
IMPORTANT

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

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

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深圳高速公路股份有限公司

SHENZHEN EXPRESSWAY COMPANY LIMITED

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

**PROPOSALS FOR
GENERAL MANDATE TO REPURCHASE H SHARES
AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Notices convening the EGM, the H Shareholders' EGM and the Domestic Shareholders' EGM to be held at the meeting room of the Company at 19/F, Tower A, United Plaza, No. 5022 Binhe Road North, Shenzhen, the People's Republic of China on 30 December, 2002 at 10.00 a.m., 10.30 a.m. and 11.00 a.m. respectively were published on 14 November, 2002. Whether or not you intend to attend the said meetings, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company at 19/F, Tower A, United Plaza, No. 5022 Binhe Road North, Shenzhen, the People's Republic of China on or before 10 December, 2002 as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the relevant meeting. Completion and return of the proxy form will not prevent the H Shareholders from attending and voting in person at the EGM and the H Shareholders' EGM should they so wish.

5 December, 2002

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DEFINITIONS

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

“Articles of Association”	the articles of association of the Company;
“Board”	the Board of Directors of the Company;
“Company”	Shenzhen Expressway Company Limited, a joint stock limited company incorporated in the People’s Republic of China with limited liability, the H Shares of which are listed on the Main Board;
“Company Law”	the Company Law of the PRC;
“CSRC”	China Securities Regulatory Commission;
“Director(s)”	the director(s) of the Company;
“Domestic Shares”	domestic shares of nominal value of RMB1.00 each in the capital of the Company;
“Domestic Shareholders”	registered holders of Domestic Shares of the Company;
“Domestic Shareholders’ EGM”	the extraordinary general meeting of the holders of Domestic Shares of the Company to be held at the Meeting Room of the Company at 19/F, Tower A, United Plaza, No. 5022 Binhe Road North, Shenzhen, the People’s Republic of China on 30 December, 2002 at 11.00 a.m. to approve the Repurchase Mandate;
“EGM”	the extraordinary general meeting of the Company to be held at the Meeting Room of the Company at 19/F, Tower A, United Plaza, No. 5022 Binhe Road North, Shenzhen, the People’s Republic of China on 30 December, 2002 at 10.00 a.m. to approve the Repurchase Mandate;
“Foreign Shares”	shares issued by the Company, the par value of which is denominated in RMB, and which are subscribed for in a currency other than RMB;
“H Share(s)”	overseas listed Foreign Share(s) of nominal value of RMB1.00 each in the capital of the Company which are listed on the Stock Exchange and subscribed for in HK dollars;
“H Shareholders”	registered holders of H Shares of the Company;
“H Shareholders’ EGM”	the extraordinary general meeting of the holders of H Shares of the Company to be held at the Meeting Room of the Company at 19/F, Tower A, United Plaza, No. 5022 Binhe Road North, Shenzhen, the People’s Republic of China on 30 December, 2002 at 10.30 a.m. to approve the Repurchase Mandate;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

DEFINITIONS

“Latest Practicable Date”	2 December, 2002, being the latest practicable date of ascertaining certain information contained in this circular prior to its publication;
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange;
“Main Board”	the stock market operated by the Stock Exchange prior to the establishment of the Growth Enterprise Market (“GEM”) (excluding the options market) and which stock market continues to be operated by the Stock Exchange in parallel with GEM and for the avoidance of doubt, excludes GEM;
“Mandatory Provisions”	The Mandatory Provisions for the Articles of Association of Companies Seeking a Listing outside the PRC;
“PRC”	The People’s Republic of China;
“Repurchase Mandate”	subject to the conditions set out in the proposed resolution approving the Repurchase Mandate at EGM, H Shareholders’ EGM and Domestic Shareholders’ EGM, the general mandate to exercise the power of the Company to repurchase H Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal value of H Shares in issue of the Company as at the date of the said resolution;
“SAEC”	State Administration for Exchange Control in the PRC;
“SETC”	State Economic and Trade Commission in the PRC;
“Shareholder(s)”	registered Domestic Shareholders and H Shareholders of the Company;
“Shares”	Domestic Shares and H Shares;
“State Council”	the State Council of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers and Share Repurchases;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC; and
“%”	per cent.



深圳高速公路股份有限公司

SHENZHEN EXPRESSWAY COMPANY LIMITED

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

Directors:

Chen Chao
Wu Ya De
Zhang Rong Xing
Tao Hong
Zhong Shan Qun
Shi Da Qing
Lin Xiang Ke
Zhang Yang

Independent Directors:

Ho Chung Tai Raymond
Chiu Chi Cheong Clifton

Legal Address:

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United Plaza
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PRC

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Rooms 907 & 907A
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111 Connaught Road Central
Hong Kong

5 December, 2002

To Shareholders of the Company

Dear Sir or Madam,

**PROPOSALS FOR
GENERAL MANDATE TO REPURCHASE H SHARES
AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

INTRODUCTION

Proposal for General Mandate to Repurchase H Shares

The Listing Rules contain certain provisions regulating the repurchase by companies with primarily listings on the Stock Exchange of their own shares on the Stock Exchange. The purpose of this circular is to provide you with information relating to the special resolutions to be proposed at the forthcoming EGM, H Shareholders' EGM and Domestic Shareholders' EGM to grant the Directors a general mandate to exercise the power of the Company to undertake repurchases of the Company's fully paid-up H Shares not exceeding 10% of the aggregate nominal value of H Shares in issue of the Company on the date of passing such special resolutions and to make such amendments to the Articles of Association to reflect the new capital structure of the Company under the Repurchase Mandate.

LETTER FROM THE BOARD

The Company Law (to which the Company is subject) provides that a joint stock limited company incorporated in the PRC may not repurchase its shares unless such repurchase is effected for the purpose of reducing its share capital or in connection with a merger between itself and another entity that holds its shares. The Mandatory Provisions which the Company has incorporated in its Articles of Association provides that subject to obtaining the approval of the relevant regulatory authorities and compliance with its articles of association, share repurchases may be effected by a joint stock limited company listed outside the PRC for the purpose of reducing its share capital or in connection with a merger between itself and another entity that holds its shares or in circumstances permitted by law or administrative regulations.

The Listing Rules permit shareholders of a PRC joint stock limited company to grant a general mandate to the Directors to repurchase H shares of such company that are listed on the Stock Exchange. Such mandate is required to be given by way of a special resolution passed by shareholders in general meeting and special resolutions passed by holders of domestic shares and overseas listed foreign shares in separate meetings.

The repurchase of H Shares by the Company is subject to the approval of the CSRC. In addition, as H Shares are traded on the Stock Exchange in Hong Kong dollars and the price payable by the Company upon any repurchase of H Shares will, therefore, be paid in Hong Kong dollars, the approval of the SAEC is also required. The Company has also been advised by its PRC legal advisers that the passing of a special resolution to approve the grant to the Directors of the Repurchase Mandate would, irrespective of whether such mandate is actually exercised by the Directors, constitute a reduction in the registered capital of the Company. Hence, the approval of the SETC is also required.

In accordance with the requirements of Article 25 of the Articles of Association applicable to capital reduction, the Company will have to notify its creditors of the passing of such special resolution and the reduction to the registered capital of the Company that would occur should the Directors decide to exercise the Repurchase Mandate. Such notification has to be given in writing to the Company's creditors within 10 days after the passing of such special resolution and also by way of the publication on 3 occasions of a press announcement within 30 days after the passing of such special resolution. Creditors then have a period of up to 30 days after the Company's written notification or if no such notification has been received, up to 90 days after the first publication of the press announcement to require the Company to repay amounts due to them or to provide guarantees in respect of such amounts.

Amendments to the Articles of Association

Pursuant to the issue of the PRC listed RMB ordinary shares (or A Shares) by the Company in December 2001, the relevant provisions of the Articles of Association are required to be amended in accordance with the requirements of "Guidelines for the Articles of Association of Listed Companies" ("Guidelines") (applicable for A Shares companies), "Standards for Governance of Listed Companies" ("Standards") and the "Guiding Opinions on the Establishment of Independent Director System by Listed Companies" ("Opinions").

LETTER FROM THE BOARD

The Board of Directors would like to propose certain amendments to the Articles of Association in accordance with the Guidelines, Standards and the Opinions for shareholders' approval at the EGM. It is hoped that by introducing these amendments, the Company could foster regulation of its operation, enhance the corporate governance of the Company as a separate legal entity, and protect the legal rights and interests of the Company and its shareholders. The proposed amendments are now set out in Appendix 2 to this circular.

CONDITIONS TO REPURCHASE H SHARES

In order to ensure flexibility and discretion to the Directors in the event that it becomes desirable to repurchase any H Shares (including where such repurchase may lead to an enhancement of the net asset value per H Share and/or the earnings per H Share), approval is being sought from the shareholders of the Company for a conditional general mandate to repurchase H Shares in issue. In accordance with the legal and regulatory requirements described above, the Directors will convene the EGM, the H Shareholders' EGM and the Domestic Shareholders' EGM. At each such meeting, a special resolution will be proposed to grant to the Directors a conditional general mandate to purchase H Shares in issue on the Stock Exchange with an aggregate nominal value not exceeding 10% of the aggregate nominal value of H Shares in issue of the Company as at the date of the passing of such resolution. The Repurchase Mandate will be conditional upon (a) the special resolution approving the grant of the Repurchase Mandate being approved at each of the EGM, the H Shareholders' EGM and the Domestic Shareholders' EGM; (b) the approvals of the CSRC, and any other regulatory authorities as required by the laws, rules and regulations of the PRC being obtained; and (c) the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the notification procedure under Article 25 of the Articles of Association as described above. If the Company determines to repay any amount to any of its creditors in circumstances described under condition (c), it expects to do so out of its internal resources. If the conditions are not fulfilled, the Share Repurchase Mandate will not be exercisable by the Directors.

REPURCHASE MANDATE

A special resolution will be proposed at the EGM, H Shareholders' EGM and Domestic Shareholders' EGM to grant to the Directors the Repurchase Mandate, details of which are set out in resolution numbered 1 of the notice of the EGM, resolution numbered 1 of the notice of H Shareholders' EGM and resolution numbered 1 of the notice of the Domestic Shareholders' EGM. The H Shares which may be repurchased pursuant to the Repurchase Mandate shall not exceed 10% of the aggregate nominal value of H Shares in issue of the Company as at the date of passing of the resolutions approving the Repurchase Mandate.

An explanatory statement giving certain information regarding the Repurchase Mandate, is set out in Appendix 1 to this circular.

EXTRAORDINARY GENERAL MEETING, H SHAREHOLDERS' EGM AND DOMESTIC SHAREHOLDERS' EGM

The notices convening the EGM, H Shareholders' EGM and Domestic Shareholders' EGM at which the special resolutions mentioned above will be proposed to approve the Repurchase Mandate were published on 14 November, 2002.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the granting of the Repurchase Mandate and the proposed amendments to the Articles of Association are in the best interests of the Company and its Shareholders and accordingly recommend that all Shareholders and H Shareholders should vote in favour of all the aforesaid resolutions to be proposed at EGM and H Shareholders' EGM.

By order of the Board,
Chen Chao
Chairman

In accordance with the Listing Rules, this circular also serves as the explanatory statement, to provide you with requisite information reasonably necessary to enable you to make an informed decision on whether to vote for or against resolution numbered 1 to be proposed at the EGM, resolution numbered 1 at the H Shareholders' EGM and resolution numbered 1 at Domestic Shareholders' EGM.

SECURITIES REPURCHASE MANDATE

Reasons for Repurchase H Shares

Although the Directors have no present intention of repurchasing any H Shares, they believe that the flexibility afforded by the Repurchase Mandate would be beneficial to and in the best interest of the Company and its Shareholders. Such repurchases may, depending on market conditions and funding arrangements at such time, lead to an enhancement of the net asset value and/or earnings per Share of the Company. Such repurchases will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders.

Registered Capital

As at the Latest Practicable Date, the registered capital of the Company was RMB2,180,700,000 comprising 747,500,000 H Shares of RMB1.00 each and 1,433,200,000 Domestic Shares of RMB1.00 each, of which 654,780,000 Shares are State-owned shares, 613,420,000 Shares are State-owned legal person shares and 165,000,000 Shares are PRC listed RMB ordinary shares (or A Shares).

Exercise of the Repurchase Mandate

Subject to the passing of special resolution numbered 1 set out in the notice of EGM, special resolution numbered 1 set out in the notice of the H Shareholders' EGM and the special resolution approving the grant to the Directors of the Repurchase Mandate in the Domestic Shareholders' EGM, the Directors will be granted the Repurchase Mandate until the end of the Relevant Period (as defined in resolution no. 1(d), resolution no. 1(d) as set out in the notices of the EGM and H Shareholders' EGM respectively). The exercise of the Repurchase Mandate is subject to the approvals of the CSRC and any other regulatory authorities as required by the laws, rules and regulations of the PRC being obtained and to the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the notification procedure under Article 25 of the Articles of Association.

The exercise in full of the Repurchase Mandate (on the basis of 747,500,000 H Shares in issue as at the Latest Practicable Date) would result in up to 74,750,000 H Shares being repurchased by the Company during the Relevant Period.

Funding of Repurchases

In repurchasing its H Share, the Company intends to apply funds from the Company's internal resources (which may include surplus funds and retained profits) legally available for such purpose in accordance with the Articles of Association and the applicable laws, rules and regulations of the PRC.

The Company is empowered by its Articles of Association to purchase its H Shares. Any repurchases by the Company may only be made out of either the capital paid up on the relevant shares to be repurchased, or the funds of the Company that would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares made for such purpose or from sums standing to the credit of the share

premium account of the Company. Under PRC laws, H Shares so repurchased will be treated as cancelled and the Company's registered capital will be reduced by an amount equivalent to the aggregate nominal value of the H Shares so cancelled. The Company may not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

GENERAL

There might be material adverse impact on the working capital or gearing position of the Company (as compares with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 December, 2001) in the event that the Repurchase Mandate is to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company. The number of H Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regarded to the circumstances then prevailing, in the best interests of the Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the relevant laws and regulations of the PRC.

H SHARES PRICES

The highest and lowest prices at which the H Shares have been traded on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2001		
December	1.80	1.66
2002		
January	1.91	1.75
February	2.05	1.84
March	2.05	1.79
April	1.95	1.80
May	1.90	1.79
June	1.88	1.73
July	1.83	1.61
August	1.70	1.49
September	1.60	1.50
October	1.55	1.28
November	1.45	1.31

H SHARE PURCHASED BY THE COMPANY

No purchase of H Shares has been made by the Company within 6 months preceding the date of this circular (whether on the Stock Exchange or otherwise).

DISCLOSURE OF INTERESTS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make purchases under the Repurchase Mandate in accordance with the Listing Rules, the Articles of Association and the applicable laws, rules and regulations of the PRC.

If as a result of a share repurchase by the Company, a substantial shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a shareholder, or group of shareholders acting in concert, could obtain or consolidate control of the Company or become obligated to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Xin Tong Chan Development (Shenzhen) Co., Ltd. (formerly known as Shenzhen Freeway Development Company Limited), who is a substantial shareholder of the Company, held directly or indirectly approximately 30.03% of the Company's total registered capital. In the event that the Directors exercised in full the power to repurchase H Shares in accordance with the terms of the Repurchase Mandate proposed at the EGM, H Shareholders' EGM and Domestic Shareholders' EGM, the total interests of Xin Tong Chan Development (Shenzhen) Co., Ltd. in the total registered capital of the Company would be increased to approximately 31.09%. The Directors are not aware of any consequences which will arise under the Takeovers Code as a result of any purchases to be made under the Repurchase Mandate. Moreover, the Directors will not make share repurchase on the Stock Exchange if the result of the repurchase would be that less than 25% of the total registered capital of the Company would be in the public hands.

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) presently intends to sell H Shares to the Company under the Repurchase Mandate in the event that the Repurchase Mandate is approved by the Shareholders and the conditions to which the Repurchase Mandate is subject are fulfilled.

The Company has not been notified by any connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any H Shares to the Company, or that they have undertaken not to sell any H Shares held by them to the Company in the event that the Repurchase Mandate is approved by its Shareholders and the conditions to which the Repurchase Mandate is subject are fulfilled.

STATUS OF REPURCHASED H SHARES

The Listing Rules provide that the listing of all the H Shares repurchased by the Company shall automatically be cancelled and the relevant share certificates shall be cancelled and destroyed. Under PRC laws, the H Shares repurchased by the Company will be cancelled and the Company's registered capital will be reduced by an amount equivalent to the aggregate nominal value of the H Shares so cancelled.

GENERAL DEALING RESTRICTIONS

The Listing Rules permit the Company to repurchase its H Shares on the Stock Exchange subject to the following restrictions:

- (i) the H Shares proposed to be purchased by the Company must be fully paid-up;
- (ii) all H Shares repurchased on the Stock Exchange in any given calendar month shall be limited to a maximum of 25% of the trading volume of H Shares in the preceding calendar month;

- (iii) the Company shall not repurchase H Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time;
- (iv) the Company shall not knowingly purchase H Shares from a connected person and a connected person shall not knowingly sell his H Shares to the Company, on the Stock Exchange;
- (v) the Company may not purchase H Shares on the Stock Exchange at any time after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information is made publicly available. In particular, during the period of one month immediately preceding either the preliminary announcement of the Company's annual results or the publication of the Company's interim report, the Company may not purchase H Shares on the Stock Exchange, unless the circumstances are exceptional;
- (vi) the Company may not repurchase H Shares on the Stock Exchange if that repurchase would result in (a) any H Shares not being held by the public (except as otherwise permitted by the Stock Exchange in its discretion); (b) the H Shares being held by the public being less than 10% of the total issued share capital of the Company; and (c) the aggregate amount of Domestic Shares and H Shares being held in the hands of the public being less than 25% of the total issued share capital of the Company; and
- (vii) the Company, may not, without the prior approval of the Stock Exchange, make a new issue of H Shares or announce a proposed new issue of H Shares for a period of 30 days after any repurchase of H Shares.

REPORTING REQUIREMENT

Under the Listing Rules, repurchases of H Shares on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following any day on which the issuer makes a purchase of H Shares. The Company is also required to include in its annual report and accounts a monthly breakdown of purchases of H Shares made during the year including the number of H Shares repurchased each month, purchase price per share or the highest and lowest price paid for all such repurchases and, where relevant, the aggregate price paid. The Company shall procure that any broker appointed by it to effect the purchase of H Shares shall disclose to the Stock Exchange such information with respect to purchases made on behalf of the Company as the Stock Exchange may request.

The proposed amendments to the Articles of Association of the Company and their respective existing clauses are set out below:

	Existing clauses	Proposed amendments
Article 2	<p>The registered Chinese name of the Company is: 深圳高速公路股份有限公司</p> <p>The English name of the Company is: SHENZHEN EXPRESSWAY COMPANY LIMITED:</p> <p>Address: Rooms 1901–1903, 19/F, Tower A, United Plaza, No. 5022 Binhe Road North, Shenzhen, the People’s Republic of China</p> <p>Postal code: 518026</p> <p>Telephone No.: (0755) 2710588</p> <p>Facsimile: (0755) 2710696</p>	<p>The registered Chinese name of the Company is: 深圳高速公路股份有限公司</p> <p>The English name of the Company is: Shenzhen Expressway Company Limited</p> <p>Address: Rooms 1901–1903, 19/F, Tower A, United Plaza, No. 5022 Binhe Road North, Shenzhen, the People’s Republic of China</p> <p>Postal code: 518026</p> <p>Telephone No.: 82945880</p> <p>Facsimile: 82910696</p>
Article 8	<p>These Articles of Association shall be passed by special resolution of the shareholders’ general meeting of the Company and shall become effective upon approval by the State Commission for Restructuring the Economy and registration with the State Administration for Industry and Commerce and these Articles of Association shall entirely replace the Articles of Association of the Company originally registered with the State Administration for Industry and Commerce. From the effective date of these Articles of Association, these Articles of Association shall be a legally binding document which regulates the organisation and acts of the Company, the rights and obligations between the Company and the shareholders and among the shareholders.</p>	<p>These Articles of Association shall be passed by special resolution of the shareholders’ general meeting of the Company and shall become effective upon approval by the State Commission for Restructuring the Economy and registration with the State Administration for Industry and Commerce and these Articles of Association shall entirely replace the Articles of Association of the Company originally registered with the State Administration for Industry and Commerce. From the effective date of these Articles of Association, these Articles of Association shall be a legally binding document which regulates the organisation and acts of the Company, the rights and obligations between the Company and the shareholders and among the shareholders.</p>

The Articles of Association shall be binding on the Company, its shareholders, directors, supervisors, managers and other senior managerial officers. All persons mentioned above may claim rights relating to the affairs of the Company in accordance with these Articles of Association.

In accordance with these Articles of Association, shareholders may institute legal proceedings against the Company; the Company may institute legal proceedings against shareholders; shareholders may institute legal proceedings against other shareholders; shareholders may also institute legal proceedings against directors, supervisors, managers and other senior managerial officers of the Company.

Subject to Article 194, the legal proceedings referred to in the preceding paragraph shall include legal proceedings instituted in courts or the application to arbitration institutions for arbitration.

Article 56

Shareholder's general meetings shall be classified as 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 be held within six months after the end of the preceding accounting year.

Upon the occurrence of any of the following events, the Board of Directors shall convene an extraordinary general meeting within two months thereof:

- (1) the number of directors falls below the number provided by the Company Law or less than two-thirds of the number required by these Articles of Association;
- (2) the losses of the Company which have not been made up amount to one-third of the total share capital of the Company;

The Articles of Association shall be binding on the Company, its shareholders, directors, supervisors, managers and other senior managerial officers. All persons mentioned above may claim rights relating to the affairs of the Company in accordance with these Articles of Association.

In accordance with these Articles of Association, shareholders may institute legal proceedings against the Company; the Company may institute legal proceedings against shareholders; shareholders may institute legal proceedings against other shareholders; shareholders may also institute legal proceedings against directors, supervisors, managers and other senior managerial officers of the Company.

The legal proceedings referred to in the preceding paragraph shall include legal proceedings instituted in courts or the application to arbitration institutions for arbitration.

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Upon the occurrence of any of the following events, the Board of Directors shall convene an extraordinary general meeting within two months thereof:

- (1) the number of directors falls below the number provided by the Company Law or less than two-thirds of the number required by these Articles of Association;
- (2) the losses of the Company which have not been made up amount to one-third of the total share capital of the Company;

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|---|---|
| <p>(3) shareholders holding an aggregate of 10 per cent. or more of the issued shares of the Company vested with voting rights request in writing to convene an extraordinary general meeting;</p> <p>(4) whenever the Board of Directors considers it necessary or the Supervisory Committee proposes to convene the same.</p> | <p>(3) shareholders holding an aggregate of 10 per cent. or more of the issued shares of the Company vested with voting rights request in writing to convene an extraordinary general meeting;</p> <p>(4) whenever the Board of Directors considers it necessary or the Supervisory Committee proposes to convene the same;</p> <p>(5) when more than one half of the independent directors propose to convene the same.</p> |
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Article 58

When the Company convenes an annual general meeting, shareholders who hold in aggregate 5 per cent or more of the voting rights of the Company shall be entitled to propose additional motions in writing to the Company. The Company shall include those motions falling within the scope of responsibility of the shareholders' general meeting into the agenda of such meeting.

When the Company convenes an annual general meeting, shareholder(s) who hold(s) in aggregate 5 per cent or more of the voting rights of the Company **or the Supervisory Committee** shall be entitled to propose extraordinary motions in writing to the Company. The Company shall include those motions falling within the scope of responsibility of the shareholders' general meeting into the agenda of such meeting.

The Board of Directors shall review the aforesaid proposed motions to be brought forward at annual general meeting in accordance with the following principles:

- (1) Relevance. The Board of Directors shall review tentative motions proposed by shareholders. The motions which are directly related to the Company and do not contravene the laws, regulations nor exceed the scope of functions of general meetings under the Article of Association of the Company shall be proposed at the shareholders' general meeting for discussion. If the motion does not comply with the aforesaid requirements, it will not be proposed to the shareholders' general meeting for discussion. In the event that the Board decide not to present any motions proposed by shareholders to shareholders' general meeting for voting, the Board of Directors shall explain and state the reasons therefore at such meeting.**

- (2) **Procedural matters.** The Board of Directors may make a decision in respect of procedural matters in connection with a motion proposed by shareholders. If the motion is to be separated or consolidated with other motions, the consent from the shareholder proposing the motion shall be obtained. If the shareholder proposing the motion does not consent to the change, the chairman may refer the procedural matters to the shareholders' general meeting for a decision, and the motion shall be discussed according to the procedures adopted at the shareholders' general meeting.

Article 60(9) A notice of shareholders' general meeting shall satisfy the following requirements:

- (1) it shall be in writing;
- (2) it shall specify the place, the date and the time of the meeting;
- (3) it shall state the business to be transacted;
- (4) it shall provide the shareholders with all such information and explanation as are necessary for a prudent decision to be made by the shareholders on the business to be transacted, which shall include (but not limited to) the provision of concrete terms and contract (if any) of the proposed transaction together with a detailed explanation of the causes and consequences thereof in the event of the Company proposes a merger, repurchase of its shares, a restructuring of share capital or other manners of reorganisation;

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

- (1) it shall be in writing;
- (2) it shall specify the place, the date and the time of the meeting;
- (3) it shall state the business to be transacted;
- (4) it shall provide the shareholders with all such information and explanation as are necessary for a prudent decision to be made by the shareholders on the business to be transacted, which shall include (but not limited to) the provision of concrete terms and contract (if any) of the proposed transaction together with a detailed explanation of the causes and consequences thereof in the event of the Company proposes a merger, repurchase of its shares, a restructuring of share capital or other manners of reorganisation;

- (5) if any of the directors, supervisors, general manager and other senior managerial officers is materially interested in matters to be discussed, he shall disclose the nature and the extent of such interest; if the effect of the matters to be discussed on such director, supervisor, general manager or senior managerial officers as a shareholder differs from other shareholders of the same class, such differences shall be specified;
- (6) it shall contain the full text of any special resolution proposed to be passed at the meeting;
- (7) it shall expressly specify in writing that the shareholders entitled to attend and vote at the meeting shall have the right to appoint one or more than one proxy to attend the meeting in his stead and to vote thereat and the proxy or proxies need not be a shareholder;
- (8) it shall specify the time and place for the delivery of the instrument for appointing proxy to vote at the meeting.
- (5) if any of the directors, supervisors, general manager and other senior managerial officers is materially interested in matters to be discussed, he shall disclose the nature and the extent of such interest; if the effect of the matters to be discussed on such director, supervisor, general manager or senior managerial officers as a shareholder differs from other shareholders of the same class, such differences shall be specified;
- (6) it shall contain the full text of any special resolution proposed to be passed at the meeting;
- (7) it shall expressly specify in writing that the shareholders entitled to attend and vote at the meeting shall have the right to appoint one or more than one proxy to attend the meeting in his stead and to vote thereat and the proxy or proxies need not be a shareholder;
- (8) it shall specify the time and place for the delivery of the instrument for appointing proxy to vote at the meeting;
- (9) it shall specify the date of registration of the voting rights for shareholders who are entitled to attend in the shareholders' general meeting.**

Article 76 Shareholders who request to convene an extraordinary general meeting or a class shareholders' meeting shall follow the procedures below:

- (1) Two or more shareholders who hold in aggregate 10 per cent or more of the shares vested with voting rights in such a meeting may sign one or several written requisitions in the same form requesting the board of directors to convene an extraordinary general meeting or a class shareholders' meeting, and the subject matter of the meeting shall be specified. Upon receipt of the said written requisitions, the board of directors shall convene an extraordinary general meeting or a class shareholders' meeting as soon as possible. The calculation of the number of shares held as aforesaid shall be made as at the date of the written requisitions.
- (2) If the board of directors fails to give notice of meeting within 30 days of the receipt of the aforesaid written requisitions, the shareholders making such requests may convene a meeting within four months of the receipt of the said requisitions by the board of directors. The procedure for convening the meeting shall, as far as possible, be the same as those for convening a shareholders' meeting by the board of directors.

Shareholders or the Supervisory Committee who request to convene an extraordinary general meeting or a class shareholders' meeting shall follow the procedures below:

- (1) **Shareholder(s) who hold(s)** in aggregate 10 per cent or more of the shares vested with voting rights in such a meeting or the Supervisory Committee may sign one or several written requisitions in the same form requesting the Board of Directors to convene an extraordinary general meeting or a class shareholders' meeting, and the subject matter of the meeting shall be specified. Upon receipt of the said written requisitions, the Board of Directors shall convene an extraordinary general meeting or a class shareholders' meeting as soon as possible. The calculation of the number of shares held as aforesaid shall be made as at the date of the written requisitions.
- (2) If the Board of Directors fails to give notice of meeting within 30 days of the receipt of the aforesaid written requisitions, the shareholders making such requests, **subject to the consent of China Securities Regulatory Commission or its representative office** may convene a meeting within four months of the receipt of the said requisitions by the Board of Directors, **whereas the Supervisory Committee making such requests, subject to the consent of China Securities Regulatory Commission or its representative office, may convene a meeting within three months of the receipt of the said requisitions by the Board of Directors.** The procedure for convening the meeting shall, as far as possible, be the same as those for convening a shareholders' meeting by the Board of Directors.

All reasonable expenses incurred in convening and holding a meeting by the shareholders as a result of the failure of the board of directors to convene such meeting upon the aforesaid requisitions shall be borne by the Company and the same shall be deducted from outstanding payments due to the directors who are in fault of their duties.

All reasonable expenses incurred in convening and holding a meeting by the shareholders as a result of the failure of the Board of Directors to convene such meeting upon the aforesaid requisitions shall be borne by the Company and the same shall be deducted from outstanding payments due to the directors who are in fault of their duties.

Article 80

In the event a count of the votes has been made at a shareholders' general meeting, the result thereof shall be entered into the minutes of the meeting. The proceedings of the shareholders' general meeting shall be recorded in minutes which shall be signed by the directors attending the meeting. The minutes of the meeting together with the signature book of the shareholders attending the meeting and the proxy forms shall be kept at the registered address of the Company.

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A shareholder shall be entitled to inspect copies of minutes of meeting(s) free of charge during office hours of the Company. Upon the request of any shareholder for a copy of the relevant minutes of meeting, the Company shall send out the copy of the minutes so requested within seven days of the receipt of the reasonable payment therefore.

Article 81 A shareholder shall be entitled to inspect copies of minutes of meeting(s) free of charge during office hours of the Company. Upon the request of any shareholder for a copy of the relevant minutes of meeting, the Company shall send out the copy of the minutes so requested within seven days of the receipt of the reasonable payment therefore.

Where a resolution on a connected transaction is put to vote at the shareholders' general meeting, each shareholder involved in the connected transaction shall abstain from voting and the votes represented by such shareholders shall not be counted into the total number of effective voting shares. The voting of uninterested shareholders shall be disclosed fully in the notice of the resolutions of shareholders' general meeting. In the event the shareholder involved in the connected transaction cannot be abstained from voting due to unusual circumstances, the Company may continue the voting according to the usual procedures after obtaining the consent of the relevant authorities. A detailed statement thereof shall be provided in the notice of the resolutions of shareholders' general meeting.

Save and except the Company's commercial secrets which cannot be disclosed in the shareholders' general meeting, the Board of Directors and the Supervisory Committee shall reply to the enquiries and proposals of the shareholders and make explanations.

Article 91(1) The board of directors shall comprise of 9 directors with one chairman.

The Board of Directors shall comprise 12 directors with one chairman. One third of the members of the Board of Directors shall be independent directors,

Article 92(1) Directors shall be elected at shareholders' general meeting and their term of office shall be three years, starting from the date of being elected. Upon the expiry of the term, a director shall be eligible for re-election and re-appointment.

A written notice of intention to propose a person for election as director and a written notice by that person of his willingness to be nominated shall be given to the Company at least 7 days before the date of the general meeting.

Article 97 The board of directors should hold meetings at least twice every year which shall be convened by the chairman of the board of directors and notice of meeting shall be given to all directors 15 days prior to the meeting. In case of urgent matters, provisional board meetings may be convened upon the proposal by three or more of the directors of the Company.

The directors shall be elected or replaced at the shareholders' general meeting and their term of office shall be three years. The election of the director shall adopt the accumulated voting system whereby, on election of the directors, the number of votes of each shareholder equals to the number of shares that he holds multiplies the number of directors he has the right to elect. Each shareholder may elect a director by using all the votes that he holds or may allocate his votes to all the candidates or elect two or more candidates by using all his votes. The candidate with more votes will be elected. The voting on the election of independent directors and non-independent directors shall be conducted separately. Upon the expiry of the term, a director shall be eligible for re-election and re-appointment.

The Board of Directors should hold meetings at least twice every year which shall be convened by the chairman of the Board of Directors and notice of meeting shall be given to all directors 10 days prior to the meeting. **Extraordinary board meetings may be convened by serving notice to all the directors five days prior to the date of meeting of the Board of Directors.**

Extraordinary board meetings may be convened under any of the following circumstances:

- (1) when it is deemed necessary by the Chairman;**
- (2) proposed jointly by more than one-third of the total number of directors;**
- (3) proposed by the Supervisory Committee;**
- (4) proposed by the general manager;**
- (5) proposed by more than one half of the total number of the independent directors.**

Article 99 Meetings of the board of directors shall only be held with more than one-half of the directors present at the meeting.

Each director shall have one vote. The resolutions of the board of directors shall only be passed with a simple majority of all the directors.

In the event of equality of votes in favour or against a resolution, the chairman of the board of directors shall have an additional vote.

Meetings of the Board of Directors shall only be held with more than one-half of the directors present at the meeting.

Each director shall have one vote. The resolutions of the Board of Directors shall only be passed with a simple majority of all the directors.

In the event of equality of votes in favour or against a resolution, the chairman of the Board of Directors shall have an additional vote.

Where a director is connected with the transaction in the resolution put to vote at the Board of Directors, such director shall abstain from voting. When calculating the number of person constituting a quorum, such director shall not be counted. If the number of uninterested directors present in the meeting is less than half of all the directors, subject to the approval of the relevant supervisory authorities, the interested director may vote and be included in the counting of the quorum of the board meeting. The Company shall make a clear statement in the relevant announcement.

Article 104 Meetings of the board of directors shall be attended by the directors in person. If any director is unable to attend for whatever reason, he may appoint in writing other directors to attend the meeting of the board of directors on his behalf. The instrument of appointment shall specify the scope of the authorization.

The director attending such a meeting on another's behalf shall exercise the rights of a director within the scope of the authorization. If a director is not present at a certain meeting of the board of directors nor to appoint an alternate to attend on his behalf, he shall be deemed to have abstained his rights to vote at that meeting.

Meetings of the Board of Directors shall be attended by the directors in person. If any director is unable to attend for whatever reason, he may appoint in writing other directors to attend the meeting of the Board of Directors on his behalf. The instrument of appointment shall specify the scope of the authorization.

The director attending such a meeting on another's behalf shall exercise the rights of a director within the scope of the authorization. If a director is not present at a certain meeting of the Board of Directors nor to appoint an alternate to attend on his behalf, he shall be deemed to have abstained his rights to vote at that meeting.

If the director neither attends the board meeting in person for two consecutive times nor appoints other directors to attend the board meeting, he shall be deemed to have failed to perform his duties. The Board of Directors shall propose dismissal of the director to the shareholders' general meeting.

Article 107 The Company shall appoint secretary to the board of directors. The secretary of the board of directors shall be a senior managerial officer of the Company.

The Company shall appoint secretary to the Board of Directors. The secretary of the Board of Directors shall be a senior managerial officer of the Company **who is accountable to the Board of Directors.**

Article 108 The secretary to the board of directors of the Company shall be a natural person who shall have the necessary professional expertise and experience and shall be appointed by the board of directors. The principal duties of the secretary to the board of directors are as follows:

The secretary to the Board of Directors of the Company shall be a natural person who shall have the necessary professional expertise and experience and shall be appointed by the Board of Directors. The principal duties of the secretary to the Board of Directors are as follows:

- (1) to ensure the Company has complete organization documents and records;
- (2) to ensure that the Company prepares and files documents and reports as required by authorities in accordance with laws;
- (3) to ensure that the register of shareholders of the Company is properly established and to ensure that persons entitled to receive such records and documents shall be provided with the relevant records and documents in time;
- (4) to organize shareholders' general meetings or board meetings in accordance with these Articles of Association and to prepare respective documents.

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- (4) to organize shareholders' general meetings or board meetings in accordance with these Articles of Association and to prepare respective documents;

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| <p>(5) To submit and file relevant information and documents of the Company pursuant to applicable Hong Kong laws and regulations, the requirements of the listing rules of the Hong Kong Stock Exchange and the Hong Kong Securities and Futures Commission;</p> <p>(6) To disclose relevant information of the Company to the public pursuant to the requirements of the listing rules of the Hong Kong Stock Exchange and the Hong Kong Securities and Futures Commission;</p> <p>(7) To submit documents relating to the company to the Companies Registry of Hong Kong.</p> | <p>(5) To submit and file relevant information and documents of the Company pursuant to applicable Hong Kong laws and regulations, the requirements of the listing rules of the Hong Kong Stock Exchange and the Hong Kong Securities and Futures Commission;</p> <p>(6) To disclose relevant information of the Company to the public pursuant to the requirements of the listing rules of the Hong Kong Stock Exchange and the Hong Kong Securities and Futures Commission;</p> <p>(7) To submit documents relating to the company to the Companies Registry of Hong Kong;</p> |
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The post of the secretary to the board of directors shall be assumed by one or two natural persons. In case where two persons are appointed jointly, the obligations of the secretary to the board of directors shall be assumed jointly by such two persons. However, in handling external matters as authorized by the board of directors, either one of them shall be entitled to exercise independently all powers of the secretary of the board of directors.

- (8) **To disclose the information of the Company and to ensure the punctuality, accuracy, legality, truthfulness and completeness of information so disclosed;**
- (9) **Other duties as stipulated in the Articles of Association of the Company and the listing rules of the stock exchange on which the securities of the Company are listed.**

The post of the secretary to the Board of Directors shall be assumed by one or two natural persons. In case where two persons are appointed jointly, the obligations of the secretary to the Board of Directors shall be assumed jointly by such two persons. However, in handling external matters as authorized by the Board of Directors, either one of them shall be entitled to exercise independently all powers of the secretary of the Board of Directors.

Article 109 Directors or other senior managerial officers (excluding the supervisors) of the Company may at the same time act as the secretary to the board of directors of the Company. An accountant of the accounting firm engaged by the Company shall not at the same time act as the secretary to the board of directors.

In the event that a director acts as the secretary to the board of directors and a certain act has to be performed separately by a director and the secretary to the board of directors, such person who is at the same time the director and the secretary to the board of directors shall not perform such act in both capacities.

Article 110 The Company shall have one general manager appointed or dismissed by the board of directors and a few deputy general managers, whose term of office shall be 3 years, eligible for re-election and re-appointment.

Article 119 The supervisory committee shall convene at least 2 meetings every year and the same shall be convened by the chairman of the supervisory committee.

Directors or other senior managerial officers (excluding the supervisors) of the Company may at the same time act as the secretary to the Board of Directors of the Company. An accountant of the accounting firm **and solicitor of the solicitors'** firm engaged by the Company shall not at the same time act as the secretary to the Board of Directors.

In the event that a director acts as the secretary to the Board of Directors and a certain act has to be performed separately by a director and the secretary to the Board of Directors, such person who is at the same time the director and the secretary to the Board of Directors shall not perform such act in both capacities.

The Company shall have one general manager appointed or dismissed by the Board of Directors whose term of office shall be 3 years, eligible for re-election and re-appointment.

There shall be a few deputy general managers. Directors may be appointed as managers, deputy managers or other senior managerial officers. Provided that the number of directors appointed as managers, deputy managers or other senior managerial officers shall not exceed half of the total number of directors.

The Supervisory Committee shall convene at least 2 meetings every year and the same shall be convened by the chairman of the Supervisory Committee.

If the supervisor is unable to attend in person for the Supervisory Committee meetings for two consecutive times, he shall be deemed to have failed to perform his duties and shall be dismissed and replaced by the shareholders' general meeting and the worker representatives' meeting.

Article 130 The fiduciary duties of a director, supervisor, general manager and other senior managerial officers of the Company do not necessarily cease upon the expiry of his term of office. The obligations to keep the commercial secrets of the Company confidential shall survive the expiry of his term of office. The continuance of the other obligations shall be determined on a fair basis depending on the length of the time between its occurrence and his departure from office and the circumstances and conditions under which the relation with the Company was terminated.

Director, supervisor and general manager of the Company may resign prior to expiry of his term of office.

The general manager shall resign according to his employment contract with the Company.

In the event that a director's resignation results in the number of directors being less than the quorum, the resignation report of such director shall become effective only when the vacancy arising from his resignation has been filled by a new director.

The Board of Directors consisting of the remaining directors shall convene an extraordinary shareholders' meeting as soon as possible to elect a director to fill the vacancy arising from the resignation of such director. The power of the resigning director and the Board of Directors consisting of the remaining directors shall be subject to due restrictions until the shareholders' general meeting has made a resolution in respect of the re-election of the director.

The relevant provisions to the resignation of directors are applicable to the resignation of supervisors.

The fiduciary duties of a director, supervisor, general manager and other senior managerial officers of the Company do not necessarily cease upon the expiry of his term of office. The obligations to keep the commercial secrets of the Company confidential shall survive the expiry of his term of office. The continuance of the other obligations shall be determined on a fair basis depending on the length of the time between its occurrence and his departure from office and the circumstances and conditions under which the relation with the Company was terminated.

Article 158 When distributing dividends, the Company shall withhold on behalf of the shareholders the tax payable on dividend income in accordance with PRC tax law.

When distributing dividends, the Company shall withhold on behalf of the shareholders the tax payable on dividend income in accordance with PRC tax law.

The dividends in cash and other distributions for the domestic capital shares shall be paid in Renminbi. The dividends in cash and other distributions for H shares shall be announced in Renminbi and shall be paid in Hong Kong dollars in accordance with the relevant provisions on foreign exchange management.

Article 160 The cash dividends and all other distributions for domestic capital shares shall be distributed and paid in Renminbi. The cash dividends and all other distributions for H shares shall be denominated and declared in Renminbi and paid in Hong Kong dollars in accordance with relevant provisions of foreign exchange control of the State.

The Company shall implement its internal audit system with professional auditors to carry out internal audit supervision to the financial and economic activities of the Company.

The system of the internal audit and the duties of such auditors shall be implemented after the approval of the Board of Directors. The responsible auditor shall be responsible and report to the Board of Directors.

Article 177 A proposal for merger or division of the Company shall be proposed by the board of directors of the Company. After the same has been passed according to the procedures provided in these Articles of Association, the relevant application procedures for approval shall be completed according to law. Shareholders who object to the proposal for merger or division of the Company shall be entitled to demand that the Company or the shareholders who consent to the proposal for merger or division of the Company purchase their shares at a fair price. The content of the resolution on the merger or division of the Company shall be compiled as a special document for inspection by the shareholders.

A proposal for merger or division of the Company shall be proposed by the Board of Directors of the Company. After the same has been passed according to the procedures provided in these Articles of Association, the relevant application procedures for approval shall be completed according to law. When the Company merges or divides, the Board of Directors of the Company shall adopt necessary procedures to protect the legal interests of the shareholders who oppose to the merger and division of the Company. Shareholders who object to the proposal for merger or division of the Company shall be entitled to demand that the Company or the shareholders who consent to the proposal for merger or division of the Company purchase their shares at a fair price. The content of the resolution on the merger or division of the Company shall be compiled as a special document for inspection by the shareholders.

The document mentioned above shall be delivered by post to the shareholders of overseas listed foreign capital shares.

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Chapter 24 Notices

Article 193 Notices, information or written statements sent by the Company to shareholders of H shares, shall be delivered by hand to each shareholder of registered H shares according to the address of such shareholder of H shares set out in the register of shareholders, or delivered by post to each shareholder of H shares according to his address set out in the register of shareholders.

For notices issued by the Company to the shareholders of domestic capital shares, an advertisement shall be published in one or more newspapers designated by the securities supervisory authorities of the State and all shareholders of domestic capital shares shall be deemed to have received the relevant notice.

Article 199

Notices and announcements

Notices, information or written statements sent by the Company to shareholders of H shares, shall be delivered by hand to each shareholder of registered H shares according to the address of such shareholder of H shares set out in the register of shareholders, or delivered by post to each shareholder of H shares according to his address set out in the register of shareholders.

For notices issued by the Company to the shareholders of domestic capital shares, announcements and other information that is required to be disclosed, an advertisement shall be published in one or more newspapers designated by the securities supervisory authorities of the State and all shareholders of domestic capital shares shall be deemed to have received the relevant notice, announcement or other information that is required to be disclosed.

These Articles of Association shall be interpreted by the directors of the Company.