenue contribution to the Group.

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(ii) Other related services income

Other related services include, among other things, charges for crude oil storage over 10 days and tug boat services which accounted for around 7.5-9% of Huade's total revenue from continuing connected transactions for the two years ended 31 December 2021 and six months ended 30 June 2022. We are advised by the management of the Group that the projected demand for other related services for each of the three years ending 31 December 2025 is assumed to be at around RMB41 million per year, similar to the level recorded in 2021.

In addition, we have been advised by the management of the Group that a buffer of about 8.4% is applied to the estimated service fee payable to the Group for each of the years ending 31 December 2023, 2024, 2025 to allow flexibility for the smooth operation of Huade.

Having considered (i) the transaction amounts under the New Crude Oil Jetty and Storage Services Framework Master Agreement will be accounted for as revenue of the Group; (ii) the basis of determining the projected demand is in accordance with the historical amounts and expected demand from members of the Sinopec Group; (iii) the prices used in the calculation of the proposed annual caps are principally the State-prescribed prices or government-approved prices (as the case may be); and (iv) the buffer of about 8.4%, we consider the basis for determining the proposed annual caps under the New Crude Oil Jetty and Storage Services Framework Master Agreement for the three years ending 31 December 2025 to be fair and reasonable.

Fuel oil jetty and storage services

Table 5: Historical transaction amounts and existing/proposed annual caps for the transactions relating to the provision of fuel oil jetty and storage services by Huade to the Sinopec Fuel Oil Group

<i>(RMB in million)</i>	For the year ended		For the six months ended	For the year ending 31 December		
	31 December 2020	2021	30 June 2022	2023	2024	2025
Historical transaction amount	48.51	47.07	23.65	n.a.	n.a.	n.a.
Existing/ proposed annual caps	70	70	70	80	80	80

We have discussed with the management of the Group on the utilisation of caps for 2020-2022 and are advised that the service fees paid to the Group were lower than expected when determining the caps back in 2019 mainly due to the fact that the unit price for fuel oil all-in storage, which was agreed by the parties after the Company announced the existing annual caps, was lower than the one estimated by the management of the Group for projecting such existing annual caps. We are further advised by the

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management of the Group that Huade and the Sinopec Fuel Oil Group usually review the arrangement and the pricing for the provision of the fuel oil jetty and storage services within a reasonable period of time. The last review by the parties was conducted in late-December 2019 and the agreed all-in price has been adopted for storage services in 2020-2022. As such, the management of the Group is now negotiating with the Sinopec Fuel Oil Group for an increase in rate for the next three years.

We have also discussed with the management of the Group relating to the bases of determining the proposed annual caps for the transactions relating to the provision of fuel oil jetty and storage services by Huade to the Sinopec Fuel Oil Group, as set out in the letter from the Board. In addition, we have reviewed the annual cap projection as provided by the management of the Group and noted that the annual caps are determined based on (i) the annualised cost incurred by Huade in providing fuel oil jetty and storage services in 2022 (which is based on the actual cost for the first half of 2022) having built in with an estimated growth rate; multiplied by (ii) an appropriate margin. The management of the Group expects that the revised price, if agreed by the parties, will be adopted for the next three years.

As regards the proposed revised unit price, we have discussed with and are advised by the management of the Group that (i) most of the revenue under this business segment of the Group is derived from provision of storage services; and (ii) they have considered the operating and financial performance of other operators in the PRC, namely Guangdong Hongchuan Smart Logistics Company Limited 廣東宏川智慧物流股份有限公司 (“**Guangdong Hongchuan**”, stock code: 002930.SZ) and Zhuhai Winbase International Chemical Tank Terminal Company Limited 珠海恒基達鑫國際化工倉儲股份有限公司 (“**Zhuhai Winbase**”, stock code: 002492.SZ), which are warehousing and logistics service providers in the PRC specialising in petrochemical storage similar to the services provided by Huade to the Sinopec Fuel Oil Group. We have been provided with and reviewed the full list of A-Share listed companies under the oil and gas storage category on the website of Sina Finance. We have looked into the latest annual reports of all 17 companies on the list and noted that the storage business segment of Zhuhai Winbase and Guangdong Hongchuan accounted for almost 50% and around 90% of their respective revenue in 2021 and the rest are far below 50%. On this basis, we consider selecting Guangdong Hongchuan and Zhuhai Winbase as the comparable companies to be reasonable.

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The management of the Group made reference to an average CPI growth rate for 2019-2021 of 2.1% and applied an estimated growth rate of 6.43%, which is equivalent to the growth rate using an annual increase of 2.1% for 2023-2025, on Huade's annualised cost for 2022 of RMB46.87 million to project its cost in 2023. Such projected cost is the same in 2024 and 2025. The management of the Group also adopted a margin of 48% after having considered the margins (i.e. operating profit over operating cost) (the "**Margin**") of the two comparable companies in the past three years. The Margins of the two comparable companies ranged from 28.66% to 60.74% in 2019-2021.

Furthermore, a buffer of around 8.6% is applied to accommodate the demand for other and/or additional services from the Sinopec Fuel Oil Group and allow flexibility for the smooth operation of Huade.

Having considered (i) the transaction amounts under the New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement will be accounted for as revenue of the Group; (ii) the estimated transaction amount is principally based on the annualised cost incurred by Huade in 2022 having applied growth rate and margin that are referenced to the historical CPI growth rate and margins of comparable companies; and (iii) a buffer of around 8.6%, we consider the basis for determining the proposed annual caps under the New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement for the three years ending 31 December 2025 to be fair and reasonable.

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Financial services

Table 6: Historical transaction amounts and existing/proposed annual caps for the deposit services provided by Sinopec Finance Guangzhou Branch and the Century Bright Group to Huade and the Group

	For the year ended		For the six months	For the year ending 31 December		
	31 December		ended	2023	2024	2025
	2020	2021	30 June 2022			
<i>(RMB in million)</i>						
PRC Financial Services						
For Huade						
Historical transaction amount ⁽¹⁾	50.13	288.58	141.99	n.a.	n.a.	n.a.
Existing/ proposed annual caps	400	400	400	400	400	400
<i>(HK\$ in million)</i>						
Non-PRC Financial Services						
For the Group						
Historical transaction amount ⁽²⁾	412.32	437.35	439.88	n.a.	n.a.	n.a.
Existing/ proposed annual caps	500	500	500	900	900	900

Notes:

1. The maximum outstanding balance at any time (including any interest accrued therefrom) for the deposits placed by Huade with Sinopec Finance Guangzhou Branch under the Existing Sinopec Finance Financial Services Framework Master Agreement.
2. The maximum outstanding balance at any time (including any interest accrued therefrom) for the deposits placed by the Group with the Century Bright Group under the Existing Century Bright Financial Services Framework Master Agreement.

We have discussed with the management of the Group relating to the bases of determining the proposed annual caps for the deposits to be placed by Huade with Sinopec Finance Guangzhou Branch and by the Group to the Century Bright Group, respectively, as set out in the letter from the Board.

In respect of Huade, we noted that the utilisation of caps relating to the PRC financial services for 2020-2022 were relatively low and have discussed with the management of the Group in this regard. We are advised by the management that the lower-than-expected maximum outstanding balance (i.e. daily highest deposit amount) is due to payment batches by members of the Sinopec Group to Huade.

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Huade has stepped up its effort in collecting trade and other receivables. As disclosed in the Company's annual reports, the highest deposit amounts in 2020-2022 have been increasing as compared to those recorded in 2017-2019 (which ranged from RMB60-80 million). Nonetheless, based on Huade's management accounts for the year ended 31 December 2020 and 2021 and the six months ended 30 June 2022, it is noted that (i) its trade receivables as at 31 December 2020, 2021 and 30 June 2022 were RMB536.12 million, RMB533.55 million and RMB497.95 million, respectively; (ii) its cash level as at 31 December 2020, 2021 and 30 June 2022 were RMB30.76 million, RMB22.60 million and RMB142.21 million, respectively; and (iii) its net cash inflow from operating activities for the year ended 31 December 2020, 2021 and six months ended 30 June 2022 were RMB267.59 million, RMB276.52 million and RMB194.74 million, respectively. We are further advised by the management of the Group that Huade will continue to step up its efforts in collecting its outstanding trade and other receivables which may in turn increase the current cash level. In addition, according to the management of the Group, Huade had been proactively exploring different business opportunities and entered into an agreement with an independent international oil corporation relating to the provision of terminal loading and unloading services in the first half of 2022. It is expected that Huade will start servicing such independent customer in 2023-2024 when the construction of ethylene related facilities having been completed and Huade's cash inflow will therefore increase.

Having considered (i) the increasing trend of the highest deposit amount with Sinopec Finance Guangzhou Branch over the past years following the Group's step-up efforts in collecting receivables; (ii) Huade's trade receivables as at 31 December 2020, 2021 and 30 June 2022 ranged from RMB497.95 million to RMB536.12 million, which are close to the proposed annual caps; (iii) Huade having been engaged by an independent international oil corporation to start providing terminal services in 2023-2024; and (iv) possible undue burdensome for the Company to re-seek the approval for revised annual caps from the Shareholders if the proposed annual caps are insufficient, we concur with the view of the management of the Group that retaining the existing annual cap amount as the proposed annual caps for each of 2023, 2024 and 2025 is acceptable.

In respect of the Group, as illustrated in Table 6 above, we noted that the maximum deposit amount placed by the Group with the Century Bright Group for the year ended 31 December 2020, 2021 and the six months ended 30 June 2022 were HK\$412.32 million, HK\$437.35 million and HK\$439.88 million, respectively. In addition, based on the announcement of the Company and the management account of Sinomart KTS Development Limited ("**Sinomart Development**"), one of the Group's principal subsidiaries, for the year ended 31 December 2020 and 2021 and the six months ended 30 June 2022, we noted that following the disposal of Sinopec Yu Ji (the "**Disposal**") in around September 2020 by Sinomart Development at a consideration of RMB3,220 million (equivalent to HK\$3,510 million),

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the cash position of Sinomart Development increased significantly from HK\$6 million as at 31 December 2019 to HK\$3,550 million as at 31 December 2020, and further increased to HK\$3,867 million as at 31 December 2021 and HK\$4,774 million as at 30 June 2022. According to the Interim Report, the Group is debt-free.

We are advised by the management of the Group that the Group intends to use the cash generated from the Disposal to further develop the Company's crude oil jetty and storage business and/or for potential acquisitions and it is possible that the Group would temporarily place more deposits that are not immediately used for the said purposes with the Century Bright Group so long as it is permissible under the Annual Caps. We are further advised by the management of the Group that they have also considered the level of cash generated from operations and total dividends received from joint ventures and an associate. According to the Annual Report and Interim Report, it is noted that the cash generated from operations and total dividends received from joint ventures and an associate for 2021 and the first half of 2022 were HK\$1,060 million and HK\$1,121 million, respectively.

In view of (i) the Group's latest financial position, in particular, its cash rich and debt-free position, and operating performance; (ii) the potential new crude oil jetty and storage business and/or acquisition which are yet to be crystallised; and (iii) the undue burdensome for the Company to re-seek shareholders' approval if the Annual Caps are insufficient, the Group proposed to increase the annual caps to HK\$900 million for each of the next three years to capture the possible favourable deposit rates that can be offered by the Century Bright Group as compared with other independent banks. Having considered all of the above and taking into account the deposit rates to be offered by the Century Bright Group will be no less favourable than those offered by commercial banks in Hong Kong, we consider the proposed annual caps of HK\$900 million for each of 2023, 2024 and 2025, is acceptable.

6. Internal Control

We have discussed with the management of the Group relating to the internal control of the Transactions and the Annual Caps and are advised that the Company has formulated and strictly implemented policies to make regular assessment on the effectiveness of the related internal control systems for connected transactions. In addition, the Company's risk control department and finance department conduct monthly inspection to monitor the connected transactions (including transaction amount) and set up warning alert to avoid the transaction amount exceeding the annual cap. The risk control department also includes connected transactions in its scope of annual internal control assessment. We are further advised by the management of the Group that the relevant personnel of the Company report regularly to the audit committee of the Board on the execution of connected transactions and the committee will conduct an annual review of the company's risk management and internal control systems. In addition, the independent non-executive Directors will, pursuant to Rule 14A.55

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of the Listing Rules, review, among other things, whether the transactions under the New Non-exempt Framework Master Agreements are conducted on normal commercial terms and the auditors of the Company will, for the purpose of Rule 14A.56 of the Listing Rules, review, among other things, whether the transactions under the New Non-exempt Framework Master Agreements are conducted in accordance with the terms therein. Furthermore, we noted from the annual reports of the Company that the transactions under the Existing Framework Master Agreements were carried out within their respective applicable annual cap for 2020 and 2021.

On the above basis, we concur with the view of the management of the Group that adequate measures have been put in place to monitor the transactions under the New Non-exempt Framework Master Agreements in order to protect the interests of the Company and the Independent Shareholders.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that (i) the entering into of the New Non-exempt Framework Master Agreements and the transactions contemplated thereunder are in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the New Non-exempt Framework Master Agreements and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable and the bases in arriving at the Annual Caps are reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders, to vote in favour of the resolutions to be proposed at the SGM in relation to approval of the Transactions and the Annual Caps.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Jenny Leung
Director

Ms. Jenny Leung is licensed person and responsible officer of Somerley Capital Limited registered with the SFC to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.

The following is the set of New Bye-laws proposed to be adopted by the Company. The New Bye-laws is written in English and there is no official Chinese translation in respect thereof. Therefore, the Chinese version of the New Bye-laws is purely a translation and for reference only. Should there be any discrepancy, the English version shall prevail.

**AMENDED AND RESTATED
BYE-LAWS**

OF

SINOPEC KANTONS HOLDINGS LIMITED

(Adopted by special resolution passed at a general meeting on 15 December 2022)

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INTERPRETATION

1. In these Bye-laws, unless the context otherwise requires, the words standing in the first column of the following table shall bear the meaning set opposite them respectively in the second column.

WORD	MEANING
“Act”	the Companies Act 1981 of Bermuda as amended from time to time.
“announcement”	an official publication of a Notice or document of the Company, including a publication, subject to and to such extent permitted by the Listing Rules, by electronic communication or by advertisement published in the newspapers or in such manner or means ascribed and permitted by the Listing Rules and applicable laws.
“Auditor”	the auditor of the Company for the time being and may include any individual or partnership.
“Board” or “Directors”	the board of directors of the Company or the directors present at a meeting of directors of the Company at which a quorum is present.
“Bye-laws”	these Bye-laws in their present form or as supplemented or amended or substituted from time to time.
“capital”	the share capital of the Company from time to time.
“clear days”	in relation to the period of 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.
“clearing house”	a clearing house recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction.
“close associate”	in relation to any Director, shall have the same meaning as defined in the Listing Rules as modified from time to time, except that for purposes of Bye-law 100 where the transaction or arrangement to be approved by the Board is a connected transaction referred to in the Listing Rules, it shall have the same meaning as that ascribed to “associate” in the Listing Rules.
“Company”	Sinopec Kantons Holdings Limited.

“competent regulatory authority”	a competent regulatory authority in the territory where the shares of the Company are listed or quoted on a stock exchange in such territory.
“debenture” and “debenture holder”	include debenture stock and debenture stockholder respectively.
“Designated Stock Exchange”	a stock exchange which is an appointed stock exchange for the purposes of the Act in respect of which the shares of the Company are listed or quoted and where such appointed stock exchange deems such listing or quotation to be the primary listing or quotation of the shares of the Company.
“electronic communication”	a communication sent, transmitted, conveyed and received by wire, by radio, by optical means or by other similar means in any form through any medium.
“electronic meeting”	a general meeting held and conducted wholly and exclusively by virtual attendance and participation by Members and/or proxies by means of electronic facilities.
“head office”	such office of the Company as the Directors may from time to time determine to be the principal office of the Company.
“hybrid meeting”	a general meeting convened for the (i) physical attendance by Members and/or proxies at the Principal Meeting Place and where applicable, one or more Meeting Locations and (ii) virtual attendance and participation by Members and/or proxies by means of electronic facilities.
“Listing Rules”	the rules and regulations of the Designated Stock Exchange.
“Meeting Location”	has the meaning given to it in Bye-law 64(A).
“Member”	a duly registered holder from time to time of the shares in the capital of the Company.
“month”	a calendar month.
“Notice”	written notice unless otherwise specifically stated and as further defined in these Bye-laws.
“Office”	the registered office of the Company for the time being.
“paid up”	paid up or credited as paid up.

“physical meeting”	a general meeting held and conducted by physical attendance and participation by Members and/or proxies at the Principal Meeting Place and/or where applicable, one or more Meeting Locations.
“Principal Meeting Place”	shall have the meaning given to it in Bye-law 59(2).
“Register”	the principal register and where applicable, any branch register of Members to be kept pursuant to the provisions of the Act.
“Registration Office”	in respect of any class of share capital such place as the Board may from time to time determine to keep a branch register of Members in respect of that class of share capital and where (except in cases where the Board otherwise directs) the transfers or other documents of title for such class of share capital are to be lodged for registration and are to be registered.
“Seal”	common seal or any one or more duplicate seals of the Company (including a securities seal) for use in Bermuda or in any place outside Bermuda.
“Secretary”	any person, firm or corporation appointed by the Board to perform any of the duties of secretary of the Company and includes any assistant, deputy, temporary or acting secretary.
“Statutes”	the Act and every other act of the Legislature of Bermuda for the time being in force applying to or affecting the Company, its memorandum of association and/or these Bye-laws.
“substantial shareholder”	a person who is entitled to exercise, or to control the exercise of, 10% or more (or such other percentage as may be prescribed by the Listing Rules from time to time) of the voting power at any general meeting of the Company.
“year”	a calendar year.

2. In these Bye-laws, unless there be something within the subject or context inconsistent with such construction:
- (a) words importing the singular include the plural and vice versa;
 - (b) words importing a gender include both gender and the neuter;

- (c) words importing persons include companies, associations and bodies of persons whether corporate or not;
- (d) the words:
 - (i) “may” shall be construed as permissive;
 - (ii) “shall” or “will” shall be construed as imperative;
- (e) expressions referring to writing shall, unless the contrary intention appears, be construed as including printing, lithography, photography and other modes of representing or reproducing words or figures in a legible and non-transitory form or, to the extent permitted by and in accordance with the Statutes and other applicable laws, rules and regulations, any visible substitute for writing (including an electronic communication), or modes of representing or reproducing words partly in one visible form and partly in another visible form, and including where the representation takes the form of electronic display, provided that both the mode of service of the relevant document or notice and the Member’s election comply with all applicable Statutes, rules and regulations;
- (f) references to any act, ordinance, statute or statutory provision shall be interpreted as relating to any statutory modification or re-enactment thereof for the time being in force;
- (g) save as aforesaid words and expressions defined in the Statutes shall bear the same meanings in these Bye-laws if not inconsistent with the subject in the context;
- (h) a resolution shall be a special resolution when it has been passed by a majority of not less than three-fourths of votes cast by such Members as, being entitled so to do, vote in person or, in the case of such Members as are corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which Notice has been duly given in accordance with Bye-law 59;
- (i) a resolution shall be an ordinary resolution when it has been passed by a simple majority of votes cast by such Members as, being entitled so to do, vote in person or, in the case of any Member being a corporation, by its duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which Notice has been duly given in accordance with Bye-law 59;
- (j) a special resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of these Bye-laws or the Statutes;

- (k) a resolution shall be an extraordinary resolution when it has been passed by a majority of not less than two-thirds of votes cast by such Members as, being entitled so to do, vote in person or, in the case of such Members as are corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which Notice has been duly given in accordance with Bye-law 59;
- (l) references to a document (including, but without limitation, a resolution in writing) being signed or executed include references to it being signed or executed under hand or under seal or by electronic signature or by electronic communication or by any other method and references to a notice or document include a notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not;
- (m) references to the right of a Member to speak at an electronic meeting or a hybrid meeting shall include the right to raise questions or make statements to the chairman of the meeting, verbally or in written form, by means of electronic facilities. Such a right shall be deemed to have been duly exercised if the questions or statements may be heard or seen by all or only some of the persons present at the meeting (or only by the chairman of the meeting) in which event the chairman of the meeting shall relay the questions raised or the statements made verbatim to all persons present at the meeting, either orally or in writing using electronic facilities;
- (n) a reference to a meeting shall mean a meeting convened and held in any manner permitted by these Bye-laws and any Member or Director attending and participating at a meeting by means of electronic facilities shall be deemed to be present at that meeting for all purposes of the Statutes and these Bye-laws, and attend, participate, attending, participating, attendance and participation shall be construed accordingly;
- (o) references to a person's participation in the business of a general meeting include without limitation and as relevant the right (including, in the case of a corporation, through a duly authorised representative) to speak or communicate, vote, be represented by a proxy and have access in hard copy or electronic form to all documents which are required by the Statutes or these Bye-laws to be made available at the meeting, and participate and participating in the business of a general meeting shall be construed accordingly;
- (p) references to electronic facilities include, without limitation, website addresses, webinars, webcast, video or any form of conference call systems (telephone, video, web or otherwise); and

- (q) where a Member is a corporation, any reference in these Bye-laws to a Member shall, where the context requires, refer to a duly authorised representative of such Member.

SHARE CAPITAL

3. (1) The share capital of the Company at the date on which these Bye-laws come into effect shall be divided into shares of HK\$0.10 each.
- (2) Subject to the Act, the Company's memorandum of association and, where applicable, the Listing Rules and/or any competent regulatory authority, any power of the Company to purchase or otherwise acquire its own shares shall be exercisable by the Board upon such terms and subject to such conditions as it thinks fit.
- (3) Subject to compliance with the Listing Rules and rules and regulations of any other competent regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

ALTERATION OF CAPITAL

4. The Company may from time to time by ordinary resolution in accordance with Section 45 of the Act:
- (a) increase its capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe;
- (b) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (c) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions which in the absence of any such determination by the Company in general meeting, as the Directors may determine provided always that where the Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares and where the equity capital 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";

- (d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association (subject, nevertheless, to the Act), and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares;
 - (e) change the currency denomination of its share capital;
 - (f) make provision for the issue and allotment of shares which do not carry any voting rights; and
 - (g) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.
5. The Board may settle as it considers expedient any difficulty which arises in relation to any consolidation and division under the last preceding Bye-law and in particular but without prejudice to the generality of the foregoing may issue certificates in respect of fractions of shares or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorise some person to transfer the shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company's benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.
6. The Company may from time to time by special resolution, subject to any confirmation or consent required by law, reduce its issued share capital or, save for the use of share premium as expressly permitted by the Act, any share premium account or other undistributable reserve.
7. Except so far as otherwise provided by the conditions of issue, or by these Bye-laws, any capital raised by the creation of new shares shall be treated as if it formed part of the original capital of the Company, and such shares shall be subject to the provisions contained in these Bye-laws with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, cancellation, surrender, voting and otherwise.

SHARE RIGHTS

8. Subject to any special rights conferred on the holders of any shares or class of shares, any share in the Company (whether forming part of the present capital or not) may be issued with or have attached thereto such rights or restrictions whether in regard to dividend, voting, return of capital or otherwise as the Company may by ordinary resolution determine or, if there has not been any such determination or so far as the same shall not make specific provision, as the Board may determine.
9. Subject to Sections 42 and 43 of the Act, the Listing Rules, these Bye-laws, and to any special rights conferred on the holders of any shares or attaching to any class of shares, any preference shares may be issued or converted into shares that, at a determinable date or at the option of the Company or the holder if so authorised by its memorandum of association, are liable to be redeemed on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution of the Members determine.

VARIATION OF RIGHTS

10. Subject to the Act and without prejudice to Bye-law 8, all or any of the special rights for the time being attached to the shares or any class of shares may, unless otherwise provided by the terms of issue of the shares of that class, from time to time (whether or not the Company is being wound up) be varied, modified or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class present and voting in person or by proxy. To every such separate general meeting all the provisions of these Bye-laws relating to general meetings of the Company shall, *mutatis mutandis*, apply, but so that:
 - (a) the necessary quorum (other than at an adjourned meeting) shall be two persons (or in the case of a Member being a corporation, its duly authorised representative) holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting of such holders, two holders present in person or (in the case of a Member being a corporation) its duly authorised representative or by proxy (whatever the number of shares held by them) shall be a quorum; and
 - (b) every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him.

11. The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking *pari passu* therewith.

SHARES

12. (1) Subject to the Act, these Bye-laws, any direction that may be given by the Company in general meeting and, where applicable, the Listing Rules and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, the unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may in its absolute discretion determine but so that no shares shall be issued at a discount to their nominal value. Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to Members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of Members for any purpose whatsoever.
 - (2) The Board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.
13. The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the Act. Subject to the Act, the commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one and partly in the other.
 14. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any fractional part of a share or (except only as otherwise provided by these Bye-laws or by law) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

15. Subject to the Act and these Bye-laws, the Board may at any time after the allotment of shares but before any person has been entered in the Register as the holder, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Board considers fit to impose.

SHARE CERTIFICATES

16. Every share certificate shall be issued under the Seal or a facsimile thereof or with the Seal printed thereon and shall specify the number and class and distinguishing numbers (if any) of the shares to which it relates, and the amount paid up thereon and may otherwise be in such form as the Directors may from time to time determine. The seal of the Company may only be affixed or imprinted to a share certificate with the authority of the Directors, or be executed under the signature of appropriate officials with statutory authority, unless otherwise determined by the Directors. No certificate shall be issued and representing shares of more than one class. The Board may by resolution determine, either generally or in any particular case or cases, that any signatures on any such certificates (or certificates in respect of other securities) need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon or that such certificates need not be signed by any person.
17. (1) In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to one of several joint holders shall be sufficient delivery to all such holders.
- (2) Where a share stands in the names of two or more persons, the person first named in the Register shall as regards service of notices and, subject to the provisions of these Bye-laws, all or any other matters connected with the Company, except the transfer of the shares, be deemed the sole holder thereof.
18. Every person whose name is entered, upon an allotment of shares, as a Member in the Register shall be entitled, without payment, to receive one certificate for all such shares of any one class or several certificates each for one or more of such shares of such class upon payment for every certificate after the first of such reasonable out-of-pocket expenses as the Board from time to time determines.
19. Share certificates shall be issued within the relevant time limit as prescribed in the Act or as the Designated Stock Exchange may from time to time determine, whichever is the shorter, after allotment or, except in the case of a transfer which the Company is for the time being entitled to refuse to register and does not register, after lodgment of a transfer with the Company.

20. (1) 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 to the transferee in respect of the shares transferred to him at such fee as is provided in paragraph (2) of this Bye-law. If any of the shares included in the certificate so given up shall be retained by the transferor a new certificate for the balance shall be issued to him at the aforesaid fee payable by the transferor to the Company in respect thereof.
- (2) The fee referred to in paragraph (1) above shall be an amount not exceeding the relevant maximum amount as the Designated Stock Exchange may from time to time determine provided that the Board may at any time determine a lower amount for such fee.
21. If a share certificate shall be damaged or defaced or alleged to have been lost, stolen or destroyed a new certificate representing the same shares may be issued to the relevant Member upon request and on payment of such fee as the Designated Stock Exchange may determine to be the maximum fee payable or such lesser sum as the Board may determine and, subject to compliance with such terms (if any) as to evidence and indemnity and to payment of the costs and reasonable out-of-pocket expenses of the Company in investigating such evidence and preparing such indemnity as the Board may think fit and, in case of damage or defacement, on delivery of the old certificate to the Company provided always that where share warrants have been issued, no new share warrant shall be issued to replace one that has been lost unless the Directors are satisfied beyond reasonable doubt that the original has been destroyed.

LIEN

22. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share. The Company shall also have a first and paramount lien on every share (not being a fully paid share) registered in the name of a Member (whether or not jointly with other Members) for all amounts of money presently payable by such Member or his estate to the Company 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 a Member or not. The Company's lien on a share shall extend to all dividends or other moneys payable thereon or in respect thereof. The Board may at any time, generally or in any particular case, waive any lien that has arisen or declare any share exempt in whole or in part, from the provisions of this Bye-law.

23. Subject to these Bye-laws, the Company may sell in such manner as the Board determines 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 fourteen (14) clear 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 the intention to sell in default, has been served on the registered holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.
24. The net proceeds of the sale shall be received by the Company and applied in or towards payment or discharge of the debt or liability in respect of which 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 share prior to the sale) be paid to the person entitled to the share at the time of the sale. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares so transferred and he 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 relating to the sale.

CALLS ON SHARES

25. Subject to these Bye-laws and to the terms of allotment, the Board may from time to time make calls upon the Members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium), and each Member shall (subject to being given at least fourteen (14) clear days' Notice specifying the time and place of payment) pay to the Company as required by such notice the amount called on his shares. A call may be extended, postponed or revoked in whole or in part as the Board determines but no member shall be entitled to any such extension, postponement or revocation except as a matter of grace and favour.
26. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be made payable either in one lump sum or by instalments.
27. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect thereof or other moneys due in respect thereof.

28. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the amount unpaid from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board may determine, but the Board may in its absolute discretion waive payment of such interest wholly or in part.
29. No Member shall be entitled to receive any dividend or bonus or to be present and vote (save as proxy for another Member) at any general meeting either personally or by proxy, or be reckoned in a quorum, or exercise any other privilege as a Member until all calls or instalments due by him to the Company, whether alone or jointly with any other person, together with interest and expenses (if any) shall have been paid.
30. On 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 Bye-laws; and it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
31. Any amount payable in respect of a share upon allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call duly made and payable on the date fixed for payment and if it is not paid the provisions of these Bye-laws shall apply as if that amount had become due and payable by virtue of a call duly made and notified.
32. On the issue of shares the Board may differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.
33. The Board may, if it thinks fit, receive from any Member willing to advance the same, and either in money or money's worth, all or any part of the moneys uncalled and unpaid or instalments payable upon any shares held by him and upon all or any of the moneys so advanced (until the same would, but for such advance, become presently payable) pay interest at such rate (if any) as the Board may decide. The Board may at any time repay the amount so advanced upon giving to such Member not less than one month's Notice of its intention in that behalf, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced. Such payment in advance shall not entitle the holder of such share or shares to participate in respect thereof in a dividend subsequently declared.

FORFEITURE OF SHARES

34. (1) If a call remains unpaid after it has become due and payable the Board may give to the person from whom it is due not less than fourteen (14) clear days' Notice:
- (a) requiring payment of the amount unpaid together with any interest which may have accrued and which may still accrue up to the date of actual payment; and
 - (b) stating that if the Notice is not complied with the shares on which the call was made will be liable to be forfeited.
- (2) If the requirements of any such Notice are not complied with, any share in respect of which such Notice has been given may at any time thereafter, before payment of all calls and interest due in respect thereof has been made, be forfeited by a resolution of the Board to that effect, and such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share but not actually paid before the forfeiture.
35. When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share. No forfeiture shall be invalidated by any omission or neglect to give such Notice.
36. The Board may accept the surrender of any share liable to be forfeited hereunder and, in such case, references in these Bye-laws to forfeiture will include surrender.
37. Until cancelled in accordance with the requirements of the Act, a forfeited share shall be the property of the Company and may be sold, re-allotted or otherwise disposed of to such person, upon such terms and in such manner as the Board determines, and at any time before a sale, re-allotment or disposition the forfeiture may be annulled by the Board on such terms as the Board determines.
38. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares but nevertheless shall remain liable to pay the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares, with (if the Directors shall in their discretion so require) interest thereon from the date of forfeiture until payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board determines. The Board may enforce payment thereof if it thinks fit, and without any deduction or allowance for the value of the forfeited shares, at the date of forfeiture, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares. For the purposes of this Bye-law 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.

39. A declaration by a Director or the Secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and such declaration shall (subject to the execution of an instrument of transfer by the Company if necessary) constitute a good title to the share, and the person to whom the share is disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the consideration (if any), nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture, sale or disposal of the share. When any share shall have been forfeited, notice of the declaration 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, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or make any such entry.
40. Notwithstanding any such forfeiture as aforesaid the Board may at any time, before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, permit the shares forfeited to be bought back upon the terms of payment of all calls and interest due upon and expenses incurred in respect of the share, and upon such further terms (if any) as it thinks fit.
41. The forfeiture of a share shall not prejudice the right of the Company to any call already made or instalment payable thereon.
42. The provisions of these Bye-laws as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

REGISTER OF MEMBERS

43. (1) The Company shall keep in one or more books a Register and shall enter therein the following particulars, that is to say:
 - (a) the name and address of each Member, the number and class of shares held by him and, in respect of any shares that are not fully paid, the amount paid or agreed to be considered as paid on such shares;
 - (b) the date on which each person was entered in the Register; and
 - (c) the date on which any person ceased to be a Member.

- (2) Subject to the Act, the Company may keep an overseas or local or other branch register of Members resident in any place, and the Board may make and vary such regulations as it determines in respect of the keeping of any such register and maintaining a Registration Office in connection therewith.
44. The Register and branch register of Members, as the case may be, shall be open to inspection between 10 a.m. and 12 noon during business hours by members of the public without charge at the Office or such other place at which the Register is kept in accordance with the Act. The Register including any overseas or local or other branch register of Members may, after notice has been given by advertisement in an appointed newspaper and where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange or by any means (electronic or otherwise) in such manner as may be accepted by the Designated Stock Exchange to that effect, be closed at such times or for such periods not exceeding in the whole thirty (30) days in each year as the Board may determine and either generally or in respect of any class of shares.

RECORD DATES

45. Subject to the Listing Rules, notwithstanding any other provision of these Bye-laws the Company or the Directors may fix any date as the record date for:
- (a) determining the Members entitled to receive any dividend, distribution, allotment or issue;
 - (b) determining the Members entitled to receive notice of and to vote at any general meeting of the Company.

TRANSFER OF SHARES

46. (1) Subject to these Bye-laws, any Member may transfer all or any of his shares in any manner permitted by and in accordance with the Listing Rules or by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange or in any other form 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.

- (2) Notwithstanding the provisions of subparagraph (1) above, for so long as any shares are listed on the Designated Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the Listing Rules 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 Act in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the Listing Rules that are or shall be applicable to such listed shares.
47. The instrument of transfer shall be executed by or on behalf of the transferor and 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. Without prejudice to Bye-law 46, the Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof. Nothing in these Bye-laws shall preclude the Board from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.
48. (1) The Board may, in its absolute discretion, and without giving any reason therefor, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve, or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also, without prejudice to the foregoing generality, refuse to register a transfer of any share to more than four (4) joint holders or a transfer of any share (not being a fully paid up share) on which the Company has a lien.
- (2) No transfer shall be made to an infant or to a person of unsound mind or under other legal disability.
- (3) The Board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share on the Register to any branch register or any share on any branch register to the Register or any other branch register. In the event of any such transfer, the shareholder requesting such transfer shall bear the cost of effecting the transfer unless the Board otherwise determines.
- (4) Unless the Board otherwise agrees (which agreement may be on such terms and subject to such conditions as the Board in its absolute discretion may from time to time determine, and which agreement the Board shall, without giving any reason therefor, be entitled in its absolute discretion to give or withhold), no shares on the Register shall be transferred to any branch register nor shall shares on any branch register be transferred to the Register or any other branch register

and all transfers and other documents of title shall be lodged for registration, and registered, in the case of any shares on a branch register, at the relevant Registration Office, and, in the case of any shares on the Register, at the Office or such other place in Bermuda at which the Register is kept in accordance with the Act.

49. Without limiting the generality of the last preceding Bye-law, the Board may decline to recognise any instrument of transfer unless:-
- (a) a fee of such maximum sum as the Designated Stock Exchange may 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;
 - (b) the instrument of transfer is in respect of only one class of share;
 - (c) the instrument of transfer is lodged at the Office or such other place in Bermuda at which the Register is kept in accordance with the Act or the Registration Office (as the case may be) accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); and
 - (d) if applicable, the instrument of transfer is duly and properly stamped.
50. If the Board refuses to register a transfer of any share, it shall, within two (2) months after the date on which the transfer was lodged with the Company, send to each of the transferor and transferee notice of the refusal.
51. The registration of transfers of shares or of any class of shares may, after notice has been given by announcement or by electronic communication or by advertisement in any newspapers in accordance with the requirements of any Designated Stock Exchange or by any means in such manner as may be accepted by the Designated Stock Exchange to that effect be suspended at such times and for such periods (not exceeding in the whole thirty (30) days in any year) as the Board may determine. The period of thirty (30) days may be extended in respect of any year if approved by the Members by ordinary resolution passed in that year.

TRANSMISSION OF SHARES

52. If a Member dies, the survivor or survivors where the deceased was a joint holder, and his legal personal representatives where he was a sole or only surviving holder, will be the only persons recognised by the Company as having any title to his interest in the shares; but nothing in this Bye-law will release the estate of a deceased Member (whether sole or joint) from any liability in respect of any share which had been solely or jointly held by him.
53. Subject to Section 52 of the Act, any person becoming entitled to a share in consequence of the death or bankruptcy or winding-up of a Member may, upon such evidence as to his title being produced as may be required by the Board, elect either to become the holder of the share or to have some person nominated by him registered as the transferee thereof. If he elects to become the holder he shall notify the Company in writing either at the Registration Office or Office, as the case may be, to that effect. If he elects to have another person registered he shall execute a transfer of the share in favour of that person. The provisions of these Bye-laws relating to the transfer and registration of transfers of shares shall apply to such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer signed by such Member.
54. A person becoming entitled to a share by reason of the death or bankruptcy or winding-up of a Member shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share. However, the Board may, if it thinks fit, withhold the payment of any dividend payable or other advantages in respect of such share until such person shall become the registered holder of the share or shall have effectually transferred such share, but, subject to the requirements of Bye-law 72(2) being met, such a person may vote at meetings.

UNTRACEABLE MEMBERS

55. (1) Without prejudice to the rights of the Company under paragraph (2) of this Bye-law, the Company may cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.

- (2) The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a Member who is untraceable, but no such sale shall be made unless:
- (a) all cheques or warrants in respect of dividends of the shares in question, being not less than three in total number, for any sum payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorised by the Bye-laws have remained uncashed;
 - (b) so far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the Member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law; and
 - (c) the Company, if so required by the Listing Rules, has given notice to, and caused advertisement in newspapers in accordance with the requirements of, the Designated Stock Exchange to be made of its intention to sell such shares in the manner required by the Designated Stock Exchange, and a period of three (3) months or such shorter period as may be allowed by the Designated Stock Exchange has elapsed since the date of such advertisement.

For the purpose of the foregoing, the “relevant period” means the period commencing twelve (12) years before the date of publication of the advertisement referred to in paragraph (c) of this Bye-law and ending at the expiry of the period referred to in that paragraph.

- (3) To give effect to any such sale the Board may authorise some person to transfer the said shares and an instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such 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 relating to the sale. The net proceeds of the sale will belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former Member for an amount equal to such net proceeds. No trust shall be created in respect of such debt and no interest shall be payable in respect of it and the Company shall not be required to account for any money earned from the net proceeds which may be employed in the business of the Company or as it thinks fit. Any sale under this Bye-law shall be valid and effective notwithstanding that the Member holding the shares sold is dead, bankrupt or otherwise under any legal disability or incapacity.

GENERAL MEETINGS

56. Subject to the Act, an annual general meeting of the Company shall be held in each financial year other than the financial year in which its statutory meeting is convened and such annual general meeting must be held within six (6) months after the end of the Company's financial year (unless a longer period would not infringe the Listing Rules, if any).
57. Each general meeting, other than an annual general meeting, shall be called a special general meeting. All general meetings (including an annual general meeting, any adjourned meeting or postponed meeting) may be held as a physical meeting in any part of the world and at one or more locations as provided in Bye-law 64A, as a hybrid meeting or as an electronic meeting, as may be determined by the Board in its absolute discretion.
58. The Board may whenever it thinks fit call special general meetings, and any one or more Member(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to either (i) require a special general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; or (ii) add resolutions to a meeting agenda; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may convene such meeting in accordance with the provisions of Section 74(3) of the Act.

NOTICE OF GENERAL MEETINGS

59. (1) An annual general meeting shall be called by Notice of not less than twenty-one (21) clear days. All other general meetings (including a special general meeting) must be called by Notice of not less than fourteen (14) clear days but if permitted by the Listing Rules, a general meeting may be called by shorter notice if it is so agreed:
- (a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat; and
 - (b) in the case of any other meeting, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together representing not less than ninety-five per cent. (95%) of the total voting rights at the meeting of all the Members.

- (2) The Notice shall specify (a) the time and date of the meeting, (b) save for an electronic meeting, the place of the meeting and if there is more than one meeting location as determined by the Board pursuant to Bye-law 64A, the principal place of the meeting (the “**Principal Meeting Place**”), (c) if the general meeting is to be a hybrid meeting or an electronic meeting, the notice shall include a statement to that effect and with details of the electronic facilities for attendance and participation by electronic means at the meeting or where such details will be made available by the Company prior to the meeting, and (d) particulars of resolutions to be considered at the meeting. 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 Bye-laws 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.
60. The accidental omission to give Notice of a meeting or (in cases where instruments of proxy are sent out with the Notice) to send such instrument of proxy to, or the non-receipt of such Notice or such instrument of proxy by, any person entitled to receive such Notice shall not invalidate any resolution passed or the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

61. (1) All business shall be deemed special that is transacted at a special general meeting, and also all business that is transacted at an annual general meeting, with the exception of sanctioning dividends, the reading, considering and adopting of the accounts and balance sheet and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheet, the election of Directors and appointment of Auditors and other officers in the place of those retiring, the fixing of the remuneration of the Auditors, and the voting of remuneration or extra remuneration to the Directors.
- (2) No business other than the appointment of a chairman of a meeting shall be transacted at any general meeting unless a quorum is present at the commencement of the business. Two (2) Members entitled to vote and present in person or by proxy or, for quorum purposes only, two (2) persons appointed by the clearing house as authorised representative or proxy, shall form a quorum for all purposes.

62. If within thirty (30) minutes (or such longer time not exceeding one hour as the chairman of the meeting may determine to wait) after the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and (where applicable) same place(s) or to such time and (where applicable) such place(s) and in such form and manner referred to in Bye-law 57 as the chairman of the meeting (or in default, the Board) may absolutely determine. If at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the meeting shall be dissolved.
63. (1) The chairman of the Company 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 fifteen (15) minutes after the time appointed for holding the meeting, or is willing to act as chairman, the deputy chairman of the Company 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 number 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, the Members present in person or by proxy and entitled to vote shall elect one of their number to be chairman of the meeting.
- (2) If the chairman of a general meeting is participating in the general meeting using an electronic facility or facilities and becomes unable to participate in the general meeting using such electronic facility or facilities, another person (determined in accordance with Bye-law 63(1) above) shall preside as chairman of the meeting unless and until the original chairman of the meeting is able to participate in the general meeting using the electronic facility or facilities.
64. Subject to Bye-law 64C, the chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time (or indefinitely) and/or from place to place(s) and/or from one form to another (a physical meeting, a hybrid meeting or an electronic meeting) as the meeting shall determine, but no business shall be transacted at any adjourned meeting other than the business which might lawfully have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen (14) days or more, at least seven (7) clear days' Notice of the adjourned meeting shall be given specifying the details set out in Bye-law 59(2) but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting and the general nature of the business to be transacted. Save as aforesaid, it shall be unnecessary to give notice of an adjournment.

- 64A.(1) The Board may, at its absolute discretion, arrange for persons entitled to attend a general meeting to do so by simultaneous attendance and participation by means of electronic facilities at such location or locations (“**Meeting Location(s)**”) determined by the Board at its absolute discretion. Any Member or any proxy attending and participating in such way or any Member participating in an electronic meeting or a hybrid meeting by means of electronic facilities is deemed to be present at and shall be counted in the quorum of the meeting.
- (2) All general meetings are subject to the following and, where appropriate, all references to a “Member” or “Members” in this sub-paragraph (2) shall include a proxy or proxies respectively:
- (a) where a Member is attending a Meeting Location and/or in the case of a hybrid meeting, the meeting shall be treated as having commenced if it has commenced at the Principal Meeting Place;
 - (b) Members present in person or by proxy at a Meeting Location and/or Members attending and participating in an electronic meeting or a hybrid meeting by means of electronic facilities shall be counted in the quorum for and entitled to vote at the meeting in question, and that meeting shall be duly constituted and its proceedings shall be valid provided that the chairman of the meeting is satisfied that adequate electronic facilities are available throughout the meeting to ensure that Members at all Meeting Locations and Members attending and participating in an electronic meeting or a hybrid meeting by means of electronic facilities are able to participate in the business for which the meeting has been convened;
 - (c) where Members attend a meeting by being present at one of the Meeting Locations and/or where Members participating in an electronic meeting or a hybrid meeting by means of electronic facilities, a failure (for any reason) of the electronic facilities or communication equipment, or any other failure in the arrangements for enabling those in a Meeting Location other than the Principal Meeting Place to participate in the business for which the meeting has been convened or in the case of an electronic meeting or a hybrid meeting, the inability of one or more Members or proxies to access, or continue to access, the electronic facilities despite adequate electronic facilities having been made available by the Company, shall not affect the validity of the meeting or the resolutions passed, or any business conducted there or any action taken pursuant to such business provided that there is a quorum present throughout the meeting; and
 - (d) if any of the Meeting Locations is outside the jurisdiction of the Principal Meeting Place and/or in the case of a hybrid meeting, unless otherwise stated in the Notice, the provisions of these Bye-laws concerning the service and giving of Notice for the meeting, and the time for lodging proxies, shall apply by reference to the Principal Meeting Place; and in the case of an electronic meeting, the time for lodging proxies shall be as stated in the Notice for the meeting.

64B. The Board and, at any general meeting, the chairman of the meeting may from time to time make arrangements for managing attendance and/or participation and/or voting at the Principal Meeting Place, any Meeting Location(s) and/or participation in an electronic meeting or a hybrid meeting by means of electronic facilities (whether involving the issue of tickets or some other means of identification, passcode, seat reservation, electronic voting or otherwise) as it shall in its absolute discretion consider appropriate, and may from time to time change any such arrangements, provided that a Member who, pursuant to such arrangements, is not entitled to attend, in person or by proxy, at any Meeting Location shall be entitled so to attend at one of the other Meeting Locations; and the entitlement of any Member so to attend the meeting or adjourned meeting or postponed meeting at such Meeting Location or Meeting Locations shall be subject to any such arrangement as may be for the time being in force and by the Notice of meeting or adjourned meeting or postponed meeting stated to apply to the meeting.

64C. If it appears to the chairman of the general meeting that:

- (a) the electronic facilities at the Principal Meeting Place or at such other Meeting Location(s) at which the meeting may be attended have become inadequate for the purposes referred to in Bye-law 64A(1) or are otherwise not sufficient to allow the meeting to be conducted substantially in accordance with the provisions set out in the Notice of the meeting; or
- (b) in the case of an electronic meeting or a hybrid meeting, electronic facilities being made available by the Company have become inadequate; or
- (c) it is not possible to ascertain the view of those present or to give all persons entitled to do so a reasonable opportunity to communicate and/or vote at the meeting; or
- (d) there is violence or the threat of violence, unruly behaviour or other disruption occurring at the meeting or it is not possible to secure the proper and orderly conduct of the meeting;

then, without prejudice to any other power which the chairman of the meeting may have under these Bye-laws or at common law, the chairman may, at his/her absolute discretion, without the consent of the meeting, and before or after the meeting has started and irrespective of whether a quorum is present, interrupt or adjourn the meeting (including adjournment for indefinite period). All business conducted at the meeting up to the time of such adjournment shall be valid.

- 64D. The Board and, at any general meeting, the chairman of the meeting may make any arrangement and impose any requirement or restriction the Board or the chairman of the meeting, as the case may be, considers appropriate to ensure the security and orderly conduct of a meeting (including, without limitation, requirements for evidence of identity to be produced by those attending the meeting, the searching of their personal property and the restriction of items that may be taken into the meeting place, determining the number and frequency of and the time allowed for questions that may be raised at a meeting). Members shall also comply with all requirements or restrictions imposed by the owner of the premises at which the meeting is held. Any decision made under this Bye-law shall be final and conclusive and a person who refuses to comply with any such arrangements, requirements or restrictions may be refused entry to the meeting or ejected (physically or electronically) from the meeting.
- 64E. If, after the sending of Notice of a general meeting but before the meeting is held, or after the adjournment of a meeting but before the adjourned meeting is held (whether or not Notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is inappropriate, impracticable, unreasonable or undesirable for any reason to hold the general meeting on the date or at the time or place or by means of electronic facilities specified in the Notice calling the meeting, they may change or postpone the meeting to another date, time and/or place and/or change the electronic facilities and/or change the form of the meeting (a physical meeting, an electronic meeting or a hybrid meeting) without approval from the Members. Without prejudice to the generality of the foregoing, the Directors shall have the power to provide in every Notice calling a general meeting the circumstances in which a postponement of the relevant general meeting may occur automatically without further notice, including without limitation where a number 8 or higher typhoon signal, black rainstorm warning or other similar event is in force at any time on the day of the meeting. This Bye-law shall be subject to the following:
- (a) when a meeting is so postponed, the Company shall endeavour to post a Notice of such postponement on the Company's website as soon as practicable (provided that failure to post such a Notice shall not affect the automatic postponement of such meeting);
 - (b) when only the form of the meeting or electronic facilities specified in the Notice are changed, the Board shall notify the Members of details of such change in such manner as the Board may determine;
 - (c) when a meeting is postponed or changed in accordance with this Bye-law, subject to and without prejudice to Bye-law 64, unless already specified in the original Notice of the meeting, the Board shall fix the date, time, place (if applicable) and electronic facilities (if applicable) for the postponed or changed meeting and shall notify the Members of such details in such manner as the Board may determine; further all proxy forms shall be valid (unless revoked or replaced by a new proxy) if they are received as required by these Bye-laws not less than 48 hours before

the time of the postponed or changed meeting; and

- (d) notice of the business to be transacted at the postponed or changed meeting shall not be required, nor shall any accompanying documents be required to be recirculated, provided that the business to be transacted at the postponed or changed meeting is the same as that set out in the original Notice of general meeting circulated to the Members.

64F. All persons seeking to attend and participate in an electronic meeting or a hybrid meeting shall be responsible for maintaining adequate facilities to enable them to do so. Subject to Bye-law 64C, any inability of a person or persons to attend or participate in a general meeting by way of electronic facilities shall not invalidate the proceedings of and/or resolutions passed at that meeting.

64G. Without prejudice to other provisions in Bye-law 64, a physical meeting may also be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

65. If an amendment is proposed to any resolution under consideration but is in good faith ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a special resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

VOTING

66. (1) Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Bye-laws, at any general meeting on a poll every Member present in person 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. A resolution put to the vote of a meeting shall be decided by way of a poll save that in the case of a physical meeting, the chairman of the meeting 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 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 Bye-law, 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. Votes may be cast by such means, electronic or otherwise, as the Directors or the chairman of the meeting may determine.

- (2) In the case of a physical meeting 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 by proxy for the time being entitled to vote at the meeting; or
 - (b) by a Member or Members present in person 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 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 shall be deemed to be the same as a demand by the Member.

67. 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 the 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 Listing Rules.
68. On a poll votes may be given either personally or by proxy.
69. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.
70. All questions submitted to a meeting shall be decided by a simple majority of votes except where a greater majority is required by these Bye-laws, the Act or the Listing Rules, if applicable. In the case of an equality of votes, the chairman of such meeting shall be entitled to a second or casting vote in addition to any other vote he may have.

71. Where there are joint holders of any share any one of such joint holder may vote, either in person 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 the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding. Several executors or administrators of a deceased Member in whose name any share stands shall for the purposes of this Bye-law be deemed joint holders thereof.
72. (1) A Member who is a patient for any purpose relating to mental health or in respect of whom an order has been made by any court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, by his receiver, committee, *curator bonis* or other person in the nature of a receiver, committee or *curator bonis* appointed by such court, and such receiver, committee, *curator bonis* or other person may vote by proxy, and may otherwise act and be treated as if he were the registered holder of such shares for the purposes of general meetings, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the Office, head office or Registration Office, as appropriate, not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting, or postponed meeting, as the case may be.
- (2) Any person entitled under Bye-law 53 to be registered as the holder of any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight (48) hours at least before the time of the holding of the meeting or adjourned meeting or postponed meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his entitlement to such shares, or the Board shall have previously admitted his right to vote at such meeting in respect thereof.
73. (1) No Member shall, unless the Board otherwise determines, be entitled to attend and vote and to be reckoned in a quorum at any general meeting unless he is duly registered and all calls or other sums presently payable by him in respect of shares in the Company have been paid.
- (2) All Members shall have the right to (a) speak at a general meeting, and (b) vote at a general meeting except where a Member is required, by the Listing Rules, to abstain from voting to approve the matter under consideration.
- (3) Where the Company has knowledge that any Member is, under the Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.

74. If:

- (a) any objection shall be raised to the qualification of any voter; or
- (b) any votes have been counted which ought not to have been counted or which might have been rejected; or
- (c) any votes are not counted which ought to have been counted;

the objection or error shall not vitiate the decision of the meeting or adjourned meeting or postponed meeting on any resolution unless the same is raised or pointed out at the meeting or, as the case may be, the adjourned meeting or postponed meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be final and conclusive.

PROXIES

75. Any Member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A Member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a Member. In addition, a proxy or proxies representing either a Member who is an individual or a Member which is a corporation shall be entitled to exercise the same powers on behalf of the Member which he or they represent as such Member could exercise.
76. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.
77. (1) The Company may, at its absolute discretion, provide an electronic address for the receipt of any document or information relating to proxies for a general meeting (including any instrument of proxy or invitation to appoint a proxy, any document necessary to show the validity of, or otherwise relating to, an appointment of proxy (whether or not required under these Bye-laws) and notice of termination of the authority of a proxy). If such an electronic address is provided, the Company shall be deemed to have agreed that any such document or information (relating to proxies as aforesaid) may be sent by electronic means to that address, subject

as hereafter provided and subject to any other limitations or conditions specified by the Company when providing the address. Without limitation, the Company may from time to time determine that any such electronic address may be used generally for such matters or specifically for particular meetings or purposes and, if so, the Company may provide different electronic addresses for different purposes. The Company may also impose any conditions on the transmission of and its receipt of such electronic communications including, for the avoidance of doubt, imposing any security or encryption arrangements as may be specified by the Company. If any document or information required to be sent to the Company under this Bye-law is sent to the Company by electronic means, such document or information is not treated as validly delivered to or deposited with the Company if the same is not received by the Company at its designated electronic address provided in accordance with this Bye-law or if no electronic address is so designated by the Company for the receipt of such document or information.

- (2) The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified at the Registration Office or the Office, as may be appropriate), or if the Company has provided an electronic address in accordance with the preceding paragraph, shall be received at the electronic address specified, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting or postponed meeting at which the person named in the instrument proposes to vote. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting or postponed meeting in cases where the meeting was originally held within twelve (12) months from such date. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

78. Instruments of proxy shall be in any common form or in such other form as the Board may approve (provided that this shall not preclude the use of the two-way form) and the Board may, if it thinks fit, send out with the notice of any meeting forms of instrument of proxy for use at the meeting. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment or postponement of the meeting as for the meeting to which it relates. The Board may decide, either generally or in any particular case, to treat a proxy appointment as valid notwithstanding that the appointment or any of the information required under these Bye-laws has not been received in accordance with the requirements of these Bye-laws. Subject to aforesaid, if the proxy appointment and any of the information required under these Bye-laws

is not received in the manner set out in these Bye-laws, the appointee shall not be entitled to vote in respect of the shares in question.

79. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office or the Registration Office (or such other place as may be specified for the delivery of instruments of proxy in the notice convening the meeting or other document sent therewith) two (2) hours at least before the commencement of the meeting or adjourned meeting or postponed meeting, at which the instrument of proxy is used.
80. Anything which under these Bye-laws a Member may do by proxy he may likewise do by his duly appointed attorney and the provisions of these Bye-laws relating to proxies and instruments appointing proxies shall apply *mutatis mutandis* in relation to any such attorney and the instrument under which such attorney is appointed.

CORPORATIONS ACTING BY REPRESENTATIVES

81. (1) Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of Members. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member and such corporation shall for the purposes of these Bye-laws be deemed to be present in person at any such meeting if a person so authorised is present thereat.
- (2) Where a Member is a clearing house (or its nominee(s) and, in each case, being a corporation), it may authorise such persons as it thinks fit to act as its proxies or representatives at any meeting of the Company or at any meeting of any class of Members provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Bye-law shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee(s)) in respect of the number and class of shares specified in the relevant authorisation including, the right to speak and vote, and where a show of hands is allowed, the right to vote individually on a show of hands.

- (3) Any reference in these Bye-laws to a duly authorised representative of a Member being a corporation shall mean a representative authorised under the provisions of this Bye-law.

WRITTEN RESOLUTIONS OF MEMBERS

82. (1) Subject to the Act, a resolution in writing signed (in such manner as to indicate, expressly or impliedly, unconditional approval) by or on behalf of all persons for the time being entitled to receive notice of and to attend and vote at general meetings of the Company shall, for the purposes of these Bye-laws, be treated as a resolution duly passed at a general meeting of the Company and, where relevant, as a special resolution so passed. Any such resolution shall be deemed to have been passed at a meeting held on the date on which it was signed by the last Member to sign, and where the resolution states a date as being the date of his signature thereof by any Member the statement shall be prima facie evidence that it was signed by him on that date. Such a resolution may consist of several documents in the like form, each signed by one or more relevant Members.
- (2) Notwithstanding any provisions contained in these Bye-laws, a resolution in writing shall not be passed for the purpose of removing a Director before the expiration of his term of office under Bye-law 83(4) or for the purposes set out in Bye-law 152(3) relating to the removal and appointment of the Auditor.

BOARD OF DIRECTORS

83. (1) Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two (2). There shall be no maximum number of Directors unless otherwise determined from time to time by the Members in general meeting. The Directors shall be elected or appointed in the first place at the statutory meeting of Members and thereafter at the annual general meeting in accordance with Bye-law 84 or at any special general meeting called for such purpose and who shall hold office for such term as the Members may determine or, in the absence of such determination, in accordance with Bye-law 84 or until their successors are elected or appointed or their office is otherwise vacated. Any general meeting may authorise the Board to fill any vacancy in their number left unfilled at a general meeting.

- (2) The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorisation by the Members in general meeting, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the Members in general meeting. Any Director so appointed shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.
- (3) Neither a Director nor an alternate Director shall be required to hold any shares of the Company by way of qualification and a Director or alternate Director (as the case may be) who is not a Member shall be entitled to receive notice of and to attend and speak at any general meeting of the Company and of all classes of shares of the Company.
- (4) The Members may, at any general meeting convened and held in accordance with these Bye-laws, by ordinary resolution remove a Director at any time before the expiration of his period of office notwithstanding anything to the contrary in these Bye-laws or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement) provided that the Notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention so to do and be served on such Director fourteen (14) days before the meeting and at such meeting such Director shall be entitled to be heard on the motion for his removal.
- (5) A vacancy on the Board created by the removal of a Director under the provisions of subparagraph (4) above may be filled by the election or appointment by ordinary resolution of the Members at the meeting at which such Director is removed to hold office until the next appointment of Directors or until their successors are elected or appointed or, in the absence of such election or appointment such general meeting may authorise the Board to fill any vacancy in the number left unfilled.
- (6) 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 never be less than two (2).

RETIREMENT OF DIRECTORS

84. (1) Notwithstanding any other provisions in the Bye-laws, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years.

- (2) A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed pursuant to Bye-law 83(2) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.
85. No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (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 lodgment of such Notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

DISQUALIFICATION OF DIRECTORS

86. The office of a Director shall be vacated if the Director:
- (1) resigns his office by notice in writing delivered to the Company at the Office or tendered at a meeting of the Board;
 - (2) becomes of unsound mind or dies;
 - (3) without special leave of absence from the Board, is absent from meetings of the Board for six consecutive months, and his alternate Director, if any, shall not during such period have attended in his stead and the Board resolves that his office be vacated;
 - (4) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
 - (5) is prohibited by law from being a Director; or

- (6) ceases to be a Director by virtue of any provision of the Statutes or is removed from office pursuant to these Bye-laws.

No Director shall be required to vacate office or be ineligible for re-election or re-appointment as a Director, and no person shall be ineligible for appointment as a Directors, by reason only of his having attained any particular age.

EXECUTIVE DIRECTORS

87. The Board may from time to time appoint any one or more of its body to be a managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period (subject to their continuance as Directors) and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. Any such revocation or termination as aforesaid shall be without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director. A Director appointed to an office under this Bye-law shall be subject to the same provisions as to removal as the other Directors of the Company, and he shall (subject to the provisions of any contract between him and the Company) ipso facto and immediately cease to hold such office if he shall cease to hold the office of Director for any cause.
88. Notwithstanding Bye-laws 93, 94, 95 and 96, an executive director appointed to an office under Bye-law 87 hereof shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time determine, and either in addition to or in lieu of his remuneration as a Director.

ALTERNATE DIRECTORS

89. Any Director may at any time by Notice delivered to the Office or head office or at a meeting of the Directors appoint any other Director to be his alternate Director. Any alternate Director so appointed shall have all the rights and powers of the Director or Directors for whom such person is appointed in the alternative provided that such person shall not be counted more than once in determining whether or not a quorum is present. An alternate Director may be removed at any time by the person or body which appointed him and, subject thereto, the office of alternate Director shall continue until the happening of any event which, if he were a Director, would cause him to vacate such office or if his appointer ceases for any reason to be a Director. Any appointment or removal of an alternate Director shall be effected by Notice signed by the appointor and delivered to the Office or head office or tendered at a meeting of the Board. An alternate Director shall be a Director in his own right and may act as alternate to more than one Director. An alternate Director shall, if his appointor so requests, be entitled to receive notices of meetings of the Board or of

committees of the Board to the same extent as, but in lieu of, the Director appointing him and shall be entitled to such extent to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally at such meeting to exercise and discharge all the functions, powers and duties of his appointor as a Director and for the purposes of the proceedings at such meeting the provisions of these Bye-laws shall apply as if he were a Director save that as an alternate for more than one Director his voting rights shall be cumulative.

90. An alternate Director shall only be a Director for the purposes of the Act and shall only be subject to the provisions of the Act insofar as they relate to the duties and obligations of a Director when performing the functions of the Director for whom he is appointed in the alternative and shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of or for the Director appointing him. An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified by the Company to the same extent *mutatis mutandis* as if he were a Director but he shall not be entitled to receive from the Company any fee in his capacity as an alternate Director except only such part, if any, of the remuneration otherwise payable to his appointor as such appointor may by Notice to the Company from time to time direct.
91. Every person acting as an alternate Director shall have one vote for each Director for whom he acts as alternate (in addition to his own vote if he is also a Director). If his appointor is for the time being absent from Hong Kong or otherwise not available or unable to act, the signature of an alternate Director to any resolution in writing of the Board or a committee of the Board of which his appointor is a member shall, unless the notice of his appointment provides to the contrary, be as effective as the signature of his appointor.
92. An alternate Director shall ipso facto cease to be an alternate Director if his appointor ceases for any reason to be a Director, however, such alternate Director or any other person may be re-appointed by the Directors to serve as an alternate Director PROVIDED always that, if at any meeting any Director retires but is re-elected at the same meeting, any appointment of such alternate Director pursuant to these Bye-laws which was in force immediately before his retirement shall remain in force as though he had not retired.

DIRECTORS' FEES AND EXPENSES

93. The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting and shall (unless otherwise directed by the resolution by which it is voted) be divided amongst the Board in such proportions and in such manner as the Board may agree or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. Such remuneration shall be deemed to accrue from day to day.
94. Each Director shall be entitled to be repaid or prepaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Board or committees of the Board or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of his duties as a Director.
95. Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Bye-law.
96. The Board shall obtain the approval of the Company in general meeting before making any payment to any Director or past Director of the Company by way of compensation for loss of office, or as consideration for or in connection with his retirement from office (not being payment to which the Director is contractually entitled).

DIRECTORS' INTERESTS

97. A Director may:
- (a) hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and, subject to the relevant provisions of the Act, upon such terms as the Board may determine. Any remuneration (whether by way of salary, commission, participation in profits or otherwise) paid to any Director in respect of any such other office or place of profit shall be in addition to any remuneration provided for by or pursuant to any other Bye-law;
 - (b) act by himself or his firm in a professional capacity for the Company (otherwise than as Auditor) and he or his firm may be remunerated for professional services as if he were not a Director; or

- (c) continue to be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any other company promoted by the Company or in which the Company may be interested as a vendor, shareholder or otherwise and (unless otherwise agreed) no such Director shall be accountable for any remuneration, profits or other benefits received by him as a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of or from his interests in any such other company. Subject as otherwise provided by these Bye-laws the Directors may exercise or cause to be exercised the voting powers conferred by the shares in any other company held or owned by the Company, or exercisable by them as directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, joint managing directors, deputy managing directors, executive directors, managers or other officers of such company) or voting or providing for the payment of remuneration to the director, managing director, joint managing director, deputy managing director, executive director, manager or other officers of such other company and any Director may vote in favour of the exercise of such voting rights in manner aforesaid notwithstanding that he may be, or about to be, appointed a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in manner aforesaid.
98. Subject to the Act and to these Bye-laws, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the Members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established provided that such Director shall disclose the nature of his interest in any contract or arrangement in which he is interested in accordance with Bye-law 99 herein.
99. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested. For the purposes of this Bye-law, a general Notice to the Board by a Director to the effect that:

- (a) he is a member or officer of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with that company or firm; or
- (b) he is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with a specified person who is connected with him;

shall be deemed to be a sufficient declaration of interest under this Bye-law in relation to any such contract or arrangement, provided that no such Notice shall be effective unless either it is given at a meeting of the Board or the Director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

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

- (iii) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
 - (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or
 - (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associate(s) and employee(s) of the Company or any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates;
 - (iv) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.
- (2) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.

GENERAL POWERS OF THE DIRECTORS

101. (1) The business of the Company shall be managed and conducted by the Board, which may pay all expenses incurred in forming and registering the Company and may exercise all powers of the Company (whether relating to the management of the business of the Company or otherwise) which are not by the Statutes, by the Listing Rules or by these Bye-laws required to be exercised by the Company in general meeting, subject nevertheless to the provisions of the Statutes, the Listing Rules and these Bye-laws and to such regulations being not inconsistent with such provisions, as may be prescribed by the Company in general meeting, but no regulations made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if such regulations had not been made. The general powers given by this Bye-law shall not be limited or restricted by any special authority or power given to the Board by any other Bye-law.
- (2) Any person contracting or dealing with the Company in the ordinary course of business shall be entitled to rely on any written or oral contract or agreement or deed, document or instrument entered into or executed as the case may be by any two of the Directors, acting jointly, or any one Director and the Secretary, acting jointly, on behalf of the Company and the same shall be deemed to be validly entered into or executed by the Company as the case may be and shall, subject to any rule of law, be binding on the Company.
- (3) Without prejudice to the general powers conferred by these Bye-laws 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 servants 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 discontinued in Bermuda and continued in a named country or jurisdiction outside Bermuda subject to the provisions of the Act.

- (4) The Company shall not make any loan, directly or indirectly to a Director or his close associate(s) 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 Bye-law 101(4) shall only have effect for so long as the shares of the Company are listed on The Stock Exchange of Hong Kong Limited.
102. The Board may establish any regional or local boards or agencies for managing any of the affairs of the Company in any place, and may appoint any persons to be members of such local boards, or any managers or agents, and may fix their remuneration (either by way of salary or by commission or by conferring the right to participation in the profits of the Company or by a combination of two or more of these modes) and pay the working expenses of any staff employed by them upon the business of the Company. The Board may delegate to any regional or local board, manager or agent any of the powers, authorities and discretions vested in or exercisable by the Board (other than its powers to make calls and forfeit shares), with power to sub-delegate, and may authorise the members of any of them to fill any vacancies therein and to act notwithstanding vacancies. Any such appointment or delegation may be made upon such terms and subject to such conditions as the Board may think fit, and the Board may remove any person appointed as aforesaid, and may revoke or vary such delegation, but no person dealing in good faith and without notice of any such revocation or variation shall be affected thereby.
103. The Board may by power of attorney appoint under the Seal any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Bye-laws) and for such period and subject to such conditions as it may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him. Such attorney or attorneys may, if so authorised under the Seal of the Company, execute any deed or instrument under their personal seal with the same effect as the affixation of the Seal.
104. The Board may entrust to and confer upon a managing director, joint managing director, deputy managing director, an executive director or any Director any of the powers exercisable by it upon such terms and conditions and with such restrictions as it thinks fit, and either collaterally with, or to the exclusion of, its own powers, and may from time to time revoke or vary all or any of such powers but no person dealing in good faith and without notice of such revocation or variation shall be affected thereby.

105. All cheques, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or transferable or not, and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine. The Company's banking accounts shall be kept with such banker or bankers as the Board shall from time to time determine.
106. (1) The Board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's moneys to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit under the Company or any of its subsidiary companies) and ex-employees of the Company and their dependants or any class or classes of such person.
- (2) The Board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependants are or may become entitled under any such scheme or fund as mentioned in the last preceding paragraph. Any such pension or benefit may, as the Board considers desirable, be granted to an employee either before and in anticipation of or upon or at any time after his actual retirement.

BORROWING POWERS

107. The Board may exercise all the powers of the Company to raise or borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Act, to issue debentures, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.
108. Debentures, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
109. Any debentures, bonds or other securities may be issued at a discount (other than shares), premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Company, appointment of Directors and otherwise.

110. (1) Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge, and shall not be entitled, by notice to the Members or otherwise, to obtain priority over such prior charge.
- (2) The Board shall cause a proper register to be kept, in accordance with the provisions of the Act, of all charges specifically affecting the property of the Company and of any series of debentures issued by the Company and shall duly comply with the requirements of the Act in regard to the registration of charges and debentures therein specified and otherwise.

PROCEEDINGS OF THE DIRECTORS

111. The Board may meet for the despatch of business, adjourn or postpone and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of any equality of votes the chairman of the meeting shall have an additional or casting vote.
112. A meeting of the Board may be convened by the Secretary on request of a Director or by any Director. The Secretary shall convene a meeting of the Board whenever he shall be required so to do by any Director. Notice of a meeting of the Board shall be deemed to be duly given to a Director if it is given to such Director in writing or verbally (including in person or by telephone) or by electronic means to an electronic address from time to time notified to the Company by such Director or (if the recipient consents to it being made available on a website) by making it available on a website or in such other manner as the Board may from time to time determine.
113. (1) The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two (2). An alternate Director shall be counted in a quorum in the case of the absence of a Director for whom he is the alternate provided that he shall not be counted more than once for the purpose of determining whether or not a quorum is present.
- (2) Directors may participate in any meeting of the Board by means of a conference telephone, electronic or other communications equipment through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously and, for the purpose of counting a quorum, such participation shall constitute presence at a meeting as if those participating were present in person.
- (3) Any Director who ceases to be a Director at a Board meeting may continue to be present and to act as a Director and be counted in the quorum until the termination of such Board meeting if no other Director objects and if otherwise a quorum of Directors would not be present.

114. The continuing Directors or a sole continuing Director may act notwithstanding any vacancy in the Board but, if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Bye-laws, the continuing Directors or Director, notwithstanding that the number of Directors is below the number fixed by or in accordance with these Bye-laws as the quorum or that there is only one continuing Director, may act for the purpose of filling vacancies in the Board or of summoning general meetings of the Company but not for any other purpose.
115. 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. If no chairman or deputy chairman is elected, or if at any meeting no chairman or deputy chairman is present within five (5) minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.
116. A meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the Board.
117. (1) The Board may delegate any of its powers, authorities and discretions to committees, consisting of such Director or Directors and other persons as it thinks fit, and they may, from time to time, revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations which may be imposed on it by the Board.
- (2) All acts done by any such committee in conformity with such regulations, and in fulfilment of the purposes for which it was appointed, but not otherwise, shall have like force and effect as if done by the Board, and the Board shall have power, with the consent of the Company in general meeting, to remunerate the members of any such committee, and charge such remuneration to the current expenses of the Company.
118. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in these Bye-laws for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board under the last preceding Bye-law.

119. A resolution in writing signed by all the Directors except such as are temporarily unable to act through ill health or disability, and all the alternate Directors, if appropriate, whose appointors are temporarily unable to act as aforesaid shall be as valid and effectual as if a resolution had been passed at a meeting of the Board duly convened and held provided that such number is sufficient to constitute a quorum and that a copy of such resolution has been given or the contents thereof communicated to all the Directors for the time being entitled to receive notices of Board meetings in the same manner as notices of meetings are required to be given by these Bye laws and further provided that no Director is aware of or has received any objection to the resolution from any Director. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Directors or alternate Directors and for this purpose a facsimile signature of a Director or an alternate Director shall be treated as valid. Notwithstanding the foregoing, a resolution in writing shall not be passed in lieu of a meeting of the Board for the purposes of considering any matter or business in which a substantial shareholder of the Company or a Director has a conflict of interest and the Board has determined that such conflict of interest to be material.
120. All acts bona fide done by the Board or by any committee or by any person acting as a Director or members of a committee, shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the Board or such committee or person acting as aforesaid or that they or any of them were disqualified or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.

MANAGERS

121. The Board may from time to time appoint a general manager, a manager or managers of the Company and may fix his or their remuneration either by way of salary or commission or by conferring the right to participation in the profits of the Company or by a combination of two or more of these modes and pay the working expenses of any of the staff of the general manager, manager or managers who may be employed by him or them upon the business of the Company.
122. The appointment of such general manager, manager or managers may be for such period as the Board may decide, and the Board may confer upon him or them all or any of the powers of the Board as it may think fit.

123. The Board may enter into such agreement or agreements with any such general manager, manager or managers upon such terms and conditions in all respects as the Board may in their absolute discretion think fit, including a power for such general manager, manager or managers to appoint an assistant manager or managers or other employees whatsoever under them for the purpose of carrying on the business of the Company.

OFFICERS

124. (1) The officers of the Company shall consist of the Directors and Secretary and such additional officers (who may or may not be Directors) as the Board may from time to time determine, all of whom shall be deemed to be officers for the purposes of the Act and, subject to Bye-law 128(4), these Bye-laws.
- (2) The officers shall receive such remuneration as the Directors may from time to time determine.
- (3) Where the Company appoints and maintains a resident representative ordinarily resident in Bermuda in accordance with the Act, the resident representative shall comply with the provisions of the Act.
- (4) The Company shall provide the resident representative with such documents and information as the resident representative may require in order to be able to comply with the provisions of the Act.
- (5) The resident representative shall be entitled to have notice of, attend and be heard at all meetings of the Directors or of any committee of such Directors or general meetings of the Company.
125. (1) The Secretary and additional officers, if any, shall be appointed by the Board and shall hold office on such terms and for such period as the Board may determine. If thought fit, two (2) or more persons may be appointed as joint Secretaries. The Board may also appoint from time to time on such terms as it thinks fit one or more assistant or deputy Secretaries.
- (2) The Secretary shall attend all meetings of the Members and shall keep correct minutes of such meetings and enter the same in the proper books provided for the purpose. He shall perform such other duties as are prescribed by the Act or these Bye-laws or as may be prescribed by the Board.

126. The officers of the Company shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Directors from time to time.
127. A provision of the Act or of these Bye-laws requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as or in place of the Secretary.

REGISTER OF DIRECTORS AND OFFICERS

128. (1) The Board shall cause to be kept in one or more books at the Office a Register of Directors and Officers and shall enter therein the following particulars with respect to each Director and Officer, that is to say:
- (a) in the case of an individual, his or her present first name, surname and address; and
 - (b) in the case of a company, its name and registered office.
- (2) The Board shall within a period of fourteen (14) days from the occurrence of:
- (a) any change among the Directors and Officers; or
 - (b) any change in the particulars contained in the Register of Directors and Officers, cause to be entered on the Register of Directors and Officers the particulars of such change.
- (3) The Register of Directors and Officers shall be open to inspection by members of the public without charge at the Office between 10:00 a.m. and 12:00 noon during business hours.
- (4) In this Bye-law “Officer” has the meaning ascribed to it in Section 92A(7) of the Act.

MINUTES

129. (1) The Board shall cause Minutes to be duly entered in books provided for the purpose:
- (a) of all elections and appointments of officers;
 - (b) of the names of the Directors present at each meeting of the Directors and of any committee of the Directors;
 - (c) of all resolutions and proceedings of each general meeting of the Members and meetings of the Board.
- (2) Minutes prepared in accordance with the Act and these Bye-laws shall be kept by the Secretary at the Office.

SEAL

130. (1) The Company shall have one or more Seals, as the Board may determine. For the purpose of sealing documents creating or evidencing securities issued by the Company, the Company may have a securities seal which is a facsimile of the Seal with the addition of the words "Securities Seal" on its face or in such other form as the Board may approve. The Board shall provide for the custody of each Seal and no Seal shall be used without the authority of the Board or of a committee of the Board authorised by the Board in that behalf. Subject as otherwise provided in these Bye-laws, any instrument to which a Seal is affixed shall be signed autographically by one Director and the Secretary or by two Directors or by such other person (including a Director) or persons as the Board may appoint, either generally or in any particular case, save that as regards any certificates for shares or debentures or other securities of the Company the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature. Every instrument executed in the manner provided by this Bye-law shall be deemed to be sealed and executed with the authority of the Board previously given.
- (2) Where the Company has a Seal for use abroad, the Board may by writing under the Seal appoint any agent or committee abroad to be the duly authorised agent of the Company for the purpose of affixing and using such Seal and the Board may impose restrictions on the use thereof as may be thought fit. Wherever in these Bye-laws reference is made to the Seal, the reference shall, when and so far as may be applicable, be deemed to include any such other Seal as aforesaid.

AUTHENTICATION OF DOCUMENTS

131. Any Director or the Secretary or any person appointed by the Board for the purpose may authenticate any documents affecting the constitution of the Company and any resolution passed by the Company or the Board or any committee, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts, and if any books, records, documents or accounts are elsewhere than at the Office or the head office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person so appointed by the Board. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Board or any committee which is so certified shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such minutes or extract is a true and accurate record of proceedings at a duly constituted meeting.

DESTRUCTION OF DOCUMENTS

132. (1) The Company shall be entitled to destroy the following documents at the following times:
- (a) any share certificate which has been cancelled at any time after the expiry of one (1) year from the date of such cancellation;
 - (b) any dividend mandate or any variation or cancellation thereof or any notification of change of name or address at any time after the expiry of two (2) years from the date such mandate variation cancellation or notification was recorded by the Company;
 - (c) any instrument of transfer of shares which has been registered at any time after the expiry of seven (7) years from the date of registration;
 - (d) any allotment letters after the expiry of seven (7) years from the date of issue thereof; and
 - (e) copies of powers of attorney, grants of probate and letters of administration at any time after the expiry of seven (7) years after the account to which the relevant power of attorney, grant of probate or letters of administration related has been closed;

and it shall conclusively be presumed in favour of the Company that every entry in the Register purporting to be made on the basis of any such documents so destroyed was duly and properly made and every share certificate so destroyed was a valid certificate duly and properly cancelled and that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and that every other document destroyed hereunder was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. Provided always that: (1) the foregoing provisions of this Bye-law shall apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of such document was relevant to a claim; (2) nothing contained in this Bye-law shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any case where the conditions of proviso (1) above are not fulfilled; and (3) references in this Bye-law to the destruction of any document include references to its disposal in any manner.

- (2) Notwithstanding any provision contained in these Bye-laws, the Directors may, if permitted by applicable law, authorise the destruction of documents set out in sub-paragraphs (a) to (e) of paragraph (1) of this Bye-law and any other documents in relation to share registration which have been microfilmed or electronically stored by the Company or by the share registrar on its behalf provided always that this Bye-law shall apply only to the destruction of a document in good faith and without express notice to the Company and its share registrar that the preservation of such document was relevant to a claim.

DIVIDENDS AND OTHER PAYMENTS

133. Subject to the Act, the Company in general meeting may from time to time declare dividends in any currency to be paid to the Members but no dividend shall be declared in excess of the amount recommended by the Board. The Company in general meeting may also make a distribution to the Members out of any contributed surplus (as ascertained in accordance with the Act).
134. No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than its liabilities.
135. Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide:

- (a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Bye-law as paid up on the share; and
 - (b) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.
136. The Board may from time to time pay to the Members such interim dividends as appear to the Board to be justified by the profits of the Company and in particular (but without prejudice to the generality of the foregoing) if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights and may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates, whenever such profits, in the opinion of the Board, justifies such payment.
137. The Board may deduct from any dividend or other moneys payable to a Member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.
138. No dividend or other moneys payable by the Company on or in respect of any share shall bear interest against the Company.
139. Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at his address as appearing in the Register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, 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 payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

140. All dividends or bonuses unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend or bonuses unclaimed after a period of six (6) years from the date of declaration shall be forfeited and shall revert to the Company. The payment by the Board of any unclaimed dividend or other sums payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.
141. Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of the Company or any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may issue certificates in respect of fractions of shares, disregard fractional entitlements or round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend, and such appointment shall be effective and binding on the Members. The Board may resolve that no such assets shall be made available to Members with registered addresses in any particular territory or territories where, in the absence of a registration statement or other special formalities, such distribution of assets would or might, in the opinion of the Board, be unlawful or impracticable and in such event the only entitlement of the Members aforesaid shall be to receive cash payments as aforesaid. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.
142. (1) Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on any class of the share capital of the Company, the Board may further resolve either:
- (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof if the Board so determines) in cash in lieu of such allotment. In such case, the following provisions shall apply:

- (i) the basis of any such allotment shall be determined by the Board;
 - (ii) the Board, after determining the basis of allotment, shall give not less than two (2) weeks' Notice to the holders of the relevant shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;
 - (iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and
 - (iv) the dividend (or that part of the dividend to be satisfied by the allotment of shares as aforesaid) shall not be payable in cash on shares in respect whereof the cash election has not been duly exercised (“**the non-elected shares**”) and in satisfaction thereof shares of the relevant class shall be allotted credited as fully paid up to the holders of the non-elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company (including profits carried and standing to the credit of any reserves or other special account other than the Subscription Rights Reserve (as defined below)) as the Board may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and amongst the holders of the non-elected shares on such basis; or
- (b) that the shareholders entitled to such dividend shall be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. In such case, the following provisions shall apply:
- (i) the basis of any such allotment shall be determined by the Board;

- (ii) the Board, after determining the basis of allotment, shall give not less than two (2) weeks' Notice to the holders of the relevant shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;
 - (iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and
 - (iv) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on shares in respect whereof the share election has been duly exercised (“**the elected shares**”) and in lieu thereof shares of the relevant class shall be allotted credited as fully paid up to the holders of the elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company (including profits carried and standing to the credit of any reserves or other special account other than the Subscription Rights Reserve (as defined below)) as the Board may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and amongst the holders of the elected shares on such basis.
- (2) (a) The shares allotted pursuant to the provisions of paragraph (1) of this Bye-law shall rank *pari passu* in all respects with shares of the same class (if any) then in issue save only as regards participation in the relevant dividend or in any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneously with the payment or declaration of the relevant dividend unless, contemporaneously with the announcement by the Board of their proposal to apply the provisions of sub-paragraph (a) or (b) of paragraph (1) of this Bye-law in relation to the relevant dividend or contemporaneously with their announcement of the distribution, bonus or rights in question, the Board shall specify that the shares to be allotted pursuant to the provisions of paragraph (1) of this Bye-law shall rank for participation in such distribution, bonus or rights.

- (b) The Board may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (1) of this Bye-law, with full power to the Board to make such provisions as it thinks fit in the case of shares becoming distributable in fractions (including provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down or whereby the benefit of fractional entitlements accrues to the Company rather than to the Members concerned). The Board may authorise any person to enter into on behalf of all Members interested, an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made pursuant to such authority shall be effective and binding on all concerned.
- (3) The Company may upon the recommendation of the Board by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the provisions of paragraph (1) of this Bye-law a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.
- (4) The Board may on any occasion determine that rights of election and the allotment of shares under paragraph (1) of this Bye-law shall not be made available or made to any shareholders with registered addresses in any territory where, in the absence of a registration statement or other special formalities, the circulation of an offer of such rights of election or the allotment of shares would or might, in the opinion of the Board, be unlawful or impracticable, and in such event the provisions aforesaid shall be read and construed subject to such determination. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.
- (5) Any resolution declaring a dividend 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 distributable 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 shall be payable or distributable 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. The provisions of this Bye-law shall *mutatis mutandis* apply to bonuses, capitalisation issues, distributions of realised capital profits or offers or grants made by the Company to the Members.

RESERVES

143. Before recommending any dividend, the Board may set aside out of the profits of the Company such sums as it determines as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit and so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute.

CAPITALISATION

144. (1) The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled thereto if it were distributed by way of dividend and in the same proportions, on the footing that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in paying up in full unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such Members, or partly in one way and partly in the other, and the Board shall give effect to such resolution provided that, for the purposes of this Bye-law, a share premium account and any reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company to be allotted to such Members credited as fully paid. In carrying sums to reserve and in applying the same the Board shall comply with the provisions of the Act.
- (2) Notwithstanding any provisions in these Bye-laws, 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 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.

145. The Board may settle, as it considers appropriate, any difficulty arising in regard to any distribution under the last preceding Bye-law and in particular may issue certificates in respect of fractions of shares or authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members.

SUBSCRIPTION RIGHTS RESERVE

146. The following provisions shall have effect to the extent that they are not prohibited by and are in compliance with the Act:

- (1) If, so long as any of the rights attached to any warrants issued by the Company to subscribe for shares of the Company shall remain exercisable, the Company does any act or engages in any transaction which, as a result of any adjustments to the subscription price in accordance with the provisions of the conditions of the warrants, would reduce the subscription price to below the nominal value of a share, then the following provisions shall apply:
 - (a) as from the date of such act or transaction the Company shall establish and thereafter (subject as provided in this Bye-law) maintain in accordance with the provisions of this Bye-law a reserve (the “**Subscription Rights Reserve**”) the amount of which shall at no time be less than the sum which for the time being would be required to be capitalised and applied in paying up in full the nominal amount of the additional shares required to be issued and allotted credited as fully paid pursuant to sub-paragraph (c) below on the exercise in full of all the subscription rights outstanding and shall apply the Subscription Rights Reserve in paying up such additional shares in full as and when the same are allotted;
 - (b) the Subscription Rights Reserve shall not be used for any purpose other than that specified above unless all other reserves of the Company (other than share premium account) have been extinguished and will then only be used to make good losses of the Company if and so far as is required by law;

- (c) upon the exercise of all or any of the subscription rights represented by any warrant, the relevant subscription rights shall be exercisable in respect of a nominal amount of shares equal to the amount in cash which the holder of such warrant is required to pay on exercise of the subscription rights represented thereby (or, as the case may be the relevant portion thereof in the event of a partial exercise of the subscription rights) and, in addition, there shall be allotted in respect of such subscription rights to the exercising warrant holder, credited as fully paid, such additional nominal amount of shares as is equal to the difference between:
- (i) the said amount in cash which the holder of such warrant is required to pay on exercise of the subscription rights represented thereby (or, as the case may be, the relevant portion thereof in the event of a partial exercise of the subscription rights); and
 - (ii) the nominal amount of shares in respect of which such subscription rights would have been exercisable having regard to the provisions of the conditions of the warrants, had it been possible for such subscription rights to represent the right to subscribe for shares at less than par

and immediately upon such exercise so much of the sum standing to the credit of the Subscription Rights Reserve as is required to pay up in full such additional nominal amount of shares shall be capitalised and applied in paying up in full such additional nominal amount of shares which shall forthwith be allotted credited as fully paid to the exercising warrant holders; and

- (d) if, upon the exercise of the subscription rights represented by any warrant, the amount standing to the credit of the Subscription Rights Reserve is not sufficient to pay up in full such additional nominal amount of shares equal to such difference as aforesaid to which the exercising warrant holder is entitled, the Board shall apply any profits or reserves then or thereafter becoming available (including, to the extent permitted by law, share premium account) for such purpose until such additional nominal amount of shares is paid up and allotted as aforesaid and until then no dividend or other distribution shall be paid or made on the fully paid shares of the Company then in issue. Pending such payment and allotment, the exercising warrant holder shall be issued by the Company with a certificate evidencing his right to the allotment of such additional nominal amount of shares. The rights represented by any such certificate shall be in registered form and shall be transferable in whole or in part in units of one share in the like manner as the shares for the time being are transferable, and the Company shall make such arrangements in relation to the maintenance of a register therefor and other matters in relation thereto as the Board may think fit and adequate particulars thereof shall be made known to each relevant exercising warrant holder upon the issue of such certificate.

- (2) Shares allotted pursuant to the provisions of this Bye-law shall rank *pari passu* in all respects with the other shares allotted on the relevant exercise of the subscription rights represented by the warrant concerned. Notwithstanding anything contained in paragraph (1) of this Bye-law, no fraction of any share shall be allotted on exercise of the subscription rights.
- (3) The provision of this Bye-law as to the establishment and maintenance of the Subscription Rights Reserve shall not be altered or added to in any way which would vary or abrogate, or which would have the effect of varying or abrogating the provisions for the benefit of any warrant holder or class of warrant holders under this Bye-law without the sanction of a special resolution of such warrant holders or class of warrant holders.
- (4) A certificate or report by the auditors for the time being of the Company as to whether or not the Subscription Rights Reserve is required to be established and maintained and if so the amount thereof so required to be established and maintained, as to the purposes for which the Subscription Rights Reserve has been used, as to the extent to which it has been used to make good losses of the Company, as to the additional nominal amount of shares required to be allotted to exercising warrant holders credited as fully paid, and as to any other matter concerning the Subscription Rights Reserve shall (in the absence of manifest error) be conclusive and binding upon the Company and all warrant holders and shareholders.

ACCOUNTING RECORDS

147. The Board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.
148. The accounting records shall be kept at the Office or, subject to the Act, at such other place or places as the Board decides and shall always be open to inspection by the Directors. No Member (other than a Director) shall have any right of inspecting any accounting record or book or document of the Company except as conferred by law or authorised by the Board or the Company in general meeting.
149. Subject to Section 88 of the Act and Bye-law 150, a printed copy of the Directors' report, accompanied by the balance sheet and profit and loss account, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the Auditors' report, shall be sent to each person entitled thereto at least twenty-one (21) days before the date of the general meeting and at the same time as

the notice of annual general meeting and laid before the Company at the annual general meeting in accordance with the requirements of the Act provided that this Bye-law shall not require a copy of those documents to be sent to any person whose address the Company is not aware of or to more than one of the joint holders of any shares or debentures.

150. To the extent permitted by and subject to due compliance with all applicable Statutes, rules and regulations, including, without limitation, the Listing Rules, and to obtaining all necessary consents, if any, required thereunder, the requirements of Bye-law 149 shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the Statutes, summarised financial statements derived from the Company's annual accounts and the directors' report which shall be in the form and containing the information required by applicable laws and regulations, provided that any person who is otherwise entitled to the annual financial statements of the Company and the directors' report thereon may, if he so requires by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.
151. The requirement to send to a person referred to in Bye-law 149 the documents referred to in that provision or a summary financial report in accordance with Bye-law 150 shall be deemed satisfied where, in accordance with all applicable Statutes, rules and regulations, including, without limitation, the Listing Rules, the Company publishes copies of the documents referred to in Bye-law 149 and, if applicable, a summary financial report complying with Bye-law 150, on the Company's computer network or in any other permitted manner (including by sending any form of electronic communication), and that person has agreed or is deemed to have agreed to treat the publication or receipt of such documents in such manner as discharging the Company's obligation to send to him a copy of such documents.

AUDIT

152. (1) Subject to Section 88 of the Act, at the annual general meeting or at a subsequent special general meeting in each year, the Members shall by ordinary resolution appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the Members appoint another auditor. Such auditor may be a Member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company.
- (2) Subject to Section 89 of the Act, a person, other than an incumbent Auditor, shall not be capable of being appointed Auditor at an annual general meeting unless notice in writing of an intention to nominate that person to the office of Auditor has been given not less than twenty-one (21) days before the annual general meeting and furthermore, the Company shall send a copy of any such notice to the incumbent Auditor.

- (3) The Members may, at any general meeting convened and held in accordance with these Bye-laws, by extraordinary resolution remove the Auditor at any time before the expiration of his term of office and shall by ordinary resolution at that meeting appoint another Auditor in his stead for the remainder of his term.
153. Subject to Section 88 of the Act the accounts of the Company shall be audited at least once in every year.
154. The remuneration of the Auditor shall be fixed by the Company in general meeting by ordinary resolution or in such manner as the Members may determine.
155. The Directors 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 Directors under this Bye-law may be fixed by the Board. Subject to Bye-law 152(3), an Auditor appointed under this Bye-law shall hold office until the next following annual general meeting of the Company and shall then be subject to appointment by the Members under Bye-law 152(1) at such remuneration to be determined by the Members under Bye-law 154.
156. The Auditor shall at all reasonable times have access to all books kept by the Company and to all accounts and vouchers relating thereto; and he may call on the Directors or officers of the Company for any information in their possession relating to the books or affairs of the Company.
157. The statement of income and expenditure and the balance sheet provided for by these Bye-laws shall be examined by the Auditor and compared by him with the books, accounts and vouchers relating thereto; and he shall make a written report thereon stating whether such statement and balance sheet are drawn up so as to present fairly the financial position of the Company and the results of its operations for the period under review and, in case information shall have been called for from Directors or officers of the Company, whether the same has been furnished and has been satisfactory. The financial statements of the Company shall be audited by the Auditor in accordance with generally accepted auditing standards. The Auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the Auditor shall be submitted to the Members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than Bermuda. If the auditing standards of a country or jurisdiction other than Bermuda are used, the financial statements and the report of the Auditor should disclose this fact and name such country or jurisdiction.

NOTICES

158. (1) Any Notice or document (including any “**corporate communication**” within the meaning ascribed thereto under the Listing Rules), whether or not, to be given or issued under these Bye-laws from the Company shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or electronic communication and any such Notice and document may be given or issued by the following means:
- (a) by serving it personally on the relevant person;
 - (b) by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register or at any other address supplied by him to the Company for the purpose;
 - (c) by delivering or leaving it at such address as aforesaid;
 - (d) by placing an advertisement in appointed newspapers (as defined in the Act) or other publication and where applicable, or in newspapers published daily and circulating generally in the territory of and in accordance with the requirements of the Designated Stock Exchange;
 - (e) by sending or transmitting it as an electronic communication to the relevant person at such electronic address as he may provide under Bye-law 158(5), subject to the Company complying with the Statutes and any other applicable laws, rules and regulations from time to time in force with regard to any requirements for the obtaining of consent (or deemed consent) from such person;
 - (f) by publishing it on the Company’s website or the website to which the relevant person may have access, subject to the Company complying with the Statutes and any other applicable laws, rules and regulations from time to time in force with regard to any requirements for the obtaining of consent (or deemed consent) from such person and/or for giving notification to any such person that the notice, document or publication is available on the Company’s computer network website (a “**notice of availability**”); or
 - (g) by sending or otherwise making it available to such person through such other means to the extent permitted by and in accordance with the Statutes and other applicable laws, rules and regulations.
- (2) The notice of availability may be given by any of the means set out above other than by posting it on a website.

- (3) In the case of joint holders of a share all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.
- (4) Every person who, by operation of law, transfer, transmission, or other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share, which, previously to his name and address (including electronic address) being entered in the Register as the registered holder of such share, shall have been duly given to the person from whom he derives title to such share.
- (5) Every Member or a person who is entitled to receive notice from the Company under the provisions of the Statutes or these Bye-laws may register with the Company an electronic address to which notices can be served upon him.
- (6) Subject to any applicable laws, rules and regulations and the terms of these Bye-laws, any notice, document or publication, including but not limited to the documents referred to in Bye-laws 149, 150 and 158 may be given in the English language only or in both the English language and the Chinese language.

159. Any Notice or other document:

- (a) if served or delivered by post, shall where appropriate be sent by airmail and shall be deemed to have been served or delivered on the day following that on which the envelope containing the same, properly prepaid and addressed, is put into the post; in proving such service or delivery it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly addressed and put into the post and a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board that the envelope or wrapper containing the Notice or other document was so addressed and put into the post shall be conclusive evidence thereof;
- (b) if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. A Notice placed on the Company's website or the website of the Designated Stock Exchange is deemed given by the Company to a Member on the day following that on which a notice of availability is deemed served on the Member;
- (c) if published on the Company's website, shall be deemed to have been served on the day on which the notice, document or publication first so appears on the Company's website to which the relevant person may have access or the day on which the notice of availability is deemed to have been served or delivered to such person under these Bye-laws, whichever is later;

- (d) if served or delivered in any other manner contemplated by these Bye-laws, shall be deemed to have been served or delivered at the time of personal service or delivery or, as the case may be, at the time of the relevant despatch, transmission or publication; and in proving such service or delivery a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board as to the fact and time of such service, delivery, despatch, transmission or publication shall be conclusive evidence thereof; and
 - (e) if published as an advertisement in a newspaper or other publication permitted under these Bye-laws, shall be deemed to have been served on the day on which the advertisement first so appears.
160. (1) Any Notice or other document delivered or sent by post to or left at the registered address of any Member in pursuance of these Bye-laws shall, notwithstanding that such Member is then dead or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any share registered in the name of such Member as sole or joint holder unless his name shall, at the time of the service or delivery of the Notice or document, have been removed from the Register as the holder of the share, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such Notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.
- (2) A Notice may be given by the Company to the person 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, envelope or wrapper addressed to him 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.
- (3) 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.

SIGNATURES

161. For the purposes of these Bye-laws, a facsimile or electronic transmission message purporting to come from a holder of shares or, as the case may be, a Director or alternate Director, or, in the case of a corporation which is a holder of shares from a director or the secretary thereof or a duly appointed attorney or duly authorised representative thereof for it and on its behalf, shall in the absence of express evidence to the contrary available to the person relying thereon at the relevant time be deemed to be a document or instrument in writing signed by such holder or Director or alternate Director in the terms in which it is received. The signature to any notice or document to be given by the Company may be written, printed or made electronically.

WINDING UP

162. (1) Subject to Bye-law 162(2), the Board shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.

(2) A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

163. If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Act, divide among the Members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of properties of one kind or shall consist of properties to be divided as aforesaid of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the Members as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

INDEMNITY

164. (1) The Directors, Secretary and other officers and every Auditor of the Company at any time, whether at present or in the past, and the liquidator or trustees (if any) acting or who have acted in relation to any of the affairs of the Company and everyone of them, and everyone of their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; and none of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto; PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.
- (2) Each Member agrees to waive any claim or right of action he might have, whether individually or by or in the right of the Company, against any Director on account of any action taken by such Director, or the failure of such Director to take any action in the performance of his duties with or for the Company; PROVIDED THAT such waiver shall not extend to any matter in respect of any fraud or dishonesty which may attach to such Director.

**AMENDMENT TO BYE-LAWS AND
ALTERATION OF MEMORANDUM OF
ASSOCIATION AND NAME OF COMPANY**

165. No Bye-law shall be rescinded, altered or amended and no new Bye-law shall be made until the same has been approved by a resolution of the Directors and confirmed by a special resolution of the Members. A special resolution shall be required to alter the provisions of the memorandum of association or to change the name of the Company.

INFORMATION

166. No Member shall be entitled to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interests of the Members to communicate to the public.

1. 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.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

Save as disclosed in paragraph 3 below, as at the Latest Practicable Date, none of the Directors were directors or employees of a company which had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as the Directors are aware, each of the following persons (other than a Director or chief executive of the Company or their respective associates) had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long position in the Shares and in the underlying Shares

Name of substantial shareholders	Capacity/Nature of interest	No. of Shares/ underlying Shares interested	Approximate percentage of shareholdings of the Company (Note 1)
SKI (Note 1)	Beneficial owner	1,500,000,000	60.33% (Note 2)

Notes:

1. The entire issued share capital of SKI is held by China International United Petroleum & Chemicals Co., Ltd. (“UNIPEC”). The controlling interest in the registered capital of UNIPEC is ultimately held by Sinopec Group Company.
2. The percentage is calculated based on the total number of ordinary shares of the Company in issue as at the Latest Practicable Date, which was 2,486,160,000.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other persons (not being a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

As at the Latest Practicable Date, Mr. Chen Yaohuan, Mr. Zhong Fuliang, Mr. Mo Zhenglin, Mr. Yang Yanfei, Mr. Zou Wenzhi, Mr. Ren Jiajun and Mr. Sang Jinghua, being the executive Directors, are also directors of SKI.

4. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or be determinable by the relevant member of the Group within one (1) year without payment of compensation (other than statutory compensation).

5. DIRECTORS’ COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. INTERESTS IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date:

- (a) there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.
- (b) none of the Directors had any interest, direct or indirect, in any assets which had been, since 31 December 2021, being the date to which the latest audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

7. EXPERT AND CONSENT

The following is the qualifications of the expert that has given opinions or advices, which are contained in this circular:

Name	Qualifications
Somerley Capital Limited	A licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities for the purpose of the SFO

Somerley Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter dated 15 November 2022 and references to its name in the form and context in which it appear.

As at the Latest Practicable Date, Somerley Capital Limited had no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and had no interest, direct or indirect, in any assets which had been, since 31 December 2021, being the date to which the latest audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there had been no material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. GENERAL

- (I) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (II) The principal place of business of the Company in Hong Kong is at 34/F, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong.
- (III) The Hong Kong share registrar and transfer office of the Company is Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (IV) The joint company secretaries of the Company are Mr. Wang Xiaoming, and Ms. Huang He, who is an associate member of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom.

- (V) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

10. DOCUMENTS FOR DISPLAY

Electronic copies of the following documents are published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (www.sinopec.com.hk) for a period of 14 days from the date of this circular (both days inclusive):

- (a) the New Crude Oil Jetty And Storage Services Framework Master Agreement;
- (b) the New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement;
- (c) the New Sinopec Finance Financial Services Framework Master Agreement;
- (d) the New Century Bright Financial Services Framework Master Agreement;
- (e) the letter from the Board dated 15 November 2022, the text of which is set out on pages 8 to 43 of this circular;
- (f) the letter of recommendation from the Independent Board Committee dated 15 November 2022, the text of which is set out on pages 44 to 45 of this circular;
- (g) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders dated 15 November 2022, the text of which is set out on pages 46 to 66 of this circular;
- (h) the letter of consent from the Independent Financial Adviser referred to under the section headed “7. Expert and Consent” in this Appendix; and
- (i) this circular.

NOTICE OF SPECIAL GENERAL MEETING



SINOPEC KANTONS HOLDINGS LIMITED

(中石化冠德控股有限公司) *

(incorporated in Bermuda with limited liability)

(Stock Code: 934)

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of the shareholders of Sinopec Kantons Holdings Limited (the “**Company**”) will be held at Salon Rooms II-III, 5/F., Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong at 10:00 a.m. on 15 December 2022, Thursday and at any adjournment thereof for the following purposes:

ORDINARY RESOLUTIONS

To consider and, if thought fit, to pass (with or without modification) the following resolutions as ordinary resolutions of the Company

1. “**THAT:**

- (i) the entering into of the New Crude Oil Jetty and Storage Services Framework Master Agreement be and is hereby approved;
- (ii) the proposed annual caps for the New Crude Oil Jetty and Storage Services Framework Master Agreement for the three financial years ending 31 December 2025 be and are hereby approved; and
- (iii) any one Director (or where execution under the common seal of the Company is required, any two Directors or any one Director and any one secretary of the Company) be and is/are hereby authorised to do further acts and things, enter into all transactions and arrangements, execute all other documents and/or deeds and/or take all such steps as he/she may consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with or in relation to the New Crude Oil Jetty and Storage Services Framework Master Agreement.”

2. “**THAT:**

- (i) the entering into of the New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement be and is hereby approved;

* For identification purpose only

NOTICE OF SPECIAL GENERAL MEETING

- (ii) the proposed annual caps for the New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement for the three financial years ending 31 December 2025 be and are hereby approved; and
- (iii) any one Director (or where execution under the common seal of the Company is required, any two Directors or any one Director and any one secretary of the Company) be and is/are hereby authorised to do further acts and things, enter into all transactions and arrangements, execute all other documents and/or deeds and/or take all such steps as he/she may consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with or in relation to the New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement.”

3. **“THAT:**

- (i) the entering into of the New Sinopec Finance Financial Services Framework Master Agreement be and is hereby approved;
- (ii) the proposed annual caps for the New Sinopec Finance Financial Services Framework Master Agreement for the three financial years ending 31 December 2025 be and are hereby approved; and
- (iii) any one Director (or where execution under the common seal of the Company is required, any two Directors or any one Director and any one secretary of the Company) be and is/are hereby authorised to do further acts and things, enter into all transactions and arrangements, execute all other documents and/or deeds and/or take all such steps as he/she may consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with or in relation to the New Sinopec Finance Financial Services Framework Master Agreement.”

4. **“THAT:**

- (i) the entering into of the New Century Bright Financial Services Framework Master Agreement be and is hereby approved;
- (ii) the proposed annual caps for the New Century Bright Financial Services Framework Master Agreement for the three financial years ending 31 December 2025 be and are hereby approved; and
- (iii) any one Director (or where execution under the common seal of the Company is required, any two Directors or any one Director and any one secretary of the Company) be and is/are hereby authorised to do further acts and things, enter into all transactions and arrangements, execute all other documents and/or deeds and/or take all such steps as he/she may consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with or in relation to the New Century Bright Financial Services Framework Master Agreement.”

NOTICE OF SPECIAL GENERAL MEETING

SPECIAL RESOLUTIONS

5. To consider and, if thought fit, to pass (with or without modification) the following resolutions as special resolutions of the Company:

“THAT:

- (i) the amended and restated bye-laws of the Company (the “**New Bye-laws**”), a copy of which has been produced to this meeting and marked “A” and initialled by the chairman of this meeting, be and is hereby approved and adopted as the bye-laws of the Company in substitution for and to the exclusion of the existing bye-laws of the Company with immediate effect after the close of this meeting; and
- (ii) any one Director or company secretary of the Company be and is hereby authorised to do all things necessary to implement the adoption of the New Bye-laws.”

By order of the Board
Sinopec Kantons Holdings Limited
Chen Yaohuan
Chairman

Hong Kong, 15 November 2022

Notes:

1. Any shareholder of the Company (the “**Shareholder**”) entitled to attend and vote at the meeting (or at any adjournment thereof) convened by the above notice is entitled to appoint one or more proxy to attend and vote instead of him/her in accordance with the provisions of the bye-laws of the Company. A proxy needs not be a Shareholder. **In light of the epidemic situation of COVID-19, Shareholders are encouraged to appoint the chairman of the meeting as his/her proxy to vote on the resolutions, instead of attending the meeting in person.**
2. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the office of the Company’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible, and in any event no later than forty-eight (48) hours before the time appointed for the holding of the meeting (or any adjourned meeting thereof). Delivery of the form of proxy will not preclude a Shareholder from attending and voting in person at the meeting (or at any adjournment thereof) and in such event, such form of proxy shall be deemed to be revoked.
3. The resolutions proposed will be voted by way of poll.
4. For determining the entitlement to attend and vote at the meeting, the Register of Members of the Company will be closed from 9 December 2022 (Friday) to 15 December 2022 (Thursday) (both days inclusive), during which period no transfer of shares will be registered. In order to qualify to attend the meeting, all share transfer accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:00 p.m. on 8 December 2022 (Thursday).

NOTICE OF SPECIAL GENERAL MEETING

As at the date of this circular, the Board comprises the following:

Executive Directors:

Mr. Chen Yaohuan (*Chairman*)
Mr. Zhong Fuliang
Mr. Mo Zhenglin
Mr. Yang Yanfei
Mr. Zou Wenzhi
Mr. Ren Jiajun
Mr. Sang Jinghua (*General Manager*)

Independent non-executive Directors:

Ms. Tam Wai Chu, Maria
Mr. Fong Chung, Mark
Dr. Wong Yau Kar, David
Ms. Wong Pui Sze, Priscilla