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If you have sold or transferred all your shares in GUANGZHOU R&F PROPERTIES CO., LTD. (廣州富力地產股份有限公司), you should at once hand this circular together with the enclosed proxy forms to the purchaser or the transferee or to the bank, the registered dealer in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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廣州富力地產股份有限公司
GUANGZHOU R&F PROPERTIES CO., LTD.*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2777)

**GENERAL MANDATE TO ISSUE SHARES;
RE-ELECTION OF RETIRING DIRECTORS AND SUPERVISOR;
PROPOSED ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR;
APPROVAL FOR EXTERNAL GUARANTEES OF THE COMPANY IN 2026;
APPROVAL FOR THE GRANT OF AUTHORIZATION TO THE LEGAL
REPRESENTATIVE(S) OR AUTHORIZED PERSON(S) OF THE COMPANY AND
ITS SUBSIDIARIES TO SIGN COMPOSITE CREDIT FACILITIES OR LOANS
RELATED AGREEMENTS AND DOCUMENTS;
APPROVAL FOR THE ISSUE OF DIRECT DEBT FINANCING PRODUCTS AND
ASSET SECURITIZATION PRODUCTS
(INCLUDING BUT NOT LIMITED TO REITS) IN 2026;
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the AGM of the Company to be held on Friday, 29 May 2026 at the Conference Room, 54/F., R&F Center, No. 10 Huaxia Road, Pearl River New Town, Guangzhou, the PRC is set out on pages 98 to 106 of this circular. Whether or not shareholders are able to attend the said meeting, they are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and deliver the form to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time designated for the commencement of the AGM (i.e. Thursday, 28 May 2026). Completion and return of the proxy form will not preclude shareholders from attending and voting in person at the said meeting or any adjourned meetings should they so desire.

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held on Friday, 29 May 2026 at 11:00 a.m.
“Articles of Association”	the articles of association of the Company
“Board”	the board of directors of the Company
“Company”	Guangzhou R&F Properties Co., Ltd. (廣州富力地產股份有限公司), a joint stock company incorporated in the PRC with limited liability and the H Shares of which are listed on the main board of the Stock Exchange
“Company Law”	the Company Law of the PRC
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“H Shares”	ordinary shares in the capital of the Company listed on the main board of the Stock Exchange, with a nominal value of RMB1 each, which are subscribed for and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	24 April 2026, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Shares”	shares of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD



廣州富力地產股份有限公司

GUANGZHOU R&F PROPERTIES CO., LTD.*

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

(Stock Code: 2777)

Executive Directors:

Li Sze Lim
Zhang Hui
Xiang Lijun
Zhao Feng

Registered office, head office

and principal place of business in PRC:

45-54/F.,
R&F Center,
No. 10 Huaxia Road,
Pearl River New Town,
Guangzhou,
PRC

Non-executive Directors:

Zhang Lin
Li Helen

Principle place of business

in Hong Kong:

Suite 3510, Jardine House,
1 Connaught Place,
Central, Hong Kong

Independent Non-executive Directors:

Zheng Ercheng
Ng Yau Wah, Daniel
Wong Chun Bong

Dear Sir or Madam,

**GENERAL MANDATE TO ISSUE SHARES;
RE-ELECTION OF RETIRING DIRECTORS AND SUPERVISOR;
PROPOSED ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR;
APPROVAL FOR EXTERNAL GUARANTEES OF THE COMPANY IN 2026;
APPROVAL FOR THE GRANT OF AUTHORIZATION TO THE LEGAL
REPRESENTATIVE(S) OR AUTHORIZED PERSON(S) OF THE COMPANY AND
ITS SUBSIDIARIES TO SIGN COMPOSITE CREDIT FACILITIES OR LOANS
RELATED AGREEMENTS AND DOCUMENTS;
APPROVAL FOR THE ISSUE OF DIRECT DEBT FINANCING PRODUCTS AND
ASSET SECURITIZATION PRODUCTS
(INCLUDING BUT NOT LIMITED TO REITS) IN 2026;
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding, *inter alia*, the resolutions to be proposed in the AGM including the general mandate to issue shares, the re-election of retiring directors and supervisor, the proposed election of independent non-executive Director, approval for external guarantees of the Company

LETTER FROM THE BOARD

in 2026, and the approval for the grant of authorization to the legal representative(s) or authorized person(s) of the Company and its subsidiaries to sign composite credit facilities or loans related agreements and documents. This circular also proposes the resolutions in respect of the approval for the Company's issue of direct debt financing products and asset securitization products (including but not limited to REITs) in 2026, the proposed amendments to the Articles of Association and the convening of the AGM.

2. GENERAL MANDATE TO ISSUE SHARES

At the last annual general meeting of the Company held on 30 May 2025, a general mandate was granted to the Directors to issue Shares. Such mandate will lapse at the conclusion of the forthcoming AGM. It is therefore proposed that a fresh mandate to issue Shares be granted to the Directors.

A special resolution (item no. 9 of the AGM notice, pages 100 to 101 of this circular) will be proposed at the AGM to grant to the Directors a general mandate to allot and issue Shares not exceeding 20% of the H Shares of the Company in issue on the date of the passing of the resolution. The mandate will remain in effect until the next annual general meeting.

The Directors believe that the general mandate will provide flexibility to the Directors to issue Shares when it is in the best interest of the Company.

3. RE-ELECTION OF RETIRING DIRECTORS AND SUPERVISOR

In accordance with Articles 106 and 130 of the Articles of Association, the term of office of all directors and supervisors shall be three years, subject to re-election and re-appointment.

The term of office of (i) Mr. Zhang Hui and Mr. Xiang Lijun, executive directors of the Company; (ii) Ms. Li Helen, a non-executive director of the Company; (iii) Mr. Wong Chun Bong, an independent non-executive director of the Company; and (iv) Mr. Zhao Xianglin, a supervisor of the Company, is about to expire, they being eligible, have offered themselves for re-election at the AGM for another three-year term.

The Nomination Committee of the Company (the "**Nomination Committee**") makes recommendation to the Board for the Directors to stand for re-election at the AGM in accordance with the nomination policy of the Company and based on the criteria set out in the board diversity policy adopted by the Company which include, but not limited to, gender, age, cultural and educational background, length of service or professional experience, independence as well as the merit and contribution the candidate can bring to the Board.

At the time of the AGM, (i) Mr. Zheng Ercheng, an independent non-executive Director, would have served on the Company for 12 years; (ii) Mr. Ng Yau Wah, Daniel, an independent non-executive Director, would have served on the Company for 11 years; and (iii) Mr. Wong Chun Bong would have served on the Company for 9 years. Nevertheless,

LETTER FROM THE BOARD

the Nomination Committee has reviewed the independence confirmation submitted by Mr. Wong Chun Bong, an independent non-executive Director, and considered him to have satisfied the independence requirement set out in Rule 3.13 of the Listing Rules. Mr. Wong is able to devote sufficient time to the Board as reflected in his respective high attendance record on the Board and committee meetings. There is no evidence that the length of tenure has an adverse impact on the independence of Mr. Wong as an independent non-executive Director. The Board, having considered the recommendation of the Nomination Committee, is of the view that Mr. Wong Chun Bong has extensive knowledge and experience in various fields, continue to bring independent and objective perspectives to the Company's affairs and provide valuable insights to the management. His re-election as an independent non-executive Director would be in the best interests of the Company and its Shareholders.

The Board, with the recommendation of the Nomination Committee, recommended the Shareholders to re-elect Mr. Zhang Hui, Mr. Xiang Lijun, Ms. Li Helen and Mr. Wong Chun Bong as Directors as the AGM. Each re-election of the retiring Directors will be subject to separate resolution to be approved by the Shareholders at the AGM.

The biography of the Directors and supervisor standing for re-election at the AGM is set out in Appendix I of this circular.

4. PROPOSED ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

Reference is made to the announcement of the Company dated 31 March 2026 in relation to, inter alia, the proposed appointment of independent non-executive Director.

An ordinary resolution will be proposed at the AGM to seek the approval of the Shareholders for the election of Mr. Chow Oi Wah, Fergus (“**Mr. Chow**”) as an independent non-executive Director. Mr. Chow will be appointed as a member of the audit committee of the Company, a member of the remuneration committee of the Company and a member of the Nomination Committee upon his approval as an independent non-executive Director at the AGM.

The Nomination Committee and the Board considered the Company's board diversity policy, including but not limited to gender, age, cultural and educational background, professional experience, independence as well as the merit and contribution the candidate can bring to the Board, and believe that Mr. Chow possesses the essential experience, knowledge and integrity, and is capable of demonstrating the ability commensurate with his position as an independent non-executive Director. With his broad experience, Mr. Chow will provide objective and independent opinions on the Company's business affairs, and at the same time promote Board diversity. The Nomination Committee and the Board have also evaluated and reviewed the independence of Mr. Chow and considered that he has satisfied the independence guidelines as set out in Rule 3.13 of the Listing Rules, and is an independent person according to the terms of the guidelines.

The Nomination Committee and the Board recommend the appointment of Mr. Chow as an independent non-executive Director. The biography of Mr. Chow is set out in Appendix II to this circular.

LETTER FROM THE BOARD

5. APPROVAL FOR EXTERNAL GUARANTEES OF THE COMPANY IN 2026

According to the Articles of Association, the external guarantees of the Company shall be considered and approved by the Shareholders at the general meeting under the following circumstances:

- (i) Any guarantee to be provided when the total amount of external guarantees of the Company and its subsidiaries have reached or exceeded 50% of their latest audited net assets;
- (ii) Any guarantee to be provided when the total amount of external guarantees of the Company has reached or exceeded 30% of its latest audited total assets;
- (iii) Any guarantee to be provided to any entity with debt to asset ratio being in excess of 70%;
- (iv) Any single guarantee in excess of 10% of the latest audited net assets; and
- (v) Any guarantee to be provided to Shareholders, actual controlling persons and their related parties.

However, in the ordinary course of business, the Company and subsidiaries need to provide external guarantees, including but not limited to extend external guarantees to banks or other institutes, in the ordinary course of business. The methods of guarantees include the extension of guarantees by the Company on behalf of subsidiaries or associates and joint ventures or other investee companies and the extension of external guarantees by the subsidiaries or associates and joint ventures on their own. In the event that such guarantees are restricted under the above provisions, this will create significant operational difficulties and delays if every guarantee would need to be approved by the Shareholders at the general meeting. Therefore, a special resolution (item no. 8 in the AGM notice) is put forth to the Shareholders to approve the extension of guarantees on behalf of subsidiaries and the extension of guarantees on behalf of associates and joint ventures or other investee companies under specific conditions stated in the resolution from the date of passing of this special resolution until the next annual general meeting. The new amount of the external guarantee of the Company in 2026 (including the extension of external guarantees by the subsidiaries) shall be up to RMB100 billion. This is a renewal of the corresponding resolution passed at the 2024 annual general meeting.

Subject to the approval for the guarantees above by the Shareholders at the general meeting, each single external guarantee not more than RMB8 billion shall be approved by the chairman. The authorization to sign relevant documents shall be granted to the chairman.

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6. APPROVAL FOR THE GRANT OF AUTHORIZATION TO THE LEGAL REPRESENTATIVE(S) OR AUTHORIZED PERSON(S) OF THE COMPANY AND ITS SUBSIDIARIES TO SIGN COMPOSITE CREDIT FACILITIES OR LOANS RELATED AGREEMENTS AND DOCUMENTS

In order to meet the needs of the Company's production and operation, in 2026, the Company (including its subsidiaries) intends to apply for the grant of new loans (including financial leasing loans), bank acceptance bills, commercial acceptance bills, letters of credit and bank assurance letters from, including but not limited to, financial institutions, financial leasing companies and trust companies etc.. In order to meet the Company's daily working capital needs and to sign related agreements promptly, the Company proposes the resolution at the AGM for considering and approving the authorization of the legal representative(s) or authorized person(s) of the Company and its subsidiaries to sign any composite credit facilities or loans related agreements and documents with the limit of each agreement not more than RMB8 billion (including RMB8 billion) and handle the specific matters for the facilities or loans.

7. APPROVAL FOR THE COMPANY'S ISSUE OF DIRECT DEBT FINANCING PRODUCTS AND ASSET SECURITIZATION PRODUCTS (INCLUDING BUT NOT LIMITED TO REITS) IN 2026

In order to effectively optimize the Company's debt structure, lower its finance costs, expand its financing channels and ensure its sustainable development, after taking into account the capital needs for business development of the Company and its assets and liabilities, the Company proposes to apply for the issue of direct debt financing products and asset securitization products (including but not limited to REITs) in the principal amount of no more than RMB100 billion (RMB100 billion inclusive) in 2026 (being the period from the date of approval of this resolution at the AGM to the date of next annual general meeting). The Company proposes to issue direct debt financing products and asset securitization products (including but not limited to REITs) in accordance with the requirements of the relevant laws and regulations, and the uses of proceeds include but are not limited to replenishment of working capital, repayment of borrowings from financial institutions and non-financial institutions and credit debts, urban renewal projects, equity/asset acquisitions, equity investments, project investments and other uses in compliance with the laws, regulations and policy requirements in the PRC.

Under the Articles of Association, the details for the Company's issue of direct debt financing products and asset securitization products (including but not limited to REITs) in 2026 are as follow:

1) Size of issue

The Company proposes to apply to the relevant regulatory authorities for the issue of direct debt financing products and asset securitization products (including but not limited to REITs) in the principal amount of no more than RMB100 billion (RMB100 billion inclusive) in 2026 (being the period from the date of approval of this resolution at the AGM to the date of next annual general meeting). Such

LETTER FROM THE BOARD

principal amount excludes the amount of the financing products the issue of which the Company is applying for in accordance with the approval obtained at the general meeting or the issue of which the Company has applied for but has not been completed.

2) Form of financing

Various direct debt financing products and asset securitization products issued in the PRC include but are not limited to corporate bonds, enterprise bonds, inter-bank bond market financing products, asset securitization products and REITs issued under the approvals of competent authorities.

The specific types include but are not limited to the domestic bonds recognised by competent authorities such as housing lease (including long-rental apartments) corporate bonds, housing lease (including long-rental apartments) asset securitization, housing lease trust benefit asset securitization, public corporate bonds, non-public corporate bonds, renewable corporate bonds, innovation and startup corporate bonds, green corporate bonds, project return corporate bonds, enterprise bonds, medium-term notes (including perpetual medium-term notes), short-term notes, super & short-term commercial papers, property purchase loan balance asset securitization, supply chain financial asset securitization, commercial real estate asset securitization, property management fee asset securitization, REITs, urban renewal specific debt financing instruments, debt financing plans, inter-bank bond market financing products, asset securitization.

3) Method of issue

The Company may issue the products on a one-off or multiple basis in view of the product and its practical situations, which shall be decided by the Board.

4) Uses of proceeds

Including but not limited to the replenishment of working capital, repayment of borrowings from financial institutions and non-financial institutions and credit debts, urban renewal projects, equity/asset acquisitions, equity investments, project investments and other uses in compliance with the laws, regulations and policy requirements in the PRC, which shall be decided by the Board in issuing specific products in view of the practical situations of the Company.

5) Financing guarantee

If any market business or transaction structure requires guarantee, the guarantee will be provided according to the product features or transaction structure.

6) Financing entity

The Company and its subsidiaries.

LETTER FROM THE BOARD

7) Effective period of resolution

The period from the date of approval of this resolution at the AGM to the date of next annual general meeting.

8. APPROVAL FOR THE GRANT OF AUTHORIZATION TO THE BOARD (OR ITS AUTHORIZED PERSON(S)) TO HANDLE AT ITS SOLE DISCRETION THE MATTERS IN RELATION TO THE COMPANY'S ISSUE OF DIRECT DEBT FINANCING PRODUCTS AND ASSET SECURITIZATION PRODUCTS (INCLUDING BUT NOT LIMITED TO REITS) IN 2026 AND THE MATTERS IN RELATION TO THE EXTENSION OF EXISTING PRODUCTS

It is proposed that an authorization be granted at the AGM to the Board (or its authorized person(s)) to handle at its sole discretion the matters in relation to the Company's issue of direct debt financing products and asset securitization products (including but not limited to REITs) in 2026 and the matters in relation to the extension of existing products, including but not limited to:

- 1) To decide specific products to be issued within the size of issue approved at the AGM;
- 2) To decide specific uses of proceeds from each issue in view of the actual needs of the Company;
- 3) To decide specific plans, terms and conditions of the issue of the debt financing products and the relevant matters in view of the needs of the Company and market conditions, including but not limited to determining and/or amending the type, quantity, amount, issue price and interest rate of each issue or the method of determination thereof, the place, timing and term of issue, whether issued in tranches and the number of tranches, rating arrangements, guarantee matters, date of issue, subscribers, method of issue, specific use of proceeds, placing arrangements, underwriting arrangements, debt repayment guarantee measures, principal and interest repayment arrangements, issue and listing (quotation), post-issue transactions, disclosure of the relevant information and all other matters relating to the issue, to decide specific plans, terms and conditions of the extension of existing products and the relevant matters in view of the needs of the Company and market conditions;
- 4) To engage intermediaries in view of the actual needs for the issue or extension of direct debt financing products and asset securitization products (including but not limited to REITs), and to negotiate about, enter into and amend the relevant contracts or agreements and other necessary documents and make proper information disclosure;

LETTER FROM THE BOARD

- 5) In the event of any change in regulatory policies or market conditions, the proposal and other relevant matters may be adjusted according to the opinions of the relevant competent authorities or market changes, save for those which are required to be voted on again at the general meeting of the Company in accordance with the laws and regulations and the Articles of Association;
- 6) To handle the matters in relation to each issue of financing products or extension of existing products by the Company, enter into the relevant legal documents, handle relevant guarantee registration (if required), and handle other matters which are not set out above and relating to all necessary procedures for the debt financing products;
- 7) To handle other matters which are not set out above and relating to debt financing products;
- 8) To take any and all necessary, desirable or appropriate actions in relation to the relevant matters, including but not limited to approving and signing all necessary contracts, agreements and documents, disclosing the relevant information in accordance with the applicable regulatory rules, making appropriate adjustments according to the feedbacks, if any, from the relevant PRC regulatory authorities, and approving, confirming and ratifying any actions or steps taken by any authorized director(s);
- 9) To take all necessary actions, determine or handle all other matters relating to the issue or extension, including deciding, in its absolute discretion, to postpone or suspend the issue or extension in case of force majeure or any other reason which renders the issue impracticable or unable to bring benefits to the Company despite being practicable;
- 10) Within the scope of the authorization, the Board may authorize the chairman of the Board to determine specific issue or extension matters and deal with specific matters relating to the debt financing products and to authorize the chairman of the Board to approve and sign any legal documents in relation to the debt financing products;
- 11) The term of authorization shall commence on the date of approval at the AGM and end on the date on which all the aforesaid matters are completed.

9. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Reference is made to the announcement of the Company dated 31 March 2026 in relation to the Board's recommendation to make amendments to the Articles of Association.

The Board proposes to amend the existing Articles of Association to align with the latest requirements under the Company Law of the PRC (including but not limited to enhancement in protection for Shareholders' rights and interests and provision of flexibility in Board structure), and to align with the latest requirements under the

LETTER FROM THE BOARD

Listing Rules (including the enabling of the holding of hybrid general meetings and the provision of electronic voting) and to incorporate certain housekeeping amendments (the “**Proposed Amendments**”).

Details of the Proposed Amendments are set out in the Appendix III of this circular. The Proposed Amendments are subject to the approval by the Shareholders by way of a special resolution at the AGM. The Proposed Amendments are prepared in Chinese and the English version is a translation for reference only. In the event of any discrepancy between the English translation and the Chinese version, the Chinese version shall prevail.

The legal advisors to the Company as to the laws of Hong Kong and the laws of the PRC have respectively confirmed that the proposed amendments to the Articles of Association comply with the requirements of the Listing Rules and applicable laws of the PRC. The Company confirms that there is nothing unusual about the proposed amendments to the Articles of Association for a company incorporated in the PRC and listed on the Stock Exchange.

10. ANNUAL GENERAL MEETING

The AGM will be held at 11:00 a.m. on Friday, 29 May 2026 at the Conference Room, 54/F., R&F Center, No. 10 Huaxia Road, Pearl River New Town, Guangzhou, the PRC. The notice of the AGM is set out on pages 98 to 106 in Appendix IV of this circular.

According to the Articles of Association, Shareholders can vote by a show of hands or by poll at the general meeting. Rule 13.39(4) of the Listing Rules requires any vote of Shareholders at the general meeting be taken by poll, and to allow a chairman of the general meeting to exempt only certain prescribed procedural and administrative matters from a vote by poll at a general meeting. Therefore, the Company will procure the chairman of the AGM to demand voting on all resolutions set out in the notice of the AGM be taken by way of poll. The Company shall appoint its auditors, share registrar or external accountants who are qualified to serve as auditors for the Company as scrutineers for the vote-taking. Where the resolutions to be voted upon is the election of the chairman of the meeting or the termination of the meeting, then poll should be taken immediately. In all other cases, the chairman shall determine the time for taking such poll and the meeting can proceed to discuss other matters. The result of the poll shall be deemed to have been taken at such general meeting. The chairman of the meeting shall have the casting vote.

The proxy form for use in connection with the AGM is enclosed herewith. The proxy form can also be downloaded from the Company’s website at www.rfchina.com or the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk.

H Share Shareholder(s) who wish(es) to appoint a proxy/proxies to attend the AGM are requested to complete and sign the proxy form in accordance with the instructions contained therein, and deliver the proxy form(s) to the Company’s H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not less than 24 hours before the time

LETTER FROM THE BOARD

designated for the commencement of the AGM (i.e. Thursday, 28 May 2026). Completion and return of the forms of proxy shall not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

No Shareholder was required to abstain from voting in respect of any resolutions proposed for approval at the AGM.

11. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particular 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.

12. RECOMMENDATION

The Directors believe that the proposed resolutions are either necessary or in the interest of the Company. Accordingly, the Directors recommend all Shareholders to vote in favour of the aforementioned resolutions at the AGM.

13. GENERAL INFORMATION

- 1) The proposed issue (including extension of existing products) of financing products such as direct debt financing products and asset securitization products is subject to, among others, the approval of the Shareholders at the AGM and market conditions and may or may not materialize. **Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**
- 2) This circular does not constitute an offer or an invitation to induce an offer by any person to acquire, subscribe for or purchase any securities of the Company.
- 3) In case of discrepancy between the English and Chinese version of this circular, the English version will prevail (except for Appendix III).

By Order of the Board
Guangzhou R&F Properties Co., Ltd.
Li Sze Lim
Chairman

30 April 2026, Guangzhou, PRC

* *For identification purposes only*

EXECUTIVE DIRECTORS**Zhang Hui (張輝)**

Zhang Hui, aged 51, is an executive director and a vice chairman of the Company. Mr. Zhang graduated from South China University of Technology with a bachelor degree majoring in architecture. From 2002 to 2005, Mr. Zhang held several positions in the Company, including vice chief engineer and chief engineer of the Company. He was appointed as vice general manager of the Company in 2005 and as general manager of Beijing R&F Properties Development Co., Ltd. (北京富力城房地產開發有限公司) and R&F (Beijing) Properties Development Co., Ltd. (富力(北京)地產開發有限公司), both subsidiaries of the Company, in 2007, principally in charge of project development in Beijing. Mr. Zhang has been appointed as a vice president of the Company since December 2010. He was appointed as chairman of Great Northern region and chairman of R&F (Beijing) Properties Development Co., Ltd. (富力(北京)地產開發有限公司) since December 2017. Mr. Zhang has been appointed as an executive director of the Company since 29 May 2020. Mr. Zhang had been appointed as a vice chairman of the Group since January 2022. He is responsible to assist the Chairman of the Group with managing the marketing, investment and financing, assets and commercial operations and overseas business of the Group. Prior to joining the Company, Mr. Zhang worked with Guangzhou Design Institute from 1998 to 2002. Save as disclosed above, Mr. Zhang is also a director of certain subsidiaries of the Company.

Mr. Zhang did not hold any directorship in any public listed companies in the last three years. Mr. Zhang is not connected with any Directors, supervisors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Zhang is interested in 1,894,800 H Shares of the Company, representing approximately 0.05% of the total issued share capital of the Company. Save as disclosed, Mr. Zhang did not hold any other interests with respect to the Company or any of its associated corporations which is required to be disclosed under Part XV of the Securities and Futures Ordinance (the “SFO”).

There is a service contract signed between the Company and Mr. Zhang and he will be subject to retirement by rotation and re-election at general meetings of the Company in accordance with the Articles of Association. Mr. Zhang’s remuneration will be fixed by the Board with reference to his duties and responsibilities with the Company and the Group’s operating performance and profitability.

Save as disclosed above, there is no other information related to Mr. Zhang that need to be brought to the attention of the Shareholders and there is no information discloseable pursuant to any of the requirements set out in Rule 13.51(2)(h) to (v) of the Listing Rules.

Xiang Lijun (相立軍)

Mr. Xiang Lijun, aged 53, is an executive director, a vice president and chairman of Northern China region of the Company. Upon joining the Company in 2005, Mr. Xiang had held the position of a vice general manager of Guangzhou Tianli Construction Co., Ltd. (廣

州天力建築工程有限公司), a subsidiary of the Company. Since March 2013, he was appointed as a vice general manager of the Company. He has been appointed as a vice president of the Company since July 2016 and was appointed as chairman of Northwestern China region in October 2018. Mr. Xiang has been appointed as an executive director of the Company since 9 October 2020. He has been appointed as chairman of Northern China region since January 2022. Save as disclosed above, Mr. Xiang is also a director of certain subsidiaries of the Company.

Mr. Xiang did not hold any directorship in any public listed companies in the last three years. Mr. Xiang is not connected with any Directors, supervisors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Xiang is interested in 1,800,000 H Shares of the Company, representing approximately 0.05% of the total issued share capital of the Company. Save as disclosed, Mr. Xiang did not hold any other interest with respect to the Company or any of its associated corporations which is required to be disclosed under Part XV of the SFO.

There is a service contract signed between the Company and Mr. Xiang and he will be subject to retirement by rotation and re-election at general meetings of the Company in accordance with the Articles of Association. Mr. Xiang's remuneration will be fixed by the Board with reference to his duties and responsibilities with the Company and the Group's operating performance and profitability.

Save as disclosed above, there is no other information related to Mr. Xiang that need to be brought to the attention of the Shareholders and there is no information discloseable pursuant to any of the requirements set out in Rule 13.51(2)(h) to (v) of the Listing Rules.

NON-EXECUTIVE DIRECTOR

Li Helen (李海倫)

Li Helen, aged 75, is a non-executive director, a member of the audit committee and a member of the nomination committee of the Company. Ms. Li has over 25 years of experience in international trade and has held various senior executive positions with several international companies. From 1986 to 1987, she was the managing director of Sunrise Knitwear Ltd., a knitwear manufacturing company in Hong Kong and a subsidiary of Hong Kong Sales Knitwear Ltd.. From 1988 to 2005, she was the president of Great Seas Marketing Inc., a Canadian garment wholesale and distribution company. Ms. Li is the sister of Dr. Li Sze Lim.

Ms. Li did not hold any directorship in any public listed companies in the last three years or any other positions with the Company or other members of the Group. Save as disclosed above, Ms. Li is not connected with any Directors, supervisors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Ms. Li has a personal interest of 3,600 H shares and a corporate interest of 1,000,000 H shares of the Company, representing approximately 0.03% of the total issued share capital of the Company. Save as disclosed, Ms. Li did not hold any other interest with respect to the Company or any of its associated corporations which is required to be disclosed under Part XV of the SFO.

There is a service contract signed between the Company and Ms. Li and she will be subject to retirement by rotation and re-election at general meetings of the Company in accordance with the Articles of Association. Ms. Li's emoluments are determined by reference to her experience, duties and responsibilities with the Company and the Company's remuneration policy. Pursuant to the service contract with the Company, Ms. Li is entitled to receive a basic annual director's fee of HK\$492,000.

Save as disclosed above, there is no other information related to Ms. Li that need to be brought to the attention of the Shareholders and there is no information discloseable pursuant to any of the requirements set out in Rules 13.51(2)(h) to (v) of the Listing Rules.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Wong Chun Bong (王振邦)

Wong Chun Bong, aged 67, is an independent non-executive director, the chairman of the audit committee and a member of the nomination committee of the Company. Mr. Wong is a fellow member of each of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants, the Taxation Institute of Hong Kong and the Institute of Chartered Accountants in England and Wales. Mr. Wong has held a range of positions relating to the provision of assurance, taxation, accounting and financial management services. Mr. Wong holds a Higher Diploma in Accountancy from the Hong Kong Polytechnic, currently known as The Hong Kong Polytechnic University ("PolyU"). Mr. Wong has received the "Outstanding Alumni Award" from PolyU in recognition of his outstanding contributions to his alma mater and the community. Mr. Wong is the founder of a firm of certified public accountants in Hong Kong and an experienced accountant. He is a member of the Council and also an ex-member of the Court of The Hong Kong Polytechnic University. He was the ex-chairman of the Executive Committee of the Association of Chartered Certified Accountants in Hong Kong. Mr. Wong has resigned as an independent non-executive director of each of Glory Sun Land Group Limited (a company listed on the Hong Kong Stock Exchange with Stock Code: 299) and Glory Sun Financial Group Limited (now known as Renze Harvest International Limited) (a company listed on the Hong Kong Stock Exchange with Stock Code: 1282) with effect from 31 July 2023.

Save as disclosed above, Mr. Wong did not hold any directorship in any public listed companies in the last three years or any other positions with the Company or other members of the Group. He is not connected with any Directors, supervisors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Wong did not hold any interest with respect to the Company or any of its associated corporations which is required to be disclosed under Part XV of the SFO.

There is a service contract signed between the Company and Mr. Wong and he will be subject to retirement by rotation and re-election at general meetings of the Company in accordance with the Articles of Association. Mr. Wong's emoluments are determined by reference to his experience, duties and responsibilities with the Company and the Company's remuneration policy. Pursuant to the service contract with the Company, Mr. Wong is entitled to receive a basic annual director's fee of HK\$396,000.

Save as disclosed above, there is no other information related to Mr. Wong that need to be brought to the attention of the Shareholders and there is no information discloseable pursuant to any of the requirements set out in Rules 13.51(2)(h) to (v) of the Listing Rules.

SUPERVISOR

Zhao Xianglin (趙祥林)

Zhao Xianglin, aged 84, is a supervisor of the Company (representative of Shareholders). Mr. Zhao graduated from Yangzhou University in 1964 with a higher education diploma. From 1969 to 2002, Mr. Zhao was a senior teacher at the Affiliated High School of Yangzhou University ("AHSYU"). During Mr. Zhao's tenure at AHSYU, he was also the head of the Music Curriculum Development Team, vice-president of the Labor Union and the director of the Office of School Sponsored Enterprises of AHSYU. From 1998 to 2002, Mr. Zhao was a member of the Political Consultative Conference of the City of Yangzhou. Mr. Zhao is very experienced in supervising the functioning of sizable enterprises.

Mr. Zhao did not hold any directorship in any public listed companies in the last three years or any other positions with the Company or other members of the Group. He is not connected with any Directors, supervisors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Zhao did not hold any interest with respect to the Company or any of its associated corporations which is required to be disclosed under Part XV of the SFO.

Mr. Zhao's term of service as a supervisor of the Company representing the Shareholders of the current session is up to 30 May 2026 and will be renewed for another term of three years if he is re-elected as a supervisor of the Company representing the Shareholders of the next session at the AGM. Mr. Zhao's emoluments are determined by reference to his experience, duties and responsibilities with the Company and the Company's remuneration policy. There is a service contract signed between the Company and Mr. Zhao. Pursuant to the service contract with the Company, Mr. Zhao is entitled to receive a basic annual supervisor's fee of RMB66,000.

Save as disclosed above, there is no other information related to Mr. Zhao that need to be brought to the attention of the Shareholders and there is no information discloseable pursuant to any of the requirements set out in Rules 13.51(2)(h) to (v) of the Listing Rules.

APPENDIX II BIOGRAPHY OF INDEPENDENT NON-EXECUTIVE DIRECTOR PROPOSED FOR ELECTION

Chow Oi Wah, Fergus (周藹華)

Chow Oi Wah, Fergus, aged 69, is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chow holds a Higher Diploma in Accountancy from the Hong Kong Polytechnic, currently known as The Hong Kong Polytechnic University. Mr. Chow has over 30 years of experience in auditing, accounting and financial management. From 1995 to 2005, Mr. Chow was the financial controller and company secretary of New World Infrastructure Limited (renamed as New World TMT Limited (former stock code: 301) before delisted in 2006). Mr. Chow was the financial controller of the Company from August 2005 to August 2015, and the company secretary of the Company and an authorised representative of the Company under Rule 3.05 of the Listing Rules from September 2007 to September 2015.

Mr. Chow did not hold any directorship in any public listed companies in the last three years. Save as disclosed above, Mr. Chow did not hold any other positions with the Company or other members of the Group. Mr. Chow is not connected with any directors, supervisors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Chow did not hold any interest with respect to the Company or any of its associated corporations which is required to be disclosed under Part XV of the SFO.

Upon approval of his appointment at the AGM, the Company will enter into a service contract with Mr. Chow for a term of three years from 29 May 2026, subject to retirement by rotation and re-election at general meetings of the Company in accordance with the Articles of Association. Mr. Chow will be entitled to receive a basic annual director's fee of HK\$372,000 or such fee to be fixed by the Board from time to time pursuant to the authority granted by the Shareholders at general meeting.

Mr. Chow has confirmed to the Company (i) his independence as regards each of the factors referred to in Rules 3.13(1) to 3.13(8) of Listing Rules; (ii) that he has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected persons (as defined under the Listing Rules) of the Company; and (iii) that there are no other factors that may affect his independence as at the date of his appointment.

Save as disclosed above and as far as the Board is aware, there is no other information relating to the appointment of Mr. Chow as an independent non-executive director of the Company that need to be brought to the attention of the Shareholders and there is no information discloseable pursuant to any of the requirements set out in Rule 13.51(2)(h) to (v) of the Listing Rules.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Proposed amendments to the Articles of Association are as follows:

These Articles were passed as a special resolution at the 2004 extraordinary shareholders' general meeting of Guangzhou R&F Properties Co., Ltd. on 13 September 2004 and are amended on 29 May 2014, 23 October 2014, 30 May 2018, 8 January 2020, 29 May 2020, 16 October 2020, 28 May 2021, and 31 May 2023 and 29 May 2026 respectively.

CHAPTER 1 GENERAL PROVISIONS

Article 1

The Company is a joint stock limited company incorporated in accordance with the Company Law of the People's Republic of China (the "Company Law"), ~~the Securities Law of the People's Republic of China (the "Securities Law"), the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies of the State Council (the "Special Regulations")~~, and other relevant laws and administrative regulations of the State.

The Company was established by way of sponsorship on 30 September 2001 with the consent of the Office of Guangzhou Municipal People's Government by issuing Sui Fu Ban Han [2001] No. 116 "Reply Letter Regarding the Approval of Establishment of Guangzhou R&F Properties Co., Ltd." and the approval of People's Government of Guangdong Province by issuing Yue Fu Han [2002] No. 455 "Approval in Relation to the Confirmation of the Establishment of Guangzhou R&F Properties Co., Ltd.". It registered with the Guangzhou Administration for Industry and Commerce and was granted with a business license on 16 November 2001. The current unified social credit code of the Company is: 91440101190548279L.

The sponsors of the Company are Li Sze Lim, Zhang Li, Lu Jing, Zhou Yaonan and Zhu Ling.

Article 2

The registered name of the Company: 廣州富力地產股份有限公司
Guangzhou R&F Properties Co., Ltd.

Article 3

The Company's legal residence : 45-54/F, R&F Center,
No. 10 Huaxia Road,
Pearl River New Town,
Guangzhou, the PRC

Telephone : 020-38882777

Facsimile : 020-38332777

Postcode : 510623

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 4

The Company's legal representative is the Chairman of the Company.

Article 5

The Company is a joint stock limited company in perpetual existence.

The rights and liabilities of the shareholders of the Company are limited to the shares being held by them, and the Company is liable for its debts to the extent of all of its assets.

The Company is an independent legal person governed and protected by the laws and administrative regulations of the People's Republic of China.

Article 6

Pursuant to the relevant requirements of the Company Law, ~~the Special Regulations and the Mandatory Provisions for Articles of Association of Companies Listed Overseas (the "Mandatory Provisions")~~ and other laws and administrative regulations of the State, the Company had in its 2004 extraordinary shareholders' general meeting on 13 September 2004 amended the Articles of Association adopted since its establishment (the "Original Articles of Association") and by a second amendment to the Articles of Association approved at the shareholders' general meeting on 29 May 2014 and by a third amendment to the Articles of Association approved at the shareholders' general meeting on 23 October 2014 and by a fourth amendment to the Articles of Association approved at the shareholders' general meeting on 30 May 2018 and on 8 January 2020 by a fifth amendment to the Articles of Association pursuant to an authority granted to the board at the shareholders' general meeting (a shareholders' general meeting was held on 21 December 2018 where the issuance of H shares, the consequential amendments to the Articles of Association and the authority to the board to make consequential amendments to the Articles of Association based on the issuance results of H shares were approved and on 30 December 2019, the Company completed the placing of 273,000,000 H shares) and based on the placing results, and by a sixth amendment to the Articles of Association approved at the shareholders' general meeting on 29 May 2020, and on 9 July 2020 the China Securities Regulatory Commission approved the Company to convert 2,207,108,944 unlisted domestic shares into overseas listed shares, on 23 September 2020, the Hong Kong Stock Exchange approved the listing of the aforementioned 2,207,108,944 unlisted domestic shares after conversion and the conversion was completed on 28 September 2020, and on 16 October 2020 by a seventh amendment to the Articles of Association pursuant to board resolutions on 5 October 2020 and the authority granted to the board at the shareholders' general meeting and based on the placing results (the Company completed the placing of 257,000,000 H shares on 5 October 2020) and the completion of the conversion of unlisted domestic shares into overseas listed shares, and by an eighth amendment to the Articles of Association pursuant to the approval of the shareholders at the shareholders' general meeting on 28 May 2021 for the capitalisation of capital reserve, and by a ninth amendment to the Articles of Association approved at the annual general meeting on 31 May 2023, and by a tenth amendment to the Articles of Association approved at the shareholders' general meeting on 29 May 2026 enacted this Articles of Association (the "Articles of Association").

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 7

These Articles of Association become effective upon the approval ~~have been approved~~ by a special resolution at the ~~extraordinary~~ shareholders' general meeting of the Company and ~~by the relevant examination and approving authority of the State and shall become effective upon the listing of the foreign shares under the initial public offering on The Stock Exchange of Hong Kong Limited, and have been~~ are filed with the company registration authority for record. After these Articles of Association ~~has~~ have become effective, the ~~Original~~ Articles of Association shall be replaced by these Articles of Association.

Article 8

Commencing from the date on which these Articles of Association ~~has~~ have become effective, the Articles of Association shall become a legally binding document that standardizes the Company's organization and activities, and the rights and obligations between the Company and its shareholders and among the shareholders.

Article 9

The Articles of Association are binding on the Company and its shareholders, directors, supervisors, presidents, general managers, deputy general managers and other senior management officers. The foregoing personnel are entitled to assert their rights regarding the Company's affairs in accordance with the Articles of Association.

A shareholder may take legal action against the Company, other shareholders, directors, supervisors, presidents, general managers, deputy general managers and other senior management officers of the Company and action can be taken by the Company against shareholders, directors, supervisors, presidents, general managers, deputy general managers and other senior management officers in accordance with the Articles of Association.

The actions referred to in the preceding paragraph include the institution of actions or the filing of an application for arbitration with the arbitration authority.

Other senior management officers referred to in these Articles of Association refer to the Secretary to the Board and the financial controller of the Company.

Article 10

The Company may invest in other companies but unless otherwise permitted by the laws, may not assume obligations for the debts of the investee companies.

Article 11

As long as complying with the laws and administrative regulations of the People's Republic of China, the Company has financing rights, including but not limited to the rights of issuing of new shares, borrowings, issue of debentures, mortgaging or pledging its interest in parts or in whole, and has the right to provide guarantee to any third party. However, when the Company is exercising such rights, it may not impair or revoke the rights of shareholders of any class.

CHAPTER 2 PURPOSES AND SCOPE OF BUSINESS

Article 12

The business purposes of the Company is to strengthen its ability in self-development and self-discipline, to endeavor its best efforts improving the level of the enterprise's technology and business management, to develop real estate business, to create industrial advantages, to actively participate in market competition, to facilitate the enhancement of economic benefits and to effectively guarantee a maximum shareholders' return.

Article 13

The scope of business of the Company is subject to the projects verified and approved by the company registration authority.

The scope of business of the Company includes property development, property consultation services, warehousing services, premises leasing, production, processing and wholesaling of wooden doors, aluminum and alloy windows, metal accessories and kitchen cabinets, decoration works, hotel management, hotel facilities and hotel services, food and beverage, lodging, car park operation, exhibition and venue rental, conferencing services, gymnasium and SPA operation, merchandise consignment and furnished shop (retail only) leasing.

CHAPTER 3 SHARES AND REGISTERED CAPITAL

Article 14

The Company shall have ordinary shares at all times. The ordinary shares issued by the Company shall include domestic shares and foreign shares. The Company may issue shares of other classes pursuant to its needs and upon approval by approving authority as authorized by the State Council.

Article 15

The shares issued by the Company are shares with a par value of Renminbi 1 Yuan each.

Renminbi referred in the preceding paragraph refers to the lawful currency of the People's Republic of China.

Article 16

Upon approved by the competent authority governing security issue under the State Council, the Company may issue shares to domestic and overseas investors.

The overseas investors referred to in the preceding paragraph mean those investors from foreign countries and from the regions of Hong Kong, Macau and Taiwan who subscribe for shares issued by the Company. Domestic investors mean those investors within the territory of the People's Republic of China (excluding investors from the regions referred to in the preceding sentence) who subscribe for shares issued by the Company.

Article 17

Such shares issued by the Company to the domestic investors for subscription in Renminbi shall be referred to as the domestic shares. Such shares issued by the Company to the overseas investors for subscription in foreign currency shall be referred to as the foreign shares. The foreign shares which are listed outside the territory of the People's Republic of China shall be referred to as the overseas listed foreign shares. Subject to the approvals of the securities regulatory authorities of the State Council, the domestic shares which are traded on the Hong Kong Stock Exchange shall be of the same class as the overseas listed foreign shares, collectively the overseas listed shares.

The foreign currency referred to in the preceding paragraph is a lawful currency (other than Renminbi) of other countries or regions which is recognized by the competent authority of the State Administration of Foreign Exchange and can be used for making payment for the Company's shares.

Such overseas listed foreign shares issued by the Company and listed in Hong Kong and the overseas listed shares converted from the domestic shares and approved by the securities regulatory authorities of the State Council to be traded on the Hong Kong Stock Exchange shall be referred to as H shares. H shares refer to the shares which are approved to be listed on the Hong Kong Stock Exchange with the par value being denominated in Renminbi, and are subscribed for and traded in Hong Kong Dollars, and the overseas listed shares converted from the domestic shares and are approved by the securities regulatory authorities of the State Council to be traded on the Hong Kong Stock Exchange. H shares can also be listed on stock exchanges within the territory of the United States in the form of American Depository Receipts.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 18

At the time of its establishment, the Company had a total of 551,777,236 shares, each with a par value of RMB1, for a total registered capital of RMB551,777,236. The names of the sponsors, the number of shares they subscribed, and their methods of contribution are as follows:

~~Upon approved by the corporation examination and approval authority as authorized by the State Council, the total number of the ordinary shares issued by the Company is 3,752,367,344 shares, of which 2,207,108,944 shares were issued to the sponsors, representing 58.82% of the total number of the ordinary shares issued by the Company.~~

<u>Number</u>	<u>Name of Sponsor</u>	<u>Number of Shares Subscribed</u>	<u>Method of Contribution</u>
<u>1</u>	<u>Li Sze Lim</u>	<u>267,273,168</u>	<u>Net assets converted into shares</u>
<u>2</u>	<u>Zhang Li</u>	<u>267,273,168</u>	<u>Net assets converted into shares</u>
<u>3</u>	<u>Lu Jing</u>	<u>10,769,588</u>	<u>Net assets converted into shares</u>
<u>4</u>	<u>Zhou Yaonan</u>	<u>3,230,656</u>	<u>Net assets converted into shares</u>
<u>5</u>	<u>Zhu Ling</u>	<u>3,230,656</u>	<u>Net assets converted into shares</u>
	<u>Total</u>	<u>551,777,236</u>	

Please refer to Article 6 of these Articles of Association for the change in share capital of the Company since establishment up to the date of these Articles of Association. Please refer to Article 19 of these Articles of Association for the existing number of shares of the Company.

Article 19

The total number of the ordinary shares of the Company is 3,752,367,344, of which 0 shares are domestic shares held by domestic shareholders, accounting for 0% of the total share capital of the Company and 3,752,367,344 shares were held by the holders of H shares, accounting for 100% of the total share capital of the Company.

Article 20

The board of directors of the Company may implement such arrangements for separate issuance upon approved by the competent authority governing security issue under the State Council.

The Company may implement such issuance separately within fifteen months commencing from the date on which the competent authority governing security issue under the State Council.

Article 21

Where the Company separately issues overseas-listed foreign shares and domestic shares within the total number of shares as confirmed in the issuance proposal, the respective shares shall be subscribed for in full in one single issuance. If they cannot be subscribed for in full in one single issue under some special circumstances, these shares may be issued in several issuance upon approved by the competent authority governing security issue under the State Council.

The issuance of the Company's shares shall adhere to the principle of openness, fairness and justice and shares of the same class shall have the same rights.

As for the shares of the same class in the same issuance, the terms and price of the issuance shall be the same for each share. The price paid by any unit or individual for such shares subscribed shall be the same for each of such shares.

Article 22

The Company's registered capital is RMB3,752,367,344.

Article 23

According to its business and development needs, the Company may increase its capital in accordance with the relevant provisions of the Articles of Association.

The Company may increase its capital by way of:

- (1) public offering of shares;
- (2) non-public offering of shares;
- (3) issue of bonus shares to its existing shareholders;
- (4) new share placement to its existing shareholders;
- (5) conversion of capital reserve into share capital; and
- (6) other methods as permitted by laws and administrative regulations and approved by the relevant regulatory authority.

Upon approval pursuant to the Articles of Association, the Company's increase in capital by issuing new shares shall be processed in accordance with the procedures as stipulated in the relevant laws and administrative regulations of the State.

Article 24

Unless otherwise provided by laws and administrative regulations, the shares of the Company are freely transferrable without any pledge attached thereto.

**CHAPTER 4 REDUCTION OF CAPITAL AND
REPURCHASE OF SHARES**

Article 25

In accordance with the Articles of Association, the Company may reduce its registered capital. The Company shall reduce its registered capital according to procedures as stipulated by the Company Law and other relevant regulations and the provisions of the Articles of Association.

Article 26

The Company must prepare a balance sheet and a list of assets when it reduces its registered capital.

The Company shall notify its creditors within ten days from the date of the Company's resolution regarding reduction of capital and shall publish an announcement on newspapers within thirty days from the date of such resolution. A creditor shall have the right to require the Company to fully settle its debts or to provide guarantee for such debt, within thirty days upon receiving the notice, or within forty five days from the date of the announcement should the creditor fail to receive such notice.

The registered share capital of the Company following the reduction thereof may not fall below the minimum statutory amount.

Article 27

Under the following circumstances, the Company may repurchase its outstanding shares, subject to the procedures provided in the laws, administrative regulations, other applicable rules and the Articles of Association, after obtaining approval from the relevant competent authority of the State (if required):

- (1) to reduce the registered capital of the Company;
- (2) to merge with other companies that are holding shares of the Company;
- (3) to utilise shares in the employee share ownership scheme or for share incentive;
- (4) when shareholders require the Company to purchase their shares because the shareholders objected to a resolution of the Company for merger and division adopted in shareholders' general meeting;
- (5) to utilise shares to satisfy the conversion of corporate bonds issued by the Company which are convertible into shares of the Company;
- (6) to safeguard the corporate value and the shareholders' interests as the Company deems necessary;
- (7) other circumstances as permitted by laws and administrative regulations.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Save for the abovementioned circumstances, the Company may not engage in trading of its own shares.

After the Company purchased shares pursuant to the foregoing provisions, the shares shall be cancelled within ten days of such purchase (or shorter period as stipulated in laws and administrative regulations) in the event of item (1) above; or in the event of item (2) and item (4), cancelled or transferred within six months of such purchase; or in the event of items (3), (5) and (6), the total shares of the Company held by the Company itself shall not exceed 10% of its total shares in issue and shall be transferred or cancelled within 3 years after the purchase.

If there are special requirement by the listing rules of the stock exchange where the Company's shares are listed, such requirements shall prevail.

Article 28

The Company may repurchase the shares in one of the following manners upon approval by the relevant competent authority of the State due to circumstances specified in items (1), (2) or (4) in Article 27 of the Articles of Association:

- (1) to make a pro rata offer of repurchasing shares to all of its shareholders;
- (2) to repurchase shares through public trading on a stock exchange;
- (3) to repurchase shares through over-the-counter transactions;
- (4) other method as permitted by the laws, administrative regulations or approved by securities regulatory authority under the State Council.

When the Company repurchases the shares of the Company under the circumstances specified in items (3), (5) and (6) of Article 27 of the Articles of Association, it shall be conducted through open centralized trading.

Article 29

Acquisition of the Company's shares under circumstances specified in items (1) and (2) of Article 27 of the Articles of Association shall be subject to the approval of the shareholders' general meeting according to the requirements of the Articles of Association. Acquisition of the Company's shares under circumstances specified in items (3), (5) or (6) of Article 27 of the Articles of Association shall be subject to approval by way of resolution at the Board meeting attended by a two-thirds majority of the Directors.

Where the Company repurchases its shares through over-the-counter transactions, it shall seek prior approval at the shareholders' general meeting in accordance with the provisions of the Articles of Association. Upon obtaining the prior approval granted in the same manner at the shareholders' gGeneral mMeeting, the Company may release or amend such contract which has been established in the foregoing manner, or may waive any of its rights thereunder.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The contract for repurchasing shares as referred in the preceding paragraph shall include, but not limited to, an agreement to become obliged to repurchase shares and such agreement for obtaining the right to repurchase shares.

The Company may not assign such contract for repurchasing its shares or any of its right provided therein.

Where the Company has the right to repurchase the redeemable shares:

- (1) the price of such repurchase shall not exceed a certain cap for the maximum price in the event that such repurchase is not made through the market or by tender; and
- (2) tenders shall be made available to all shareholders, by treating all shareholders in the same manner in the event that such repurchase is made by tender.

Where there are inconsistencies between the provisions of the Articles of Association and laws, administrative regulations, departmental requirements, and any provisions of the relevant requirements of the Hong Kong Stock Exchange in respect of the share repurchases, such provisions shall prevail.

Article 30

In the event that after the Company has repurchased the shares and such portion of shares are cancelled thereafter, the Company shall file an application for processing the registration of such change in the registered capital with the original company registration authority.

The aggregate par value of those cancelled shares shall be deducted from the Company's registered capital upon verification.

Article 31

Unless the Company is in the course of liquidation, it must comply with the following provisions in respect of repurchasing the outstanding shares that the Company issued:

- (1) where the Company repurchases its shares at par value, payment shall be made out of book balance of the distributable profits of the Company or out of such proceeds from an issuance of new shares for repurchasing the old shares;
- (2) where the Company repurchases its shares at a premium to their par value, payment up to the par value shall be made out of the book balance of distributable profits of the Company or out of the proceeds from an issuance of new shares for repurchasing the old shares. Payment of the portion in excess of the par value shall be handled according to the following methods:
 - (i) if the shares being repurchased were issued at par value, payment shall be made out of the book balance of the distributable profits of the Company;

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

- (ii) if the shares being repurchased were issued at a premium to their par value, payment shall be made out of the book balance of the distributable profits of the Company or out of the proceeds from an issuance of new shares for repurchasing the old shares, however, provided that the amount paid out of the proceeds from an issuance of new shares may not exceed the aggregate of premium received by the Company on the issuance of the old shares the Company repurchased or the current amount of the Company's capital reserve account (including the premium on the issuance of new shares) when the repurchase is conducted.
- (3) Such payment made by the Company in consideration of the following shall be made out of the Company's distributable profits:
 - (i) for acquiring the right to repurchase the shares of the Company;
 - (ii) for amending any contract for repurchasing the shares of the Company;
 - (iii) for releasing any of the Company's obligations under such repurchase contract.
- (4) after the Company's registered capital has been reduced, upon verification, by the total par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value portion of the shares repurchased shall be transferred to the Company's capital reserve account.

CHAPTER 5 FINANCIAL ASSISTANCE FOR THE ACQUISITION OF THE COMPANY'S SHARES

Article 32

The Company or its subsidiaries shall not, by any other means at any time, provide any kind of financial assistance to a person who is acquiring or is proposing to acquire the shares of the Company. The said acquirer of the shares of the Company shall include a person who directly or indirectly assumes any obligations due to the acquisition of the shares of the Company.

The Company or its subsidiaries shall not, by any means at any time, provide financial assistance to the said obligor for the purposes of reducing or discharging the obligations assumed by that person.

The provisions of this Article shall not apply to such situation as stated in Article 34 of this Chapter.

"Subsidiaries" of the Company refer to such companies which are directly or indirectly controlled by the Company.

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Article 33

The financial assistance referred to in this Chapter shall include, but not limited to, the following:

- (1) gift;
- (2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation in respect of the Company's own default), release or waiver of any rights;
- (3) provision of loan or entering into agreement under which the Company is to perform certain obligations before another party, or a change in the parties thereto, or the assignment of such rights under, such loan contract;
- (4) any other form of financial assistance provided by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

The assumed obligations as referred to in this Chapter shall include the obligations assumed due to the change of the obligor's financial position by way of entering into a contract or the making of an arrangement (whether enforceable or not, and whether made on its own account or jointly with any other persons), or by any other means.

Article 34

The following activities shall not be deemed to be activities as prohibited in Article 32 of this Chapter:

- (1) the provision of financial assistance by the Company is given in good faith for the interest of the Company, and the principal purpose of providing the financial assistance is not to acquire the shares of the Company, or the provision of the financial assistance is an incidental part of a master plan of the Company;
- (2) the lawful distribution of the Company's assets by way of dividends;
- (3) the allotment of bonus shares as dividends distributed;
- (4) a reduction of registered capital, a repurchase of shares or a reorganization of the share capital structure of the Company effected in accordance with the Articles of Association;
- (5) the provision of loan(s) by the Company for normal business activities within its scope of business (provided that the net assets of the Company are not thereby reduced or, to the extent that the assets are thereby reduced, the financial assistance is made out of the distributable profits of the Company);

- (6) the provision of money by the Company for contributions to staff and employees' share schemes (provided that the net assets of the Company are not thereby reduced or, to the extent that the assets are thereby reduced, the financial assistance is made out of the distributable profits of the Company).

CHAPTER 6 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

Article 35

Share certificates of the Company shall be in registered form. The share certificates of the Company shall state the major items as follows:

- (1) The name of the Company;
- (2) The date of incorporation of the Company;
- (3) Classes of shares, par value and the number of shares represented; and
- (4) Serial numbers of the share certificate.

In addition to the items specified by the Company Law ~~and the Special Regulations~~, a share certificate of the Company shall also contain any other particulars required by the stock exchange(s) on which the shares of the Company are listed.

The transfer or other documents related to or impacting the ownership of any registered H shares are required to be registered by an overseas agency appointed by the Company.

Article 36

The share certificates shall be signed by the Chairman. Where the stock exchange on which the shares of the Company are listed requires the share certificates to be signed by other senior management officers of the Company, the share certificates shall also be signed by such senior management officers. The share certificates shall take effect after being affixed or affixed by way of printing, with the seal of the Company (including the Company's securities stamp). The share certificates shall only be affixed with the Company's seal or securities stamp under the authorization of the board. The signatures of the chairman of the Company or other relevant senior management officers on the share certificates may also be in printed form.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 37

The Company shall keep a register of shareholders, which shall contain the following particulars:

- (1) the name, address (residence), occupation or nature of each shareholder;
- (2) the class and number of shares being held by each shareholder;
- (3) the amount paid-up or payable in respect of shares held by each shareholder;
- (4) the serial numbers of the shares being held by each shareholder;
- (5) the date on which a person is registered as a shareholder;
- (6) the date on which a person ceases to be a shareholder.

The register of shareholders shall be the sufficient evidence for the shareholders' shareholding in the Company, except in cases with contrary evidence.

Article 38

The Company may, in accordance with the mutual understanding and agreements between the securities regulatory authority of the State Council and overseas securities regulatory authorities, maintain its register of holders of overseas listed foreign shares outside China for shareholders' inspection and appoint overseas agent(s) to manage such register. The original register for holders of H shares shall be maintained in Hong Kong.

The Company shall maintain a duplicate of the register of holders of overseas listed foreign shares at the Company's residence; the appointed overseas agent(s) shall ensure the consistency between the original and the duplicate of the register of holders of overseas listed foreign shares at all times.

Should there be any discrepancy between the original and the duplicate of the register of holders of overseas listed foreign shares, the original version shall prevail.

Article 39

The Company shall maintain a complete register of shareholders.

The register of shareholders shall include the following:

- (1) the register of shareholders maintained at the Company's residence (other than those parts as prescribed in items (2) and (3) of this Article);

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- (2) the register of shareholders in respect of the holders of overseas listed foreign shares of the Company maintained at the place where the overseas stock exchange on which the shares are listed is located;
- (3) the register of shareholders maintained at such other place as the board may consider necessary for purposes of listing of the Company's shares.

Article 40

Different parts of the register of shareholders shall not overlap one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of shareholders.

Alteration or correction of each part of the register of shareholders shall be made in accordance with the laws of the place where that part of the register of shareholders is maintained.

Article 41

All overseas listed foreign shares shall be transferred by an instrument in writing in any usual or common form or any other form which the board may approve. The instrument of transfer of any share may be executed by hand without seal. In the event the shareholder is a recognized clearing house or its nominee within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the instrument of transfer may be executed by way of machine print. All instruments of transfer shall be maintained at the registered address of the Company or other places that the board of directors may designate from time to time.

All fully paid-up overseas-listed foreign shares which are listed in Hong Kong are freely transferable pursuant to the Articles of Association. However, the board may refuse to recognize any instrument of transfer without giving any reason unless such transfer fulfils the following conditions:

- (1) HK\$2.5 (as per each instrument of transfer) or such higher fees as required by the board from time to time but shall not exceed such maximum fees as prescribed under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited from time to time has been paid to the Company to register the instrument of transfer of shares and other documents relating to or which may affect the ownership of such shares;
- (2) the instrument of transfer involves only the overseas-listed foreign shares listed in Hong Kong;
- (3) the stamp duty payable on the instrument of transfer has been paid;
- (4) the relevant share certificates and evidence reasonably required by the board showing that the transferor has the right to transfer such shares have been provided;

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

- (5) if the shares are to be transferred to joint holders, the number of such joint holders shall not exceed four;
- (6) the Company does not have any pledge over the relevant shares.

If the Company refuses to register any transfer of shares, the Company shall provide the transferor and the transferee with a notification of refusal in relation to registration of shares within two months from the date of the official application for transfer.

Upon approval by the securities regulatory authority under the State Council, the shareholders of the Company's domestic shares may transfer all or part of their shares to an offshore investor and have the shares listed and traded on overseas stock exchange(s); all or part of the domestic shares are convertible into foreign shares, and the resulting foreign shares may be listed and traded on overseas stock exchange(s). The listing and trading of the shares transferred or converted on the overseas stock exchange shall be in compliance with the regulatory procedures, regulations and requirements of such overseas securities market. The listing and trading of the shares transferred on an overseas stock exchange or the conversion of domestic shares into foreign shares for listing and trading on overseas stock exchange(s), are not subject to approval in shareholders' general meeting or class shareholders' meeting. The overseas-listed foreign shares converted from domestic shares shall be of the same class with the existing overseas-listed foreign shares.

The Company's directors, supervisors, presidents, general managers, deputy general managers and other senior management officers shall declare the number of and changes in the Company's shares held by them, and the transfer of shares during their office term or within six months after resignation shall be in compliance with the laws and administrative regulations of China and other regulatory documents.

Article 42

The Company is permitted to close its register of shareholders on terms equivalent to section 632 of the Companies Ordinance (Chapter 622) of the Laws of Hong Kong.

Where there are laws, regulations and any other securities regulatory provisions in the place where the Company's shares are listed in respect of the period for closure for transfer of shares prior to the date of a shareholders' general meeting or the record date of the Company for determining entitlement to distributions, such provisions shall prevail.

During the aforesaid period where transfer of shares is closed, the Company must, on demand, provide the applicant seeking to inspect the register of shareholders with a certificate signed by the company secretary of the Company stating the period for which it is closed.

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Article 43

When the Company convenes a shareholders' general meeting, distributes dividends, liquidates or is engaged in other activities that require determination of shareholdings, the board of directors or the convenor of the shareholders' general meeting shall designate a day to be the record day. Shareholders whose names appear in the register of shareholders at the end of the record date are the shareholders of the Company.

Article 44

Any person who objects to the register of shareholders and requests to have his name entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for correction of the register.

Article 45

Any shareholder who is registered in, or any person who requests to have his name entered in, the register of shareholders may, if his share certificates (the "original certificates") are lost, apply to the Company for a replacement share certificate in respect of such shares (the "relevant shares").

If a holder of the domestic shares loses his share certificates and applies for their replacement, it shall be dealt with in accordance with the provisions of Article ~~144~~ 164 of the Company Law.

If a holder of overseas-listed foreign shares loses his share certificates and applies for their replacements, it may be dealt with in accordance with the relevant laws, the rules of the stock exchange and other relevant regulations of the place where the original register of holders of overseas-listed foreign shares is maintained.

The issue of replacement certificates to holders of H shares applying for replacement of lost share certificates shall comply with the following requirements:

- (1) The applicant shall submit an application in a form prescribed by the Company and accompanied by a notarized certificate or statutory declaration, containing the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as declaring that no other person shall be entitled to request to be registered as the shareholder in respect of the relevant shares;
- (2) no statement has been received by the Company from a person other than the applicant for having his name registered as a holder of the relevant shares before the Company came to a decision to issue the replacement certificate;

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- (3) the Company shall, if it decides to issue a replacement certificate to the applicant, make an announcement of its intention to issue the replacement certificate in such newspapers or periodicals designated by the board. The announcement shall be made at least once every thirty days in a period of ninety days;
- (4) the Company shall have, prior to the publication of its announcement of intention to issue a replacement certificate, delivered to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited at the premises of the stock exchange. The announcement shall be exhibited at the premises of the stock exchange for a period of ninety days.

In case an application to issue a replacement certificate has been made without the consent of the registered holder of the relevant shares, the Company shall send by post to such registered shareholder a copy of the announcement to be published;

- (5) if, upon expiration of the 90-day period referred to in items (3) and (4) of this Article, the Company has not received from any person any objection to such application, the Company may issue a replacement share certificate to the applicant according to his application;
- (6) where the Company issues a replacement certificate under this Article, it shall forthwith cancel the original certificate and enter the cancellation and issue in the register of shareholders accordingly;
- (7) all expenses relating to the cancellation of an original certificate and the issue of a replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

Article 46

Where the Company issues a replacement certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new share certificate or a shareholder who thereafter registers as the owner of such shares (in the case that he is a bona fide purchaser) shall not be removed from the register of shareholders.

Article 47

The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original certificate or the issuance of the replacement certificate, unless the claimant proves that the Company had acted fraudulently.

CHAPTER 7 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Article 48

A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of shareholders.

A shareholder shall be entitled to the relevant rights and assume the relevant obligations in accordance with the class and number of shares held. Shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations.

In the case of the joint shareholders, if one of the joint shareholders is deceased, only the other existing shareholders of the joint shareholders shall be deemed as the persons who have the ownership of the relevant shares. But the board of directors has the power to require them to provide a certificate of death as appropriate for the purpose of modifying the register of shareholders. For any of the joint shareholders of the shares, only the joint shareholders ranking first in the register of shareholders have the right to accept certificates of the relevant shares, receive notices of the Company, attend and vote at shareholders' general meetings of the Company, and any notice served to the said person shall be deemed as having been served to all the joint holders of the relevant shares.

Article 49

The ordinary shareholders of the Company shall be entitled to the following rights:

- (1) the right to dividends and other distributions in proportion to the number of shares held;
- (2) to legally request, convene, chair, attend or appoint a proxy to attend shareholders' general meetings, the right to speak and to exercise the voting right thereat (except where a shareholder is required to abstain from voting to approve the matter under consideration in accordance with the applicable laws, administrative regulations and the listing rules of the stock exchange on which the shares of the Company are listed);
- (3) to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries;
- (4) to transfer, grant as gift, or pledge shares owned in accordance with the laws, administrative regulations and the Articles of Association;

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- (5) to obtain relevant information in accordance with the provisions of the Articles of Association, including:
 1. the right to obtain a copy of the Articles of Association, subject to payment of the cost of such copy;
 2. the right to inspect and copy, subject to payment of a reasonable charge:
 - (1) all parts of the register of shareholders;
 - (2) personal particulars of each of the Company's directors, supervisors, president, general managers, deputy general managers and other senior management officers, including:
 - (a) present name and alias and any former name and alias;
 - (b) principal address (residence);
 - (c) nationality;
 - (d) primary and all other part-time occupations;
 - (e) identification document and its number;
 - (3) the state of the Company's share capital;
 - (4) reports showing the aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose;
 - (5) minutes of shareholders' general meetings;
 - (6) the counterfoil of the Company's debenture, resolutions of the board of directors, resolutions of the supervisory committee and financial and accounting reports;
- (6) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;
- (7) shareholders objected to the Company's resolution regarding the merger or division passed in shareholders' general meeting can require the Company to acquire their shares;

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- (8) shareholder(s) holding 13% or more of the ~~voting~~ shares of the Company (excluding treasury shares (has the same meaning as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”))), individually or jointly, shall have the right to propose resolution(s) and submit such in writing to the board of directors ten days before the shareholders’ general meeting;
- (9) other rights conferred by laws, administrative regulations, listing rules of the stock exchange on which the shares of the Company are listed, and the Articles of Association.

Should a shareholder request to examine or access the relevant information as mentioned in the preceding paragraph, he/she shall provide the Company with written document that proves the class and number of shares of the Company held by him/her. After the Company has verified the identity of the shareholder, the Company shall provide the information requested.

The Company shall not exercise any of its rights to freeze or otherwise impair any of the above rights by reason only that the persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

Article 50

In the event that the content of a resolution of shareholders’ general meeting or board meeting of the Company violate the laws or administrative regulations, the shareholders shall have the right to petition the People’s Court to void the resolution.

In the event that the convening procedures and manner of voting of a shareholders’ general meeting or a board meeting violate the laws, administrative regulations or this Articles of Association, or that the content of a resolution violates this Articles of Association, the shareholders shall have the right to petition the People’s Court within sixty days from the date of the resolution to void the resolution, except where there are only minor defects in the convening procedures or manner of voting of the shareholders’ general meeting and the board meeting, which do not materially affect the resolutions.

Shareholders who have not been notified to attend the shareholders’ general meeting may apply to the People’s Court for the voiding within sixty days from the date they knew or should have known of the passing of the resolution of the shareholders’ general meeting; if the right to void is not exercised within one year from the date the resolution is made, the right to void shall be extinguished.

~~Should a shareholder institute an action pursuant to the preceding provision, the Company may petition the People’s Court to require the shareholder to provide corresponding guarantee.~~

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

~~In the event that the Company has processed registration of changes pursuant to a resolution of shareholders' general meeting which the People's Court has voided or revoked, the Company shall file an application with the company registration authority to cancel the changes.~~

Article 51

In the event that the Company's directors, presidents, general managers, deputy general managers or other senior management officers violate the laws, administrative regulations or this Articles of Association when performing duties for the Company and have thus caused the Company to suffer losses, shareholders who hold more than 1% of the Company's shares (excluding treasury shares), either individually or jointly, for a consecutive period of one hundred and eighty days or more shall be entitled to request the supervisory committee to institute an action with the People's Court. Should the supervisory committee violate the provisions of the laws, administrative regulations or this Articles of Association when performing duties for the Company and have thus caused the Company to suffer losses, shareholders may request, in writing, the board of directors to institute an action with the People's Court.

In the event that the supervisory committee and the board of directors refuse to institute an action upon receipt of the written request from shareholders pursuant to the preceding paragraph, or they fail to institute an action within thirty days upon receipt of such request or where in an urgent circumstances such that the Company's interests may be irreparably damaged should action is not instituted immediately, shareholders making the request shall have the right to directly institute an action with the People's Court in their own name for purposes of safeguarding the Company's interests.

In the event that other parties infringe upon the Company's legal rights and interests and caused the Company to suffer losses, such shareholders described in the first paragraph of this Article may institute an action with the People's Court pursuant to the provisions of the two preceding paragraphs.

Article 52

In the event that the directors, presidents, general managers, deputy general managers or other senior management officers violate the laws, administrative regulations or this Articles of Association and causing damage to the interests of the shareholders, the shareholders may institute an action with the People's Court.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 53

The ordinary shareholders of the Company shall assume the following obligations:

- (1) to abide by laws, administrative regulations, this Articles of Association and the resolutions of shareholders' general meeting;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) may not withdraw their share capital, except provided by laws and regulations;
- (4) may not abuse the rights of a shareholder to the detriment of the interests of the Company or other shareholders; may not abuse the Company's independent status as a legal person and the shareholders' limited liability to the detriment of the interests of the Company's creditors; and
- (5) other obligations imposed by laws, administrative regulations and this Articles of Association.

Should a shareholder abuse his/her rights and have thus caused the Company or other shareholders losses, he/she shall be liable for compensation according to the laws.

Should a shareholder abuse the Company's independent status as a legal person and the shareholders' limited liability to evade debts and seriously prejudiced the interests of the Company's creditors, he/she shall severally and jointly liable for the Company's debts.

Shareholders are not liable for any subsequent contribution of additional share capital other than as agreed by the subscribers of the relevant shares on subscription.

Article 54

The controlling shareholders and actual controllers of the Company may not use their associated relationship to prejudice the Company's interests. Should the Company suffer from losses due to their violation of this provision, they are liable for compensation.

The controlling shareholders and the actual controllers of the Company shall have fiduciary duty towards the Company and other shareholders. The controlling shareholders shall exercise the rights of investors in strict compliance with the laws. They may not prejudice the legal interests of the Company and other shareholders through profit distribution, asset restructuring, external investment, capital appropriation, loan guarantee and other means. The controlling shareholders may not use its controlling position to prejudice the interests of the Company and other shareholders.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In addition to obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchange on which shares of the Company are listed, a controlling shareholder (as defined in the following article) shall not exercise his voting rights as a shareholder in respect of the following matters in a manner prejudicial to the interests of all or some of the shareholders of the Company:

- (1) acting honestly in the best interests of the Company when relieving a director or supervisor;
- (2) approving the expropriation by a director or supervisor (for his own benefit or for the benefit of another person), in any manner, of the Company's assets, including but not limited to opportunities beneficial to the Company;
- (3) approving the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the share rights personal to other shareholders, including but not limited to rights to distributions and voting rights save for a company restructuring submitted to and approved by the shareholders' general meeting ~~for approval~~ in accordance with the Articles of Association.

Article 55

The term the "controlling shareholder" referred to in the preceding article means a person who satisfies any one of the following conditions:

- (1) he alone, or acting in concert with others, has the power to elect more than half of the directors;
- (2) he alone, or acting in concert with others, has the power to exercise or to control the exercise of 30% (inclusive) of the voting rights in the Company (excluding any voting rights attaching to treasury shares);
- (3) he alone, or acting in concert with others, holds 30% (inclusive) of the issued shares of the Company (excluding treasury shares);
- (4) he alone, or acting in concert with others, in any other manner has de facto control of the Company.

Article 56

Should a shareholder holding more than 5% of the Company's voting shares (excluding treasury shares) pledge the shares he/she holds, he/she shall report to the Company in writing on the day of the pledge.

CHAPTER 8 SHAREHOLDERS' GENERAL MEETING

Article 57

The shareholders' general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with the laws.

Article 58

The shareholders' general meeting may exercise the following functions and powers:

- (1) to decide on the operating policies and investment plans of the Company;
- (2) to elect and remove directors and to fix the remuneration of the relevant directors;
- (3) to elect and remove supervisors representing shareholders, and decide on the remuneration of the said supervisors;
- (4) to examine and approve the reports of the board of directors;
- (5) to examine and approve the reports of the supervisor committee;
- (6) to examine and approve the Company's annual financial budget and final accounts;
- (7) to examine and approve the Company's profit distribution schemes and loss compensation schemes;
- (8) to adopt resolutions on any increases or reduction of the registered capital of the Company;
- (9) to adopt resolutions on merger, division, dissolution, liquidation and on the change in the form of the Company;
- (10) to adopt resolutions on the issue of debentures or other marketable securities of the Company and their listing;
- (11) to adopt resolutions on the appointments, dismissals or non-reappointments of accounting firms;
- (12) to amend the Articles of Association;
- (13) to consider and approve proposed resolutions from shareholders holding 31% or more of the ~~voting~~ shares of the Company (excluding treasury shares), either individually or jointly;
- (14) to consider share incentive scheme;

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- (15) to consider and approve the guarantees as provided in Article 59;
- (16) to consider the purchase and sale of material assets within one year exceeding 30% of the total audited assets of the Company for the most recent period;
- (17) to consider and approve change in the use of proceeds of funds raised;
- (18) to consider and approve the repurchase of the Company's shares;
- (19) to resolve on shares repurchase of the Company due to circumstances specified in items (1) and (2) of Article 27 of the Articles of Association;
- (20) to decide on matters which according to laws, administrative regulations and the Articles of Associations, need to be approved by shareholders at general meetings;
- (21) matters to be dealt with by resolutions at shareholders' general meeting as required by the listing rules and relevant regulations of the locality where the Company's shares are listed.

The shareholders' general meeting may authorize or entrust the board of directors to handle such matters so authorized or entrusted at the shareholders' general meeting.

Article 59

The following external guarantees by the Company shall be considered and passed at shareholders' general meeting.

- (1) any guarantee to be issued after the total external guarantees of the Company and its subsidiaries have reached or exceeded 50% of the latest audited net assets;
- (2) any guarantee to be issued after the total external guarantee of the Company have reached or exceeded 30% of the latest audited total assets;
- (3) guarantee for an entity whose debt to asset ratio exceed 70%;
- (4) a guarantee exceeding 10% of the latest audited net assets;
- (5) guarantee provided for shareholders, actual controller or their associates.

Article 60

Unless a prior approval is obtained at a shareholders' general meeting, the Company shall not enter into any contract with any party other than the directors, supervisors, presidents, general managers, deputy general managers and other senior management officers wherein all or the substantial part of the Company's business shall be granted by the Company to such party to take responsibility of the management of said business under such contract.

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Article 61

Shareholders' general meetings include annual shareholders' general meetings and extraordinary shareholders' general meetings. Shareholders' general meetings shall be convened by the convenor and pursuant to this Articles of Association, the convenor(s) shall include the board of directors, the supervisory committee and the convening shareholders. The annual shareholders' general meeting shall be held once every year within six months after the end of the previous accounting year.

The board shall convene an extraordinary shareholders' general meeting within two months upon the occurrence of one of the following situations:

- (1) when the number of directors is less than the number required by the Company Law or less than two-thirds of the number required by the Articles of Association;
- (2) when the uncovered losses are in excess of one-third of the Company's total share capital;
- (3) when shareholders individually or jointly holding 10% or more of the Company's issued voting shares (excluding treasury shares) request in writing;
- (4) the board considers it is necessary or the supervisor committee proposes to convene such a meeting;
- (5) other situations as provided by the laws, administrative regulations, rules and the listing rules of the locality where the Company's shares are listed, and this Articles of Association.

Article 62

Independent directors shall have the right to propose to the board of directors to convene an extraordinary shareholders' general meeting. For such proposal by independent directors to convene an extraordinary shareholders' general meeting, the board of directors shall deliver written reply stating its agreement or disagreement about the convening of such extraordinary shareholders' general meeting within ten days of receipt of the proposal, in accordance with the laws, administrative regulations and this Articles of Association.

In the event that the board of directors agrees to convene the extraordinary shareholders' general meeting, it shall issue the notice convening the extraordinary shareholders' general meeting within fifteen days after the resolution of the board of directors. Should the board of directors disagree to convene the extraordinary shareholders' general meeting, it shall make an announcement to explain.

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Article 63

The supervisory committee shall have the right to propose to the board of directors to convene an extraordinary shareholders' general meeting and such proposal shall be in writing. The board of directors shall deliver written reply stating its agreement or disagreement for convening such extraordinary shareholders' general meeting within ten days upon receipt of the proposal, in accordance with the laws, administrative regulations and this Articles of Association.

In the event that the board of directors agrees to convene an extraordinary shareholders' general meeting, it shall issue the notice convening the extraordinary shareholders' general meeting within fifteen days after the resolution of the board of directors. Should any changes have been made to the original proposal in such notice, consent needs to be obtained from the supervisory committee.

In the event that the board of directors disagrees to convene the extraordinary shareholders' general meeting, or it fails to reply within ten days of receipt of such proposal, the board of directors is deemed to be unable to perform or will not perform the duties for convening the extraordinary shareholders' general meeting. The supervisory committee may then convene and chair the extraordinary shareholders' general meeting at its discretion.

Article 64

For a shareholder request to convene an extraordinary shareholders' general meeting or a class shareholders' meeting, the following procedures should be adopted:

- (1) Shareholders holding 10% or more of the Company's shares (excluding treasury shares), either individually or jointly, with voting rights in such proposed meeting, may sign one or several written requests with the same format and content and submit to the board of directors to request convening an extraordinary shareholders' general meeting or a class shareholders' meeting and explain the agenda for the meeting. The board of directors shall promptly convene an extraordinary shareholders' general meeting or a class shareholders' meeting upon receipt of the foregoing written request. The number of shares for purpose of this paragraph shall be the number of shares held on the date on which the shareholders put forward the written request.
- (2) Should the board of directors fail to deliver the notice for convening such meeting within thirty days of receipt of the foregoing written request, the shareholders who put forward such request shall have the right to propose in writing to the supervisory committee to convene an extraordinary shareholders' general meeting. In the event that the supervisory committee agrees to convene an extraordinary shareholders' general meeting, the supervisory committee shall deliver the notice for convening such extraordinary shareholders' general meeting within fifteen days of receipt of such written request. Should any changes have been made to the original request in the notice, consent needs to be obtained from the relevant shareholders.

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- (3) Should the supervisory committee fail to deliver the notice for convening ~~an~~ extraordinary shareholders' general meeting within the stipulated period, it shall be deemed to fail to convene and chair such extraordinary shareholders' general meeting and shareholders who hold ~~more than 10%~~ or more of the Company's shares (excluding treasury shares), either individually or jointly, for a consecutive period of more than ninety days may convene on their own, and chair the meeting within four months of the receipt of the request by the board of directors. The procedures for convening shall be the same, to the greatest possible extent, as those for convening shareholders' general meeting by the board of directors.

In the event that shareholders convene, and hold the meeting on their own because the board of directors fail to hold the meeting as requested, reasonable costs incurred shall be borne by the Company and shall be deducted from any amount that the Company may owe such directors who are negligent.

Article 65

In the event that the supervisory committee or shareholders decide to convene shareholders' general meeting on their own, they should notify the board of directors in writing and shall simultaneously file with the organization designated by the China Securities Regulatory Commission and the stock exchange where the Company is situated. Before the resolutions of the shareholders' general meeting are announced, the shareholding of the convening shareholders may not be less than 10% of the Company's shares (excluding treasury shares).

The convening shareholders shall provide relevant supporting materials to the organization designated by the China Securities Regulatory Commission and the stock exchange where the Company is situated at the time of dispatching the notice for and announcing the resolutions of the shareholders' general meeting.

Article 66

When the supervisory committee or shareholders convene shareholders' general meeting on their own, the board of directors and the secretary to the board of directors shall cooperate. The board of directors shall provide the register of shareholders as of the record date for shares. In the event that the board of directors fails to provide the register of shareholders, the convenor may use the relevant announcement regarding the convening of the shareholders' general meeting to apply to the shares registrar for obtaining the register. Such register of shareholders obtained by the convenor may not be used for any purposes other than the convening of the shareholders' general meeting.

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Article 67

A twenty days prior written notice for convening a shareholders' annual general meeting shall be given to notify shareholders of the matters proposed to be considered and the date and place of the meeting. A fifteen days prior written notice convening an extraordinary shareholders' general meeting shall be given to notify shareholders.

The notice for shareholders' general meeting shall be issued by the convenor of the meeting. Such shareholders' general meeting may not be adjourned or cancelled and proposed resolutions as stated in the notice of the shareholders' general meeting may not be cancelled after the notice has been issued without appropriate reasons. Should situation justifies adjournment or cancellation, the convenor shall announce and explain the reason at least two working days prior to the date of the meeting.

Article 68

When the Company convenes a shareholders' general meeting, the board of directors, the supervisory committee and shareholders holding 31% or more of the Company's ~~voting~~ shares (excluding treasury shares) shall have the right to put forward tentative proposals in writing to the ~~convenor~~board of directors ten days prior to the date of the shareholders' general meeting. The ~~convenor~~board of directors shall deliver a ~~supplementary~~ notice ~~ofto~~ the ~~other shareholders~~ and submit the tentative proposal to the ~~general shareholders' general meeting~~ and announce the content of such tentative proposals for consideration within two days of receipt of the proposals and shall submit the tentative proposal to the shareholders' general meeting for consideration. However, this shall not apply if the tentative proposal violates laws, administrative regulations or the Articles of Association, or if it falls outside the scope of the terms of reference for the shareholders' general meeting. The tentative proposals should be within the scope of functions and powers of the shareholders' general meeting and its content should have be well-defined specific matters to be resolved, and be in compliance with the relevant provisions of the laws, administrative rules and this Articles of Association.

Article 69

Shareholders' general meetings may not vote or decide on proposed resolutions which are not specified in the notice of the shareholders' general meeting or any supplementary notice or which are not in compliance with the preceding Article.

Article 70

A notice of the shareholders' general meeting shall meet the following requirements:

- (1) it shall be made in written form;
- (2) it shall specify the place, date and time of the meeting;
- (3) it shall state the matters and proposals to be discussed at the meeting;

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- (4) it shall provide shareholders with such information and explanation required for them to make sensible decisions on the matters to be considered. These principles include (but not limited to) the provision of the specific conditions and contracts of the contemplated transactions (if any) in the event of a proposed merger, repurchase of shares, reorganization of share capital or other restructuring by the Company, and give due accounts of the cause and effect of such transaction;
- (5) if any director, supervisor, president, general manager, deputy general manager and other senior management officer have material interests in the matters subject to discussion, the nature and extent of such material interests shall be disclosed, and if the effect of the matters subject to discussion on such director, supervisor, president, general manager, deputy general manager and other senior management officer in their capacity as shareholders is different from that of other shareholders of the same class, the differences shall also be specified;
- (6) it shall set out the full text of all the proposed special resolutions at the meeting;
- (7) it shall contain a clear statement that a shareholder who has the right to attend and vote at the meeting shall have the right to appoint one or more proxies to attend and vote at the meeting on his behalf and that such proxies need not be shareholders;
- (8) it shall state the time and place for the service of the proxy forms for the meeting;
- (9) it shall state the record date of the shareholders who have the right to attend the shareholders' general meeting; ~~and~~
- (10) it shall state the name and phone number of the permanent contact person for the affairs of the meeting; and
- (11) it shall specify the channels and methods, including the use of information technology such as online or electronic platforms or facilities, that will be utilised, so that shareholders can attend and participate and cast votes by electronic means.

Article 71

A notice of the shareholders' general meeting shall be dispatched to shareholders (regardless of their voting rights at the shareholders' general meeting) ~~by hand or by prepaid mail~~ in accordance with the provisions of these Articles of Association. ~~The addresses of the recipients shall be such addresses as shown in the register of members.~~ For holders of domestic shares, a notice of the shareholders' general meeting may also be made by way of announcement.

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The announcement referred to in the preceding paragraph shall be published in one or more national newspapers or periodicals designated by securities regulatory authorities of the State Council. Once an announcement is made, all holders of the domestic shares are deemed to have received the relevant notice of the shareholders' general meeting. Such public announcement shall be published in Chinese and English in accordance with these Articles of Association.

Article 72

The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions passed at the meeting.

Article 73

Any shareholder entitled to attend and vote at a shareholders' general meeting shall have the right to appoint one or several persons (who may not be shareholders) to act as his proxy to attend and vote at the meeting on his behalf. The proxy(ies) so appointed by the shareholder may, pursuant to the instructions of the shareholder, exercise the following rights:

- (1) the right to speak at the shareholders' general meeting;
- (2) the right to demand a poll solely or jointly with others;
- (3) the right to vote by a show of hands or by way of a poll, provided that where more than one proxy is appointed, the proxies may only vote by way of a poll.

Article 74

The instrument appointing a proxy shall be in writing under the hand of the appointing shareholder or his attorney duly authorized in writing; where the appointing shareholder is a legal person, such instrument shall be under its seal or under the hand of its director or attorney duly authorized.

The proxy forms shall specify the number of shares represented by the relevant proxy of the shareholders on behalf of the principal. Where several proxies are appointed, the proxy form shall expressly state the number of shares represented by every proxy.

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Article 75

Proxy forms appointing proxies with the authority to vote shall be deposited at the address of the Company or such other place or electronic address as may be specified in the notice of the relevant meeting at least 24 hours before the relevant meeting at which such proxies are authorized to vote under such proxy forms, or 24 hours before the designated time for the relevant voting. Where a proxy form is signed by a person under a power of attorney on behalf of the appointer, such power of attorney or other authorization document shall be notarized. A notarized copy of that power of attorney or other authorization document, together with the proxy form appointing a proxy with the authority to vote, shall be deposited at the address of the Company or such other place as may be specified in the notice of the relevant meeting. The proxy form shall specify the date of issue.

Where the shareholder is a legal person, its legal representative or any other person authorized by resolution of its board of directors or other decision-making authority shall attend and vote at the shareholders' general meetings of the Company on its behalf, and the shareholder so represented shall be treated as being present ~~in person~~ at the meeting.

Where such shareholder is a recognized clearing house as defined under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (or its nominee) such shareholder is entitled to appoint one or more persons as its proxy(ies) or corporate representative(s) as it deems fit to act on its behalf at any shareholders' general meeting or any class meeting, provided that where more than one person are authorized, the letter of authorization shall specify the number and class of shares in respect of which each such person is so authorized. Such persons so authorized may exercise the rights of the recognized clearing house (or its nominee) as if they were individual shareholders of the Company, including the right to speak and vote.

Article 76

Any form issued to a shareholder by the board of directors for use by him for appointing a proxy shall allow the shareholder to freely instruct the proxy to vote in favor of or against each resolution relating to each matter to be considered at the relevant meeting. Such form shall contain a statement that in the absence of instructions by the shareholder, his proxy may vote as he thinks fit.

The Company has the right to request a proxy who attends a shareholders' general meeting to provide evidence of his identity.

If a shareholder which is a legal person appoints its legal representative to attend a meeting on its behalf, the Company has the right to request such legal representative to produce evidence of his identity and a notarized certified copy of the resolutions of such shareholder's board of directors in respect of the appointment of the proxy or the power of attorney executed by such other organization which has the capacity to appoint the proxy.

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Article 77

Where the appointing shareholder has deceased or has been incapacitated, or the appointment of a proxy or the power of attorney under which a proxy form is signed has been withdrawn, or the relevant shares have been transferred prior to the relevant voting, a vote given in accordance with the proxy form shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

Article 78

A register of attendance of the meeting shall be prepared by the Company. The convenor and the Company shall jointly verify the legitimacy of the shareholders' qualifications based on the register of shareholders provided by the share registrar and shall record the name of the shareholders and the number of voting shares they are holding. Before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of voting shares being held, the registration at the meeting shall be terminated.

Article 79

When related transaction are being considered at shareholders' general meeting, the interested shareholders shall not participate in the voting and the number of voting shares represented by them shall not be counted in the total number of valid voting shares. The announcement regarding the resolutions of the shareholders' general meeting shall fully disclose the voting of non-interested shareholders.

At voting in shareholders' general meeting, interested shareholders shall abstain from the voting. Should the interested shareholders fail to abstain on their own initiative, the chairman of the board chairing the meeting shall demand the interested shareholder to abstain. In the event that the chairman of the board is required to abstain, the vice chairman of the board or other directors shall request the chairman of the board and other interested shareholders to abstain. Any shareholders who are not required to abstain shall have the right to request interested shareholders to abstain.

Article 80

Resolutions of shareholders' general meetings are divided into ordinary resolutions and special resolutions.

An ordinary resolution of a shareholders' general meeting shall be passed with the approval of shareholders (including proxies) present at the meeting who together hold more than one-half of the voting rights held by all the shareholders (including proxies) present at the meeting (excluding any voting rights attaching to treasury shares).

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A special resolution of a shareholders' general meeting shall be passed with the approval of shareholders (including proxies) present at the meeting who together hold more than two-thirds of the voting rights held by all the shareholders (including proxies) present at the meeting (excluding any voting rights attaching to treasury shares).

Shareholders (including their proxies) attending the annual shareholders' general meeting when voting on any resolution, shall clearly signify whether he or she is voting for or against such resolution. When the Company is counting the votes on any resolution, those who abstain from voting shall not be regarded as having a right to vote.

Article 81

Shareholders (including proxies) shall exercise their voting rights at a shareholders' general meeting according to the number of voting shares they represent, with one vote for each share.

The Company's shares held by the Company do not bear voting right and such shares are not counted in the total number of voting shares attending the shareholders' general meeting.

The board of directors, independent directors and shareholders satisfying relevant provisions may solicit voting rights from shareholders.

Where the provisions of the Listing Rules ~~(as amended, from time to time, by of~~ the Stock Exchange on which the Company's shares are listed ~~(as amended from time to time)~~ require any shareholder to abstain from voting on any particular resolution or restricted to voting only for (or against) any particular resolution, any votes of the shareholder or his proxy in violation of the relevant requirement or restriction shall not be counted.

Article 82

Unless otherwise required by the listing rules of the stock exchange on which the shares of the Company are listed or other applicable laws or regulations, or a poll is (before or after any voting by show of hands) demanded by the following persons, voting at a shareholders' general meeting shall be conducted by a show of hands:

- (1) the chairman of the meeting;
- (2) at least two shareholders or their proxies entitled to vote;
- (3) one or more shareholders (including proxies) solely or jointly holding more than 10% (inclusive) of the total voting shares (excluding treasury shares) represented by all shareholders having the right to vote at the meeting.

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Unless otherwise required by the listing rules of the stock exchange on which the shares of the Company are listed or other applicable laws or regulations, or a poll is so demanded pursuant to the foregoing provisions, a declaration by the chairman of the meeting that a resolution by a show of hands has been carried, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favor or against such resolution at the meeting.

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

Article 83

A poll demanded on such matters as the election of chairman of the meeting or the adjournment of the meeting, shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the chairman may decide, and the meeting may proceed to discuss other matters, while the results of the poll shall still be deemed as resolutions passed at that meeting.

Article 84

On a poll taken at a meeting, a shareholder (including proxy) entitled to 2 or more votes needs not cast all his votes for or against.

Article 85

Where there is an equality of votes for and against a particular resolution, whether the vote is taken by show of hands or by poll, the chairman of the meeting shall be entitled to have a casting vote.

Article 86

The following matters shall be passed by an ordinary resolution at a shareholders' general meeting:

- (1) work reports of the board of directors and the supervisor committee;
- (2) plans formulated by the board of directors for distribution of profits and making up losses;
- (3) the election and removal of directors or supervisors who are not representatives of employees and fixing the remuneration of the directors and supervisors;
- (4) the Company's annual financial budgets and final accounts, balance sheets, income statements and other financial statements;
- (5) adopting the Company's operating and investment plan;

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- (6) appointment and removal of auditors;
- (7) any other matters other than those required by the laws and administrative regulations, listing rules of the stock exchange on which the shares of the Company are listed or by the Articles of Association to be adopted by special resolutions.

Article 87

The following matters shall be passed by a special resolution at a shareholders' general meeting:

- (1) increase or reduction of the share capital and issue of shares of any class, stock warrants and other similar securities;
- (2) issuance of corporate bonds;
- (3) the division, merger, dissolution, liquidation, voluntary winding-up and change in the form of the Company;
- (4) amendments to the Articles of Association;
- (5) share incentive scheme;
- (6) the purchase and sale of material assets within one year exceeding 30% of the total audited assets of the Company for the most recent period;
- (7) repurchase of the Company's shares;
- (8) any other matters required by laws, administrative regulations, listing rules of the stock exchange on which the shares of the Company are listed or this Articles of Associations, or matters considered to have a substantial impact on the Company that by an ordinary resolution in shareholders' general meeting is required to be passed by a special resolution.

Article 88

A shareholders' general meeting shall be convened by the board of directors and chaired by the chairman of the ~~h~~Board. Should the chairman be unable or fail to perform the duty to attend the meeting, the vice chairman of the board shall ~~convene and~~ act as the chairman of the meeting. Should the vice chairman of the board be unable or fail to perform the duty, the meeting shall be chaired by a director jointly elected by the majority of the directors.

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~~Should the board of directors be unable or fail to perform the duty of convening a shareholders' general meeting, the supervisory committee may convene and preside over the meeting. If the supervisory committee does not convene and preside over the meeting, shareholders representing more than 10% or more of the voting shares (excluding any voting rights attaching to treasury shares) may convene and preside over the meeting on their own. In the event that both the chairman and vice chairman of the board are unable to attend the shareholders' general meeting the chairman of the board may designate a director to convene and to act as the chairman of the meeting on his behalf. If no chairman of the meeting has been so designated, shareholders present may elect a person to be the chairman of the meeting. If the shareholders fail to elect a chairman of the meeting for any reasons, the shareholder (including proxy) present in the meeting holding the largest number of voting shares (excluding any voting rights attaching to treasury shares) shall be the chairman of the meeting.~~

~~In the event that the shareholders' general meeting is convened by the supervisory committee, the convener of the supervisory committee shall act as the chairman of the meeting. Should the convener of the supervisory committee be unable to perform or fail to perform his duties, the supervisory committee may designate a supervisor of the Company to convene the meeting and to act as the chairman of the meeting on his behalf.~~

~~For such shareholders' general meeting convened by the shareholders, the convener shall nominate a representative to chair the meeting.~~

Article 89

When a shareholders' general meeting is convened and in the event that the chairman of the meeting violates the rules of procedure causing the shareholders' general meeting unable to be continued, a person may be elected as chairman to carry on with the meeting with the consent of shareholders with more than half of the voting rights attending the shareholders' general meeting.

Article 90

The chairman of the meeting should announce the number of shareholders and proxies attending the meeting and the total number of voting shares being held before voting. The number of shareholders and proxies attending the meeting and the total number of voting shares they held shall be based on the registration made the meeting.

The chairman of the meeting shall determine whether or not a resolution of the shareholders' general meeting has been passed. His decision shall be final and conclusive and shall be announced at the meeting and recorded in the minutes.

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Article 91

In the event that the chairman of the meeting has any doubt as to the voting result of a resolution put forward to the vote, he may have the votes counted. In the event that the chairman of the meeting fails to have the votes counted, any shareholder present ~~in person or by proxy~~ objects to the result announced by the chairman of the meeting may demand that the votes be counted immediately after the declaration of the voting result, and the chairman of the meeting shall have the votes counted immediately.

Article 92

In the event that the votes are counted at the shareholders' general meeting, the counting results shall be recorded in the minutes of the meeting.

Article 93

Minutes of the shareholders' general meeting shall be prepared by the secretary of the meeting and signed by the chairman of the meeting, directors, supervisors, the secretary to the board of directors, convenors or their proxies and minutes recording personnel attending the meeting.

The resolutions of a shareholders' general meeting shall be recorded as written resolutions. The resolutions, minutes of the meeting together with the signature book of shareholders present at the meeting and the proxy forms shall be maintained at the registered address of the Company. The documents are to be kept for ten years.

Article 94

Copies of the minutes of the meeting shall be available for inspection during business hours of the Company by any shareholder without charge. If a shareholder demands from the Company a copy of such minutes, the Company shall dispatch a copy within 7 days after receipt of reasonable charges.

Article 95

The convenor shall ensure that a shareholders' general meeting shall continue to be held until and when the last resolution is dealt with. In the event that a shareholders' general meeting is interrupted or resolutions cannot be dealt with due to special reasons including force majeure, necessary measures shall be taken to resume the shareholders' general meeting as soon as possible or terminating the shareholders' general meeting with timely announcement related thereto.

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Article 96

On the premise of ensuring the legality and effectiveness of the shareholders' general meeting, the Company shall facilitate convenient participation by shareholders of the shareholders' general meetings by providing different channels and methods, including the use of information technology such as online or electronic voting platforms or facilities so that shareholders can attend and participate and cast votes by electronic means.

The Company shall prepare the rules of procedures for shareholders' general meeting stating, in details, the procedures based on which shareholders' general meeting shall be convened and voting shall be conducted.

For the purpose of these Articles of Association, references to "present" in the context of a person's presence at a shareholders' general meeting, which may be satisfied by means of such person or, if a corporation or other non-natural person, its duly authorised representative (or, in the case of any shareholder, a proxy which has been validly appointed by such shareholder in accordance with these Articles of Association), being (a) physically present at the meeting; or (b) in the case of any meeting at which online or electronic platforms or facilities are utilised, including any meeting, connected by means of the use of such platform or facilities.

CHAPTER 9 SPECIAL PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS

Article 97

Shareholders holding different classes of shares shall be class shareholders.

Class shareholders shall be entitled to the rights and assume obligations pursuant to the provisions of laws, administrative regulations and the Articles of Association.

Article 98

Any variation or abrogation of the rights of any class of shareholders proposed by the Company may only come into effect upon the adoption of a special resolution at a shareholders' general meeting and approval by the affected shareholders of that class at a separate meeting held in accordance with Articles 100 to 104.

No approval by a shareholders' general meeting or a class meeting is required for variation or abrogation of rights of class shareholders resulting from any change in domestic and foreign laws and administrative regulations and listing rules where the Company's shares are listed, and those resulting from decisions made by domestic and foreign regulatory authorities.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The transfer of all or part of the domestic shares held by the shareholders of the Company's domestic shares to overseas investors for listing overseas, or the conversion of all or part of domestic shares into overseas-listed foreign shares for listing and trading on overseas stock exchange(s), shall not be deemed as the Company's intention to vary or abrogate the rights of class shareholders.

Article 99

The following circumstances shall be deemed to be a variation or abrogation of the rights of shareholders of a certain class:

- (1) to increase or decrease the number of shares of that class, or increase or decrease the number of shares of another class having rights on voting, distribution or other privileges equal or superior to those of the shares of such class;
- (2) to effect an exchange of all or part of shares of such class into shares of other classes, or to effect an exchange or grant a right of exchanging all or part of the shares of other classes into shares of such class;
- (3) to remove or reduce the rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) to reduce or remove the rights to a dividend preference or a liquidation preference in distribution of the Company's property, attached to shares of such class;
- (5) to add, remove or reduce the rights to conversion, options, voting, transfer, preemptive rights in placement and acquire securities of the Company, attached to shares of such class;
- (6) to remove or reduce the rights to receive payment payable by the Company in particular currencies, attached to shares of such class;
- (7) to create a new class of shares having rights on voting, distribution or other privileges equal or superior to those of the shares of such class;
- (8) to restrict the transfer of ownership of the shares of such class or increase such restrictions;
- (9) to issue subscription rights or share conversion rights for shares of such class or other classes;
- (10) to increase the rights and privileges of shares of other classes;
- (11) to restructure the Company where the proposed restructuring scheme will result in different classes of shareholders bearing disproportionate obligations of such restructuring;
- (12) to vary or abrogate the terms provided in this chapter.

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Article 100

Shareholders of the affected class, whether or not having the right to vote at the shareholders' general meeting, shall nevertheless have the right to vote at class meetings on matters referred to in items (2) to (8) and (11) to (12) of Article 99, but interested shareholders shall not be entitled to vote at class meetings.

The interested shareholders mentioned in the preceding paragraph shall have the following meanings:

- (1) in the case of a repurchase of its own shares by the Company by making offers to all shareholders on the same pro rata basis or through public dealing on a stock exchange in accordance with Article 28 of the Articles of Association, the "interested shareholders" shall refer to the controlling shareholders as defined in Article 55 of these Articles of Association;
- (2) in the case of a repurchase of its own shares by the Company through an over-the-counter transaction in accordance with the provisions of Article 28 of the Articles of Association, the "interested shareholders" shall refer to the shareholders to which the proposed agreement relates;
- (3) in the case of a restructuring of the Company, the "interested shareholders" shall refer to the shareholders within a class who bears liabilities less than the proportion burden imposed on other shareholders of that class or who has interests different from those held by shareholders of the same class.

Article 101

Resolutions of a class meeting shall be passed by votes representing more than two-thirds of the voting rights of shareholders of that class (excluding any voting rights attaching to treasury shares) represented at the relevant meeting who are entitled to vote at class meetings in accordance with Article 100.

Article 102

The written notice period for convening a class shareholders' meeting shall be the same as the written notice period for convening a non-class shareholders' meeting which is to be convened together with such class shareholders' meeting. The written notice shall be given to notify class shareholders whose names appear in the register of shareholders of the matters proposed to be considered and the date and place of the meeting.

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Article 103

Notices of the class meeting only need to be served on shareholders entitled to vote thereat.

The procedures for holding the class meeting shall be similar to those for holding the shareholders' general meeting as far as possible, and the provisions in the Articles of Association relating to the procedures for a shareholders' general meeting shall apply to the class meeting.

Article 104

Save for shareholders of shares of other classes, the holders of domestic shares and holders of overseas-listed foreign shares are deemed to be different classes of shareholders.

The special procedures for voting by class shareholders shall not apply in the following circumstances:

- (1) where the Company issues, upon approval by a special resolution at a shareholders' general meeting, either separately or concurrently once every twelve months, not more than 20% of each of the existing issued domestic shares and overseas-listed foreign shares of the Company; or
- (2) where the Company's plan to issue domestic shares and overseas-listed foreign shares at the time of incorporation is carried out within fifteen months from the date of approval by the securities regulatory authorities of the State Council.

CHAPTER 10 THE BOARD OF DIRECTORS

Article 105

The Company shall establish a board of directors comprising seven to nine directors (including independent directors). The board has one chairman, and may have one vice chairman and seven directors, including three independent directors.

~~The board comprises nine directors, five of whom are external directors (being directors not internally employed by the Company, such term having the same meaning as appeared hereinafter).~~

~~Independent directors shall refer to directors who has no positions other than as a director in the Company and who have no relationship with the Company or its substantial shareholders that could possibly impact their independent and objective judgment.~~

The board of directors may, in compliance with the relevant laws and administrative regulations, establish professional committees including for strategic decisions, audit committee and remuneration committee, when so required.

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Article 106

Directors shall be elected at the shareholders' general meeting. The term of office of the directors shall be three years. Upon maturity of the current term of office, a director shall be eligible to offer himself for re-election and reappointment.

A written notice stating the intention to nominate a candidate for the position of director and the candidate's consent to be nominated shall be delivered to the Company no later than seven days before the shareholders' general meeting.

The chairman and vice chairman shall be elected and removed by more than one-half of all directors. The term of office of the chairman and vice chairman shall be three years, renewable upon re-election.

External directors shall have sufficient time and knowledge and capabilities necessary to perform their duties. The Company shall provide necessary information for external directors to perform their duties. Independent (non-executive) directors may directly report to the shareholders' general meeting, securities regulatory authorities under the State Council and other relevant authorities.

Executive directors deal with matters delegated by the board of directors.

The directors shall not be required to hold shares of the Company.

Article 107

Directors shall commence their duties upon passing of the resolution for their election in shareholders' general meeting and their term of office shall commence on the day when they assume duty and shall end when the current term of office of the board of directors expires. In the event that the term of the office of a director has expired but a new director has not yet been elected in time, the director shall continue to perform his duties pursuant to the laws, administrative regulations, rules of regulatory authority and this Articles of Association until a newly elected director assumes duty. Subject to being in compliance with the provisions of relevant laws and administrative regulations, a director whose term of office has not expired can be removed by an ordinary resolution passed in shareholders' general meeting (but without prejudice to any claims made based on any contracts).

Article 108

A director may resign prior to the expiry of his/her term of office. To resign, he/she shall submit a written resignation report to the board of directors. The director's resignation shall become effective once the resignation report has been delivered to the board of directors. In the event that the director's resignation causes the number of the members of the board of directors to fall below the statutory minimum, the resigning director shall perform his duties pursuant to the laws, administrative regulations, rules of regulatory authority and this Articles of Association until a newly elected director assumes duty.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 109

The Board shall report to the shareholders' general meeting and exercises the following powers:

- (1) to convene shareholders' general meetings and report its work to the shareholders' general meeting;
- (2) to implement the resolutions of shareholders' general meetings;
- (3) to decide on the Company's business plans and investment plans;
- ~~(4)~~ to formulate the Company's plans on annual financial budgets and final accounts;
- ~~(5)~~(4) to formulate the Company's profit distribution plans and plans on making up losses;
- ~~(6)~~(5) to formulate proposals for the increase or reduction of the registered capital of the Company and for the issue and listing of corporate bonds or other marketable securities;
- ~~(7)~~(6) to formulate plans for merger, division, dissolution or change in the form of the Company;
- ~~(8)~~(7) to determine the establishment of the Company's internal management structure;
- ~~(9)~~(8) to appoint or dismiss the Company's president and the secretary to the Board and, based on the nomination by the president, to appoint or dismiss general managers, deputy general managers and other senior management officers (excluding the secretary to the Board) of the Company and to determine their remunerations;
- ~~(10)~~(9) to formulate the basic management system of the Company;
- ~~(11)~~(10) to formulate proposals for amendment to the Articles of Association;
- ~~(12)~~(11) to formulate the share incentive scheme;
- ~~(13)~~(12) to receive work report of the Company's president and to review the performance of the president;
- ~~(14)~~(13) to formulate the Company's information disclosure policy and manage the disclosure of the Company's information;
- ~~(15)~~(14) to propose to shareholders' general meeting the appointment or dismissal of auditors;
- ~~(16)~~(15) to decide on the Company's external investment, acquisition and sale of assets, asset mortgage, external guarantee, entrust management of assets and related transactions;

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

~~(7)~~(16) to exercise such other powers conferred by laws, administrative regulations, rules or this Articles of Association and by shareholders' general meetings.

For the resolutions of the board of directors set out in the preceding paragraph, except in respect of the matters specified in items (6~~5~~), (7~~6~~), (10~~+~~) and (11~~2~~) which shall be passed by ~~not less~~ more than two-thirds of the directors, the other items may be passed by a simple majority of the directors.

The board of directors shall establish procedures to consider and exercise its authority over the external investment, acquisition and sale of assets, asset mortgage, external guarantee, entrust management of assets and related transactions; relevant experts and professionals shall be engaged to evaluate major investment projects and matters that are required to be reported to the shareholders' general meetings shall be reported to the shareholders' general meetings for approval.

Article 110

In cases where the expected value of fixed assets proposed for disposal by the board, when aggregated with value of fixed assets disposed within four month before the proposed disposal, exceeds 33% of the fixed assets value set out in the latest balance sheet considered by the shareholders' general meetings, the board shall not dispose or consent to dispose such fixed assets without prior approval by the shareholders' general meeting.

The term "fixed assets disposal" referred to in this Article represents (among other things) transferring certain interests in assets, but not including the provision of guarantees by way of fixed assets.

The validity of transactions regarding fixed assets disposed by the Company shall not be affected due to a breach of the first paragraph of this Article.

Article 111

The chairman of the Board is entitled to the following powers:

- (1) to preside over shareholders' general meetings and to convene and preside over board meetings;
- (2) to check on the implementation of resolutions of the board;
- (3) to sign the securities certificates issued by the Company;
- (4) to sign important documents of the board of directors and other documents that should be signed by the chairman of the board of directors;
- (5) to exercise other powers as specified in the Articles of Association or such other powers as conferred by the board.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Should the chairman of the board of directors be unable to perform his duties, such duties shall be performed by the vice chairman. Should the vice chairman of the board of directors be unable to perform or fail to perform such duties, a director elected jointly by more than half of the directors shall perform such duties.

Article 112

Meetings of the board of directors shall be classified into the regular meetings of the board of directors and extraordinary meetings of the board of directors. Should the board of directors convene a board meeting, it shall notify the supervisory committee.

Regular meetings of the board shall be convened at least two times every year. The meetings shall be convened by the chairman of the board of directors by serving notice to all directors ten days prior to the date of meeting. An extraordinary board meeting shall be convened at the request of shareholders holding 10% or more of the voting shares of the Company (excluding treasury shares), more than one-third of the directors jointly, more than half of the independent directors, the chairman of the board of directors, the supervisory committee, the Company's president, or the securities regulatory authority under the State Council. The chairman of the board of directors shall convene and chair the extraordinary board meeting within ten days upon receipt of such request.

Article 113

The notice for convening a regular board meeting or an extraordinary board meeting may be delivered by hand, facsimile, electronic mail, courier or registered mail. In case of indirect delivery, confirmation of the receipt thereof shall be made by phone and record shall be made. The notice shall be delivered at least ten days prior to the date of regular board meetings and at least five days prior to the date of extraordinary board meetings. Directors may waive their rights to receive the notice for the meetings of the board of directors.

Article 114

In relation to important matters that are to be determined by the board, notices of meetings, together with sufficient information, must be served on all the executive directors and external directors within the time limit set out in Articles 112 and 113 and in strict compliance with the required procedures. Directors may demand further information. If more than one-quarter of the directors or more than two external directors consider that the information required for the matters to be resolved is not sufficient or not clear, they may jointly propose a postponement of the board meeting or of the deliberation of some of the matters to be considered by the board, and such proposal shall be accepted by the board.

A notice of meeting shall be deemed to have been served on a director who is present at a meeting and who has not, before or during the meeting, raised the fact that he has not received a notice of the meeting.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 115

Regular board meetings or extraordinary board meetings may be conducted by way of telephone conference or other similar means of communication, provided that all the participating directors can hear each other clearly and can speak to each other, and in such case, all participating directors shall be deemed to have attended the meeting in person.

Article 116

The board meeting may not be held unless not less than half of the directors (including representatives of directors attending the meeting according to Article 117 of the Articles of Association) are present. If there are directors materially interested in the matters intended to be resolved, the board meeting shall be held only when more than half of the directors who have no material interest in the matters proposed to be resolved are present.

Each director shall have one vote. Unless otherwise provided for in the Articles of Association, a resolution of the board of directors must be passed by a majority of the directors.

Where there is a tie of votes cast for and against a resolution, the chairman of the board of directors shall have one casting vote.

Should a director be interested in matters to be resolved at the board meeting, he/she should abstain from voting of such resolutions and may not exercise the voting right of other directors as proxy. Such director shall not be counted for purpose of the quorum of directors of the meeting. The board meeting shall be held once more than half of the directors who have no interest are present at the meeting. The matters proposed to be resolved and pending for approval in the board meeting may be passed with consent from more than half of the directors who have no material interest in the matter. When there are less than three such directors, the board of directors shall timely submit the resolution to the shareholders' general meeting for consideration with its comments on the matter including the opinions of directors who have no material interest in the matter.

Article 117

Directors shall attend a board meeting in person. If they are not able to attend the meeting due to certain reasons, they may authorize other directors in writing to attend the meeting on their behalf. A letter of authorization shall indicate the scope of authorization.

The appointed director attending the meeting shall exercise the rights of a director within the scope of authorization. If a director does not attend a board meeting, and does not authorize any representatives to attend the meeting, he shall be deemed to have waived the voting right in the meeting.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Should a director fail to attend board meeting in person twice consecutively, and he/she fails to entrust other directors to attend the board meetings, he is deemed to be unable to perform his duties and the board of directors shall propose to the shareholders' general meeting to remove the director.

Article 118

In respect of any matter which needs to be passed at an extraordinary board meeting, where the board of directors has already dispatched a written resolution in regard of the matters to be resolved at such meeting and the number of directors who have signified their consent thereto reaches the number set out in Article 116 of this chapter, a valid resolution shall be deemed to be passed and there is no need to hold a board meeting.

Article 119

The board of directors shall keep minutes of decision taken on matters discussed at meetings. The minutes shall be signed by the directors or their representatives present at the meeting and the person who recorded the minutes. The directors shall be liable to compensate the Company for the resolutions of the board of directors if a resolution violates the laws, administrative regulations or this Articles of Association and results in the Company sustaining serious losses. However, if a director can prove that he/she expressly objected to the resolution when the resolution was voted on, and that such objection is recorded in the minutes of the meeting, the director may be exempted from liability. Directors shall have the right to record his/her reservation opinions in the minutes. The minutes of the board of directors' meetings shall be kept according to the Company's file management system for a period of ten years.

Article 120

At annual shareholders' general meeting, the board of directors shall report to the meeting on its work done in the past year.

Article 121

The board of directors shall formulate the rules of procedure regarding the board of directors to ensure implementation of the resolutions of the shareholders' general meeting, enhancing working efficiency and ensuring scientific decision-making.

CHAPTER 11 SECRETARY TO THE BOARD OF DIRECTORS

Article 122

The Company shall have a secretary to the Board of Directors, who is a senior management officer of the Company.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 123

The secretary to the Company's board of directors shall be a natural person with the requisite professional knowledge and experience, and shall be appointed by the board of directors. His/Her primary responsibilities are:

- (1) to ensure that the Company has complete organizational documents and records;
- (2) to ensure that the Company prepares and delivers the reports and documents required by the relevant authorities in accordance with the laws;
- (3) to ensure that the Company's registers of shareholders are properly maintained, and that persons entitled to access to the relevant records and documents are furnished with such records and documents in timely manner;
- (4) to make preparations for shareholders' general meeting and the meetings of the board of directors.

Article 124

The directors or other senior management officers of the Company may also act as the secretary to the board. The accountant(s) of the accounting firm appointed by the Company shall not act as the secretary to the board.

Provided that where the office of the secretary to the board is held concurrently by a director, and an act is required to be made by a director and the secretary to the board separately, the person who concurrently holds the offices of director and secretary to the board shall not perform the act in dual capacity.

CHAPTER 12 PRESIDENT OF THE COMPANY

Article 125

The Company may ~~shall~~ have one president, who shall be nominated by the chairman and appointed or dismissed by the board, one general manager and several deputy general managers. The general manager, deputy general managers and other senior management officers shall be nominated by the president and appointed or dismissed by the board. The president, general manager, deputy general managers and other senior management officers can also be members of the board.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 126

The president of the Company shall be accountable to the board and exercise the following powers:

- (1) to take charge of the Company's production, operation and management, organize the implementation of the board's resolutions;
- (2) to organize the implementation of the Company's annual business plan and investment plan;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft the Company's basic management system;
- (5) to formulate the basic rules and regulations of Company;
- (6) to propose to the board the appointment or dismissal of the Company's deputy general managers and other senior management officers (excluding the secretary to the board);
- (7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board; and
- (8) to exercise other powers conferred by the Articles of Association and the board.

Article 127

The president of the Company shall attend Board meetings. The president who is not a director does not have any voting rights at Board meetings.

Article 128

The Company's president, general manager, deputy general managers and chief financial officer, in performing their functions, shall act honestly and diligently and in accordance with the laws, administrative regulations and the Articles of Association.

President shall formulate the job details of the president. Such job details shall be implemented upon submission to and approval by the board of directors.

CHAPTER 13 BOARD OF SUPERVISORS

Article 129

The Company shall establish a supervisor committee.

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Article 130

The supervisor committee shall consist of three supervisors, among whom, one shall act as the chairman of the supervisor committee. The term of office of a supervisor shall be three years, being renewable upon re-election and re-appointment.

The appointment and dismissal of the ~~chairman~~convenor of the supervisor committee shall be passed by not less than two-thirds (inclusive) of its members.

The term of office of the ~~convenor~~chairman of the supervisor committee shall be three years, being renewable upon re-election and re-appointment.

Article 131

The supervisor committee shall consist of two shareholder representatives and one staff representative of the Company. Appointment and dismissal of shareholder representatives shall be subject to election at the shareholders' general meeting, while appointment and dismissal of staff representative shall be subject to democratic election by the staff of the Company.

Supervisors shall commence their duties upon passing of the resolution for their election in shareholders' general meeting and their term of office shall commence on the day they assume duty and shall end when the current term of office of the supervisory committee expires. In the event that the term of the office of a supervisor has expired but a new supervisor has not yet been elected in time, the supervisor shall continue to perform his duties pursuant to the laws, administrative regulations, rules of regulatory authority and this Articles of Association until a newly elected supervisor assumes duty. Subject to being in compliance with the provisions of relevant laws and administrative regulations, a supervisor whose term of office has not expired can be removed by an ordinary resolution passed in shareholders' general meeting (but without prejudice to any claims made based on any contracts).

Article 132

A supervisor may resign prior to the expiry of his/her term of office. To resign, he/she shall submit a written resignation report to the supervisory committee. The supervisor's resignation shall become effective once the resignation report has been delivered to the supervisory committee. In the event that the supervisor's resignation causes the number of the members of the supervisory committee to fall below the statutory minimum, the resigning supervisor shall perform his duties pursuant to the laws, administrative regulations, rules of the regulatory authority and this Articles of Association until a newly elected supervisor assumes duty.

The directors, president, general manager, deputy general managers and chief financial officer of the Company shall not assume the positions of supervisors.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 133

The supervisory committee shall convene at least one meeting every six months. The meeting shall be convened by the ~~convener~~ chairman of the supervisory committee. A written notice shall be delivered by the supervisory committee to all supervisors ten days prior to the date of the meeting.

A supervisor may propose to convene an extraordinary meeting of the supervisory committee. The ~~convener~~ chairman of the supervisory committee shall convene the meeting of the supervisory committee within ten days upon receipt of the proposal.

Article 134

The notice for convening a regular meeting or an extraordinary meeting of the supervisory committee may be delivered by hand, facsimile, electronic mail, courier or registered mail. The notice shall be delivered at least ten days prior to the convening of regular meetings of the supervisory committee and at least five days prior to the date of extraordinary meetings of the supervisory committee. Supervisors may waive their rights to receive the notice for the meetings of the supervisory committee.

Article 135

The supervisor committee shall be accountable to the shareholders' general meeting and exercise the following powers in accordance with the laws:

- (1) to examine the Company's financial affairs;
- (2) to monitor directors, president, general manager, deputy general managers and other senior management officers in performance of their duties for any violation of laws, administrative regulations and the Articles of Association;
- (3) to demand rectification from directors, president, general manager, deputy general managers and other senior management officers when the acts of such persons are harmful to the Company's interest;
- (4) to examine the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the board to the shareholders' general meetings and, should any queries arise, to engage, in the name of the Company, certified public accountants and practicing auditors to conduct a re-examination;
- (5) to propose the convening of an extraordinary shareholders' general meeting and when the board of directors fail to perform its duties of convening a shareholders' general meeting, the supervisory committee shall convene and chair the extraordinary shareholders' general meeting;

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

- (6) to deal with or take legal actions against directors on behalf of the Company;
- (7) to take legal action against directors, presidents, general managers, deputy general managers and other senior management officers pursuant to Article 152 of the Company Law;
- (8) to propose to convene an extraordinary board meeting;
- (9) to exercise other powers specified in the laws, administrative regulations, rules and this Articles of Association and such other duties and power as conferred by the shareholders' general meeting.

Supervisors shall be present at the meetings of the board of directors and shall question or recommend about the resolutions of the board of directors.

Article 136

A meeting of the supervisor committee shall not be held unless it is attended by at least two supervisors. Each supervisor has one vote.

The chairman of the supervisory committee shall convene and chair the meeting of the supervisory committee. In the event that the chairman of the supervisory committee is unable to perform or fail to perform his duties, a supervisor who is jointly elected by ~~other~~ the majority of the supervisors shall convene and chair the meeting of the supervisory committee.

The supervisor committee shall resolve by way of passing a resolution with the affirmative votes of over two-thirds (inclusive) of the members of the supervisor committee.

Article 137

Minutes shall be kept of the meetings of the supervisory committee and shall be signed by the supervisors or their representative attending the meetings and the person who recorded the minutes. Supervisors shall have the right to record his/her reservation opinions in the minutes. The minutes of the supervisory committee's meetings shall be kept according to the Company's file management system for a period of ten years.

Article 138

All reasonable expenses incurred in respect of the employment of professionals such as lawyers, certified public accountants or practicing auditors as required by the supervisor committee in discharging its duties shall be borne by the Company.

Article 139

A supervisor shall carry out his duties honestly and faithfully in accordance with the laws, administrative regulations and the Articles of Association.

At annual shareholders' general meeting, the supervisory committee shall report to the meeting on its work done in the past year.

Article 140

The supervisory committee shall formulate the rules of procedure regarding the supervisory committee to ensure the working efficiency and scientific decision making of the supervisory committee.

CHAPTER 14 QUALIFICATIONS AND DUTIES OF THE DIRECTORS, SUPERVISORS, PRESIDENT, GENERAL MANAGER, DEPUTY GENERAL MANAGERS AND OTHER SENIOR MANAGEMENT OFFICERS OF THE COMPANY

Article 141

A person may not serve as a director, supervisor, president, general manager, deputy general manager or other senior management officers of the Company if any of the following circumstances applies:

- (1) a person who does not have or who has limited capacity for civil acts;
- (2) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence; or who has been deprived of his political rights, in each case where less than five years have elapsed since the date of the completion of implementation of such punishment or deprivation;
- (3) a person who is a former director, factory manager or general manager of a company or enterprise which has entered into insolvent liquidation and who is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise which had its business license revoked or being ordered for closure due to a violation of the law and who incurred personal liability, where less than three years has elapsed since the date of the revocation of the business license;
- (5) a person who has a relatively large amount of debts due but unpaid.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Should the Company elect, appoint or hire directors, supervisors, presidents, general managers, deputy general managers and other senior management officers in violation of the provisions of the preceding paragraph, such election, appointment or hiring shall be void and ineffective.

Article 142

The validity of an act of a director, president, general manager, deputy general manager and other senior management officers on behalf of the Company is not, in relation to a bona fide third party, affected by any irregularity in his office, election or any defect in his qualification.

Article 143

In addition to obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchanges on which the Company's shares are listed, each of the Company's directors, supervisors, president, general manager, deputy general managers and other senior management officers owes a duty to each shareholder, in the exercise of the functions and powers of the Company entrusted to him:

- (1) not to cause the Company to exceed the scope of the business stipulated in its business license;
- (2) to act honestly in the best interest of the Company;
- (3) not to expropriate in any manner the Company's property, including but not limited to usurpation of opportunities advantageous to the Company;
- (4) not to expropriate the individual rights of shareholders, including but not limited to rights to distribution and voting rights, except pursuant to are structuring a restructuring of the Company submitted to ~~shareholders for approval~~ and approved by the shareholders' general meeting in accordance with the Articles of Association.

Article 144

Each of the Company's directors, supervisors, president, general manager, deputy general managers and other senior management officers owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 145

Each of the Company's directors, supervisors, president, general manager, deputy general managers and other senior management officers shall carry out his duties with integrity and shall not put himself in a position where his interest and his duty may conflict. This principle includes but not limit to discharging the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within the scope of his responsibilities and not to exceed those powers;
- (3) to exercise the discretion vested in him personally and not to allow himself to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in a shareholders' general meeting, not to delegate the exercise of his discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) except in accordance with the Articles of Association or with the informed consent of shareholders given in shareholders' general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) without the informed consent of shareholders given in shareholders' general meeting, not to use the Company's property for his own benefit by any means;
- (7) not to exploit his position to accept bribes or other illegal income or expropriate the Company's property by any means, including but not limited to opportunities advantageous to the Company;
- (8) without the informed consent of shareholders given in shareholders' general meeting, not to accept commissions in connection with the Company's transactions;
- (9) to abide by the Articles of Association, faithfully execute his official duties and protect the Company's interests, and not to exploit his position and power in the Company for his own benefits;
- (10) not to compete with the Company in any form unless with the informed consent of shareholders given in shareholders' general meeting;
- (11) not to misappropriate the Company's funds or lend the Company's funds to others, not to open any bank account in his own name or other name for the deposit of the Company's assets, and not to provide security with the Company's assets for debt of shareholders of the Company or any other individuals;

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

- (12) unless otherwise permitted by informed shareholders in shareholders' general meeting, to keep in confidence information relating to the Company acquired by him in the course of and during his tenure and not to use such information for purposes other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:
- (i) disclosure is made under compulsion of law;
 - (ii) the interests of the public require disclosure;
 - (iii) the own interests of the relevant director, supervisor, president, general manager, deputy general manager and other senior management officers require disclosure.

Article 146

Each director, supervisor, president, general manager, deputy general manager and other senior management officers of the Company shall not cause the following persons or institutions ("associates") to do what he is prohibited from doing:

- (1) the spouse or minor child of that director, supervisor, president, general manager, deputy general manager and other senior management officers;
- (2) a person acting in the capacity of trustee of that director, supervisor, president, general manager, deputy general manager and other senior management officers or any person referred to in item (1) of this Article;
- (3) a person acting in the capacity of partner of that director, supervisor, president, general manager, deputy general manager and other senior management officers or any person referred to in items (1) and (2) of this Article;
- (4) a company in which that director, supervisor, president, general manager and other senior management officers, alone or jointly with one or more persons referred to in items (1), (2) and (3) above or other directors, supervisors, president, general managers, deputy general managers and other senior management officers of the Company have a de facto controlling interest;
- (5) the directors, supervisors, president, general managers, deputy general manager and other senior management officers of the controlled company referred to in item (4) of this Article.

Article 147

The fiduciary duties of the directors, supervisors, president, general manager, deputy general managers and other senior management officers of the Company do not necessarily cease with the termination of their tenure. The duty of confidence in relation to trade secrets of the Company survives the termination of their tenure. The continuance of the other duties shall be determined on a fair basis depending on the time lapse between the termination of tenure and the occurrence of the event concerned and the circumstances under which the relationships between them and the Company are terminated.

Article 148

Except for circumstances prescribed in Article 54 of these Articles of Association, a director, supervisor, president, general manager, deputy general manager and other senior management officers of the Company may be relieved of liability for specific breaches of his duty by the informed consent of shareholders given at a shareholders' general meeting.

Article 149

Where a director, supervisor, president, general manager, deputy general manager and other senior management officers of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than his contract of service with the Company), he shall declare the nature and extent of his interests to the board as soon as possible, whether or not the contract, transaction or arrangement or proposal is otherwise subject to the approval of the board under normal circumstances.

A director shall not vote on the resolutions of the board in relation to any contract, transaction, arrangement or proposal in which he or any of his close associates (has the same meaning as defined under the ~~Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")~~) is materially interested, and shall not be included in the quorum of the meeting, unless otherwise permitted under the following circumstances:

- (1) 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;

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

- (2) any proposal or arrangement concerning an offer of shares or debentures or other securities of the Company or any other company which the Company may promote or of which the Company may be interested in the subscription or purchase, in which the director or any of his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (3) any proposal or arrangement concerning the benefit of employees of the Company or any of 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 with respect to any director (or his close associate(s)), any such privilege or advantage which may not generally be accorded to the class of persons to which such scheme or fund relates; and
- (4) any contract or arrangement in which the director or any of 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 or their interests in shares or debentures or other securities of the Company.

Unless the interested directors, supervisors, president, general manager, deputy general managers and other senior management officers have disclosed to the board of the matter, and the board has approved it at a meeting where they are not counted in the quorum nor do they participate in voting, the Company shall have the right to cancel such contracts, transactions or arrangements, except where the counterparty is an innocent party who is not aware of the relevant directors, supervisors, president, general managers, deputy general managers and other senior management officers' violation of their obligations.

A director, supervisor, president, general manager, deputy general manager and other senior management officers of the Company shall be deemed to be interested in a contract, transaction or arrangement in which his close associate is interested.

For the avoidance of doubt, each reference to "close associate(s)" shall be deemed to be a reference to "associate" (as defined in the Listing Rules from time to time) where the transaction or arrangement is a connected transaction referred to in the Listing Rules.

Article 150

Where a director, supervisor, president, general manager, deputy general manager and other senior management officers of the Company gives to the board a general notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements which may subsequently be made by the Company, such notice shall be deemed for the purposes of the preceding paragraph of the Articles of Association to be a sufficient declaration of his interests, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the matter of entering into the relevant contract, transaction or arrangement is first taken into consideration by the Company.

Article 151

The Company shall not in any manner pay taxes on behalf of its directors, supervisors, president, general manager, deputy general managers and other senior management officers.

Article 152

The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with, the making of a loan to a director, supervisor, president, general manager, deputy general manager and other senior management officers of the Company or of the Company's parent company or any of their respective associates.

However, the followings are not subject to such prohibition in the preceding paragraph:

- (1) the provision by the Company of a loan or a guarantee for a loan to a company which is a subsidiary of the Company;
- (2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds to any of its directors, supervisors, president, general manager, deputy general managers and other senior management officers to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by shareholders' general meeting;
- (3) the Company may make a loan or provide a guarantee in connection with the making of a loan to any of the relevant directors, supervisors, president, general manager, deputy general managers and other senior management officers or their respective associates in the ordinary course of its business on normal commercial terms, provided that the ordinary course of business of the Company includes the lending of money or the giving of guarantees.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 153

A loan made by the Company in breach of the above provisions shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

Article 154

A loan guarantee provided by the Company in breach of Article 152 shall be unenforceable against the Company, except that:

- (1) a loan was advanced to an associate of any of the directors, supervisors, president, general manager, deputy general managers and other senior management officers of the Company or its parent company where the lender did not know the relevant circumstances;
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

Article 155

For the purposes of the foregoing provisions of this chapter, a guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

Article 156

In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor, president, general manager, deputy general manager and other senior management officers of the Company is in breach of his duties to the Company, the Company has a right to:

- (1) claim damages from the director, supervisor, president, general manager, deputy general manager and other senior management officers in compensation for losses sustained by the Company as a result of such breach;
- (2) rescind any contract or transaction entered into by the Company with the director, supervisor, president, general manager, deputy general manager and other senior management officers or with a third party (where such third party knows or should know that there is such a breach of duties by such director, supervisor, president, general manager, deputy general manager and other senior management officers);
- (3) demand the director, supervisor, president, general manager, deputy general manager and other senior management officers to surrender the profits made by him in breach of his duties;
- (4) recover any monies received by the director, supervisor, president, general manager, deputy general manager and other senior management officers which should have been otherwise received by the Company, including but not limited to commissions;

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

- (5) demand payment of the interest earned or which may have been earned by the director, supervisor, president, general manager, deputy general manager and other senior management officers on the monies that should have been paid to the Company.

Article 157

The Company shall, with the prior approval of shareholders in shareholders' general meeting, enter into a contract in writing with a director or supervisor of the Company wherein his emoluments are stipulated, including:

- (1) emoluments in respect of his service as a director, supervisor or senior management officers of the Company;
- (2) emoluments in respect of his service as a director, supervisor or senior management officers of any subsidiary of the Company;
- (3) emoluments in respect of the provision of other services in connection with the management of the affairs of the Company or any of its subsidiaries;
- (4) compensation for loss of office, or as consideration in connection with his retirement from office.

Except under a contract entered into in accordance with the foregoing, no proceedings may be brought by a director or supervisor against the Company for his benefits due to the foregoing paragraphs.

Article 158

The contract for emoluments entered into between the Company and its directors or supervisors should provide that in the event of a takeover of the Company, the Company's directors and supervisors shall, subject to the prior approval in shareholders' general meeting, have the right to receive compensation or other payment for loss of office or retirement. A takeover of the Company as referred to above means:

- (1) a takeover offer made by any person to all shareholders;
- (2) an offer made by any person with a view to make the offer granting party becomes a "controlling shareholder". The definition of the "controlling shareholder" shall be the same as that described in these Articles of Association.

If the relevant director or supervisor does not comply with this Article, any sum so received by him shall belong to those persons who have sold their shares as a result of the said offer. The expenses incurred in distributing that sum pro rata amongst those persons shall be borne by the relevant director or supervisor and shall not be paid out of that sum.

Article 159

In the event that shareholders' general meeting requires directors, supervisors, presidents, general managers, deputy general managers and other senior management officers to attend the meeting, the directors, supervisors, presidents, general managers, deputy general managers and other senior management officers shall attend and be questioned by the shareholders.

**CHAPTER 15 FINANCIAL AND ACCOUNTING SYSTEM
AND PROFIT DISTRIBUTION**

Article 160

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and PRC accounting standards formulated by the finance regulatory department of the State Council.

Article 161

At the end of each fiscal year, the Company shall prepare a financial report which shall be audited and verified in compliance with the laws.

Article 162

The board shall place before the shareholders at every shareholders' general meeting such financial reports as are required by the laws, administrative regulations or directives promulgated by competent regional and central governmental authorities to be prepared by the Company.

Article 163

The Company's financial reports shall be made available for shareholders' inspection at the Company twenty one days before the date of every annual shareholders' general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this chapter.

The Company shall ~~at least~~ send to each shareholder of overseas listed foreign shares ~~by prepaid mail~~ the abovementioned reports together with the report of directors no later than twenty one days before the date of every shareholders' general meeting. ~~The address of the recipient shall be the address registered in the share register.~~

Article 164

The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the overseas place where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, explanations shall be made in the notes to the financial statements. When the Company is to distribute its after-tax profits in the relevant fiscal year, the lower of the after-tax profits as shown in the two financial statements shall be adopted.

Article 165

Any interim results or financial information published or disclosed by the Company shall be prepared in accordance with PRC accounting standards and regulations, and also in accordance with either international accounting standards or these of the overseas place where the Company's shares are listed.

Article 166

The Company shall publish its financial reports twice every fiscal year, that is, the interim financial report shall be published within sixty days after the expiration of the first six months of each fiscal year and the annual financial report shall be published within one hundred and twenty days after the expiration of each fiscal year.

Article 167

The Company shall not keep accounts other than those provided by law.

Article 168

The Company's profits after tax shall be appropriated in the following order:

- (1) recovery of losses;
- (2) 10% of after-tax profit to be transferred to the Company's statutory reserve provided that no further transfer is required if the accumulated statutory reserve is more than 50% of the Company's registered capital;
- (3) Arbitrary reserve fund can be transferred upon resolved at the shareholders' general meeting;
- (4) payment of dividends for ordinary shares.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In the event that shareholders' general meeting violates the preceding paragraph by distributing profits to the shareholders before the Company has made good its losses and made transfer to the statutory reserve, the shareholders must return to the Company such profits distributed in violation.

Company's shares held by the Company do not participate in the distribution of profits.

Article 169

Capital reserve fund includes the following items:

- (1) premium received when shares are issued at a premium to their par value;
- (2) any other income required to be included in the capital reserve fund by the finance regulatory department of the State Council.

Article 170

The reserve funds of the Company can only be used for the following purposes:

- (1) ~~make good~~cover losses, and discretionary reserves and statutory reserves shall first be used. If the losses still cannot be covered, the capital reserves may be used in accordance with the provisions~~but the capital reserve may not be used to make good losses;~~
- (2) expansion of the Company's production and operation;
- (3) capitalization. Where the Company capitalizes its reserve fund under the approval of the shareholders' general meeting, new shares shall be issued for consideration to shareholders in proportion to their existing shareholdings or the nominal value of each Share shall be increased, provided that the remaining balance of the statutory reserve fund shall not be less than 25% of the Company's registered capital.

Article 171

Statutory welfare fund appropriated by the Company is to be used for the collective welfare of the employees of the Company.

Article 172

The Company shall formulate its annual dividend distribution policy every year according to its own business development plan, subject to full compliance with the relevant laws and administrative regulations and the approval of the annual shareholders' general meeting. The Company may distribute interim and special dividends upon the proposal of the board of directors and subject to the approval of the shareholders' general meeting.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company's dividend shall not bear interest, unless the Company fails to distribute the dividends to the shareholders on the day when dividend was due to have been distributed.

Any amount paid up in advance of a call on any share may carry interest but shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.

Where power is taken to forfeit unclaimed dividends, that power shall not be exercised until the expiration of the applicable limitation period.

Article 173

The Company may distribute dividends in the following manners:

- (1) in cash;
- (2) by shares.

In the event that proposals for distribution of cash, bonus shares or capitalisation of capital reserve have been passed at shareholders' general meeting, the Company shall effect the distribution within two months of the meeting.

Article 174

Dividends or other payments to be payable by the Company to holders of domestic shares shall be declared and calculated in Renminbi, and paid in Renminbi; and those payable to holders of overseas-listed foreign shares shall be declared and calculated in Renminbi, and paid in the local currency of the place where such overseas-listed foreign shares are listed (if there is more than one place of listing, then paid in the currency of the primary place of listing as determined by the board).

Article 175

Distribution of dividends and other payments by the Company to holders of foreign shares shall be in accordance with the relevant foreign exchange administration regulations of the PRC. In the absence of such regulations, the applicable conversion rate shall be the average closing rate of the relevant foreign currency as published by the People's Bank of China for the one-week period immediately prior to the date of declaration of such dividend and other payments.

Article 176

The Company shall appoint receiving agents on behalf of the holders of overseas listed foreign shares to receive on behalf of such shareholders dividends declared and other monies owing by the Company in respect of such shares.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The receiving agents appointed by the Company shall satisfy the relevant requirements of the laws of the place and relevant regulations of the stock exchange where the Company's shares are listed.

The receiving agents appointed on behalf of holders of overseas-listed foreign shares listed in Hong Kong by the Company shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

If warrants sent by post to shareholders by the Company have been left uncashed, the Company may cease sending dividend warrants by post only after such warrants have been so left uncashed on two consecutive occasions. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered to the recipient.

The right to sell the shares of members who are unable to be contacted by the Company shall not be exercised unless the following requirements are satisfied:

- (1) at least three dividends in respect of the shares in question have been distributed in the past twelve years and no dividend has been claimed during such period; and
- (2) the Company has published an announcement in newspapers, upon expiry of the twelve years, stating its intention to sell the shares, and has notified the same to the Hong Kong Stock Exchange.

Article 177

The Company implements an internal audit system with professional audit personnel conducting independent objective review and appraisal of the Company's financial income, expenses, operating activities, risk exposure, internal control and corporate governance.

Article 178

The Company's internal audit system and the job specification of the audit personnel shall be approved by the board of directors. The officer in charge of the audit shall be accountable to the board of directors.

CHAPTER 16 APPOINTMENT OF ACCOUNTING FIRM

Article 179

The Company shall appoint an independent firm of certified public accountants which is qualified under the relevant regulations of the State to audit the Company's annual financial statements and review the Company's other financial reports.

The first accounting firm of the Company may be appointed by the inaugural meeting of the Company before the first annual shareholders' general meeting and the accounting firm so appointed shall hold office until the conclusion of the first annual shareholders' general meeting.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

If the inaugural meeting fails to exercise its aforesaid powers, those powers shall be exercised by the board.

Article 180

~~The accounting firm appointed by the Company shall hold office from the conclusion of the annual shareholders' general meeting at which the appointment is made until the conclusion of the next annual shareholders' general meeting.~~~~[Intentionally deleted]~~

Article 181

The accounting firm appointed by the Company shall have the following rights:

- (1) a right to inspect at any time the books, records and vouchers of the Company, and to require the directors, president, general managers, deputy general managers or other senior management officers of the Company to provide any relevant information and explanation thereof;
- (2) a right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as necessary for the performance of duties of such accounting firm;
- (3) a right to attend shareholders' general meetings and receive all notices or other information about any shareholders' general meeting which any shareholder is entitled to, and speak at any shareholders' general meeting in relation to matters concerning its role as the accounting firm of the Company.

Article 182

If there is a vacancy of the office of the accounting firm, the board may fill up the vacancy by appointing an accounting firm before convening the shareholders' meeting. But during period when the vacancy subsists, if the Company has other accounting firm in office, such firm can continue to carry out the relevant duty.

Article 183

The shareholders at a shareholders' general meeting may, by ordinary resolution, remove an accounting firm before the expiration of its office, notwithstanding the stipulations in the contract between the accounting firm and the Company, but without prejudice to the accounting firm's right to claim, if any, for damages in respect of such removal.

Article 184

The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined in shareholders' general meeting by ordinary resolution. The remuneration of an accounting firm appointed by the board shall be determined by the board.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 185

The Company's appointment, removal and non-reappointment of an accounting firm shall be resolved in shareholders' general meeting by ordinary resolution.

Where it is proposed that any resolution is passed at a shareholders' general meeting concerning the appointment of an accounting firm, which is not an incumbent firm, to fill a casual vacancy in the office of the accounting firm, or to reappoint a retiring accounting firm which was appointed by the board to fill a casual vacancy, or to remove the accounting firm before the expiration of its term of office, the following provisions shall apply:

- (1) A copy of the proposal about appointment or removal shall be sent to the accounting firm proposed to be appointed or proposed to leave its post or the accounting firm which has left its post in the relevant fiscal year before notice of meeting is given to the shareholders. Leaving includes leaving by dismissal, resignation and retirement.
- (2) If the leaving firm makes representations in writing and requests the Company to notify the shareholders of such representations, the Company shall, unless the representations are received too late:
 - (1) in any notice given to shareholders about a resolution to be made, state the representations that has been made by the accounting firm which is about to leave;
 - (2) attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in the Articles of Association.
- (3) If the accounting firm's representations are not sent in accordance with item (2) above, the relevant accounting firm may require that the representations be read out at the shareholders' general meeting and may lodge further representations.
- (4) An accounting firm which is leaving its post shall be entitled to attend:
 - (1) the shareholders' general meeting at which its term of office expires;
 - (2) any shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal;
 - (3) any shareholders' general meeting convened on its resignation.

The accounting firm which is leaving its post shall be entitled to receive all notices of or other information relating to any such meetings, and to speak at any such meetings in relation to matters concerning its role as the former accounting firm of the Company.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 186

Prior to the removal or the non-renewal of the appointment of an accounting firm by the Company, notice of such removal or non-renewal shall be given to the accounting firm concerned and such firm shall be entitled to make representation at the shareholders' general meeting. Where the accounting firm resigns from its post, it shall make clear to the shareholders' general meeting whether there has been any impropriety on the part of the Company.

Any accounting firm may resign from its office by depositing at the Company's legal residence a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following:

- (1) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or
- (2) a statement of any matters of which an account should be given.

Where a notice is deposited under the preceding paragraph, the Company shall within fourteen days send a copy of the notice to the competent authority. If the notice contains a statement referred to in item (2) above, a copy of such statement shall be placed at the Company's registered office for shareholders' inspection. The Company shall also send a copy of such statement to every holder of overseas-listed foreign shares by prepaid post, and it shall be sent to their addresses recorded in the register of shareholders.

Where the notice of resignation of an accounting firm contains a statement giving an account of any matters, the accounting firm may require the board to convene an extraordinary shareholders' general meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

CHAPTER 17 INSURANCE

Article 187

The various types of the Company's insurance shall be decided at a board meeting in accordance with the relevant insurance law in China.

CHAPTER 18 LABOR AND PERSONNEL MANAGEMENT SYSTEM

Article 188

The Company may at its discretion employ and dismiss employees based on the business development needs of the Company and in accordance with the requirements of the laws and administrative regulations of the State.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 189

The Company may formulate its labor and payroll systems and payment methods in accordance with the relevant regulations of the State, the Articles of Association and the economic benefits of the Company.

Article 190

The Company shall endeavor to improve its employee benefits and to continually improve the working environment and living standards of its employees.

Article 191

The Company shall provide medical, retirement and unemployment insurance benefits for its employees and put in place a labor insurance system, in accordance with the relevant laws and regulations of the State.

CHAPTER 19 LABOR UNION

Article 192

The employees of the Company shall organize labor union and carry out activities of the union in accordance with the laws, and to protect the lawful interests of the employees. The Company shall provide the essential facilities for the activities of the labor union of the Company.

CHAPTER 20 MERGER AND DIVISION OF THE COMPANY

Article 193

In the event of the merger or division of the Company, a plan shall be proposed by the Board of the Company and shall be approved in accordance with the procedures stipulated in the Articles of Association and the relevant examining and approving formalities shall be processed as required by law. Shareholders who oppose the plan of merger or division of the Company shall have the right to request that the Company or the shareholders who consent to such plan to purchase their shares at a fair price. A special document of the Company's resolution on the merger or division should be prepared for inspection by the shareholders.

The aforesaid document should also be ~~made available~~dispatched to the holders of H shares in accordance with the provisions of the Articles of Association~~by mail to their addresses as shown in the register of shareholders.~~

Article 194

The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In the event of a merger of the Company, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten days from the date of the Company's resolution on merger and shall make newspaper announcement within thirty days from the date of the Company's resolution on merger.

After the merger, assets and liabilities of parties to the merger shall be taken over by the continuing company or the newly established company.

Where the Company merges with a company of which the Company holds 90% or more of its shares, the acquired company is not required to obtain approval by resolution of its shareholders' general meeting, but shall notify the other shareholders, who have the right to request the Company to buy back its equities or shares at a reasonable price.

If the price paid for the Company's merger does not exceed 10% of the Company's net assets, approval by resolution of its shareholders' general meeting is not required.

Where the Company's merger is exempt from approval by resolution of the shareholders' general meeting in accordance with the preceding two paragraphs, such merger shall be subject to approval by resolution of the board of directors.

Article 195

When the Company is divided, its assets shall be split up accordingly.

In the event of a division of the Company, the parties to the division shall execute a division agreement and prepare balance sheets and a list of assets. The Company shall notify its creditors within ten days from the date of the Company's resolution on division and shall make a newspaper announcement or announcement on the National Enterprise Credit Information Publicity System within thirty days from the date of the Company's resolution on division.

Debts incurred by the Company before its division shall be borne by the companies existing after the division, unless settlement of debts prior to the division has been otherwise agreed between the Company and the creditors.

Article 196

When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the laws. When the Company dissolves, the Company shall cancel its registration in accordance with the laws. When a new company is established, its establishment shall be registered in accordance with the laws.

CHAPTER 21 DISSOLUTION AND LIQUIDATION OF THE COMPANY

Article 197

The Company shall be dissolved and liquidated legally in event of any of the following conditions:

- (1) a resolution on dissolution is passed at shareholders' general meeting;
- (2) dissolution is necessary due to a merger or division of the Company;
- (3) the Company is legally declared to be bankrupt due to its failure to repay debts due;
- (4) as a result of violation of the laws or administrative regulations, the Company's business license is revoked, the Company is de-registered or ordered to close down in accordance with the laws;
- (5) shareholders holding more than 10% of the voting rights of all shareholders (excluding any voting rights attaching to treasury shares) may petition the People's Court to dissolve the Company on the basis that there are serious difficulties in operation and management of the Company and its continued existence will be harmful to the interest of the shareholders and that such cannot be avoided by any other means.

Article 198

Where the Company is dissolved pursuant to item (1), item (4) and item (5) of the preceding article, a liquidation committee shall be set up within fifteen days, and its members shall be appointed by shareholders at a shareholders' general meeting by way of ordinary resolution.

Where the Company is dissolved pursuant to the provisions of ~~Item~~item (3) of the preceding article, the People's Court shall, according to the relevant laws, organize to form a liquidation committee comprising the shareholders, relevant authorities and relevant professionals to carry out liquidation procedures.

Article 199

Where the board proposes to liquidate the Company due to causes other than where the Company has declared that it is insolvent, it shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the board of directors is of the opinion that the Company will be able to pay its debts in full within twelve months from the commencement of the liquidation.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Upon the passing of the resolution by in shareholders' general meeting for the liquidation of the Company, all functions and powers of the board shall cease.

The liquidation committee shall act in accordance with the instructions of the shareholders' general meeting to make a report at least once every year to the shareholders' general meeting on the committee's receipts and payments, the business of the Company and the progress of the liquidation and to present a final report to the shareholders' general meeting on completion of the liquidation.

Article 200

The liquidation committee shall notify the creditors within ten days from the date of its establishment and make an announcement in newspapers (including those made in China and in compliance with the Listing Rules) or announcement on the National Enterprise Credit Information Publicity System within sixty days.

Within thirty days after receiving the notification of liquidation or, in the case of not having received the notification, within forty five days after the first announcement has been made, the creditors should declare their rights to the liquidation committee. The creditors' declaration of their rights should state details about their rights and the creditors should provide related proof. The liquidation committee shall register the creditors' rights.

During the period of reporting claims, the liquidation committee may not make settlement with creditors.

Article 201

During the liquidation period, the liquidation committee shall exercise the following functions and duties:

- (1) to ascertain the Company's assets and separately prepare a balance sheet and a list of assets;
- (2) to notify creditors by sending notice or by making announcement;
- (3) to deal with and settle the Company's outstanding business in relation to the liquidation;
- (4) to settle outstanding taxes and such taxes incurred during the course of the liquidation;
- (5) to ascertain all claims and debts;
- (6) to dispose of the remaining assets of the Company after the repayment of debts; and
- (7) to represent the Company in any civil proceedings.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 202

After checking the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit the same to the shareholders' general meeting or relevant competent authorities for confirmation.

The Company's assets shall be applied to liquidation following the order under the legal requirements and if no laws are applicable, they shall be applied by the fair and reasonable order as determined by the liquidation committee.

The remaining assets of the Company after repayment of its debts in accordance with the provisions above shall be distributed to the shareholders of the Company according to the class of shares held by them and in proportion to their respective shareholdings.

The Company shall not undertake any new business activities during the process of liquidation.

Article 203

In the event of the Company's liquidation owing to dissolution, if the liquidation committee, after ascertaining the Company's assets and preparing a balance sheet and a list of assets, discovers that the Company's assets are insufficient to repay its debts, it shall immediately apply to the People's Court for a declaration of bankruptcy liquidation.

After the Company is declared bankrupt by a ruling of the People's Court, the liquidation committee shall transfer the liquidation matters to the trustee in bankruptcy designated by the People's Court.

Article 204

Following the completion of liquidation, the liquidation committee shall present a report on liquidation and prepare a statement of the receipts and payments and the financial accounts for the period of the liquidation which shall be audited by PRC certified public accountants and then submitted to the shareholders' general meeting or relevant competent authorities for confirmation.

The liquidation committee shall within thirty days after such confirmation, submit the documents referred to in the preceding paragraph to the company registration authority and apply for cancellation of registration of the Company, and announce the termination of the Company.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 205

The members of the liquidation committee shall perform the duty of liquidation and have obligations of fidelity and diligence.~~be faithful in the discharge of their duties and shall perform the duties regarding liquidation in accordance with the laws.~~

The members of the liquidation committee may not take bribes or other illegal income by utilizing the authority of their positions and may not misappropriate the Company's property.

If members of the liquidation committee are negligent in performing their liquidation duties and cause losses to the Company, they shall be liable for damages; ~~Should~~should the members of the liquidation committee cause the Company or the creditors to suffer from any loss due to intentional fault or gross negligence, they should be liable to compensate the Company or creditors.

Following completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report, and submit the same to the shareholders' general meeting or the People's Court for confirmation, as well as submit to the company registration authority to deregister the Company.

CHAPTER 22 PROCEDURES FOR AMENDMENT TO THE ARTICLES OF ASSOCIATION

Article 206

The Company may, pursuant to the requirements of the laws, administrative regulations and the Articles of Association, amend the Articles of Association.

Article 207

The Company's Articles of Association shall be amended in the following manners:

- (1) The board of directors shall propose amendments to the Company's Articles of Association;
- (2) The foregoing proposal shall be furnished to the shareholders in writing and a shareholders' meeting shall be convened;
- (3) The amendments shall be approved by votes representing more than two-thirds of the voting rights represented by the shareholders present at the meeting (excluding any voting rights attaching to treasury shares).

Article 208

~~Where the amendment to the Articles of Association involves the Mandatory Provisions for Companies Listing Overseas issued on 27 August 1994 by the State Council Securities Policy Committee and the State Commission for Restructuring the Economic System (the “Mandatory Provisions”), the amendment must be approved by companies approving authorities delegated by the State Council and securities regulatory authorities of the State Council before taking effect; where company registration is involved, registration of the change shall be duly processed in accordance with the laws. [Intentionally deleted]~~

CHAPTER 23 SETTLEMENT OF DISPUTES

Article 209

The Company shall act according to the following principles to settle disputes:

- (1) Whenever any disputes or claims arise between holders of the overseas listed foreign shares and the Company, between holders of the overseas-listed foreign shares and the Company’s directors, supervisors, president, general managers, deputy general managers or other senior management officers, or between holders of the overseas-listed foreign shares and holders of domestic shares, based on the Articles of Association or any rights or obligations conferred or imposed by the Company Law and any other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim of rights in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration and any person (being the Company or a shareholder, director, supervisor, president, general manager, deputy general manager or other senior management officers of the Company) who has a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall abide by the arbitration.

Disputes in relation to the identification of shareholders and the register of shareholders need not be referred to arbitration.

- (2) A claimant may elect arbitration at either the China International Economic and Trade Arbitration Commission in accordance with its rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

If a claimant elects arbitration at the Hong Kong International Arbitration Centre, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

- (3) If any disputes or claims of rights prescribed in item (1) above are referred to arbitration, the laws of the People's Republic of China shall apply, save as otherwise provided in laws and administrative regulations.
- (4) The decision of an arbitration body shall be final and conclusive and binding on all parties.

CHAPTER 24 NOTICE

Article 210

Unless otherwise specified in this Articles of Association, for notice issued by the Company to the holders of overseas-listed foreign-invested shares by way of announcement, the Company shall on the same day submit an electronic version to the Hong Kong Stock Exchange through the Hong Kong Stock Exchange electronic publishing system for immediate release on the website of the Hong Kong Stock Exchange in accordance with the rules of the listing place. The announcement shall also be published on the Company's website at the same time. In addition, the notice ~~shall~~may be delivered to each of the registered addresses as set forth in the register of shareholders of overseas-listed foreign-invested shares by personal delivery or postage paid mail, or the notice may be delivered by electronic means, subject to the listing requirement of the listing place so as to give the shareholders sufficient notice and time to exercise their rights or act in accordance with the terms of the notice.

Holders of the Company's overseas-listed foreign-invested shares may elect in writing to receive the corporate communication that the Company is required to send to shareholders either by electronic means or by post, and may also elect to receive either the English or Chinese version only, or both the English and Chinese versions. They shall have the right to change their choices as to the manner of receiving the same and the language at any time by reasonable prior written notice to the Company in accordance with applicable procedures.

Article 211

Notice made by the Company to holders of its domestic shares shall be published by way of announcement on one or more media designated by the securities regulatory authority of the State Council and on the Company's website; upon the publication of such announcement, all holders of domestic shares shall be deemed to have received the relevant notice.

Article 212

When a notice is delivered by mail, it shall be delivered to the extent that the envelope is properly addressed, the postage is prepaid, and the notice is contained in the envelope. The notice shall be deemed as having been received by the shareholders five days upon the mailing of said notice.

Article 213

Notwithstanding the aforesaid requirement on the provision of written corporate communication to shareholders, ~~if the Company has obtained shareholders' prior written consent or implied consent according to the relevant laws and regulations and the Hong Kong listing rules as amended from time to time,~~ the Company may dispatch corporate communication to its shareholders by electronic means or via its website and the website of the Hong Kong Stock Exchange. Corporate communication includes but not limited to circulars, annual reports, interim reports, quarterly reports, notices of shareholders' general meetings, and other types of corporate communication as specified in the Hong Kong listing rules. Corporate communications delivered by the Company by electronic means or via its website and the website of the Hong Kong Stock Exchange shall be deemed as having been received by the shareholders on the date it is sent or first published.

Article 214

Shareholders or directors of the Company who wish to prove that certain notices, documents, information or written statements have been served on the Company shall provide evidential materials showing the same has been served on the Company within the designated periods by common practice of delivery, or evidential materials showing that the mailing address is correct and the postage is fully paid.

CHAPTER 25 SUPPLEMENTARY PROVISIONS

Article 215

The "accounting firm" in these Articles of Association shall have the same meaning as "auditors".

The actual controller referred herein in this Article of Association shall refer to persons who are not shareholders of the Company but can actually dominate the Company's action through investment relationship, agreement(s) or other arrangements.

Article 216

These Articles of Association is written in different languages. Should there be any inconsistencies between the contexts of different versions, the Chinese version shall prevail.

Article 217

The Articles of Association are subject to interpretation by the board of the Company and amendment by the shareholders' general meeting.

Article 218

Any provision in these Articles of Association in relation to the publication of announcement in the newspapers or periodicals shall be those designated or required by the applicable laws and administrative regulations of the State. If the announcement is required by these Articles of Association to be issued to the holders of overseas listed foreign shares, such announcement shall be published in “newspapers” as defined under the Listing Rules of the Hong Kong Stock Exchange and specified under the Listing Rules.



廣州富力地產股份有限公司

GUANGZHOU R&F PROPERTIES CO., LTD.*

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

(Stock Code: 2777)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2025 Annual General Meeting (“AGM”) of Guangzhou R&F Properties Co., Ltd. (the “**Company**”) will be held at 11:00 a.m. on Friday, 29 May 2026 at the Conference Room, 54/F., R&F Center, No. 10 Huaxia Road, Pearl River New Town, Guangzhou, the PRC to consider, approve and authorize the following matters:

I ORDINARY RESOLUTIONS

1. To consider and approve the report of the board of directors (the “**Board**”) of the Company for the year ended 31 December 2025.
2. To consider and approve the report of the supervisory committee of the Company for the year ended 31 December 2025.
3. To consider and approve the audited financial statements and the report of the auditors for the year ended 31 December 2025.
4. To consider and re-appoint BDO Limited as auditor of the Company, and to authorize the Board to fix the remuneration of the auditor.
5. To consider and re-elect the following retiring directors and supervisor, and authorize the Board to fix their remunerations (*Note 1*):
 - (a) Re-election of Mr. Zhang Hui as the Company’s executive director;
 - (b) Re-election of Mr. Xiang Lijun as the Company’s executive director;
 - (c) Re-election of Ms. Li Helen as the Company’s non-executive director;

- (d) Re-election of Mr. Wong Chun Bong as the Company's independent non-executive director; and
 - (e) Re-election of Mr. Zhao Xianglin as the Company's supervisor.
6. To consider and elect Mr. Chow Oi Wah, Fergus as the Company's independent non-executive director, and authorize the Board to fix his remuneration (*Note 2*).
 7. To authorize the legal representative(s) or authorized person(s) of the Company and its subsidiaries to sign composite credit facilities or loans related agreements and documents with the limit of each agreement not more than RMB8 billion (including RMB8 billion).

II SPECIAL RESOLUTIONS

To consider and approve the following special resolutions with or without amendments:

8. **To consider and approve** in the ordinary course of business, the Company to extend guarantees on behalf of subsidiaries and extend guarantees on behalf of associates and joint ventures and other investee companies (including the extension of external guarantees by the subsidiaries), the new aggregate amount of the guarantees in 2026 shall be up to RMB100 billion, under any of the conditions below from the date of passing of this special resolution until the next annual general meeting:
 - (a) total external guarantees of the Company and its subsidiaries reach or exceed 50% of their latest audited net assets value;
 - (b) total external guarantees of the Company reach or exceed 30% of its latest audited total assets value;
 - (c) the debt to asset ratio of the guaranteed subsidiary exceeds 70%; or
 - (d) the single guarantee to be provided to a subsidiary exceeds 10% of the Company's latest audited net assets value.

Subject to the approval for the guarantees above by the Shareholders at the general meeting, each single external guarantee not more than RMB8 billion shall be approved by the chairman. The authorization to sign relevant documents shall be granted to the chairman.

9. “That:
- 1) an unconditional and general mandate be granted to the Board to issue, allot and deal in additional shares in the capital of the Company, and to enter into offers and agreements or to grant options in respect thereof, subject to the following conditions:
 - (a) such mandate shall not extend beyond the Relevant Period save that the Board may during the Relevant Period enter into offers and agreements or to grant options which may require the exercise of such powers after the end of the Relevant Period;
 - (b) the aggregate nominal amount of shares allotted, issued and dealt with by the Board pursuant to such mandate shall not exceed 20% of the aggregate nominal amount of H Shares in issue at the date of passing this resolutions; and
 - (c) the Board shall only exercise its power under such mandate in accordance with the Company Law of the People’s Republic of China (“**PRC**”) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) and only if all necessary approvals from the China Securities Regulatory Commission (the “**CSRC**”) and/or other relevant PRC authorities are obtained;
 - 2) contingent on the Board resolving the issue of shares pursuant to sub-paragraph (1) of this resolution, the Board be authorized to:
 - (a) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of new shares, including without limitation, the class and number of shares to be issued, the issue price, the period of issue and the number of new shares to be issued to existing shareholders, if any;
 - (b) determine the use of proceeds and to make all necessary filings and registrations with the relevant PRC, Hong Kong of the PRC and other authorities; and
 - (c) increase the registered capital of the Company in accordance with the addition of capital by issuing shares pursuant to sub-paragraph (1) of this resolution, to register the increase of the registered capital of the Company with the relevant authorities in the PRC and to make such amendments to the Articles of Association of the Company (the “**Articles of Association**”) as the Board thinks fit so as to reflect the increase in the registered capital of the Company.

- 3) for the purpose of this resolution:

“H Shares” means the ordinary shares in the capital of the Company listed on the main board of the Stock Exchange, with a nominal value of RMB1 each, which are subscribed for and traded in Hong Kong dollars.

“Relevant Period” means the period from the passing of this resolution until the earlier of:

- (i) the conclusion of the next annual general meeting of the Company following the passing of this resolution;
- (ii) the expiration of the 12-month period after the passing of this resolution; or
- (iii) the date on which the authority set out in this resolution is revoked or varied by passing a special resolution by the Shareholders at the general meeting.”

10. **“To consider and approve** the Company’s issue of direct debt financing products and asset securitization products (including but not limited to REITs) in 2026.

In order to effectively optimize the Company’s debt structure, lower its finance costs, expand its financing channels and ensure its sustainable development, after taking into account the capital needs for business development of the Company and its assets and liabilities, the Company proposes to apply for the issue of direct debt financing products and asset securitization products (including but not limited to REITs) in the principal amount of no more than RMB100 billion (RMB100 billion inclusive) in 2026 (being the period from the date of approval of this resolution at the AGM to the date of next annual general meeting). The Company proposes to issue direct debt financing products and asset securitization products (including but not limited to REITs) in accordance with the requirements of the relevant laws and regulations, and the uses of proceeds include but are not limited to replenishment of working capital, repayment of borrowings from financial institutions and non-financial institutions and credit debts, urban renewal projects, equity/asset acquisitions, equity investments, project investments and other uses in compliance with the laws, regulations and policy requirements in the PRC.

Under the Articles of Association, the details for the Company's issue of direct debt financing products and asset securitization products (including but not limited to REITs) in 2026 are as follow:

1) Size of issue

The Company proposes to apply to the relevant regulatory authorities for the issue of direct debt financing products and asset securitization products (including but not limited to REITs) in the principal amount of no more than RMB100 billion (RMB100 billion inclusive) in 2026 (being the period from the date of approval of this resolution at the AGM to the date of next annual general meeting). Such principal amount excludes the amount of the financing products the issue of which the Company is applying for in accordance with the approval obtained at the general meeting or the issue of which the Company has applied for but has not been completed.

2) Form of financing

Various direct debt financing products and asset securitization products issued in the PRC, including but not limited to corporate bonds, enterprise bonds, inter-bank bond market financing products, asset securitization products and REITs issued under the approvals of competent authorities.

The specific types include but are not limited to the domestic bonds recognised by competent authorities such as housing lease (including long-rental apartments) corporate bonds, housing lease (including long-rental apartments) asset securitization, housing lease trust benefit asset securitization, public corporate bonds, non-public corporate bonds, renewable corporate bonds, innovation and startup corporate bonds, green corporate bonds, project return corporate bonds, enterprise bonds, medium-term notes (including perpetual medium-term notes), short-term notes, super & short-term commercial papers, property purchase loan balance asset securitization, supply chain financial asset securitization, commercial real estate asset securitization, property management fee asset securitization, REITs, urban renewal specific debt financing instruments, debt financing plans, inter-bank bond market financing products, asset securitization.

3) Method of issue

The Company may issue the products on a one-off or multiple basis in view of the product and its practical situations, which shall be decided by the Board.

4) Uses of proceeds

Including but not limited to the replenishment of working capital, repayment of borrowings from financial institutions and non-financial institutions and credit debts, urban renewal projects, equity/asset acquisitions, equity investments, project investments and other uses in compliance with the laws, regulations and policy requirements in the PRC, which shall be decided by the Board in issuing specific products in view of the practical situations of the Company.

5) Financing guarantee

If any market business or transaction structure requires guarantee, the guarantee will be provided according to the product features or transaction structure.

6) Financing entity

The Company and its subsidiaries.

7) Effective period of resolution

The period from the date of approval of this resolution at the AGM to the date of next annual general meeting.”

11. **“That** the Board (or its authorized person(s)) be and is hereby authorized to handle at its sole discretion the matters in relation to the Company’s issue of direct debt financing products and asset securitization products (including but not limited to REITs) in 2026 and the matters in relation to the extension of existing products.

It is proposed that an authorization be granted at the AGM to the Board (or its authorized person(s)) to handle at its sole discretion the matters in relation to the Company’s issue of direct debt financing products and asset securitization products (including but not limited to REITs) in 2026 and the matters in relation to the extension of existing products, including but not limited to:

- 1) To decide specific products to be issued within the size of issue approved at the AGM;
- 2) To decide specific uses of proceeds from each issue in view of the actual needs of the Company;

- 3) To decide specific plans, terms and conditions of the issue of the debt financing products and the relevant matters in view of the needs of the Company and market conditions, including but not limited to determining and/or amending the type, quantity, amount, issue price and interest rate of each issue or the method of determination thereof, the place, timing and term of issue, whether issued in tranches and the number of tranches, rating arrangements, guarantee matters, date of issue, subscribers, method of issue, specific use of proceeds, placing arrangements, underwriting arrangements, debt repayment guarantee measures, principal and interest repayment arrangements, issue and listing (quotation), post-issue transactions, disclosure of the relevant information and all other matters relating to the issue, to decide specific plans, terms and conditions of the extension of existing products and the relevant matters in view of the needs of the Company and market conditions;
- 4) To engage intermediaries in view of the actual needs for the issue or extension of direct debt financing products and asset securitization products (including but not limited to REITs), and to negotiate about, enter into and amend the relevant contracts or agreements and other necessary documents and make proper information disclosure;
- 5) In the event of any change in regulatory policies or market conditions, the proposal and other relevant matters may be adjusted according to the opinions of the relevant competent authorities or market changes, save for those which are required to be voted on again at the general meeting of the Company in accordance with the laws and regulations and the Articles of Association;
- 6) To handle the matters in relation to each issue of financing products or extension of existing products by the Company, enter into the relevant legal documents, handle relevant guarantee registration (if required), and handle other matters which are not set out above and relating to all necessary procedures for the debt financing products;
- 7) To handle other matters which are not set out above and relating to debt financing products;
- 8) To take any and all necessary, desirable or appropriate actions in relation to the relevant matters, including but not limited to approving and signing all necessary contracts, agreements and documents, disclosing the relevant information in accordance with the applicable regulatory rules, making appropriate adjustments according to the feedbacks, if any, from the relevant PRC regulatory authorities, and approving, confirming and ratifying any actions or steps taken by any authorized director(s);

- 9) To take all necessary actions, determine or handle all other matters relating to the issue or extension, including deciding, in its absolute discretion, to postpone or suspend the issue or extension in case of force majeure or any other reason which renders the issue impracticable or unable to bring benefits to the Company despite being practicable;
- 10) Within the scope of the authorization, the Board may authorize the chairman of the Board to determine specific issue or extension matters and deal with specific matters relating to the debt financing products and to authorize the chairman of the Board to approve and sign any legal documents in relation to the debt financing products;
- 11) The term of authorization shall commence on the date of consideration and approval at the AGM and end on the date on which all the aforesaid matters are completed.”
12. **“To consider and approve** the proposed amendments to the Articles of Association set out in Appendix III to the circular of the Company dated 30 April 2026 and to authorize the Board or authorized persons of the Board to handle matters in relation to the amendments to the Articles of Association.”

By order of the Board
Guangzhou R&F Properties Co., Ltd.
Li Sze Lim
Chairman

30 April 2026, Hong Kong

Notes:

1. The biographical details of the candidates of directors and supervisor are set out on pages 12 to 15 of the circular dated 30 April 2026. The term of the re-appointment of each of the director and supervisor will be three years from the expiry date of his/her present term.
2. The biographical details of the candidate of director are set out on page 16 of the circular dated 30 April 2026.
3. The Register of Members of the Company will be closed for the following period:

The holders of the Company’s H Shares are reminded that pursuant to the Articles of Association and for determining the right of shareholders to attend and vote at the AGM, the register of the shareholders of the Company shall be closed from Friday, 22 May 2026 to Friday, 29 May 2026 (both days inclusive), during which period, no transfer of shares will be registered. Shareholders, who intend to attend the AGM, must deliver their instruments of transfer together with the relevant share certificates and form of transfer to the Company’s H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 21 May 2026.

4. Any shareholder of the Company entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote on his/her/its behalf. A proxy needs not be a shareholder of the Company. Where a shareholder of the Company appoints more than one proxy, his/her/its proxies can only vote in a poll.

5. To be valid, the proxy form is to be used by shareholder of the Company wishing to appoint a proxy and, if such proxy form is signed by a person authorized by a shareholder pursuant to a power of attorney or other authority, a notarized copy of that power of attorney or other authority must be delivered together with the proxy form to the Company or the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time designated for the commencement of the AGM.
6. A shareholder or his/her/its proxy shall produce proof of identity when attending the AGM. If a corporate shareholder appoints its representative to attend the meeting, such representative shall produce proof of identity and a copy of the resolution of the board or governing body of such shareholder.
7. In accordance with the Articles of Association, where there are joint registered shareholders, only the first named shareholder in the register of shareholders has the right to receive this notice, attend the AGM and exercises the voting right.
8. The AGM is expected to last for about half a day. Shareholders of the Company or their proxies attending the AGM shall be responsible for their own transportation, food and lodging.

As at the date of this announcement, the executive directors of the Company are Dr. Li Sze Lim, Mr. Zhang Hui, Mr. Xiang Lijun and Mr. Zhao Feng; the non-executive directors are Ms. Zhang Lin and Ms. Li Helen; and the independent non-executive directors are Mr. Zheng Ercheng, Mr. Ng Yau Wah, Daniel and Mr. Wong Chun Bong.

* *For identification purpose only*