

Jiangsu Expressway Company Limited

Procedural Rules for the Shareholders' General Meeting

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Jiangsu Expressway Company Limited

Procedural Rules for the Shareholders' General Meeting

Chapter 1 General Provisions

1.1 In order to adequately exercise the powers of the shareholders' general meeting, protect the interests of the shareholders, standardize the procedure for and manner of holding discussions and the decisions making process and format at the shareholders' general meeting, these Rules are hereby formulated.

1.2 These Rules are formulated in accordance with the Company Law of the People's Republic of China ("Company Law"), the Securities Law of the People's Republic of China, the Rules Governing Shareholders' General Meetings of Listed Companies, the rules governing the listing of securities of the stock exchanges on which the securities of the Company are listed, the Articles of Association of Jiangsu Expressway Company Limited (the "Company"), and other relevant laws and regulations.

1.3 The shareholders' general meeting is comprised of the shareholders of the Company, and is the highest organ of authority of the Company. The shareholders' general meeting exercises its authorities pursuant to the Articles of Association of the Company and these Rules. All directors of the Company shall be diligent and responsible for ensuring the normal convening of the shareholders' general meeting, and shall exercise its functions and powers pursuant to law.

Chapter 2 Rights and Obligations of Shareholders

Section 1 Rights and obligations of ordinary shareholders

2.1.1 The Company's shareholders are the legal holders of the Company's shares whose names appear in the shareholders' register.

The shareholders enjoy the rights and assume the obligations according to their holding of the class and number of shares. Holders of the same class of shares are entitled to the same rights and assume the same obligations.

2.1.2 When two or more persons are registered as joint shareholders of any share, they shall be deemed as the common owner of the relevant shares, and must be subject to the following provisions:

- (I) The Company may not register more than four persons as joint shareholders of any share;
- (II) All joint shareholders of any share shall jointly and severally assume liabilities for payment of all monies payable for the relevant shares;
- (III) When one of the joint shareholders passes away, the surviving joint shareholders shall be deemed by the Company as persons having ownership of the relevant shares. However, the Board is entitled to request for the provision of death certificates for the relevant shareholders which it deems appropriate with respect to the amendment of relevant information recorded in the shareholders' register; and
- (IV) With respect to joint shareholders of any share, only the joint shareholder whose name appears first in the shareholders' register shall be entitled to receive the share certificates for the relevant shares from the Company, receive notices of the Company and attend or exercise all voting rights of the relevant shares at the shareholders' general meeting of the Company. Any notices served to the aforesaid persons shall be deemed to have been served to all joint shareholders of relevant shares.

2.1.3 Holders of the ordinary shares of the Company shall be entitled to following rights:

- (I) to receive dividends and other forms of benefit distribution in respect of the shares held;

- (II) to request, convene, preside, attend or appoint proxies to attend the shareholders' general meeting and exercise voting rights thereat in accordance with laws;
- (III) to inspect the operations of the Company, and propose recommendations or seek explanations for the same;
- (IV) to transfer, grant or pledge shares held by him/her pursuant to the provisions of laws, administrative regulations and the Articles of Association;
- (V) to inspect the Articles of Association, register of shareholders, corporate bond counterfoils, minutes of shareholders general meetings, resolutions of meetings of the board of directors, resolutions of the meetings of the Supervisory Committee, and financial reports;
- (VI) to participate in the distribution of the residual property of the Company in accordance with their shareholdings upon the winding up or liquidation of the Company;
- (VII) the shareholders disagreeing with the merger or separation resolution passes at general meeting are entitled to ask the Company to acquire their shares;
- (VIII) other rights conferred by law, administrative regulations, departmental regulations or the Articles of Association.

Shareholders demanding inspection of the relevant information or obtaining of the materials mentioned above shall provide the Company with written documents indicating the class and number of shares they hold in the Company. After confirmation of the shareholder's identity, the Company shall provide such information based on the request of the shareholder.

2.1.4 The holders of the ordinary shares of the Company shall assume the following obligations:

- (I) to comply with laws, administrative regulations and the Articles of Association;
- (II) to pay subscription monies in accordance with the number of shares subscribed and the method of subscription;
- (III) not to divest the shares except for circumstances stipulated by the laws and regulations;
- (IV) not to abuse their shareholders' rights to harm the interests of the Company or other shareholders; and not to abuse the independent corporate personality of the Company and shareholder's limited liability to harm the interests of any creditor of the Company;
- (V) other obligations that shall be assumed as stipulated by laws, administrative regulations and the Articles of Association.

Apart from conditions agreed by subscribers at the time of subscription, shareholders shall not assume any liabilities to subscribe for further share capital thereafter.

Shareholders of the Company who abuse their shareholders' rights and thereby cause losses on the Company or other shareholders shall be liable for compensation according to the laws.

Where shareholders of the Company abuse the independent corporate personality of the Company and shareholder's limited liability for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owned by the Company.

Section 2 Obligations owed by the controlling shareholder to other shareholders

2.2.1 In addition to the obligations stipulated by laws and administrative regulations and the rules governing the listing of securities on the stock exchanges on which the securities of the Company are listed, when exercising shareholder's powers on the following issues, a controlling shareholder shall not make decisions prejudicial to the interests of all or some of the shareholders due to its exercise of voting rights:

- (I) any removal of directors or supervisors shall be genuinely effected in the best interests of the Company;
- (II) any approval for the directors or supervisors (for their own account or for the account of other parties) to deprive the Company of its assets in any manner, including, but not limited to, any opportunities favorable to the Company;
- (III) any approval for the directors or supervisors (for their own account or for the account of other parties) to deprive another shareholder of his/her personal interest, including, but not limited to, any rights to distribution and voting rights, but excluding any corporate restructuring proposals submitted to the shareholders' general meeting for approval in accordance with the Articles of Association.

2.2.2 The term “controlling shareholder” as referred to in the preceding article means a shareholder who holds ordinary shares (including preferred shares with voting rights restored) representing 50% or more of the total share capital of the Company, or a shareholder having sufficient voting right in respect of the shares who holds to pose a significant influence on the resolutions of the shareholders’ general meetings despite holding less than 50% of the total share capital of the Company.

Chapter 3 Functions and Powers of the Shareholders’ General Meeting

3.1 The shareholders’ general meeting is the organ of authority of the Company, and shall exercise its functions and powers in accordance with law.

3.2 The shareholders’ general meeting shall exercise the following functions and powers:

- (I) to determine the Company’s development objectives and strategies, and to formulate the Company’s operating policies and investment plans;
 - 1. acquisition or disposal of assets: If the total amount of assets acquired or disposed of accounts for more than 30 per cent of the Company’s latest audited total asset value, or the transaction amount for the acquisition or disposal of assets (including the fees and liabilities to be assumed) accounts for more than 30 per cent of the Company’s latest audited total asset value or the absolute value of net profit or loss in relation to the assets being acquired or disposed of, and related party transactions not having been exempted from convention of a shareholders’ general meeting by the stock exchanges on which the securities of the Company are listed;
 - 2. related party transactions: an approval at a shareholders’ general meeting is required for a related party transaction entered into between the Company and related parties for a total amount in excess of over 3 per cent of the latest audited net asset value of the Company with its listing status, unless it is waived by the stock exchanges on which the securities of the Company are listed.

- (II) to elect and replace directors who are non-employee representatives and decide on matters concerning the remuneration of directors;
- (III) to elect and replace supervisors who are non-employee representatives, and decide on matters concerning remuneration of such supervisors;
- (IV) to consider and approve reports of the board of directors;
- (V) to consider and approve reports of the Supervisory Committee;
- (VI) to consider and approve the annual financial budgets and final accounts of the Company;
- (VII) to consider and approve the profit distribution proposal and loss recovery proposal of the Company;
- (VIII) to make resolutions concerning the increase or reduction of the registered capital of the Company;
- (IX) to make resolutions on matters such as change of nature of the Company;
- (X) to make resolutions on matters such as the merger, spin-off, winding-up and liquidation of the Company;
- (XI) to make resolutions on the issue of bonds of the Company;
- (XII) to make resolutions on the engagement, removal of or non-renewal of engagement of accounting firms;
- (XIII) to make resolutions on amendments to the Articles of Association;
- (XIV) to consider motions put forward by shareholders with shareholding representing more than three per cent (inclusive of three per cent) of voting shares of the Company;
- (XV) to consider and approve guarantee matters as stipulated in Article 3.3;
- (XVI) to consider and approve changes in the use of funds raised;
- (XVII) to consider and approve share incentive plans and employee share ownership plans;
- (XVIII) to consider and approve other matters raised by the Board at the shareholders' general meeting.
- (XIX) other matters that laws, administrative regulations and the Articles of Association of the Company require to be resolved by the shareholders' general meeting;

3.3 The provision of guarantees for a third party by the Company in the following circumstances shall be subject to consideration and approval at shareholders' general meetings:

- (I) any guarantee to be provided after the total amount of guarantee provided to third parties by the Company and its subsidiaries having reached or exceeded 50% of the latest audited net assets;
- (II) any guarantee to be provided after the total amount of guarantee provided to the third parties by the Company having reached or exceeded 30% of the latest audited total assets;
- (III) any guarantee to be provided after the total guaranteed amount of the Company within one year having exceeded 30% of the Company's latest audited total assets;
- (IV) any guarantee to be provided to a guarantee object with a gearing ratio of more than 70%;
- (V) any single guarantee exceeding 10% of the latest audited net assets;
- (VI) any guarantee to be provided for the shareholders, de facto controllers and their connected parties.

3.4 Except for exceptional circumstances, such as the Company being in crisis, unless approved by way of a special resolution at shareholders' general meeting, the Company shall not enter into any contracts with any party other than the directors, supervisors, managers and other senior management members pursuant to which such party shall be in charge of management of the whole or any substantial part of the Company's business.

Chapter 4 Shareholders' General Meeting

Section 1 Convening of meetings

4.1.1 Shareholders' general meetings shall be classified into annual general meetings and extraordinary general meetings. Shareholders' general meetings shall be convened by the board of directors. Annual general meetings shall be convened once every year and shall be held within six months upon the preceding financial year end.

When the Company is unable to convene the annual general meeting within the aforementioned period, the Company shall report the matter to the stock exchange on which the securities of the Company are listed, with the reasons stated, and publish an announcement of the same accordingly.

4.1.2 Shareholders' general meeting should be held once every year, under one of the following circumstances, the Board shall hold an extraordinary general meeting within two months:

- (I) the number of directors is less than the number required by the Company Law or two thirds of the number of people required by the Articles of Association;
- (II) the accumulated losses of the Company amount to one third of the total amount of its paid up share capital;
- (III) when any shareholder or shareholders, individually or jointly, holding over ten per cent (inclusive) of the outstanding voting shares issued by the Company request or requests in writing for the convening of an extraordinary general meeting;
- (IV) requested by the Board or Supervisory Committee;
- (V) such other circumstances as provided under the Articles of Association.

If the Company is unable to hold an extraordinary general meeting within the above- mentioned period, it shall report to the local agency of the China Securities Regulatory Commission and the exchange where the Company's shares are listed, explain the reasons and make an announcement.

4.1.3 For the purpose of shareholders' general meeting, the Company shall engage lawyers to issue legal opinion and make relevant announcements:

- (I) whether the procedures relating to the convening and holding of such meeting comply with requirements under laws, administrative regulations and the Articles of Association;
- (II) whether the qualifications of the attendees and the convener are legal and valid;
- (III) whether the voting procedure of the meeting, the result of voting are legal and valid;
- (IV) opine on such other relevant queries upon request by the Company.

The board of directors of the Company may also engage attesting officers to attend shareholders' general meetings.

4.1.4 During the period the shareholders' general meeting is held, any suspension of the trading of the shares shall be determined in accordance with the provisions of the stock exchange on which

the securities of the Company are listed. The board of directors of the Company shall ensure that the shareholders' general meeting may continue within a reasonable period of working time until a final resolution is passed. In the event that the shareholders' general meeting cannot be convened as usual or no resolutions are passed as a result of force majeure events or other unusual reasons, the board of directors of the Company shall report the matter to the stock exchange on which the securities of the Company are listed, with the reasons stated and publish an announcement of the same accordingly. The board of directors of the Company is obliged to take necessary measures to resume convention of the shareholders' general meeting as soon as practicable.

Section 2 Convening the shareholders' general meeting and giving notices

4.2.1 The shareholders' general meeting shall be convened by the board of directors and shall be handled by the office of the Secretary to the board of directors.

4.2.2 Whether the Company convenes an annual general meeting, it shall send a written notice 21 days before the meeting and when the Company convenes an extraordinary general meeting, it shall send a written notice 15 days before the meeting, to notify shareholders whose names appear in the register of shareholders of the matters proposed to be considered and the date and place of the meeting. In calculating the notice period, the day of the meeting and the date of notification shall not be included. The Company provides a network to facilitate shareholders' participation in the shareholders' general meeting. Shareholders participating in the shareholders' general meeting in the above manner are deemed to be present.

4.2.3 No deferment or cancellation of the shareholders' general meeting is allowed after the board of directors issues the notice in relation to the resolution to convene the shareholders' general meeting. In the event that the Company has to delay or cancel the shareholders' general meeting for special reasons, an announcement shall be issued at least two working days prior to the original date scheduled for the shareholders' general meeting with explanation of the reasons. In the case of deferment, the announcement shall also specify the date for the adjourned meeting.

4.2.4 When the Company is to hold an annual general meeting, the board of directors, the Supervisory Committee and shareholders individually or jointly holding more than three per cent of voting shares of the Company shall have the right to propose new motions to the Company. Shareholders individually or jointly holding more than three per cent of voting shares of the Company shall have the right to put forward interim motions and submit the same in writing to the convener 10 days prior to the convening of shareholders' general meeting. The convener shall issue a supplementary notice of the shareholders' general meeting to announce the content of interim motions within two days upon receiving them.

Except as stipulated above, following the issuance of the notice of shareholders' general meeting by the convener, no amendments shall be made to the motions listed in the notice of shareholders' general meeting and no new motions shall be added.

4.2.5 The notice of a shareholder's general meeting shall include the following information:

- (I) the time, the venue and the duration of the meeting;
- (II) matters and motions submitted to the meeting for consideration;
- (III) containing a conspicuous statement that: all ordinary shareholders (including preference shareholders with voting rights restored) are entitled to attend the meeting, and may appoint proxies in writing to attend the meeting and vote on their behalf. A proxy need not be a shareholder of the Company;
- (IV) the record date for determining the entitlement of shareholders to attend the meeting;
- (V) the name and telephone number of the standing contact person for meeting affairs;
- (VI) the voting time and voting procedures for online voting or other means of voting.

The notice and supplementary notice of a shareholders' general meeting shall fully and completely disclose all the specific contents of all motions. If the matters to be discussed require independent Directors to express their opinions, the independent Directors' opinions and reasons will be disclosed at the same time when the notice or supplementary notice of the shareholders' general meeting is issued.

The online voting or other means of voting at the general meeting shall not start earlier than 3:00

p.m. on the day before the on-site shareholders' general meeting, shall not start later than 9:30 a.m. on the day of the on-site meeting, and shall not close earlier than 3:00 p.m. on the day when the on-site meeting closes.

The interval between the record date and the date of the meeting shall be no more than seven working days. Once confirmed, the share record date shall not be changed.

4.2.6 Where election of directors or supervisors is to be considered at the shareholders' general meeting, the notice of the shareholders' general meeting shall fully disclose the detailed information on the candidates for directors and supervisors in relation to at least the following aspects:

- (I) educational background, work experience, concurrent positions, and other personal information;
- (II) whether such candidate has any connected relationship with the Company or its controlling shareholder and actual controllers;
- (III) disclosure of the number of listed shares of the Company such candidate holds;
- (IV) whether such candidate has been subjected to the punishment of China Securities Regulatory Commission or any other relevant departments or the reprimand of the stock exchange.

Save for the directors or supervisors who are elected by way of cumulative voting system, each director candidate or supervisor candidate shall be proposed by way of single proposal.

4.2.7 Notice of shareholders' general meeting shall be served to shareholders (whether or not entitled to vote at the shareholders' general meeting), by personal delivery or prepaid mail to their addresses shown in the register of shareholders.

4.2.8 For holders of domestic shares, the notice of a shareholders' general meeting may also be given by public announcement published in one or more newspapers designated by the securities

regulatory authority of the State Council prior to the date of meeting. Once the announcement is made, all holders of Domestic Shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

4.2.9 For holders of foreign shares, notice of the shareholders' general meetings shall also be given by public announcement on newspapers, as well as delivered to the Hong Kong Stock Exchange, share registrar in Hong Kong and other relevant entities and parties of the meeting. Delivery of notice for the shareholders' general meeting to registered shareholders of the Company may be entrusted to the Hong Kong Registrars Limited.

4.2.10 Accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolutions made at that meeting.

Section 3 Proxies

4.3.1 Any shareholders entitled to attend and vote at a shareholders' general meeting shall be entitled to appoint one person (whether a shareholder or not) as his/her proxy to attend and vote on his/her behalf, and a proxy so appointed may exercise the following rights according to his/her entrustment by the shareholder:

- (I) the shareholder's right to speak at the shareholders' general meeting;
- (II) voting rights.

4.3.2 Shareholders shall entrust their proxies by written instruments (including proxy forms provided by the Company for designated general meetings) that shall be signed by the principal or such proxies entrusted thereby in writing. Where the principal is a legal person, the instrument shall be sealed by the legal person or signed by its director(s) or duly authorized proxies.

4.3.3 The instrument appointing a proxy for voting shall be placed at the domicile of the Company or at such other place as specified in the notice of convening of the meeting at least 24 hours prior to the meeting which the proxy is authorized to vote by virtue of such instrument or at least 24 hours prior to the specified time of voting. Where the instrument is signed by another person authorized by the principal, the power of attorney or other document with authorized signature shall be notarized. The notarized power of attorney or other authorization document shall be placed together with the instrument appointing the voting proxy at the domicile of the Company or at such other place as specified in the notice of convening of the meeting.

4.3.4 If the principal is a legal person, its legal representative or the person authorized by resolution of its board of directors or other decision-making bodies shall attend the Company's shareholders' general meeting as the representative of such legal person.

4.3.5 Any form of power of attorney issued by the board of directors of the Company to the shareholders for the appointment of shareholders' agent shall give the shareholders free choice to instruct the shareholders' agent to cast an affirmative or negative vote and give separate instructions on matters to be voted with respect to each issue discussed at the meeting. The power of attorney shall specify that in the absence of specific instructions from the shareholders, whether the shareholders' agent may vote as he/she thinks fit.

4.3.6 If a recognized clearing house (as defined in Securities and Futures (Clearing Houses) Ordinance (Chapter 420 of the Laws of Hong Kong)) ("Clearing House") is a member of the Company, it may authorize such person or persons to act as its representative(s) to attend any general meeting or the Company or any general meeting of any class of members of the Company provided that, if more than one person is so authorized, the power of attorney must specify the class and number of relevant shares in respect of which each such person is so authorized. A person so authorized shall be entitled to exercise the rights and powers on behalf of the Clearing House (or its nominee) as if the Clearing House (or its nominee) were an individual member of the Company.

4.3.7 Where the principal passes away, suffers incapacity, revokes the appointment or the signed authorization instrument of appointment prior to the voting, or the relevant shares have been transferred prior to the voting, a vote casted by the shareholders' agent in accordance with the power of attorney shall remain valid as long as the Company has not received a written notice of such event before the commencement of the relevant meeting.

Section 4 Presider of the meeting

4.4.1 A shareholders' general meeting shall be presided by the presider of the meeting. The shareholders' general meeting shall be convened by the board of directors and presided over by the chairman of the board of directors. Should the chairman be unable or fail to perform his duties, the meetings shall be presided by a director jointly recommended by more than half of the directors. If no director is elected to preside the meeting for any reason, shareholders (or shareholders' agent) holding the greatest number of voting shares attending such meeting shall preside the meeting.

4.4.2 In the event that the presider of the meeting is doubtful towards the results of the resolution which has been presented for at the meeting, he/she may have the votes counted. In the event that the shareholders present at the meeting or shareholders' agent do not agree with the results announced by the presider of the meeting, whilst the presider of the meeting does not conduct counting of votes, they are entitled to request a counting of votes after such announcement, and the presider of the meeting shall immediately conduct a counting of votes.

Section 5 Motions proposed at the meeting

4.5.1 Motions proposed at the shareholders' general meeting refer to the specific issues in response to the business to be transacted at the shareholders' general meeting. A resolution shall be passed on specific motions proposed at the shareholders' general meeting.

4.5.2 The Board shall set out the business to be transacted at the shareholders' general meeting and disclose in full the content of all the motions proposed by the board of directors in the notice of the convening thereof. Any proposals to amend any matters involved in the previous shareholders' general meeting shall contain the full content thereof in addition to the contents to be amended.

Issues listed as "other issues" with no specific content shall not be regarded as motions and shall not be voted on at the meeting.

4.5.3 The board of directors shall not propose further motions not listed in the notice of meeting after it is issued. Any changes to the original motions shall be announced 5 days prior to the convening of the shareholders' general meeting. Otherwise, the date of the meeting shall be postponed to ensure that there shall be an interval of at least 5 days.

4.5.4 At an annual general meeting, the board of directors, supervisory committee and shareholders individually or jointly holding more than 3% of the shares of the Company shall have the right to propose motions, and shareholders individually or jointly holding more than 3% of the shares of the Company may propose ad hoc proposals and present the same to the convener in writing 10 days prior to convening the general meeting. A supplemental notice shall be issued by the convener within 2 days after receipt of such proposals, announcing the details of the ad hoc proposals. Save as prescribed above, the convener shall neither revise the proposals stated in the notice of general meetings nor add in new proposals after issuing the notice of general meeting.

Where the largest shareholder proposes any new motion on distribution, such motion shall be submitted to the board of directors 10 days before the date of the annual general meeting. No such motions shall be proposed by the largest shareholder to that shareholders' general meeting if less than 10 days' notice is given.

4.5.5 The board of directors shall review the proposed motions to be brought forward at shareholders' general meeting in the previous Article in accordance with following principles:

- (I) Relevance. The board of directors shall review the motions proposed by shareholders. The matters involved in the motions proposed by shareholders which are directly related to the Company and do not contravene the laws, regulations nor exceed the scope of functions of shareholders' general meetings under the Articles of Association of the Company shall be proposed at the shareholders' general meeting for discussion. Those do not satisfy the aforesaid requirements shall not be submitted to shareholders' general meetings for discussion.

In the event that the board of directors decides not to present motions proposed by shareholders to shareholders' general meeting for voting, the board of directors shall explain and state the reasons therefor at such shareholders' general meeting.

- (II) Procedures. The board of directors may make decisions in respect of procedural issues in connection with motions proposed by shareholders. If the motion is to be separated or consolidated with other motions, consent from the original person proposing the motion shall be obtained. If the original person proposing the motion does not consent to the change, the chairman of the shareholders' general meeting may refer the procedural issues to the shareholders' general meeting for a decision, and the motion shall be discussed according to the procedures adopted at the shareholders' general meeting.

4.5.6 Motions concerning investment, disposal of assets, mergers and acquisitions shall be proposed in details including amount, price (or method of price calculation), book value of the asset concerned, impact on the Company and approval progress, etc. Where asset valuation, audit or issuance of report by independent financial advisor is required under relevant regulations, the board of directors shall make announcement on the asset valuation progress, audit result or report issued by independent financial advisor at least five working days prior to the convening of the shareholders' general meeting.

4.5.7 In the event that the board of directors proposes motions to alter the use of proceeds from share issues, the notice convening the shareholders' general meeting shall state the reasons therefor, together with a brief summary of the new projects and their future impact on the Company.

4.5.8 For matters which need to be reported to China Securities Regulatory Commission, such as issues of shares to the public, a specific motion shall be proposed.

4.5.9 After considering and adopting the annual report, the board of directors shall resolve on the proposal for profit distribution, which shall be proposed as a motion to the annual general meeting. With respect to proposals to capitalization from capital public reserve, the board of directors shall specify the reasons for such capitalization in details and disclose the same in the announcement. In announcing the issuance of bonus shares or capitalization from capital public reserve, the board of directors shall disclose a comparison of net asset value per share prior to and after such capitalization as well as its impact on the Company's subsequent development.

4.5.10 In the event the board of directors proposed termination or non-renewal of engagement of an accounting firm, the board of directors shall notify the accounting firm in advance and specify the reasons at the shareholders' general meeting. The accounting firm shall be entitled to state its opinions to the shareholders' general meeting.

If the board of directors terminates the engagement of an accounting firm for an appropriate reason at a time other than the meeting, the board of directors may temporarily engage another accounting firm, but it must be ratified at the next shareholders' general meeting.

4.5.11 In the event of an accounting firm proposes to resign from the engagement, the board of directors shall state reasons at the next shareholders' general meeting. The resigning accounting firm shall be obliged to either provide explanations in writing or attend the shareholders' general meeting in person to clarify whether there was any irregularities committed by the Company.

4.5.12 At the annual general meeting, the Supervisory Committee shall announce the report concerning its supervision of the Company in the previous year, and the content shall include:

- (I) a review of the financial conditions of the Company;
- (II) diligence of performance by the directors and the senior management of their duties and implementation in relation to the laws, regulations, the Articles of Association of the Company and resolutions of shareholders' general meetings;
- (III) other events considered by the Supervisory Committee necessary to be reported to the shareholders' general meeting.

The Supervisory Committee may also provide its opinion on the motions considered at the shareholders' general meeting, and submit independent reports when it deems necessary.

Section 6 Voting at the meeting

4.6.1 When voting at the shareholders' general meeting, shareholders (or shareholders' agent) shall exercise voting rights in accordance with the number of shares carrying the right to vote so held. Each share shall have one vote.

If the shareholder is a recognized clearing house (as defined in Securities and Future (Clearing Houses) Ordinance), it shall comply with any privilege or restriction imposed to any class of shares at that time.

4.6.2 Votes at a general meeting shall be taken by a vote by registered ballot.

4.6.3 If a poll is demanded on the election of the presider or on adjournment of the meeting, it shall be dealt with immediately by way of poll. A poll demanded on any other matters shall be taken at such time as the presider of the meeting directs, and the meeting may be proceeded for

discussions on other matters. The result of the poll shall be deemed to be a resolution passed at the meeting.

The voting results shall be announced as soon as practicable.

4.6.4 In casting of votes, shareholders (or shareholders' agents) with voting rights who are entitled to two or more votes are not required to cast all their votes in favour of or against a resolution.

4.6.5 All motions stated in the agenda shall be voted individually at a shareholders' general meeting. Voting shall not be suspended or aborted for any reason. If there is more than one motion on the same business at the annual general meeting, the resolution by way of voting shall be conducted in the order of the time such motions are proposed.

4.6.6 Where a resolution concerning a related party transaction is put to the vote at the shareholders' general meeting, each shareholder having an interest in the related party transaction shall abstain from voting. The voting rights held by such shareholders shall not be counted towards the total number of voting shares at the shareholders' general meeting.

4.6.7 Where the shareholders' general meeting considers a motion on the election of the directors and supervisors, voting shall be conducted on each candidate for the office of director and supervisor separately. Upon the passing of the resolution on the election of the directors and supervisors, the newly appointed directors and supervisors shall take office immediately after the meeting is concluded.

4.6.8 In the event of a tally on the votes has been made in the shareholders' general meeting, the result thereof shall be entered into the minutes of such meeting.

Section 7 Resolutions of the meeting

4.7.1 Resolutions of the shareholders' general meeting shall be divided into ordinary resolutions and special resolutions.

To pass an ordinary resolution at the shareholders' meeting, votes representing a majority of the voting rights represented by the shareholders (including shareholders' agents) present at the meeting must be exercised in favor of the resolution in order for it to be passed.

To pass a special resolution at the shareholders' meeting, votes representing more than two thirds of the voting rights represented by the shareholders (including shareholders' agents) present at the meeting must be exercised in favor of the resolution for it to be passed.

4.7.2 For the Article above, in the event that any shareholder (or its agent) abstain from voting or does not exercise its voting rights in the course of the voting of a resolution in respect of the voting rights so held, the voting rights involved shall not be taken into account when calculating the voting rights for the shareholders present at the shareholders' general meeting for the purpose of such resolution.

4.7.3 The following matters shall be resolved by way of an ordinary resolution of a shareholders' general meeting:

- (I) work reports of the board of directors and the Supervisory Committee;
- (II) proposals formulated by the board of directors for the distribution of profits and loss recovery;
- (III) removal of members of the board of directors and the Supervisory Committee, their remuneration and method of payment;
- (IV) the Company's annual budget and final accounts, balance sheet, profit and loss account, and other financial statements;
- (V) annual report of the Company;

(VI) matters other than those required by laws, administrative regulations or Articles of Association of the Company to be resolved by way of special resolution.

The remuneration as referred to in sub-paragraph (III) above includes, but not limited to, the compensation receivable by the relevant directors or supervisors at the time of loss of office or retirement.

4.7.4 The following matters shall be resolved by way of a special resolution of a shareholders' general meeting:

- (I) increase or reduction of share capital, and issuance of any class of shares, warrants and other similar securities;
- (II) issuance of corporate bonds;
- (III) spin-off, merger, dissolution and liquidation of the Company;
- (IV) amendments to the Articles of Association of the Company;
- (V) other matters that, as resolved, by way of an ordinary resolution of the shareholders' general meeting, may have a material impact on the Company and require approval by way of a special resolution.
- (VI) the Company's acquisition or disposal of major assets or provision of guarantees within one year with the transaction amount having exceeded 30% of the Company's latest audited total assets of the Company;
- (VII) equity incentive plans;
- (VIII) any other issue specified in the laws, administrative regulations or the Articles of Association and other matters that may have material impact on the Company and accordingly shall be approved by special resolutions.

4.7.5 For resolutions proposed but not passed in the meeting, or resolutions involving the amendment of resolutions passed by the previous shareholders' general meeting, the board of directors shall provide an explanation in the announcement of the resolutions of the shareholders' general meeting.

4.7.6 In the event that the shareholders' general meeting amends the motions proposed by the board of directors, or resolve on any issue apart from the motions proposed by the board of directors, or there is any contingent matter in the course of the meeting making it impossible for the meeting to be convened, the Company shall explain the reasons to the stock exchanges on which the securities of the Company are listed, and publish an announcement accordingly.

Section 8 Post-meeting affairs

4.8.1 After the conclusion of the shareholders' general meeting, the Company shall promptly submit the text of the announcement of the resolutions of the shareholders' general meeting, together with the minutes and a complete set of documents of the meeting to the relevant stock exchanges on which the securities of the Company are listed. Publication of the same will be made on the following day on the designated newspapers. All aspects of the resolution shall also be notified to other entities and parties with demands as soon as practicable depending on the content of such resolutions.

4.8.2 The Company shall provide prompt notification to the stock exchanges on which the securities of the Company are listed upon the decision of the following issues:

- (I) amendments to the Articles of Association;
- (II) changes in members of the board of directors and material changes in administrative and management staff;
- (III) changes in shares and relevant rights;
- (IV) changes of secretary to the board of directors, auditors or the principal place of business in Hong Kong.

4.8.3 Matters referred to Articles 4.8.1 and 4.8.2 above shall also be promptly notified to the Company Registry of Hong Kong, share registrar in Hong Kong, and relevant authorities or

persons, such as administrative departments for industry and commerce, or complete the procedures, as required.

4.8.4 The announcement for the resolutions of the shareholders' general meeting shall state the number of shareholders present at the meeting, the number of shares held and their proportion to the total share capital carrying voting rights of the Company of listing status, the method of the voting being conducted and the result thereof for each resolution. The resolution on motions proposed by the shareholders shall state the name of the proposing shareholder, his/her shareholding and the content of the resolution being proposed.

4.8.5 Any important matter reported to the shareholders in the shareholders' general meeting by way of meeting documents shall be disclosed in the announcement of the resolutions of the shareholders' general meeting if the same has not been publically disclosed.

4.8.6 Upon the approval by the shareholders' general meeting of proposals for profits distribution and conversion of capital reserves to share capital, dividend (or share) distribution (or transfer) shall be completed within two months after the holding of the shareholders' general meeting.

4.8.7 The minutes of the shareholders' general meeting recording decisions on matters discussed shall be signed by the directors present at the meeting. The minutes of the shareholders' general meeting together with attendance signature book of the shareholders attending the meeting and powers of attorney for authorized attendance shall be kept in the domicile of the Company.

The minutes, attendance signature book and powers of attorney shall not be destroyed for a period of ten years.

4.8.8 Shareholders may review copies of the minutes of the shareholders' general meeting on a free-of-charge basis during the Company's office hours. The Company shall deliver the copies of relevant minutes to any shareholder who request such documents within seven days upon receiving reasonable fees therefor.

Chapter 5 Proposals of Convening Extraordinary General Meeting by the Independent Directors, Shareholders or the Supervisory Committee

5.1 Upon the consent of a majority of all Independent Directors, Independent Directors shall have the right request the board of directors to convene an extraordinary general meeting . For the proposal of Independent Directors seeking to convene a general meeting, the board of directors shall give its written feedback on agreeing or disagreeing to convene an extraordinary general meeting within 10 days after receiving the proposal in accordance with the provisions of laws, administrative regulations and the Articles of Association.

If the board of directors agrees to convene an extraordinary general meeting, a notice of general meeting shall be issued within 5 days after the resolution of the board meeting was made. If the board of directors disagrees to convene and extraordinary general meeting, explanation and announcement shall be made.

5.2 The Supervisory Committee has the right to request the board of directors in writing to convene an extraordinary general meeting. The board of directors shall provide its written feedback on agreeing or disagreeing to convene an extraordinary general meeting within 10 days after receiving the proposal in accordance with the provisions of laws, administrative regulations and the Articles of Association.

The board of directors shall publish the notice to convene the general meeting within 5 days, for the changes to the original proposals in the notice, prior consent of the Supervisory Committee shall be obtained.

If the board of directors disagrees to convene an extraordinary general meeting, or fails to make feedback 10 days after receiving the proposal, the board of directors will be deemed not able to or fails to fulfill its duty of convening a shareholders' general meeting, and the Supervisory Committee shall convene and hold a meeting on its own.

5.3 On the basis of one share one vote, ordinary shareholders individually or collectively holding 10% or more of the voting shares of the Company (including preference shareholders with voting rights restored) shall have the right to request the board of directors to convene an extraordinary general meeting by way of written request(s). The board of directors shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within 10 days upon receiving the request in accordance with the requirements of the laws, administrative regulations, and the Articles of Association.

If the board of directors agrees to convene an extraordinary general meeting, notice convening the meeting shall be issued within 5 days after the board of directors resolved to do so. If the board of directors makes alterations to the original proposal in the notice, consent has to be obtained from the related shareholders.

If the board of directors does not agree to convene the extraordinary general meeting, or does not reply within 10 days upon receiving the request, ordinary shareholders individually or collectively holding 10% or more of the voting shares of the Company (including preference shareholders with voting rights restored) shall have the right to request the Supervisory Committee to convene an extraordinary general meeting by way of written request(s).

If the Supervisory Committee agrees to convene the extraordinary general meeting, notice convening the meeting shall be issued within 5 days upon receiving the request. Should there be alterations to the original request in the notice, consent has to be obtained from the related shareholders.

If the Supervisory Committee does not issue notice of the general meeting within the required period, it will be regarded as that the Supervisory Committee will not convene and preside over the general meeting, and ordinary shareholders individually or collectively holding 10% or more of the voting shares of the Company (including preference shareholders with voting rights

restored) for 90 consecutive days shall have the right to convene and preside over the meeting by themselves.

5.4 If the Supervisory Committee or Shareholders decide to convene a shareholders' general meeting, they shall give a written notice to the board of directors, and file to the securities exchange.

Prior to the announcement of resolutions of shareholders' general meeting, the shareholding of the convening ordinary Shareholders (including preference shareholders with voting rights restored) must not be lower than 10%.

Supervisory Committee and the convening shareholders shall submit relevant evidentiary documents to the securities exchange when issuing a notice of general meeting and the announcement of resolutions of shareholders' general meeting.

5.5 With regard to the shareholders' general meeting convened by the Supervisory Committee or shareholders on its/their own initiative, the board of directors and the secretary to the board shall offer cooperation. The board of directors shall provide a register of shareholders as of the equity registration date. If the board of directors fails to provide the register of shareholders, the convener may seek the same from the securities registration and clearing institutions with the relevant announcement of the notice of convening the shareholders' general meeting. The convener shall not use the register of shareholders for purpose other than convening shareholders for purposes other than convening a shareholders' general meeting.

5.6 With respect to the extraordinary general meeting to be convened Supervisory Committee or the proposing shareholder on its/their own, the board of directors and the secretary to the board of directors shall duly perform their duties. The board of directors shall ensure the usual proceedings of the meeting. The Company shall assume reasonable expenses incurred by the meeting. The procedures for convening the meeting shall satisfy the following requirements:

1. The meeting will be convened by the board of directors. The secretary to the board of directors must attend the meeting. Directors and supervisors shall attend the meeting. If there is any special reason that the Chairman of the board of directors fails to perform his duties, other directors shall chair the meeting;
2. The board of directors shall engage lawyers to provide legal opinion in accordance with the provisions of Article 4.1.3 to these Rules;
3. The convening procedures shall comply with the relevant provisions of these Rules.

5.7 Extraordinary general meeting shall not decide on those matters not stated in the notice. In considering the resolutions to be proposed as set out in the notice for the extraordinary general meeting, no change shall be made to the content for the resolutions involving matters as set out in Article 3.2 of these Rules. Any changes thereto shall be deemed as a new resolution to be proposed, and shall not be voted in such shareholders' general meeting.

Chapter 6 Class Meetings

6.1 Shareholders holding different classes of shares are referred to as class shareholders. Class shareholders shall enjoy rights and assume obligations in accordance with laws, administrative regulations and the Articles of Association of the Company.

6.2 If the Company intends to vary or abrogate the rights of the class shareholders, it shall do so only after the change or abrogation has been approved by way of a special resolution at a shareholders' general meeting and separate class meetings convened by affected class shareholders in accordance to Articles 11.3 to 11.7 of the Articles of Association of the Company, respectively.

6.3 The rights to change or abrogate of holders of certain class shares include but are not limited to:

- (I) the increase or decrease of the number of shares of such class, or the increase or decrease of the number of shares of a class having voting rights, distribution rights, or other privileges equal or superior to the shares of such class;
- (II) to effect conversion of all or part of the shares of such class into shares of another class or to effect a conversion or create a right of conversion of all or part of the shares of another class into shares of such class or to grant such conversion rights;
- (III) to abrogate or reduce the rights to accrued dividends or to cumulative dividends attached to shares of such class;
- (IV) a reduction or removal of a dividend preference or a property distribution preference during the liquidation of the Company attached to shares of such class;
- (V) an addition, removal or reduction of share conversion rights, options, voting rights, transfer rights or preemptive rights to rights issue, or rights to acquire securities of the Company attached to shares of such class;
- (VI) a removal or reduction of rights to receive amounts payable by the Company in a particular currencies attached to shares of such class;
- (VII) a creation of a new class of shares attached with voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (VIII) an imposition of restrictions or additional restrictions on the transfer or ownership of shares of such class;
- (IX) an issue of rights to subscribe for, or convert into, shares of such class or another class;
- (X) an increase in the rights and privileges of shares of another class;
- (XI) restructuring plans of the Company causing shareholders of different classes to bear disproportionate liabilities during restructuring process;
- (XII) an amendment or abrogation of the provisions of this Chapter.

6.4 Affected class shareholders, whether or not originally having any right to vote at shareholders' general meetings, shall nevertheless have rights to vote at class meetings in respect of the matters concerning items (II) to (VIII), (XI) and (XII) of the previous Article, but interested shareholders shall not be entitled to vote at a class meeting.

The expression "interested shareholders" mentioned in the preceding paragraph shall mean:

- (I) where the Company shall repurchase its own shares pursuant to requirements under Article 5.3 of the Articles of Association of the Company by way of making a general offer of repurchase of shares to all its shareholders on a pro rata basis or by way of public dealing on a stock exchanges, “interested shareholders” shall be the controlling shareholder as defined in Article 9.1 of the Articles of Association of the Company;
- (II) where the Company shall repurchase its own shares pursuant to requirements under Article 5.3 of the Articles of Association of the Company by way of off-market agreements, “interested shareholder” shall be the shareholder relating to the agreements concerned;
- (III) in the case of a restructuring of the Company, “interested shareholder” shall be a shareholder of a class who bears less than a proportionate burden imposed on that class under the proposed restructuring or has an interest in the proposed restructuring different from the interest of shareholders of that class.

6.5 When the Company is to hold a class meeting, the period for issuing a written notice shall be the same as the written notice period for a non-class meeting to be convened together on the same day of such class meeting. The written notice shall inform all the registered shareholders of that class about the matters proposed to be considered, the date and the place of the meeting. A shareholder who intends to attend the meeting shall have his written reply on meeting attendance served to the Company five days before the date of the meeting.

If the number of shares carrying voting rights at the meeting represented by the shareholders who intend to attend the meeting reaches more than one half of the total number of shares of such class carrying voting rights at the meeting, the Company may hold the class meeting; if not, the Company shall within five days notify the shareholders, again by public announcement, of the matters to be considered, the date and the place for the class meeting. The Company may then convene the class meeting after publication of such announcement.

6.6 Notices of class meetings are only required to be served to shareholders entitled to vote thereat.

Class meetings shall be conducted in a manner as similar as practicable to that of shareholders' general meeting. The provisions of these Rules relating to the procedures for conducting shareholders' general meetings shall be applicable to class meetings.

6.7 A resolution of a class meeting shall only be passed by more than two-thirds of the voting rights of that class of shareholders represented at the meeting in accordance with Provision 81.

With respect to the paragraph above, during the course of voting on a resolution, in the event that any shareholders (or their agents) for the voting rights so held abstain from voting or fail to exercise the voting rights, the voting rights involved shall not be counted in the voting rights held by shareholders attending the class meeting for the purpose of such resolution.

Chapter 7 Supplementary Provisions

7.1 Matters not covered in or are inconsistent with these Rules shall be handled in accordance with the Company Law, Articles of Association of the Company, the Rules Governing the Listing of Securities in the Stock Exchange of Hong Kong Limited, Rules Governing the Listing of Securities on the Shanghai Stock Exchange and other relevant laws and regulations.

7.2 These Rules shall come into force upon approval at a shareholders' general meeting. The Board of the Company shall be responsible for interpretation and amendments thereof.