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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer and other registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in COSCO SHIPPING Energy Transportation Co., Ltd., you should at once hand this circular, the enclosed form of proxy to the purchaser or the transferee or to licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**COSCO SHIPPING ENERGY TRANSPORTATION CO., LTD.\***  
**中遠海運能源運輸股份有限公司**

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

**(Stock Code: 1138)**

- (1) PROPOSED REGISTRATION AND ISSUANCE OF MID-TERM NOTES**
- (2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
- (3) PROPOSED AMENDMENTS TO THE RULES AND PROCEDURES OF SHAREHOLDERS' GENERAL MEETINGS**
- (4) PROPOSED AMENDMENTS TO THE RULES AND PROCEDURES OF MEETINGS OF THE BOARD OF DIRECTORS**
- (5) PROPOSED AMENDMENTS TO THE RULES AND PROCEDURES OF MEETINGS OF THE SUPERVISORY COMMITTEE**
- (6) CONNECTED TRANSACTION**
- NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL AND**
- (7) NOTICE OF ANNUAL GENERAL MEETING**

**Independent Financial Adviser**  
**to the Independent Board Committee and the Independent Shareholders**



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

A letter from the Board is set out on pages 9 to 24 of this circular. A notice convening the AGM to be held at 10:00 a.m. on Wednesday, 29 June 2022 at 5th Floor, Ocean Hotel, No. 1171 Dongdaming Road, Hongkou District, Shanghai, the People's Republic of China is set out on pages AGM-1 to AGM-6 of this circular.

Whether or not you are able to attend the AGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event by not less than 24 hours before the time appointed for the holding of the AGM or any adjournment thereof (i) in case of H Shareholders, to the Hong Kong branch share registrar of the Company, Hong Kong Registrars Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, (ii) in case of A Shareholders, to the office of the Board of Directors of the Company at 7th Floor, 670 Dongdaming Road, Hongkou District, Shanghai, the People's Republic of China. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or at any adjournment thereof should you so wish.

As part of our control measures to try to prevent and control the spread of the Novel Coronavirus (COVID-19) and to safeguard the health and safety of the Shareholders, the Company encourages the Shareholders to consider appointing the chairman of the AGM as their proxy to vote as instructed by the Shareholders on the relevant resolutions at the AGM, instead of attending the AGM in person.

8 June 2022

\* For identification purposes only

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## DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at 10:00 a.m. on Wednesday, 29 June 2022 at 5th Floor, Ocean Hotel, No. 1171 Dongdaming Road, Hongkou District, Shanghai, the People’s Republic of China
"Announcement"	the announcement of the Company dated 19 May 2022 in relation to, among others, the Non-exercise of the Right of First Refusal and the Capital Increase by the Company
“Articles of Association”	the articles of association of the Company
“Assessed Value of COSCO SHIPPING Finance”	the assessed value of the entire equity interests of COSCO SHIPPING Finance as at 31 December 2021 of approximately RMB9,116,388,200 (equivalent to approximately HK\$10,939,665,840) pursuant to the valuation report issued by an independent valuer adopting income approach
“A Share(s)”	the domestic share(s) in the ordinary share capital of the Company with a par value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
“A Shareholder(s)”	the holder(s) of A Share(s)
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Board”	the board of Directors
“Capital Increase”	the proposed increase in the registered capital of COSCO SHIPPING Finance by an aggregate of RMB13,500 million (equivalent to approximately HK\$16,200 million) to be contributed by the then shareholders of of COSCO SHIPPING Finance upon the completion of the Shareholding Restructuring in proportion to their respective shareholdings of COSCO SHIPPING Finance
“Capital Increase by the Company”	the proposed increase in the registered capital of COSCO SHIPPING Finance in the amount of RMB1,473,457,500 (equivalent to approximately HK\$1,768,149,000) to be contributed by the Company pursuant to an capital increase agreement dated 19 May 2022
“CBIRC”	China Banking and Insurance Regulatory Commission and its local offices

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## DEFINITIONS

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“China Agency”	China Ocean Shipping Agency Co., Ltd.* (中國外輪代理有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING
“China Bunker”	China Marine Bunker (Petro China) Co., Ltd.* (中國船舶燃料有限公司), a company established under the laws of the PRC with limited liability and a non-wholly owned subsidiary of COSCO SHIPPING
“China Shipping”	China Shipping Group Company Limited* (中國海運集團有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of COSCO SHIPPING and a controlling shareholder of the Company
“China Tally”	China Ocean Shipping Tally Co., Ltd.* (中國外輪理貨有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING
“Company”	COSCO SHIPPING Energy Transportation Co., Ltd.* (中遠海運能源運輸股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1138) and the A Shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600026)
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Hong Kong Listing Rules
“COSCO”	China Ocean Shipping Company Limited* (中國遠洋運輸有限公司), a PRC state-owned enterprise, a wholly-owned subsidiary of COSCO SHIPPING
“COSCO International Freight”	COSCO International Freight Co., Ltd.* (中遠海運國際貨運有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING Holdings
“COSCO Qingdao”	COSCO (Qingdao) Co., Ltd.* (中遠海運(青島)有限公司), formerly known as Qingdao Ocean Shipping Co., Ltd.* (青島遠洋運輸有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING

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## DEFINITIONS

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“COSCO Shipbuilding”	COSCO Shipbuilding Industry Company Ltd.* (中遠造船工業有限公司), a company established under the laws of the PRC with limited liability and a non-wholly owned subsidiary of COSCO SHIPPING
“COSCO SHIPPING”	China COSCO Shipping Corporation Ltd.* (中國遠洋海運集團有限公司), a PRC state-owned enterprise and an indirect controlling shareholder of the Company
“COSCO SHIPPING Development”	COSCO SHIPPING Development Co., Ltd.* (中遠海運發展股份有限公司), a joint stock limited company established in the PRC, the H shares and A shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 2866) and the Shanghai Stock Exchange (Stock Code: 601866), respectively
“COSCO SHIPPING Finance”	COSCO SHIPPING Finance Company Limited* (中遠海運集團財務有限責任公司), a company established under the laws of the PRC with limited liability and a non-wholly owned subsidiary of COSCO SHIPPING
“COSCO SHIPPING Group”	COSCO SHIPPING and its subsidiaries and associates (as defined under the Hong Kong Listing Rules)
“COSCO SHIPPING Holdings”	COSCO SHIPPING Holdings Co., Ltd.* (中遠海運控股股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares and A shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1919) and the Shanghai Stock Exchange (Stock Code: 601919), respectively
“COSCO SHIPPING Holdings Group”	COSCO SHIPPING Holdings and its subsidiaries
“COSCO SHIPPING Lines”	COSCO SHIPPING Lines Co., Ltd.* (中遠海運集裝箱運輸有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING Holdings
“COSCO SHIPPING Logistics”	COSCO SHIPPING Logistics Co., Ltd.* (中遠海運物流有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING
“COSCO SHIPPING Specialized”	COSCO SHIPPING Specialized Carriers Co., Ltd.* (中遠海運特種運輸股份有限公司), a joint stock limited company incorporated in the PRC with limited liability and the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600428)

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## DEFINITIONS

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“COSCO SHIPPING Specialized Group”	COSCO SHIPPING Specialized and its subsidiaries
“COSCO Shipyard”	COSCO Shipyard Group Co., Ltd.* (中遠船務工程集團有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING
“COSCO Tianjin”	COSCO (Tianjin) Co., Ltd.* (中遠海運(天津)有限公司), formerly known as COSCO Bulk Carrier Co., Ltd.* (中遠散貨運輸有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING
“COSCO Xiamen”	COSCO (Xiamen) Co., Ltd.* (中遠海運(廈門)有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guangzhou Ocean”	Guangzhou Ocean Shipping Co., Ltd.* (廣州遠洋運輸有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING Specialized
“H Share(s)”	overseas listed foreign share(s) of par value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the Main Board of the Hong Kong Stock Exchange
“H Shareholder(s)”	the holder(s) of H Share(s)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Listing Rules” or “Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	the independent board committee, comprising all the independent non-executive Directors, which has been formed to advise the Independent Shareholders in respect of the Non-exercise of the Right of First Refusal

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## DEFINITIONS

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“Independent Financial Adviser”	Goldlink Capital (Corporate Finance) Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed as the independent financial adviser to make the relevant recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Non-exercise of the Right of First Refusal
“Independent Shareholders”	the Shareholders other than COSCO SHIPPING, China Shipping and their respective associates
“Non-exercise of the Right of First Refusal”	the non-exercise of the Right of First Refusal by the Company in relation to the Shareholding Restructuring
“NAFMII”	National Association of Financial Market Institutional Investors
“Non-selling Shareholder(s)”	collectively, (1) COSCO SHIPPING, (2) COSCO SHIPPING Lines, (3) the Company, and (4) COSCO SHIPPING Specialized
“Latest Practicable Date”	31 May 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“PRC”	the People’s Republic of China
“PRC Company Law”	PRC Company Law (《中華人民共和國公司法》) and its amendments issued from time to time
“Proposed Registration and Issuance of Mid-term Notes”	the proposed registration and issuance of mid-term notes by the Company in the aggregate amount of no more than RMB5 billion
“Proposed Amendments”	collectively, (1) the Proposed Amendments to the Articles of Association, (2) the Proposed Amendments to the Rules and Procedures of Shareholders’ General Meetings, (3) the Proposed Amendments to the Rules and Procedures of Meetings of the Board of Directors, and (4) the Proposed Amendments to the Rules and Procedures of Meetings of the Supervisory Committee
“Proposed Amendments Announcement”	the announcement of the Company dated 31 May 2022 in relation to the Proposed Amendments
“Proposed Amendments to the Articles of Association”	the proposed amendments to the Articles of Association

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## DEFINITIONS

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“Proposed Amendments to the Rules and Procedures of Meetings of the Board of Directors”	the proposed amendments to the Rules and Procedures of Meetings of the Board of Directors
“Proposed Amendments to the Rules and Procedures of Meetings of the Supervisory Committee”	the proposed amendments to the Rules and Procedures of Meetings of the Supervisory Committee
“Proposed Amendments to the Rules and Procedures of Shareholders’ General Meetings”	the proposed amendments to the Rules and Procedures of Shareholders’ General Meetings
“Right of First Refusal”	the right of first refusal conferred to the Non-selling Shareholders under the Shareholding Restructuring pursuant to the PRC Company Law
“RMB”	Renminbi, the lawful currency of the PRC
“Rules and Procedures of Meetings of the Board of Directors”	the rules and procedures of meetings of the board of directors of the Company
“Rules and Procedures of Meetings of the Supervisory Committee”	the rules and procedures of meetings of the Supervisory Committee
“Rules and procedures of Shareholders’ General Meetings”	the rules and procedures of shareholders’ general meetings of the Company
“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholding Restructuring”	the proposed transfer of the equity interests of COSCO SHIPPING Finance under (1) the equity transfer agreement entered into by COSCO SHIPPING Holdings, COSCO International Freight, COSCO Tianjin, COSCO Qingdao, COSCO Xiamen, China Bunker, COSCO Shipbuilding and COSCO Shipyard dated 19 May 2022, (2) the equity transfer agreement entered into by COSCO and COSCO SHIPPING Development dated 19 May 2022, (3) the equity transfer agreement entered into by COSCO SHIPPING Logistics, China Agency and China Tally dated 19 May 2022, and (4) the equity transfer agreement entered into by COSCO SHIPPING Specialized and Guangzhou Ocean dated 19 May 2022



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## DEFINITIONS

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“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company comprising (i) two Supervisors, i.e. Mr. Weng Yi and Mr. Yang Lei who are representatives of the controlling shareholders of the Company and elected at the general meeting of the Company, and (ii) two employee Supervisors, i.e. Mr. Xu Yifei and Mr. Zeng Xiangfeng who are representatives of the employees of the Company and elected by the employees of the Company, established to supervise the establishment and implementation of an internal control and risk management system by the Board

\* *For identification purposes only*

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## EXPECTED TIMETABLE

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Date of despatch of this circular	Wednesday, 8 June 2022
Latest time for lodging forms of proxy for the AGM	10:00 a.m., Tuesday, 28 June 2022
Time and date of the AGM	10:00 a.m. on Wednesday, 29 June 2022

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LETTER FROM THE BOARD

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**COSCO SHIPPING ENERGY TRANSPORTATION CO., LTD.\***  
**中遠海運能源運輸股份有限公司**

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

**(Stock Code: 1138)**

*Executive Directors:*

Ren Yongqiang (*Chairman*)

Zhu Maijin (*President*)

*Non-executive Directors:*

Zhang Qinghai

Liu Zhusheng

*Independent Non-executive Directors:*

Teo Siong Seng

Victor Huang

Li Runsheng

Zhao Jinsong

Wang Zuwen

*Registered Office:*

Room A-1015

No. 188 Ye Sheng Road

China (Shanghai) Free Trade Port Area

PRC

*Principal place of business in the PRC:*

7th Floor, 670 Dongdaming Road

Hongkou District

Shanghai, PRC

*Principal place of business in Hong Kong:*

RMS 3601-3602

36/F West Tower Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

8 June 2022

*To the Shareholders*

Dear Sir/Madam,

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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- (1) PROPOSED REGISTRATION AND ISSUANCE OF MID-TERM NOTES
- (2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
- (3) PROPOSED AMENDMENTS TO THE RULES AND PROCEDURES OF SHAREHOLDERS' GENERAL MEETINGS
- (4) PROPOSED AMENDMENTS TO THE RULES AND PROCEDURES OF MEETINGS OF THE BOARD OF DIRECTORS
- (5) PROPOSED AMENDMENTS TO THE RULES AND PROCEDURES OF MEETINGS OF THE SUPERVISORY COMMITTEE
- (6) CONNECTED TRANSACTION  
NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL  
AND
- (7) NOTICE OF ANNUAL GENERAL MEETING

### I. INTRODUCTION

The purpose of this circular is to provide you with, among other things, information of the resolutions to be proposed at the AGM in respect of (i) the Proposed Registration and Issuance of Mid-term Notes; (ii) the Proposed Amendments to the Articles of Association; (iii) the Proposed Amendments to the Rules and Procedures of Shareholders' General Meetings; (iv) the Proposed Amendments to the Rules and Procedures of Meetings of the Board of Directors; (v) the Proposed Amendments to the Rules and Procedures of Meetings of the Supervisory Committee; (vi) the connected transaction in relation to the Non-exercise of the Right of First Refusal, and to give notice to the Shareholders on the AGM.

### II. PROPOSED REGISTRATION AND ISSUANCE OF MID-TERM NOTES

Reference is made to the announcement of the Company dated 29 April 2022, pursuant to which the Board has approved the Proposed Registration and Issuance of Mid-term Notes in the aggregate amount of no more than RMB5 billion, which shall be subject to the approval from the Shareholders by way of special resolution at the AGM, approval of NAFMII and all other necessary approvals (if any).

#### **Details of the Proposed Registration and Issuance of Mid-term Notes**

<b>Issuer:</b>	The Company
<b>Registration size:</b>	The aggregate amount of mid-term notes shall be not more than RMB5 billion, and the final size of issue is subject to the amount ascribed in the registration certificate to be issued by NAFMII and the actual funding needs of the Company.
<b>Term:</b>	The term of the mid-term notes shall be not more than five years. The specific term of the mid-term notes shall be determined based on the funding needs of the Company and the market conditions at the relevant time.

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## LETTER FROM THE BOARD

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- Time of issue:** The issue will be completed in a single tranche or multiple tranches, which shall be determined based on the actual funding needs of the Company.
- Interest rate:** The interest rate of each tranche of the mid-term notes shall be determined based on the then inter-bank bond market conditions, and is subject to the final results from the relevant book-building exercise.
- Target subscribers:** Institutional investors in the inter-bank bond market of the PRC (excluding those in respect of which subscription is prohibited under PRC laws and regulations), who are third parties independent of the Company and the connected persons of the Company.
- Method of issuance:** The issue will be completed in a single tranche or multiple tranches within the scope of registration amount in NAFMII and during the valid issue period, the specific method of issuance shall be determined based on the actual funding needs of the Company and the market conditions at the relevant time.
- Guarantee:** The guarantee and other credit enhancement measurement shall be adopted in accordance with relevant laws based on then actual needs and situations of the Company.
- Use of proceeds:** Taking into account of the Group's corporate bonds with the outstanding amount of approximately RMB2.5 billion as at 31 December 2021, the proceeds from the mid-term notes are preliminarily planned to be wholly or partially used for the repayment of such corporate bonds. In addition, the proceeds from the mid-term notes may also be used for supplement of working capital of the Group and project investments in compliance with the PRC laws and policies. As at the Latest Practicable Date, there is no concrete and materialized plan of the use of proceeds, and the Company will make further announcement(s) as and when appropriate in such regard.

### **Shareholders' Approval**

It is proposed that Shareholders' approval for the Proposed Registration and Issuance of Mid-term Notes and the grant of a mandate to authorize the Board or any persons authorized by the Board to handle matters in relation to the Proposed Registration and Issuance of Mid-term Notes for the

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## LETTER FROM THE BOARD

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period commencing from the date when the special resolution is approved at the AGM and within the effective period of the registration of such mid-term notes will be sought at the AGM. The authorization shall include but not be limited to the following matters:

- (1) determining and adjusting the specific plan of the Proposed Registration and Issuance of Mid-term Notes in light of the then circumstances of the inter-bank bond market and the Company, including but not limited to the time, size, installment, product period, product interest rate, issuance arrangement, guarantee arrangement, credit rating, subscription method, placing arrangement, use of proceeds, listing and circulation matters in relation to the Proposed Registration and Issuance of Mid-term Notes;
- (2) engaging professional agencies, and dealing with the filing, registration, listing, payment of interest, trust deposit and other matters regarding the Proposed Registration and Issuance of Mid-term Notes, including but not limited to authorization, signing, execution, amendment and performance of all the documents and contracts (such as application documents for issuance, underwriting agreements and trust agreements) in connection to the Proposed Registration and Issuance of Mid-term Notes;
- (3) handling necessary procedures in connection to the Proposed Registration and Issuance of Mid-term Notes including but not limited to filing and registration procedure, and relevant procedures for the issuance and circulation of such mid-term notes, and adjusting the issuance of such mid-term notes in accordance with any request from relevant supervision departments in case of any change in governmental policy or market condition;
- (4) amending and adjusting the arrangement in relation to the issuance of mid-term notes in accordance with any request from governmental department and any change in governmental policy or market condition (except for the matters subject to further approval by the Shareholders as required by relevant laws, regulations and the Articles of Association), and determining whether continue to implement the Proposed Registration and Issuance of Mid-term Notes based on the then actual situation; and
- (5) dealing with other necessary matters related to the Proposed Registration and Issuance of Mid-term Notes.

The aforementioned authorization will be subject to all applicable laws and regulations and the regulations or requirements of relevant regulatory authorities or departments and within the scope of resolutions approved at the AGM.

### **Reasons for and Benefits of the Proposed Registration and Issuance of Mid-term Notes**

The Board believes that the Proposed Registration and Issuance of Mid-term Notes would broaden the sources of financing of the Company. The Board is of the view that the Proposed Registration and Issuance of Mid-term Notes is conducive to the comprehensive and sustainable development of the business of the Group, which would in turn enhance the competitiveness of the Company and its return to the Shareholders.

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## LETTER FROM THE BOARD

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**The Proposed Registration and Issuance of Mid-term Notes is subject to, among other things, the Shareholders' approval by special resolution and the approval of NAFMII. Therefore, the Proposed Registration and Issuance of Mid-term Notes may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

### **III. PROPOSED AMENDMENTS TO (1) THE ARTICLES OF ASSOCIATION, (2) THE RULES AND PROCEDURES OF SHAREHOLDERS' GENERAL MEETINGS, (3) THE RULES AND PROCEDURES OF MEETINGS OF THE BOARD OF DIRECTORS, AND (4) THE RULES AND PROCEDURES OF MEETINGS OF THE SUPERVISORY COMMITTEE**

Reference is made to (i) the Proposed Amendments Announcement and (ii) the overseas regulatory announcement of the Company dated 31 May 2022 in relation to the Proposed Amendments.

As disclosed in the Proposed Amendments Announcement, to satisfy the external regulatory requirements and further optimize the corporate governance structure, and to bring relevant provisions in line with the Guidelines on the By-laws of Listed Companies (2022 Revision) issued by China Securities Regulatory Commission coming into force in January 2022, The Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (2022 Revision) coming into force in January 2022, and the new amendments to the Hong Kong Listing Rules, the Board proposed to make certain amendments to (i) the Articles of Association; (ii) the Rules and Procedures of Shareholders' General Meetings; (iii) the Rules and Procedures of Meetings of the Board of Directors; and (iv) the Rules and Procedures of Meetings of the Supervisory Committee.

The full text of the Proposed Amendments to the Articles of Association, the Proposed Amendments to the Rules and Procedures of Shareholders' General Meetings, the Proposed Amendments to the Rules and Procedures of Meetings of the Board of Directors, and the Proposed Amendments to the Rules and Procedures of Meetings of the Supervisory Committee, which were prepared in the Chinese language, is set out in Appendix I to Appendix IV to this circular, respectively. In the event of any discrepancy between the English translation and the Chinese version of the Proposed Amendments, the Chinese version shall prevail.

The Proposed Amendments are subject to the approval by the Shareholders by way of special resolutions at the AGM and the approval of, and registration or filing with, the relevant PRC governmental authorities.

### **IV. CONNECTED TRANSACTION IN RELATION TO NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL**

Reference is made to the announcement of the Company dated 19 May 2022 in relation to, among others, the connected transaction in relation to the Non-exercise of the Right of First Refusal.

#### **The Shareholding Restructuring of COSCO SHIPPING Finance**

As at the Latest Practicable Date, COSCO SHIPPING Finance had 15 existing shareholders. Pursuant to the Implementation Measures of the China Banking and Insurance Regulatory Commission for the Administrative Licensing Items concerning Non-Banking Financial Institutions

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## LETTER FROM THE BOARD

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(《中國銀保監會非銀行金融機構行政許可事項實施辦法》) issued by CBIRC (the “**Implementation Measures**”), several existing shareholders of COSCO SHIPPING Finance failed to satisfy the requirement (including but not limited to the profitability capacity, and the percentage of net assets to total assets) as an eligible shareholder of COSCO SHIPPING Finance. Accordingly, such shareholders shall disposal of their shareholdings in COSCO SHIPPING Finance and cease to act as its shareholders. As at the Latest Practicable Date, to the best knowledge of the Directors and after making reasonable enquiry, COSCO SHIPPING Finance had not been subject to any regulatory penalty as a result from the aforementioned shareholders’ failure of fulfilling relevant requirement under the Implementation Measures. To avoid any potential penalty and comply with relevant requirement under the Implementation Measures, and to optimize its shareholding structure in order to enhance the overall performance of financial services to its shareholders, COSCO SHIPPING Finance proposed the Shareholding Restructuring. Pursuant to the Shareholding Restructuring, the following agreements were entered into by relevant parties on 19 May 2022:

- (1) the equity transfer agreement entered into by COSCO SHIPPING Holdings, COSCO International Freight, COSCO Tianjin, COSCO Qingdao, COSCO Xiamen, China Bunker, COSCO Shipbuilding and COSCO Shipyard, pursuant to which COSCO SHIPPING Holdings conditionally agrees to purchase an aggregate of 15.1258% of the equity interests of COSCO SHIPPING Finance from other parties thereto in the total consideration of approximately RMB1,378,926,646, which was determined based on the Assessed Value of COSCO SHIPPING Finance;
- (2) the equity transfer agreement entered into by COSCO and COSCO SHIPPING Development, pursuant to which COSCO conditionally agrees to purchase 10.0000% of the equity interests of COSCO SHIPPING Finance from COSCO SHIPPING Development in the consideration of approximately RMB911,638,820, which was determined based on the Assessed Value of COSCO SHIPPING Finance;
- (3) the equity transfer agreement entered into by COSCO SHIPPING Logistics, China Agency and China Tally, pursuant to which COSCO SHIPPING Logistics conditionally agrees to purchase an aggregate of 4.8018% of the equity interests of COSCO SHIPPING Finance from China Agency and China Tally in the total consideration of approximately RMB437,750,729, which was determined based on the Assessed Value of COSCO SHIPPING Finance; and
- (4) the equity transfer agreement entered into by COSCO SHIPPING Specialized and Guangzhou Ocean, pursuant to which COSCO SHIPPING Specialized conditionally agrees to purchase 3.5214% of the equity interests of COSCO SHIPPING Finance from Guangzhou Ocean in the consideration of approximately RMB321,024,494, which was determined based on the Assessed Value of COSCO SHIPPING Finance.

### **The Assessed Value of COSCO SHIPPING Finance**

As disclosed above, the consideration for the transfer of equity interests of COSCO SHIPPING Finance was determined based on the Assessed Value of COSCO SHIPPING Finance.



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## LETTER FROM THE BOARD

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Pursuant to the valuation report on the Assessed Value of COSCO SHIPPING Finance as at 31 December 2021 (the “**Valuation Report**”) prepared by China Tong Cheng Assets Appraisal Co., Ltd. (the “**Valuer**”), the income approach was used for the valuation of the entire equity interests of COSCO SHIPPING Finance. Having reviewed the Valuation Report and discussed with the Valuer, the Board understands that three approaches, namely, the income approach, the market approach and the asset-based approach are applicable and commonly adopted, the selection of which shall be analyzed based on the purpose of valuation, the valuation target, the type of value, information gathering, etc..

The Board understands from the Valuation Report that the use of market approach requires an active market with substantial amount of market reference and comparable indicators with those of the appraisee and parameters are able to obtain and quantify. Having considered the lack of comparable listed entities and transactions in the market, the Valuer rejected the use of market approach. The asset-based approach refers to the valuation concept of determining the value of the valuation object based on reasonable valuation of all assets and liabilities of the valued enterprise. Details of each asset and liability item of COSCO SHIPPING Finance could be collected and available for valuation, and therefore the asset-based approach is applicable. Regarding the income approach, as stated in the Valuation Report, since COSCO SHIPPING Finance operates on a going concern basis, with relatively complete information in relation to its principal business for the historical years, and its future operating income can be forecasted upon discussion with its management, the income approach is applicable.

As a result of the foregoing, the Valuer has assessed the value of the entire equity interests of COSCO SHIPPING Finance under the asset-based approach and the income approach and set out below summarized the appraised value under the said approaches as at 31 December 2021:

<b>Valuation approach</b>	<b>Appraised value of the entire equity interests of COSCO SHIPPING Finance as at 31 December 2021</b>
Asset-based approach	RMB8,943,126,400
Income approach	RMB9,116,388,200

As stated in the Valuation Report, since the evaluation results of the income method focus on the overall future profitability of the appraised unit, and reflect the actual value of the enterprise by discounting the expected cash flow, the income approach can more accurately reflect the future profitability of the enterprise. Through the comparison of the above two evaluation methods, it is believed that the income method evaluation conclusion can more appropriately reflect the entire equity interests of COSCO SHIPPING Finance. Therefore, the income method evaluation result is selected as the final conclusion of the Assessed Value of COSCO SHIPPING Finance.

In addition, the Board has reviewed the principal assumptions under the income approach as stated in the Valuation Report, including but not limited to that (i) there will be no major changes in existing political, legal, and macro-economic conditions in the country or district where the subject transaction takes place; (ii) COSCO SHIPPING Finance will retain reliable operators, and the management is capable of discharging their duties; (iii) COSCO SHIPPING Finance fully complies

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## LETTER FROM THE BOARD

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relevant laws and regulations; (iv) the accounting policies adopted by COSCO SHIPPING Finance in the future is in line with the accounting policies adopted by COSCO SHIPPING Finance as of the date of this valuation report; and (v) the flow-in cash and flow-out cash of COSCO SHIPPING Finance is under average flow after the benchmark date of the valuation. Further, the Board has also reviewed and discussed with the Valuer regarding the parameters used for the valuation of COSCO SHIPPING Finance, which include (i) the estimated profit and loss of COSCO SHIPPING Finance, (ii) its estimated capital adequacy ratio, and (iii) the ratio of discounted cash flow derived from the Capital Assets Pricing Model. No doubt regarding the fairness and reasonableness of the above methodology, principal assumptions and parameters in any material respect were discovered and raised by the Board.

In light of the above and taking into account of the qualification, experience, and background of the Valuer, the Board confirms that the Valuer is an independent and competent valuer to conduct the valuation of COSCO SHIPPING Finance, and is of the view that the selection of the income approach, the basis, principal assumptions and parameters adopted in the Valuation Report are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

### **Non-exercise of the Right of First Refusal**

Pursuant to the PRC Company Law, the Company (as an existing shareholder of COSCO SHIPPING Finance as to 10.9145% of its equity interests as at the Latest Practicable Date), together with other Non-selling Shareholders of COSCO SHIPPING Finance, is entitled to exercise the Right of First Refusal with respect to the proposed transfer of equity interests of COSCO SHIPPING Finance to any other persons other than the existing shareholders of COSCO SHIPPING Finance under the Shareholding Restructuring.

Since COSCO SHIPPING Specialized is an existing shareholder of COSCO SHIPPING Finance, the equity transfer from Guangzhou Ocean to COSCO SHIPPING Specialized is not subject to the Right of First Refusal. Therefore, the Non-selling Shareholders (including the Company) have a pre-emptive right to acquire the aggregate of 29.9276% of the equity interests of COSCO SHIPPING Finance to be transferred under the Shareholding Restructuring in proportion to their respective shareholdings of COSCO SHIPPING Finance. Accordingly, the Company is entitled to exercise the Right of First Refusal with respect to approximately 6.1438% of the equity interests of COSCO SHIPPING Finance as a result of the Shareholding Restructuring.

After considering the Assessed Value of COSCO SHIPPING Finance, the shareholding percentage of COSCO SHIPPING Finance by the Company, and the long-term strategic development objectives of the Company, the Company will not exercise the Right of First Refusal with respect to approximately 6.1438% of the equity interests of COSCO SHIPPING Finance. After the Non-exercise of the Right of First Refusal, the Company will maintain its proportion of equity interests of COSCO SHIPPING Finance at 10.9145%.

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## LETTER FROM THE BOARD

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### Reasons for and Benefits of the Non-exercise of the Right of First Refusal

Considering that the Company is principally engaged in investment holding, oil shipment along the coast of the PRC and internationally, international liquefied natural gas shipment and vessel chartering, whilst COSCO SHIPPING Finance is principally engaged in deposit services, credit services, financial and financing consultation, credit verification and related consultation and agency services, settlement, and liquidation, as a result of the Non-exercise of the Right of First Refusal, the Group can spare more financial resources to be poured into the investment and development of its core business. Therefore, the Board was of the view that the Non-exercise of the Right of First Refusal is in line with the long-term strategic development objectives of the Company and enables the Company to focus on its core businesses. In addition, the Non-exercise of the Right of First Refusal will not dilute the shareholding of COSCO SHIPPING Finance by the Company and therefore will not have any negative impact on the Company's return on investment in COSCO SHIPPING Finance.

Taking the above into account, the Board (including the independent non-executive Directors) considers that the Non-exercise of the Right of First Refusal is fair and reasonable, and is in the interests of the Company and the Shareholders as a whole.

### Information on COSCO SHIPPING Finance

COSCO SHIPPING Finance is a company established under the laws of the PRC with limited liability and is a non-wholly owned subsidiary of COSCO SHIPPING. It is principally engaged in the provision of deposit services, credit services, financial and financing consultation, credit verification and related consultation and agency services, settlement, and liquidation.

Based on the financial statements of COSCO SHIPPING Finance prepared in accordance with Accounting Standards for Business Enterprises, the financial information of COSCO SHIPPING Finance for the two years ended 31 December 2020 and 2021 is set out as follows:

	<b>For the year ended 31 December</b>	
	<b>2020</b>	<b>2021</b>
	<i>(RMB '000)</i>	<i>(RMB '000)</i>
	<i>(Audited)</i>	<i>(Audited)</i>
	<i>Approximately</i>	<i>Approximately</i>
Profit before taxation	651,768	456,466
Profit after taxation	500,158	341,335
	<b>As at 31 December</b>	
	<b>2020</b>	<b>2021</b>
	<i>(RMB '000)</i>	<i>(RMB '000)</i>
	<i>(Audited)</i>	<i>(Audited)</i>
	<i>Approximately</i>	<i>Approximately</i>
Net Assets	8,743,332	8,790,521

## LETTER FROM THE BOARD

The shareholding structure of COSCO SHIPPING Finance (i) as at the Latest Practicable Date, and (ii) immediately after completion of the Shareholding Restructuring is as set out below:

Shareholders	Shareholding as at the Latest Practicable Date		Shareholding immediately after completion of the Shareholding Restructuring	
	<i>Amount of contribution to</i>		<i>Amount of contribution to</i>	
	<i>the registered capital</i> (RMB)	<i>Approximate percentage of</i> <i>the registered capital (%)</i>	<i>the registered capital</i> (RMB)	<i>Approximate percentage of</i> <i>the registered capital (%)</i>
(1) COSCO SHIPPING	1,872,493,772	31.2083	1,872,493,772	31.2083
(2) The COSCO SHIPPING Holdings Group				
COSCO SHIPPING Holdings	Nil	–	907,548,333	15.1258
COSCO SHIPPING Lines	470,580,380	7.8430	470,580,380	7.8430
COSCO International Freight	192,072,841	3.2012	Nil	–
Sub-total	662,653,221	11.0442	1,378,128,713	22.9688
(3) COSCO SHIPPING Development	1,403,040,268	23.3840	803,040,268	13.3840
(4) The Company	654,872,460	10.9145	654,872,460	10.9145
(5) The COSCO SHIPPING Specialized Group				
COSCO SHIPPING Specialized	192,072,841	3.2012	403,355,526	6.7226
Guangzhou Ocean	211,282,685	3.5214	Nil	–
Sub-total	403,355,526	6.7226	403,355,526	6.7226
(6) Other COSCO SHIPPING Subsidiaries				
COSCO	Nil	–	600,000,000	10.0000
COSCO SHIPPING Logistics	Nil	–	288,109,261	4.8018
COSCO Tianjin	384,148,882	6.4025	Nil	–
China Agency	268,902,617	4.4817	Nil	–
COSCO Qingdao	153,659,553	2.5610	Nil	–
COSCO Shipbuilding	72,028,915	1.2005	Nil	–
COSCO Shipyard	48,018,210	0.8003	Nil	–
China Bunker	38,413,288	0.6402	Nil	–
COSCO Xiamen	19,206,644	0.3201	Nil	–
China Tally	19,206,644	0.3201	Nil	–
Sub-total	1,003,584,753	16.7264	888,109,261	14.8018
<b>Total</b>	<b>6,000,000,000</b>	<b>100</b>	<b>6,000,000,000</b>	<b>100</b>

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## LETTER FROM THE BOARD

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### **Information on the company and the other Non-selling Shareholders**

#### ***(1) Information on the Company***

The Company is a joint stock limited company incorporated in the PRC, the H Shares of which are listed on the Stock Exchange and the A Shares of which are listed on the Shanghai Stock Exchange.

The Group is principally engaged in investment holding, oil shipment along the coast of the PRC and internationally, international liquefied natural gas shipment and vessel chartering.

#### ***(2) Information on COSCO SHIPPING***

COSCO SHIPPING is a company incorporated under the laws of the PRC, and is a state-owned enterprise controlled by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

The scope of business of COSCO SHIPPING includes international shipping, ancillary business in international maritime transportation, import and export of goods and technologies, international freight agency business, leasing of self-owned vessels, sales of vessels, containers and steel and maritime engineering.

#### ***(3) Information on the COSCO SHIPPING Lines***

COSCO SHIPPING Lines is a company established under the laws of the PRC with limited liability and is a wholly-owned subsidiary of COSCO SHIPPING Holdings. It is principally engaged in container shipping.

#### ***(4) Information on the COSCO SHIPPING Specialized***

COSCO SHIPPING Specialized is a joint stock limited company established under the laws of the PRC with limited liability and the A shares of which are listed on the Shanghai Stock Exchange.

The COSCO SHIPPING Specialized and its subsidiaries are principally engaged in the operations and management of vessels and carriers and cargo transportation.

### **Implications under the Hong Kong Listing Rules**

As at the Latest Practicable Date, 619,426,195 A Shares were directly held by COSCO SHIPPING and 1,536,924,595 A Shares were held by China Shipping (a wholly-owned subsidiary of COSCO SHIPPING). Therefore, COSCO SHIPPING and its associates are entitled to exercise control over the voting rights in respect of 2,156,350,790 A Shares, representing approximately 45.20% of the total issued share capital of the Company. Accordingly, COSCO SHIPPING is a controlling shareholder of the Company and a connected person of the Company.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, COSCO SHIPPING Finance was a non-wholly owned subsidiary of COSCO SHIPPING, COSCO SHIPPING Specialized and COSCO SHIPPING Holdings are owned by COSCO SHIPPING as to 50.94% and 46.89% of their total issued share capital respectively. Therefore, each of COSCO SHIPPING Finance, COSCO SHIPPING Specialized and COSCO SHIPPING Holdings is an associate (as defined under the Hong Kong Listing Rules) of COSCO SHIPPING and therefore a connected person of the Company. Accordingly, the Non-exercise of the Right of First Refusal will constitute a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As one or more applicable percentage ratios calculated in accordance with the Hong Kong Listing Rules in respect of the Non-exercise of the Right of First Refusal exceed 5%, the Non-exercise of the Right of First Refusal constitutes a connected transaction of the Company and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

### **Independent Board Committee and Independent Financial Adviser**

An Independent Board Committee (comprising all independent non-executive Directors namely, Mr. Teo Siong Seng, Mr. Victor Huang, Mr. Li Runsheng, Mr. Zhao Jinsong and Mr. Wang Zuwen) has been formed to advise the Independent Shareholders in relation to whether the Non-exercise of the Right of First Refusal is on normal commercial terms or better and in the ordinary course of business of the Group, is fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Independent Financial Adviser has been appointed to advise and make recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Non-exercise of the Right of First Refusal in accordance with the Hong Kong Listing Rules.

### **Directors' Confirmation**

Mr. Ren Yongqiang, being an executive Director, and Mr. Zhang Qinghai and Mr. Liu Zhusheng, being the non-executive Directors, hold positions in COSCO SHIPPING and/or its subsidiaries other than the Group. Accordingly, Mr. Ren Yongqiang, Mr. Zhang Qinghai and Mr. Liu Zhusheng have abstained from voting on the resolution(s) of the Board approving the Non-exercise of the Right of First Refusal.

Save as aforementioned, none of other Directors has a material interest in the Non-exercise of the Right of First Refusal, and hence no other Director has abstained from voting on such Board resolution(s).

### **Capital Increase by the Company after the Completion of the Shareholding Restructuring**

Reference is made to the Announcement of the Company dated 19 May 2022 in relation to, among others, the Non-exercise of the Right of First Refusal and the Capital Increase by the Company.

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## LETTER FROM THE BOARD

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As disclosed in the Announcement, upon completion of the Shareholding Restructuring, the then shareholders of COSCO SHIPPING Finance conditionally agreed to increase the registered capital of COSCO SHIPPING Finance by the aggregate of RMB13,500 million (equivalent to approximately HK\$16,200 million) in proportion to their respective shareholdings of COSCO SHIPPING Finance. Accordingly, the Company agreed to contribute RMB1,473,457,500 (equivalent to approximately HK\$1,768,149,000) pursuant to the Capital Increase Agreement.

Upon completion of the Shareholding Restructuring and the Capital Increase, the registered capital of COSCO SHIPPING Finance will be increased from RMB6,000 million to RMB19,500 million, while the shareholding by the Company in COSCO SHIPPING Finance will remain at 10.9145%.

### *Reasons for and Benefits of the Capital Increase by the Company*

The Capital Increase will provide additional capital for COSCO SHIPPING Finance to supplement its capital adequacy ratio, so as to satisfy relevant regulatory requirement and increase its risk resistance capacity. In addition, the Capital Increase could also optimize the asset portfolio of COSCO SHIPPING Finance and enhance the efficiency and performance of its capital utility. Meanwhile, it could enable the Company to receive stable return on investment in COSCO SHIPPING Finance and reduce the risks arising from fluctuation of the shipping market. Moreover, the Capital Increase will further strengthen its capacity of providing credit and loan-related services and in turn enable COSCO SHIPPING Finance to provide favorable financial services to the Group in the future.

The terms of the Capital Increase Agreement and the transactions contemplated thereunder were agreed after arm's length negotiations among the Post-restructuring Shareholders. By participating in the Capital Increase in proportion to its shareholding in COSCO SHIPPING Finance, the Group can prevent dilution of its shareholding in COSCO SHIPPING Finance, which can maximize value to shareholders and further increase return on investment from COSCO SHIPPING Finance.

Taking into account the above, the Board (including the independent non-executive Directors) considers that the terms of the Capital Increase Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### *Implications under the Hong Kong Listing Rules*

As disclosed above, COSCO SHIPPING Finance is a connected person of the Company. Accordingly, the Capital Increase by the Company will constitute a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As one or more applicable percentage ratios calculated in accordance with the Hong Kong Listing Rules in respect of the Capital Increase by the Company exceed 0.1% but are less than 5%, the Capital Increase by the Company constitutes a connected transaction of the Company and is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

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## LETTER FROM THE BOARD

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### *Requirements under the Shanghai Listing Rules*

Pursuant to the Shanghai Listing Rules, if the transaction amount is more than RMB30 million and exceeds 5% of the latest audited net asset value of the Company and its subsidiaries, such related party transactions shall be presented to a general meeting for independent shareholders' approval.

The Capital Increase by the Company constitutes related party transaction of the Company under the Shanghai Listing Rules since it was entered into between the Company and the COSCO SHIPPING Group, the amount of consideration under the Capital Increase by the Company exceeds 5% of the net asset value of the Company and its subsidiaries as at 31 December 2021. Accordingly, despite that the Capital Increase by the Company is not required to be approved by the independent shareholders under the Hong Kong Listing Rules, an ordinary resolution shall be proposed at the AGM for the Independent Shareholders to consider and, if thought fit, approve the Capital Increase by the Company.

Pursuant to the Shanghai Listing Rules, the members of the COSCO SHIPPING Group will abstain from voting on the resolution(s) in respect of the Capital Increase by the Company at the AGM.

Please refer to the Announcement for further details of the Capital Increase by the Company.

### **V. CLOSURE OF REGISTER OF MEMBERS**

For the purpose of holding the AGM, the register of H Shares members of the Company will be closed from Friday, 24 June 2022, to Wednesday, 29 June 2022 (both days inclusive), during which no transfer of H Shares will be registered. Shareholders whose names appear on the register of H Shares members of the Company at the close of business on Wednesday, 29 June 2022 are entitled to attend and vote at the AGM. In order to attend and vote at the AGM, all transfer documents together with the relevant share certificates must be lodged with the H share registrar of the Company, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 23 June 2022.

### **VI. AGM**

Resolutions for, among other things, the approval of (i) the Proposed Registration and Issuance of Mid-term Notes; (ii) the Proposed Amendments to the Articles of Association; (iii) the Proposed Amendments to the Rules and Procedures of Shareholders' General Meetings; (iv) the Proposed Amendments to the Rules and Procedures of Meetings of the Board of Directors; and (v) the Proposed Amendments to the Rules and Procedures of Meetings of the Supervisory Committee will be put to the Shareholders for their consideration at the AGM; and the resolution for the Non-exercise of the Right of First Refusal will be put to the Independent Shareholders for their consideration at the AGM.

The AGM will be held at 10:00 a.m. on Wednesday, 29 June 2022 at 5th Floor, Ocean Hotel, No. 1171 Dongdaming Road, Hongkou District, Shanghai, the People's Republic of China. A notice of the AGM is set out on pages AGM-1 to AGM-6 of this circular.



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## LETTER FROM THE BOARD

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A form of proxy for use at the AGM is enclosed. Whether or not you intend to attend the AGM, you are requested to complete and return the enclosed form of proxy (for use at the AGM) in accordance with the instructions printed thereon to Hong Kong Registrars Limited, the H Share registrar of the Company at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in case of H Shareholders) or the Office of the Board of Directors of the Company at 7th Floor, 670 Dongdaming Road, Hongkou District, Shanghai, the PRC (in case of A Shareholders) as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the AGM (or any adjournment thereof). Completion and return of the said form of proxy will not preclude you from attending and voting in person at the AGM or at any adjournment thereof should you so wish.

Pursuant to Rule 13.39(4) of the Hong Kong Listing Rules, any vote of the Shareholders to be taken at the AGM shall be taken by poll. An announcement of the poll results will be made by the Company after the AGM in the manner prescribed under Rule 13.39(5) of the Hong Kong Listing Rules.

In accordance with the Hong Kong Listing Rules, any Shareholder who has a material interest in the Non-exercise of the Right of First Refusal shall abstain from voting on the resolution to approve the Non-exercise of the Right of First Refusal at the AGM. As at the Latest Practicable Date, 619,426,195 A Shares were directly held by COSCO SHIPPING and 1,536,924,595 A Shares were held by China Shipping (a wholly-owned subsidiary of COSCO SHIPPING). Therefore, COSCO SHIPPING and its associates are entitled to exercise control over the voting rights in respect of 2,156,350,790 A Shares, representing approximately 45.20% of the total issued share capital of the Company. Accordingly, COSCO SHIPPING, China Shipping and their respective associates will be required to abstain from voting on the relevant resolutions at the AGM.

Save as disclosed above, to the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, no other Shareholder has a material interest in the transactions and will be required to abstain from voting on the relevant resolutions to be put to the Shareholders for their consideration at the AGM.

### VII. RECOMMENDATION

**The Proposed Registration and Issuance of Mid-term Notes, the Proposed Amendments to the Articles of Association, the Proposed Amendments to the Rules and Procedures of Shareholders' General Meetings, the Proposed Amendments to the Rules and Procedures of Meetings of the Board of Directors, and the Proposed Amendments to the Rules and Procedures of Meetings of the Supervisory Committee**

The Directors (including the independent non-executive Directors) consider that the resolutions to approve, among other things, (i) the Proposed Registration and Issuance of Mid-term Notes; (ii) the Proposed Amendments to the Articles of Association; (iii) the Proposed Amendments to the Rules and Procedures of Shareholders' General Meetings; (iv) the Proposed Amendments to the Rules and Procedures of Meetings of the Board of Directors; and (v) the Proposed Amendments to the Rules and Procedures of Meetings of the Supervisory Committee are in the interests of the Company and the Shareholders as a whole and accordingly, recommend the Shareholders to approve all the above resolutions to be proposed at the AGM.

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## LETTER FROM THE BOARD

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### **The Non-exercise of the Right of First Refusal**

Your attention is drawn to the letter from the Independent Board Committee set out on page 25 of this circular and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 26 to 40 of this circular in connection with the Non-exercise of the Right of First Refusal, and the principal factors and reasons considered by the Independent Financial Adviser in arriving at such advice.

The Independent Board Committee, having considered the terms and conditions of Non-exercise of the Right of First Refusal, and the advice of the Independent Financial Adviser, are of the opinion that the Non-exercise of the Right of First Refusal is on normal commercial terms or better, and is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favor of the resolution to approve the Non-exercise of the Right of First Refusal.

Based on the information as set out in this circular, the Board is of the view that the terms and conditions of the Non-exercise of the Right of First Refusal are fair and reasonable and in the interests of the Shareholders as a whole. Therefore, the Board recommends the Independent Shareholders to vote in favor of the resolution in respect of the Non-exercise of the Right of First Refusal to be proposed at the AGM to approve the aforementioned matter.

### **VIII. ADDITIONAL INFORMATION**

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

The exchange rate used for reference purpose in this circular is RMB1.00 to HK\$1.20.

By order of the Board  
**COSCO SHIPPING Energy Transportation Co., Ltd.**  
**Ren Yongqiang**  
*Chairman*

\* *For identification purposes only*

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LETTER FROM INDEPENDENT BOARD COMMITTEE

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**COSCO SHIPPING ENERGY TRANSPORTATION CO., LTD.\***  
**中遠海運能源運輸股份有限公司**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
(Stock Code: 1138)

8 June 2022

*To the Independent Shareholders*

Dear Sir/Madam,

**CONNECTED TRANSACTION**  
**NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL**

We refer to the circular of the Company dated 8 June 2022 in relation to, among others, the Non-exercise of the Right of First Refusal (the “**Circular**”) of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed by the Board to advise the Independent Shareholders as to whether the Non-exercise of the Right of First Refusal is on normal commercial terms or better, and is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Having considered the terms and conditions of the Non-exercise of the Right of First Refusal, and the advice of the Independent Financial Adviser, we are of the opinion that the Non-exercise of the Right of First Refusal is on normal commercial terms or better, and is fair and reasonable and in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favor of the relevant resolution in respect of the Non-exercise of the Right of First Refusal to be proposed at the AGM to approve the aforementioned matter.

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

**Mr. Teo Siong Seng**

**Mr. Victor Huang**

**Mr. Li Runsheng**

**Mr. Zhao Jinsong**

**Mr. Wang Zuwen**

*Independent non-executive Directors*

\* For identification purposes only

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of a letter of advice from Goldlink Capital (Corporate Finance) Limited to the Independent Board Committee and the Independent Shareholders in respect of the Non-exercise of the Right of First Refusal, which has been prepared for the purpose of inclusion in this circular.*



28/F  
Bank of East Asia Harbour View Centre  
56 Gloucester Road  
Wanchai  
Hong Kong

8 June 2022

To: *The Independent Board Committee and the Independent Shareholders of*  
COSCO SHIPPING ENERGY TRANSPORTATION CO., LTD.\*

Dear Sir or Madam,

### CONNECTED TRANSACTIONS THE NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Non-exercise of the Right of First Refusal, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 8 June 2022 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Reference is made to the announcement made by the Company dated 19 May 2022. Pursuant to the Shareholding Restructuring of COSCO SHIPPING Finance, on 19 May 2022, (1) COSCO SHIPPING Holdings, COSCO International Freight, COSCO Tianjin, COSCO Qingdao, COSCO Xiamen, China Bunker, COSCO Shipbuilding and COSCO Shipyard entered into an equity transfer agreement, pursuant to which COSCO SHIPPING Holdings conditionally agrees to purchase an aggregate of 15.1258% of the equity interests of COSCO SHIPPING Finance from other parties thereto, (2) COSCO and COSCO SHIPPING Development entered into an equity transfer agreement, pursuant to which COSCO conditionally agrees to purchase 10.0000% of the equity interests of COSCO SHIPPING Finance from COSCO SHIPPING Development; (3) COSCO SHIPPING Logistics, China Agency and China Tally entered into an equity transfer agreement, pursuant to which COSCO SHIPPING Logistics conditionally agrees to purchase an aggregate of 4.8018% of the equity interests of COSCO SHIPPING Finance from China Agency and China Tally; and (4) COSCO SHIPPING Specialized and Guangzhou Ocean entered into an equity transfer agreement, pursuant to which COSCO SHIPPING Specialized conditionally agrees to purchase 3.5214% of the equity interests of COSCO SHIPPING Finance from Guangzhou Ocean. Pursuant to the PRC Company Law, the Company (as an existing shareholder of COSCO SHIPPING Finance as to 10.9145% of its equity interests as at the Latest Practicable Date), together with other Non-selling Shareholders of COSCO

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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SHIPPING Finance, is entitled to exercise the Right of First Refusal with respect to the proposed transfer of equity interests of COSCO SHIPPING Finance to any other persons other than the existing shareholders of COSCO SHIPPING Finance under the Shareholding Restructuring.

Since COSCO SHIPPING Specialized is an existing shareholder of COSCO SHIPPING Finance, the equity transfer from Guangzhou Ocean to COSCO SHIPPING Specialized is not subject to the Right of First Refusal. Therefore, the Non-selling Shareholders (including the Company) have a pre-emptive right to acquire the aggregate of 29.9276% of the equity interests of COSCO SHIPPING Finance to be transferred under the Shareholding Restructuring in proportion to their respective shareholdings of COSCO SHIPPING Finance. Accordingly, the Company is entitled to exercise the Right of First Refusal with respect to approximately 6.1438% of the equity interests of COSCO SHIPPING Finance as a result of the Shareholding Restructuring. The Board announces that the Company will not exercise the Right of First Refusal with respect to approximately 6.1438% of the equity interests of COSCO SHIPPING Finance. Upon the Non-exercise of the Right of First Refusal, the Company will maintain its proportion of equity interests of COSCO SHIPPING Finance at 10.9145%.

As at the Latest Practicable Date, 619,426,195 A Shares are directly held by COSCO SHIPPING and 1,536,924,595 A Shares are held by China Shipping (a wholly-owned subsidiary of COSCO SHIPPING). Therefore, COSCO SHIPPING and its associates are entitled to exercise control over the voting rights in respect of 2,156,350,790 A Shares, representing approximately 45.20% of the total issued share capital of the Company. Accordingly, COSCO SHIPPING is a controlling shareholder of the Company and a connected person of the Company.

As at the Latest Practicable Date, COSCO SHIPPING Finance is a non-wholly owned subsidiary of COSCO SHIPPING, COSCO SHIPPING Specialized and COSCO SHIPPING Holdings are owned by COSCO SHIPPING as to 50.94% and 46.89% of their total issued share capital respectively. Therefore, each of COSCO SHIPPING Finance, COSCO SHIPPING Specialized and COSCO SHIPPING Holdings is an associate (as defined under the Hong Kong Listing Rules) of COSCO SHIPPING and therefore a connected person of the Company. Accordingly, the Non-exercise of the Right of First Refusal will constitute a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As one or more applicable percentage ratios calculated in accordance with the Hong Kong Listing Rules in respect of the Non-exercise of the Right of First Refusal exceed 5%, the Non-exercise of the Right of First Refusal constitutes a connected transaction of the Company and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Mr. Ren Yongqiang, being an executive Director, and Mr. Zhang Qinghai and Mr. Liu Zhusheng, being the non-executive Directors, hold positions in COSCO SHIPPING and/or its subsidiaries other than the Group. Accordingly, Mr. Ren Yongqiang, Mr. Zhang Qinghai and Mr. Liu Zhusheng have abstained from voting on the resolutions of the Board approving the Non-exercise of the Right of First Refusal. Save as aforementioned, none of other Directors has a material interest in the Non-exercise of the Right of First Refusal, and hence no other Director has abstained from voting on such Board resolutions.

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The Independent Board Committee (comprising all independent non-executive Directors namely, Mr. Teo Siong Seng, Mr. Victor Huang, Mr. Li Runsheng, Mr. Zhao Jinsong and Mr. Wang Zuwen) has been formed to advise the Independent Shareholders in relation to the Non-exercise of the Right of First Refusal. We, Goldlink Capital (Corporate Finance) Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in these regards.

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company and any other parties that could reasonably be regarded as relevant to our independence. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. During the past two years, we were appointed as an independent financial adviser for the Company on one occasion, details of which are set out in the Company's circular dated 7 December 2021 in relation to certain major transactions and continuing connected transactions. Notwithstanding the above, the previous engagement with the Company would not affect our independence from the Company and we are independent from the Company, in particular that we did not serve as a financial adviser to (i) the Company, (ii) COSCO Shipping or its subsidiaries, and (iii) any core connected person of the Company within 2 years prior to 16 May 2022, being date of making our independence declaration to the Stock Exchange pursuant to Rule 13.85(1) of the Hong Kong Listing Rules. Accordingly, we are independent of the Company pursuant to Rule 13.84 of the Hong Kong Listing Rules.

### **BASIS OF OUR OPINION**

In arriving at our recommendations, we have relied on the statements, information and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company for which they are solely and wholly responsible, are true and accurate at the time they were made and will continue to be accurate as at the Latest Practicable Date. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Company.

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

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any material facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have not, however, carried out any

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group and any parties in relation to the Non-exercise of the Right of First Refusal.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Non-exercise of the Right of First Refusal. Except for its inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinions and recommendations, we have taken into consideration the following principal factors and reasons:

#### 1. BACKGROUND INFORMATION ON THE GROUP

##### *1.1 Background of the Group*

The Company is a joint stock limited company incorporated in the PRC, the H shares of which are listed on the Stock Exchange and the A shares of which are listed on the Shanghai Stock Exchange. The Group is principally engaged in investment holding, oil shipment along the coast of the PRC and internationally, international liquefied natural gas shipment and vessel chartering.

##### *1.2 Financial performance of the Group*

Set out below is a summary of the consolidated statements of profit or loss of the Group for each of the three years ended 31 December 2019, 2020 and 2021, which are extracted from the Company's annual reports for the year ended 31 December 2020 ("**2020 Annual Report**") and the year ended 31 December 2021 ("**2021 Annual Report**").

	Year ended 31 December		
	2021	2020	2019
	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)
Revenues	12,644,700	16,268,197	13,721,140
Operating costs	(16,734,169)	(12,386,553)	(11,125,022)
Gross profit/(loss)	(4,089,469)	3,881,644	2,596,118
Profit/(loss) for the year attributable to equity holders of the Company	(4,985,386)	2,381,415	413,857

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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*For the year ended 31 December 2020 (“FY2020”)*

According to 2020 Annual Report, revenue of the Group for the FY2020 was approximately RMB16.3 billion, representing an increase of approximately 18.6% as compared to approximately RMB13.7 billion for the year ended 31 December 2019. Such increase was mainly due to the increase in revenue from oil shipping from approximately RMB12.3 billion for the year ended 31 December 2019 to approximately RMB15.0 billion for the FY2020, as a result of the increase in revenue in international oil shipping of approximately 30.7% to approximately RMB9.6 billion, mainly attributable to the increase in self-operated transportation volume of approximately 7.8% to 80.4 million tonnes for the FY2020. The increase in self-operated transportation volume was mainly due to the Group (i) developed incremental markets in South America (ii) developed new overseas customers and cooperated with them on spot trade, which enriched its international customer resources; and (iii) opened new routes from Canada to China and from the US Gulf to Europe to continue expansion of its global business presence.

Profit for the year attributable to equity holders of the Company increased significantly from approximately RMB413.9 million for the year ended 31 December 2019 to approximately RMB2.4 billion for the FY2020, which was mainly attributable to (i) the increase in revenue of approximately 18.6% as discussed above; (ii) the increase in gross profit margin by 10.1 percentage points year-on-year, mainly due to the decrease in fuel costs as the Group recorded a year-on-year decrease of 7% in unit fuel consumption and adopted an operation model for procurement combining fixed, floating and spot pricing, so as to effectively keep the fuel cost in control; (iii) the decrease in finance costs of approximately RMB379.9 million as a result of the decrease in bank and other borrowings; (iv) the increase in share of profits of joint ventures of approximately RMB263.5 million; and (v) the decrease in income tax expenses as a result of the increase in tax effect of utilization of tax losses previously not recognized of approximately RMB300.0 million.

*For the year ended 31 December 2021 (“FY2021”)*

According to 2021 Annual Report, the revenue of the Group for the FY2021 was approximately RMB12.6 billion, representing a decrease of approximately 22.3% as compared to approximately RMB16.3 billion for the FY2020. Such decrease was mainly due to (i) the decrease in revenue from oil shipping from approximately RMB15.0 billion for the FY2020 to approximately RMB11.4 billion for the FY2021, mainly as a result of the decrease in revenue in international crude oil shipping business of approximately 44.6% to approximately RMB4.0 billion for the FY2021 which mainly caused by the slow recovery from the global epidemic in general; and (ii) the decrease in revenue from vessel chartering of approximately 37.9% to approximately RMB0.8 billion for the FY2021, mainly as a result of the decrease in revenue generated from international vessel chartering of approximately 41.2% to approximately RMB0.7 billion.



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Profit for the year attributable to equity holders of the Company decreased significantly from approximately RMB2.4 billion for the FY2020 to a loss of approximately RMB5.0 billion for the FY2021, which was mainly attributable to (i) the decrease in revenue of approximately 22.3% as discussed above; (ii) the decrease in gross profit margin by 22.1 percentage points year-on-year, mainly due the downturn in the international oil transportation market with a lower demand in crude oil tanker and an overall increased fuel prices in 2021; and (iii) the increase in net impairment losses on vessel of approximately RMB4.1 billion.

### 1.3 Financial position on the Group

	<b>As at 31 December</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<i>RMB'000</i> <i>(audited)</i>	<i>RMB'000</i> <i>(audited)</i>	<i>RMB'000</i> <i>(audited)</i>
Non-current assets	52,902,806	58,080,384	58,914,231
Current assets	6,486,131	7,879,473	6,927,630
Current liabilities	13,337,825	9,892,842	12,348,192
Non-current liabilities	16,128,829	20,464,669	24,326,063
Equity attributable to equity holders of the Company	28,591,046	34,621,828	28,124,735

As at 31 December 2020, total assets of the Group slightly increased to approximately RMB66.0 billion from approximately RMB65.8 billion as at 31 December 2019. Such increase was mainly due to the increase in current assets as a result of the increase in cash and cash equivalents to approximately RMB4.9 billion as a result of (i) the completion of non-public issuance of A Shares in March 2020 and raised a gross proceeds of approximately RMB5.1 billion and (ii) increase in net cash generated from operating activities from approximately RMB5.2 billion for the year ended 31 December 2019 to approximately RMB7.0 billion for the FY2020. As at 31 December 2021, total assets of the Group amounted to approximately RMB59.4 billion, representing a decrease of approximately RMB6.6 billion as compared to that as at 31 December 2020. Such decrease was mainly due to the decrease in non-current assets as a result of (i) the decrease in property, plant and equipment from approximately RMB48.5 billion as at 31 December 2020 to approximately RMB43.3 billion as at 31 December 2021, mainly due to the impairment loss on vessels of approximately RMB4.6 billion; (ii) the decrease in right-of-use assets from approximately RMB1.7 billion as at 31 December 2020 to approximately RMB0.9 billion and (iii) the decrease in cash and cash equivalents of approximately RMB1.3 billion as a result of the decrease in net cash generated from operating activities.

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As at 31 December 2020, total liabilities of the Group decreased to approximately RMB30.4 billion as compared to approximately RMB36.7 billion as at 31 December 2019. Such decrease was mainly due to the decrease in non-current portion interest-bearing bank and other borrowings of approximately RMB3.5 billion to approximately RMB13.8 billion as at 31 December 2020. As at 31 December 2021, total liabilities of the Group amounted to approximately RMB29.5 billion, which was at similar level to that as at 31 December 2020.

As a result of the foregoing, the total equity attributable to the equity holders of the Company as at 31 December 2019, 2020 and 2021 amounted to RMB28.1 billion, RMB34.6 billion and RMB28.6 billion, respectively.

### ***1.4 Background information of COSCO Finance***

COSCO SHIPPING Finance is a company established under the laws of the PRC with limited liability and a company controlled by COSCO SHIPPING. COSCO SHIPPING Finance is principally engaged in provision of deposit services, credit services, financial and financing consultation, credit verification and related consultation and agency services, settlement services and liquidation services.

With reference to the announcement of the Company dated 12 November 2021, the Company and COSCO SHIPPING entered into the 2021 financial services framework agreement, pursuant to which COSCO SHIPPING shall procure COSCO SHIPPING Finance, to provide the Group with financial services for the three years ending 31 December 2024.

### ***1.5 Background information of the Non-selling Shareholders (other than the Company)***

#### ***(1) Information on COSCO SHIPPING***

COSCO SHIPPING is a company incorporated under the laws of the PRC, and is a state-owned enterprise controlled by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. The scope of business of COSCO SHIPPING includes international shipping, ancillary business in international maritime transportation, import and export of goods and technologies, international freight agency business, leasing of self-owned vessels, sales of vessels, containers and steel and maritime engineering.

#### ***(2) Information on the COSCO SHIPPING Lines***

COSCO SHIPPING Lines is a company established under the laws of the PRC with limited liability and is a wholly-owned subsidiary of COSCO SHIPPING Holdings. It is principally engaged in container shipping.

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(3) *Information on the COSCO SHIPPING Specialized*

COSCO SHIPPING Specialized is a joint stock limited company established under the laws of the PRC with limited liability and the A shares of which are listed on the Shanghai Stock Exchange. The COSCO SHIPPING Specialized and its subsidiaries are principally engaged in the operations and management of vessels and carriers and cargo transportation.

## 2. THE NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL

### 2.1 *Background of the Shareholding Restructuring and the Non-exercise of the Right of First Refusal*

Based on our discussion with the management of the Company, we are given to understand that CBIRC issued the Implementation Measures of the China Banking and Insurance Regulatory Commission for the Administrative Licensing Items concerning Non-Banking Financial Institutions (《中國銀保監會非銀行金融機構行政許可事項實施辦法》) (the “Measures”) in March 2020, to regulate the non-banking financial institutions and hence COSCO SHIPPING Finance is required to comply with the Measures. We have obtained and reviewed the Measures and noted that the Measures were issued with an aim to clarify administrative licensing items, conditions, procedures and deadlines to protect the legitimate rights and interests of applicants of the non-banking financial institutions. The Measures also set out certain conditions including, among others, legal requirements and financial requirements for the investor or shareholder of the non-banking financial institutions to comply with. We understand from the management of the Company that several existing shareholders of COSCO SHIPPING Finance failed to satisfy the requirement (including but not limited to the profitability capacity, and the percentage of net assets to total assets) as an eligible shareholder of COSCO SHIPPING Finance. Accordingly, such shareholders shall disposal of their shareholdings in COSCO SHIPPING Finance and cease to act as its shareholders. As at the Latest Practicable Date, to the best knowledge of the Directors and after making reasonable enquiry, COSCO SHIPPING Finance had not been subject to any regulatory penalty as a result from the aforementioned shareholders’ failure of fulfilling relevant requirement under the Measures.

In light of the compliance with the Measures and to avoid any potential penalty, and to optimize its shareholding structure in order to enhance the overall performance of financial services to its shareholders, COSCO SHIPPING Finance proposed the Shareholding Restructuring.

Pursuant to the Shareholding Restructuring, the following agreements were entered into by relevant parties on 19 May 2022:

- (1) the equity transfer agreement entered into by COSCO SHIPPING Holdings, COSCO International Freight, COSCO Tianjin, COSCO Qingdao, COSCO Xiamen, China Bunker, COSCO Shipbuilding and COSCO Shipyard, pursuant to which COSCO SHIPPING Holdings conditionally agrees to purchase an

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aggregate of 15.1258% of the equity interests of COSCO SHIPPING Finance from other parties thereto in the total consideration of approximately RMB1,378,926,646, which was determined based on the Assessed Value of COSCO SHIPPING Finance;

- (2) the equity transfer agreement entered into by COSCO and COSCO SHIPPING Development, pursuant to which COSCO conditionally agrees to purchase 10.0000% of the equity interests of COSCO SHIPPING Finance from COSCO SHIPPING Development in the consideration of approximately RMB911,638,820, which was determined based on the Assessed Value of COSCO SHIPPING Finance;
- (3) the equity transfer agreement entered into by COSCO SHIPPING Logistics, China Agency and China Tally, pursuant to which COSCO SHIPPING Logistics conditionally agrees to purchase an aggregate of 4.8018% of the equity interests of COSCO SHIPPING Finance from China Agency and China Tally in the total consideration of approximately RMB437,750,729, which was determined based on the Assessed Value of COSCO SHIPPING Finance; and
- (4) the equity transfer agreement entered into by COSCO SHIPPING Specialized and Guangzhou Ocean, pursuant to which COSCO SHIPPING Specialized conditionally agrees to purchase 3.5214% of the equity interests of COSCO SHIPPING Finance from Guangzhou Ocean in the consideration of approximately RMB321,024,494, which was determined based on the Assessed Value of COSCO SHIPPING Finance.

Pursuant to the PRC Company Law, the Company (as an existing shareholder of COSCO SHIPPING Finance as to 10.9145% of its equity interests as at the Latest Practicable Date), together with other Non-selling Shareholders of COSCO SHIPPING Finance, is entitled to exercise the Right of First Refusal with respect to the proposed transfer of equity interests of COSCO SHIPPING Finance to any other persons other than the existing shareholders of COSCO SHIPPING Finance under the Shareholding Restructuring.

Since COSCO SHIPPING Specialized is an existing shareholder of COSCO SHIPPING Finance, the equity transfer from Guangzhou Ocean to COSCO SHIPPING Specialized is not subject to the Right of First Refusal. Therefore, the Non-selling Shareholders (including the Company) have a pre-emptive right to acquire the aggregate of 29.9276% of the equity interests of COSCO SHIPPING Finance to be transferred under the Shareholding Restructuring in proportion to their respective shareholdings of COSCO SHIPPING Finance. Accordingly, the Company is entitled to exercise the Right of First Refusal with respect to approximately 6.1438% of the equity interests of COSCO SHIPPING Finance as a result of the Shareholding Restructuring.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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The Board announces that the Company will not exercise the Right of First Refusal with respect to approximately 6.1438% of the equity interests of COSCO SHIPPING Finance. After the Non-exercise of the Right of First Refusal, the Company will maintain its proportion of equity interests of COSCO SHIPPING Finance at 10.9145%.

### ***2.2 Reasons for and benefits of the Non-exercise of the Right of First Refusal***

As stated in the Letter from the Board, the Board was of the view that the Non-exercise of the Right of First Refusal is in line with the long-term strategic development objectives of the Company as it enables the Group to spare more financial resources to be poured into the investment and development of its core business.

We have discussed with the management of the Company on the reasons for and benefits of the Non-exercise of the Right of First Refusal and considered the followings:

#### *No imminent business needs to further expand its investment on COSCO SHIPPING Finance*

Based on our discussion with the management of the Company, we are given to understand that the Company has been a shareholder of the COSCO SHIPPING Finance since 2009 as a long term investment of the Company with an aim to generate stable investment return and as at the Latest Practicable Date, the Company owns as to 10.9145% of the equity interests of COSCO SHIPPING Finance.

Despite the interests in COSCO SHIPPING Finance, the business nature between the Group and COSCO SHIPPING Finance is totally different as the Company is principally engaged in investment holding, oil shipment along the coast of the PRC and internationally, international liquefied natural gas shipment and vessel chartering, whilst COSCO SHIPPING Finance is principally engaged in deposit services, credit services, financial and financing consultation, credit verification and related consultation and agency services, settlement, and liquidation. As advised by the management of the Company, other than the financial services provided by COSCO SHIPPING Finance to the Company pursuant to the 2021 financial services framework agreement, there are no other business collaboration or cooperation between the Company and COSCO SHIPPING Finance, mainly due to the difference in the business focuses.

Moreover, the management of the Company consider that exercising the Right of First Refusal would only result in the Company having ownership of 17.0583% equity interest in COSCO SHIPPING Finance and will not be the single largest shareholder of COSCO SHIPPING Finance. The extent of management and shareholding control over COSCO SHIPPING Finance after exercising the Right of First Refusal is therefore limited.

Taking into consideration of the aforesaid, the management of the Company consider that there are no imminent business needs to further expand its investment in COSCO SHIPPING Finance and it is in the interests of the Company to focus its ordinary business. We therefore concur with the view of the Directors that the Non-exercise of the Right of First Refusal is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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### *Long-term strategic development of the Company*

We have reviewed the 2021 Annual Report and understand that facing the “14th Five-Year Plan”, the Group will firmly adhere to the corporate vision of “to be an outstanding leader in global energy transportation” and to the corporate mission of “Deliver energy for the world”, and uphold the strategic goal of “four global leading”. Regarding the Group’s core basic business, the oil tanker business will consolidate its leading edge and strive to become a leader in the global oil tanker transportation industry. As the “second development curve” of the Group, LNG and new energy transportation will be prioritized and vigorously developed as the Group strive to become the world’s top-tier player. The Group will accurately grasp the cyclical trends in the shipping and capital markets to realize the side-by-side advance of production and capital operations. The Group will empower its shipping business via digitalization, and use data assets to create value. The Group will also accelerate the transformation of “low-carbon shipping” and strive to build a brand image as a “leader in sustainable development”.

Further to our discussion with the management of the Company, we are given to understand that in 2022, in order to implement the plan as mentioned above, the Group will prioritize its resources on the development of its core business rather than increasing its shareholding at COSCO SHIPPING Finance through exercising the Right of First Refusal. Having considered the difference in business nature between the Group and COSCO SHIPPING Finance and the recent business plan of the Group, we concur with the view of the Directors that the Non-exercise of the Right of First Refusal is in line with the long-term strategic development objectives of the Company.

### *No dilution effect on the shareholding of COSCO SHIPPING Finance*

Set out the table below is the shareholding structure of COSCO SHIPPING Finance (i) as at the Latest Practicable Date, and (ii) immediately after completion of the Shareholding Restructuring:

Shareholders	Shareholding as at the Latest Practicable Date		Shareholding immediately after completion of the Shareholding Restructuring	
	Amount of contribution to the registered capital (RMB)	Approximate percentage of the registered capital (%)	Amount of contribution to the registered capital (RMB)	Approximate percentage of the registered capital (%)
(1) COSCO SHIPPING	1,872,493,772	31.2083	1,872,493,772	31.2083
(2) The COSCO SHIPPING Holdings Group				
COSCO SHIPPING Holdings	Nil	-	907,548,333	15.1258

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Shareholders	Shareholding as at the Latest		Shareholding immediately after	
	Practicable Date		completion of the Shareholding	
	Amount of	Approximate	Amount of	Approximate
contribution to	percentage of	contribution to	percentage of	
the registered	the registered	the registered	the registered	
capital	capital	capital	capital	
(RMB)	(%)	(RMB)	(%)	
COSCO SHIPPING Lines	470,580,380	7.8430	470,580,380	7.8430
COSCO International Freight	192,072,841	3.2012	Nil	-
<b>Sub-total</b>	<b>662,653,221</b>	<b>11.0442</b>	<b>1,378,128,713</b>	<b>22.9688</b>
<b>(3) COSCO SHIPPING Development</b>	<b>1,403,040,268</b>	<b>23.3840</b>	<b>803,040,268</b>	<b>13.3840</b>
<b>(4) The Company</b>	<b>654,872,460</b>	<b>10.9145</b>	<b>654,872,460</b>	<b>10.9145</b>
<b>(5) The COSCO SHIPPING Specialized Group</b>				
COSCO SHIPPING Specialized	192,072,841	3.2012	403,355,526	6.7226
Guangzhou Ocean	211,282,685	3.5214	Nil	-
<b>Sub-total</b>	<b>403,355,526</b>	<b>6.7226</b>	<b>403,355,526</b>	<b>6.7226</b>
<b>(6) Other COSCO SHIPPING Subsidiaries</b>				
COSCO	Nil	-	600,000,000	10.0000
COSCO SHIPPING Logistics	Nil	-	288,109,261	4.8018
COSCO Tianjin	384,148,882	6.4025	Nil	-
China Agency	268,902,617	4.4817	Nil	-
COSCO Qingdao	153,659,553	2.5610	Nil	-
COSCO Shipbuilding	72,028,915	1.2005	Nil	-
COSCO Shipyard	48,018,210	0.8003	Nil	-
China Bunker	38,413,288	0.6402	Nil	-
COSCO Xiamen	19,206,644	0.3201	Nil	-
China Tally	19,206,644	0.3201	Nil	-
<b>Sub-total</b>	<b>1,003,584,753</b>	<b>16.7264</b>	<b>888,109,261</b>	<b>14.8018</b>
<b>Total</b>	<b>6,000,000,000</b>	<b>100</b>	<b>6,000,000,000</b>	<b>100</b>

Based on the table above, upon the Non-exercise of the Right of First Refusal, the Company will maintain its proportion of equity interests of COSCO SHIPPING Finance at 10.9145% and hence there will be no dilution of interests in COSCO SHIPPING Finance. As such, the management of the Company considers, and we

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concur that, the Non-exercise of the Right of First Refusal will neither have any adverse effect on the ordinary course of business and financial condition of the Company nor any impact on the scope of the consolidated financial statements of the Company.

Independent Shareholders should note that upon the completion of the Shareholding Restructuring, on 19 May 2022, each of the Post-restructuring Shareholders (including the Company) entered into the Capital Increase Agreement, pursuant to which the Post-restructuring Shareholders conditionally agree to increase the registered capital of COSCO SHIPPING Finance by the aggregate of RMB13,500 million (equivalent to approximately HK\$16,200 million) in proportion to their respective shareholdings of COSCO SHIPPING Finance. Accordingly, the Company agrees to contribute RMB1,473,457,500 (equivalent to approximately HK\$1,768,149,000) pursuant to the Capital Increase Agreement. Upon the completion of the Capital Increase, the registered capital of COSCO SHIPPING Finance will be increased from RMB6,000 million to RMB19,500 million, while the shareholding by the Company in COSCO SHIPPING Finance will remain at 10.9145%.

After taking into consideration of the above, we concur with the view of the Directors that although the Non-exercise of the Right of First Refusal is not in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole.

### ***2.3 Fairness and reasonableness of the consideration on the equity interests of COSCO SHIPPING Finance under the Shareholding Restructuring***

As stated in the Letter from the Board, the consideration for the purchase of equity interests of COSCO SHIPPING Finance was determined based on the Assessed Value of COSCO SHIPPING Finance.

To assess the fairness and reasonableness of the consideration, we have obtained and reviewed the valuation report on the assessed value of the entire equity interests of COSCO SHIPPING Finance as at 31 December 2021 (the “**Valuation Report**”) prepared by China Tong Cheng Assets Appraisal Co., Ltd (the “**Valuer**”) and noted that the Assessed Value was approximately RMB9,116,388,200 (equivalent to approximately HK\$10,939,665,840) (the “**Valuation**”).

We have reviewed and enquired the qualification and experience of the Valuer in charge of the Valuation. We have also checked to the website of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (the “**SASAC**”) and noted that the Valuer is on the SASAC’s recognized list of asset appraisal companies. Furthermore, we have reviewed the Valuer’s terms of engagement and its scope of work and noted that the scope of work is appropriate for arriving at the opinion required to be given and we were not aware of any irregularities during our interview with the Valuer or in our review of the Valuation Report. Further, during our



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interview with the Valuer, the Valuer confirms that they are not aware of any limitations on the relevant scope of work. The Valuer has also confirmed its independency to the Company, the connected persons of the Company and other parties to the transaction.

We understand from the Valuer that as stated in the Practice Guidelines for Asset Valuation – Enterprise Value, when performing any appraisal of enterprise value, the suitability of the three basic asset valuation methods namely the income approach, the market approach and the asset-based approach shall be analyzed based on the purpose of valuation, the valuation target, the type of value, information gathering, etc. in its selection of valuation methods. If different valuation methods are suitable for any appraisal of enterprise value, asset valuation professionals should adopt two or more valuation methods in their valuation.

We understand from the Valuation Report that the use of market approach requires an active market with substantial amount of market reference and comparable indicators with those of the appraisee and parameters are able to obtain and quantify. Having considered the lack of comparable listed entities and transactions in the market, the Valuer rejected the use of market approach. The asset-based approach refers to the valuation concept of determining the value of the valuation object based on reasonable valuation of all assets and liabilities of the valued enterprise. Details of each asset and liability item of COSCO SHIPPING Finance could be collected in the Valuation. Therefore, the asset-based approach is applicable in the Valuation. Regarding income approach, as stated in the Valuation Report, since COSCO SHIPPING Finance operates on a going concern basis, with relatively complete information in relation to its principal business for the historical years, and its future operating income can be forecasted upon discussion with its management, the income approach is also applicable in the Valuation.

As a result of the foregoing, the Valuer has assessed the valuation of the total shareholders' equity in COSCO SHIPPING Finance under asset-based approach and income approach and set out below summarised the appraised value under the said approaches as at 31 December 2021:

	<b>Appraised value of the entire equity interests of COSCO SHIPPING Finance as at 31 December 2021</b>
<b>Valuation approach</b>	
Asset-based approach	RMB8,943,126,400
Income approach	RMB9,116,388,200

As stated in the Valuation Report, since the evaluation results of the income method focus on the overall future profitability of the appraised unit, and reflect the actual value of the enterprise by discounting the expected cash flow, the income approach can more accurately reflect the future profitability of the enterprise. Through the comparison of the above two evaluation methods, it is believed that the income

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method evaluation conclusion can more appropriately reflect the entire equity interests of COSCO SHIPPING Finance. Therefore, the income approach evaluation result is selected as the final conclusion of the Valuation.

Based on the above and having considered that (i) the Valuer is suitably qualified and experienced with sufficient knowledge, skills and understanding necessary to prepare the Valuation Report competently; (ii) the adoption of income approach for the valuation of COSCO SHIPPING Finance is fair and reasonable; and (iii) during our discussion with the Valuer, we did not identify any major factor which caused us to doubt the fairness and reasonableness of the methodology, principal bases, assumptions and parameters so adopted for the Valuation Report, we concur with the view of the Directors that the Valuation Report is an appropriate reference in determining the consideration for the purchase of equity interests of COSCO SHIPPING Finance and hence is fair and reasonable so far as the Independent Shareholders are concerned.

Although the consideration for the purchase of equity interests of COSCO SHIPPING Finance is fair and reasonable as discussed above, having considered that (i) there are no imminent business needs for the Company to further expand its investment in COSCO SHIPPING Finance; (ii) the Non-exercise of the Right of First Refusal is in line with the long-term strategic development objectives of the Company; and (iii) the Company will maintain its proportion of equity interests of COSCO SHIPPING Finance at 10.9145% upon the Shareholding Restructuring and the Capital Increase and hence, we concur with the view of the Directors that although the Non-exercise of the Right of First Refusal is not in the ordinary and usual course of business of the Group, it is on normal commercial terms or better, and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### RECOMMENDATION

Having taken into account the above-mentioned principal factors and reasons, we are of the view that although the Non-exercise of the Right of First Refusal is not in the ordinary and usual course of business of the Group, it is on normal commercial terms or better, and is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the AGM to approve the Non-exercise of the Right of First Refusal.

Yours faithfully,  
For and on behalf of  
**Goldlink Capital (Corporate Finance) Limited**  
**Vincent Cheung**  
*Managing Director*

*Mr. Vincent Cheung is a licensed person registered with the Securities and Futures Commission and regarded as a responsible officer of Goldlink Capital (Corporate Finance) Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has more than 14 years of experience in corporate finance industry.*

The full text of the Proposed Amendments to the Articles of Association is set out below.

Existing articles	To be amended as
<p><b>Article 1</b> These Articles of Association are formulated pursuant to the Company Law of the People’s Republic of China (“Company Law”), Securities Law of the People’s Republic of China (“Securities Law”), Special Regulations on Overseas Offerings and Listing of Shares by Joint Stock Limited Companies (“Special Regulations”), Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas (“Mandatory Provisions”), Standards for the Governance of Listed Companies (“Standards for Governance”), Guide to Articles of Association of Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Letter of Opinions regarding the Supplementary Amendment of the Articles of Association by Companies Seeking Listing in Hong Kong and other relevant regulations, in order to protect the legitimate rights and interests of COSCO SHIPPING Energy Transportation Co., Ltd. (“the Company”) and shareholders and creditors thereof and to regulate the organization and behavior of the Company.</p>	<p><b>Article 1</b> These Articles of Association are formulated pursuant to the Company Law of the People’s Republic of China (“Company Law”), Securities Law of the People’s Republic of China (“Securities Law”), Special Regulations on Overseas Offerings and Listing of Shares by Joint Stock Limited Companies (“Special Regulations”), Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas (“Mandatory Provisions”), Standards for the Governance of Listed Companies (“Standards for Governance”), Guide to Articles of Association of Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Letter of Opinions regarding the Supplementary Amendment of the Articles of Association by Companies Seeking Listing in Hong Kong, <b>the Constitution of the Communist Party of China</b> and other relevant regulations, in order to protect the legitimate rights and interests of COSCO SHIPPING Energy Transportation Co., Ltd. (“the Company”) and shareholders and creditors thereof and to regulate the organization and behavior of the Company.</p>
	<p><b>ADD:</b></p> <p><b>Article 12</b> In accordance with the Constitution of the Communist Party of China, the Company shall establish an organization for the Party to carry out the activities of the Party. Party Committee of the Company shall play a leading role, set the right direction, keep in mind the big picture and promote the implementation of Party policies and principles. The Company establishes a working organ for the Party, allocate sufficient and competent staff and guarantee sufficient funds to provide necessary conditions to operate the Party organization.</p>

Existing articles	To be amended as
<p><b>Article 26</b> If the directors, supervisors, senior executives, and shareholders holding more than 5% of the total shares of the Company sell shares within 6 months after buying the same or buy shares within 6 months after selling the same, the earnings arising therefrom shall belong to the Company and the Board of the Company will take back the said earnings. If the transfer restrictions in this paragraph involve H shares, the said transfer shall be subject to the approval of SEHK. However, if a securities company comes to hold more than 5% of the shares by buying the shares remaining after an exclusive sale, the said 6-month limitation for selling said shares shall not apply.</p> <p>If the Board of the Company does not observe the provision of the preceding paragraph, the shareholders shall have the right to require the Board to execute the provision within 30 days. If the Board fails to execute the provision within the aforesaid period, the shareholders shall have the right to directly institute legal proceedings in their own names for the interest of the Company.</p> <p>If the Board fails to observe the provision in the first paragraph, the responsible directors shall bear joint liability according to law.</p>	<p><b>Article 2627</b> If the directors, supervisors, senior executives, and shareholders holding more than 5% of the total shares of the Company sell shares <b>or other securities with equity nature</b> within 6 months after buying the same or buy shares within 6 months after selling the same, the earnings arising therefrom shall belong to the Company and the Board of the Company will take back the said earnings. If the transfer restrictions in this paragraph involve H shares, the said transfer shall be subject to the approval of SEHK. However, if a securities company comes to hold more than 5% of the shares by buying the shares remaining after an exclusive sale, <del>the said 6-month limitation for selling said shares shall not apply</del> <b>and other conditions regulated by China Securities Regulatory Commission are excluded.</b></p> <p><b>The aforementioned stock that is held by director, supervisor, senior manager and natural person, includes the stock held by their spouses, parents and children and the stock held in the accounts of others.</b></p> <p>If the Board of the Company does not observe the provision of <del>the preceding paragraph</del> <b>the first paragraph of the article</b>, the shareholders shall have the right to require the Board to execute the provision within 30 days. If the Board fails to execute the provision within the aforesaid period, the shareholders shall have the right to directly institute legal proceedings in their own names for the interest of the Company.</p> <p>If the Board fails to observe the provision in the first paragraph <b>of the Article</b>, the responsible directors shall bear joint liability according to law.</p>

Existing articles	To be amended as
<p><b>Article 34</b> In buying back shares through agreement outside the stock exchange, the Company shall seek prior approval at a general meeting in accordance with these Articles of Association. With prior approval at the general meeting in the same manner, the Company may cancel or change the contract already concluded in the aforesaid manner or waive any right under the contract.</p> <p>The share buyback contracts mentioned in the preceding paragraph shall include (but not be limited to) agreements for undertaking share buyback obligations and obtaining share buyback rights.</p> <p>The Company shall not transfer a share buyback contract or any right thereunder.</p> <p>The price of shares which the Company has the right to buy back or redeem shall not exceed a specific price limit if the said shares are not bought back by public trading or offer; to buy back the shares by offer, the Company shall issue a tender offer to all shareholders under the same conditions.</p>	<p><b>Article 3435</b> In buying back shares through agreement outside the stock exchange, the Company shall seek prior approval at a general meeting in accordance with these Articles of Association. With prior approval at the general meeting in the same manner, the Company may cancel or change the contract already concluded in the aforesaid manner or waive any right under the contract.</p> <p>The share buyback contracts mentioned in the preceding paragraph shall include (but not be limited to) agreements for undertaking share buyback obligations and obtaining share buyback rights.</p> <p>The Company shall not transfer a share buyback contract or any right thereunder.</p> <p><del>The price of shares which the Company has the right to buy back or redeem shall not exceed a specific price limit if the said shares are not bought back by public trading or offer; to buy back the shares by offer, the Company shall issue a tender offer to all shareholders under the same conditions.</del></p>

Existing articles	To be amended as
<p><b>Article 46</b> All H shares for which full payment has been made may be transferred freely (other than circumstances not allowed by the SEHK) in accordance with these Articles of Association without any lien; except under the following conditions, the Board may refuse to recognize any transfer instrument without providing any reason:</p> <p>I. All the transfer documents and other relevant documents relating to or affecting ownership of any registered securities shall be registered. In the event that any fees shall be charged for the registration, the said cost shall not be higher than the maximum amount stipulated under the Rules Governing the Listing of Securities on SEHK;</p> <p>II. The transfer instrument and other relevant documents only involve H shares listed in Hong Kong;</p> <p>III. Stamp tax has been paid for the transfer instrument and other relevant documents;</p> <p>IV. Relevant shares and evidence reasonably required by the Board to prove that the transferor has the right to transfer the shares have been provided;</p> <p>V. If the shares are transferred to joint holders, the number of joint holders shall not exceed four;</p> <p>VI. The relevant shares are not subject to lien by any company.</p> <p>VII. No shares shall be transferred to any minors or mentally defective persons or any other legally incapacitated persons.</p> <p>...</p>	<p><b>Article 4647</b> All H shares for which full payment has been made may be transferred freely (other than circumstances not allowed by the SEHK) in accordance with these Articles of Association without any lien; except under the following conditions, the Board may refuse to recognize any transfer instrument without providing any reason:</p> <p><del>I. All the transfer documents and other relevant documents relating to or affecting ownership of any registered securities shall be registered. In the event that any fees shall be charged for the registration, the said cost shall not be higher than the maximum amount stipulated under the Rules Governing the Listing of Securities on SEHK;</del></p> <p><del>H-I.</del> The transfer instrument and other relevant documents only involve H shares listed in Hong Kong;</p> <p><del>HH-II.</del> Stamp tax has been paid for the transfer instrument and other relevant documents;</p> <p><del>IV-III.</del> Relevant shares and evidence reasonably required by the Board to prove that the transferor has the right to transfer the shares have been provided;</p> <p><del>V.</del> If the shares are transferred to joint holders, the number of joint holders shall not exceed four;</p> <p><del>VI.</del> The relevant shares are not subject to lien by any company.</p> <p><del>IV-IV.</del> No shares shall be transferred to any minors or mentally defective persons or any other legally incapacitated persons.</p> <p>...</p>

Existing articles	To be amended as
<p><b>Article 50</b> Any shareholder recorded in the register of shareholders, or anybody requesting that his name (title) should be recorded in such register, who has lost his share certificates (namely the “original share-certificates”) may apply to the Company for supplementary issue of new share-certificates in respect of the said stock (namely the “related stock”).</p> <p>Applications for the reissue of shares lost by holders of domestic shares shall be processed pursuant to Company Law.</p> <p>If the Company is granted a mandate to issue warrants to anonymous holders, it shall not issue any new warrants in replacement of the original warrants lost unless it is convinced beyond reasonable doubt the original warrants have been destroyed.</p> <p>Applications for the reissue of shares lost by holders of overseas listed foreign shares shareholders shall be processed pursuant to the law, regulations of the stock exchange and other relevant regulations of the place where the original of the register of holders of overseas listed foreign shares is kept.</p>	<p><b>Article 5051</b> Any shareholder recorded in the register of shareholders, or anybody requesting that his name (title) should be recorded in such register, who has lost his share certificates (namely the “original share-certificates”) may apply to the Company for supplementary issue of new share-certificates in respect of the said stock (namely the “related stock”).</p> <p>Applications for the reissue of shares lost by holders of domestic shares shall be processed pursuant to Company Law.</p> <p><del>If the Company is granted a mandate to issue warrants to anonymous holders, it shall not issue any new warrants in replacement of the original warrants lost unless it is convinced beyond reasonable doubt the original warrants have been destroyed.</del></p> <p>Applications for the reissue of shares lost by holders of overseas listed foreign shares shareholders shall be processed pursuant to the law, regulations of the stock exchange and other relevant regulations of the place where the original of the register of holders of overseas listed foreign shares is kept.</p>

Existing articles	To be amended as
<p><b>Article 54</b> Shareholders of company’s ordinary stock shall enjoy the following rights to:</p> <p>I. Receive dividends and the division of earnings in other forms depending on its stock share;</p> <p>II. Require, convene, preside over or attend general meetings either in person or by proxy and exercise the corresponding voting rights in accordance with the relevant laws, regulations and the Articles of Association;</p> <p>III. Supervise, present suggestions on or make inquiries about the business activities of the Company;</p> <p>IV. Transfer, give or pledge their shares in accordance with laws, regulations, and these Articles of Association;</p> <p>V. Obtain relevant information in line with the stipulations in these Articles of Association, including:</p> <p>1.Obtaining these Articles of Association after paying the cost;</p> <p>2.Consulting free of charge and having the right to consult and copy relevant information after paying reasonable expenses:</p> <p>A. All parts of the register of shareholders;</p> <p>...</p>	<p><b>Article 5455</b> Shareholders of company’s ordinary stock shall enjoy the following rights to:</p> <p>I. Receive dividends and the division of earnings in other forms depending on its stock share;</p> <p>II. Require, convene, preside over or attend general meetings either in person or by proxy and exercise the corresponding voting rights in accordance with the relevant laws, regulations and the Articles of Association;</p> <p>III. Supervise, present suggestions on or make inquiries about the business activities of the Company;</p> <p>IV. Transfer, give or pledge their shares in accordance with laws, regulations, and these Articles of Association;</p> <p>V. Obtain relevant information in line with the stipulations in these Articles of Association, including:</p> <p>1.Obtaining these Articles of Association after paying the cost;</p> <p>2.Consulting free of charge and having the right to consult and copy relevant information after paying reasonable expenses:</p> <p>A. All <b>transcripts of all</b> parts of the register of shareholders;</p> <p>...</p>



Existing articles	To be amended as
<p>J. The Company shall place the documents referred to in Item (A), Item (C), Item (D), Item (F), Item (G), Item (H) and Item (I) in Hong Kong for the public and shareholders to consult free of charge, and for them to make copies of the above documents after charging reasonable fees.</p> <p>VI. By termination or upon liquidation of the Company, participate in distribution of the Company's remaining assets depending on its stock share;</p> <p>VII. Object to resolutions of the general meeting concerning merger or division of the Company, requiring the Company to buy their shares;</p> <p>VIII. Other circumstances stipulated by laws, administrative regulations, departmental rules or these Articles of Association.</p> <p>The Company shall not freeze or otherwise damage the rights attached to any shares directly or indirectly held by any person on the ground that the said person has not disclosed his equity to the Company.</p>	<p>J. The Company shall place the documents referred to in Item (A), Item (C), Item (D), Item (F), Item (G), Item (H) and Item (I) in Hong Kong <b>in accordance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited</b> for <del>the public and</del> the shareholders to consult free of charge, and for them to make copies of the above documents after charging reasonable fees.</p> <p>VI. By termination or upon liquidation of the Company, participate in distribution of the Company's remaining assets depending on its stock share;</p> <p>VII. Object to resolutions of the general meeting concerning merger or division of the Company, requiring the Company to buy their shares;</p> <p>VIII. Other circumstances stipulated by laws, administrative regulations, departmental rules or these Articles of Association.</p> <p><del>The Company shall not freeze or otherwise damage the rights attached to any shares directly or indirectly held by any person on the ground that the said person has not disclosed his equity to the Company.</del></p> <p><b>The register of shareholders in Hong Kong can be reviewed by shareholders, but the Company is allowed to postpone the register procedure of shareholder in accordance with Article 632 in the Companies Ordinance of Hong Kong.</b></p>

Existing articles	To be amended as
<p><b>Article 64</b> The shareholders’ meeting performs the following functions:</p> <p>I. Deciding on the business guidelines and investment plans of the Company;</p> <p>II. Electing and changing directors and supervisors other than employees’ representatives, and deciding on the remuneration of directors and supervisors;</p> <p>III. Considering and approving the reports of the Board of Directors and the Supervisory Committee;</p> <p>IV. Examining and approving the Company’s annual financial budget scheme and final calculation scheme;</p> <p>V. Examining and approving the Company’s profit distribution schemes and loss compensation schemes;</p> <p>VI. Deciding on increases/decreases of the registered capital of the Company;</p> <p>VII. Deciding on the merger, division, dissolution, liquidation or transformation of the Company;</p> <p>...</p> <p>XIV. Considering and approving equity incentive schemes;</p> <p>XV. Considering proposals from shareholders representing 3% (inclusive) of the voting shares of the Company;</p> <p>XVI. Considering other matters which, in accordance with the laws, administrative regulations, departmental rules, listing rules in the location where the Company’s shares are listed, the Articles of Association or other company institutional documents considered and approved by the shareholders’ meeting, must be approved by a general meeting.</p>	<p><b>Article 6465</b> The shareholders’ meeting performs the following functions:</p> <p>I. Deciding on the business guidelines and investment plans of the Company;</p> <p>II. Electing and changing directors and supervisors other than employees’ representatives, and deciding on the remuneration of directors and supervisors;</p> <p>III. Considering and approving the reports of the Board of Directors and the Supervisory Committee;</p> <p>IV. Examining and approving the Company’s annual financial budget scheme and final calculation scheme;</p> <p>V. Examining and approving the Company’s profit distribution schemes and loss compensation schemes;</p> <p>VI. Deciding on increases/decreases of the registered capital of the Company;</p> <p>VII. Deciding on the merger, division, <b>separation</b>, dissolution, liquidation (<b>including voluntary winding-up</b>) or transformation of the Company;</p> <p>...</p> <p>XIV. Considering <del>and approving</del> equity incentive schemes <b>and employee stock ownership plans</b>;</p> <p>XV. Considering proposals from shareholders representing 3% (inclusive) of the voting shares of the Company;</p> <p>XVI. Considering other matters which, in accordance with the laws, administrative regulations, departmental rules, listing rules in the location where the Company’s shares are listed, the Articles of Association or other company institutional documents considered and approved by the shareholders’ meeting, must be approved by a general meeting.</p>

Existing articles	To be amended as
<p><b>Article 65</b> The following guarantees to be given by the Company shall be considered and approved by the shareholders' general meeting:</p> <p>I. Any external guarantee to be given by the Company and subsidiaries in which it has controlling interest, the total amount of which reaches or exceeds 50% of their latest audited net assets;</p> <p>II. Any external guarantee to be given by the Company, the total amount of which reaches or exceeds 30% of its latest audited total assets;</p> <p>III. Provision of a guarantee to anyone whose gearing ratio exceeds 70%;</p> <p>IV. Provision of a single guarantee whose amount exceeds 10% of the latest audited net assets;</p> <p>V. Provision of guarantees to shareholders, effective controllers and their connected parties;</p> <p>VI. The cumulative guarantee amount for 12 consecutive months accounting for 50% of the latest audited net assets of the Company and exceeding RMB50 million;</p> <p>...</p>	<p><b>Article 6566</b> The following guarantees to be given by the Company shall be considered and approved by the shareholders' general meeting:</p> <p>I. Any external guarantee to be given by the Company and subsidiaries in which it has controlling interest, the total amount of which <del>reaches or exceeds</del> 50% of their latest audited net assets;</p> <p>II. Any external guarantee to be given by the Company <b>and its controlling subsidiaries</b>, the total amount of which <del>reaches or exceeds</del> 30% of its latest audited total assets;</p> <p>III. Provision of a guarantee to anyone whose gearing ratio exceeds 70%;</p> <p>IV. Provision of a single guarantee whose amount exceeds 10% of the latest audited net assets;</p> <p>V. Provision of guarantees to shareholders, effective controllers and their connected parties;</p> <p>VI. The cumulative guarantee amount for 12 consecutive months <del>accounting for 50% of the latest audited net assets of the Company and exceeding RMB50 million</del> <b>exceeds 30% of the latest audited total assets of the Company;</b></p> <p>...</p>

Existing articles	To be amended as
<p><b>Article 74</b> When the Supervisory Committee or shareholders decide to convene a general meeting by itself/themselves, it/they shall notify the Board in writing and file the decision with the authority appointed by CSRC in the location of the Company and the stock exchange.</p> <p>Prior to the announcement of the resolution of the general meeting, the shareholding of shareholders who convene the meeting shall not be less than 10%.</p> <p>The convening shareholders shall, upon issuing a notice of the general meeting and announcing the resolutions thereof, submit the relevant documentation to the authority appointed by CSRC in the location of the Company and the stock exchange.</p>	<p><b>Article 7475</b> When the Supervisory Committee or shareholders decide to convene a general meeting by itself/themselves, it/they shall notify the Board in writing and file the decision with <del>the authority appointed by CSRC in the location of the Company and</del> the stock exchange.</p> <p>Prior to the announcement of the resolution of the general meeting, the shareholding of shareholders who convene the meeting shall not be less than 10%.</p> <p>The <b>Supervisory Committee or</b> convening shareholders shall, upon issuing a notice of the general meeting and announcing the resolutions thereof, submit the relevant documentation to <del>the authority appointed by CSRC in the location of the Company</del> the stock exchange.</p>
<p><b>Article 80</b> Notice of the general meeting shall be in writing and shall cover the following contents:</p> <p>.....</p> <p>XI. In the event that the general meeting adopt online transmission or other ways, the time and procedures for voting via internet or by other ways will be specifically stated in the notice of the general meeting.</p>	<p><b>Article 8081</b> Notice of the general meeting shall be in writing and shall cover the following contents:</p> <p>.....</p> <p>XI. <del>In the event that the general meeting adopt online transmission or other ways, the time and procedures for</del> <b>Voting time and voting procedure of</b> voting via internet or by other ways <del>will be specifically stated in the notice of the general meeting.</del></p>

Existing articles	To be amended as
<p><b>Article 87</b> The power of attorney shall be in writing under the hand of the principal or his proxy duly authorized in writing or, if the principal is a legal person, it shall be under seal or under the hand of the director or proxy duly authorized.</p> <p>The power of attorney issued by a shareholder to appoint a proxy to attend a general meeting shall specify:</p> <p>I. the name of the proxy;</p> <p>II. whether or not the proxy has any voting right;</p> <p>III. directives to vote for or against or abstain from voting on each and every issue included in the agenda of the general meeting;</p> <p>IV. the date of issue and validity period of the power of attorney;</p> <p>V. the signature (or seal) of the principal. If the principal is a corporate shareholder, the corporate seal shall be affixed;</p> <p>VI. the number of shares held by the principal represented by the authorized proxy;</p> <p>VII. If several persons are appointed as the shareholder’s proxies, the power of attorney shall specify the number of shares to be represented by each proxy. If the listing rules of the stock exchange(s) on which the Company’s shares are listed have other provisions on the power of attorney, such provisions shall be complied with.</p>	<p><b>Article 8788</b> The power of attorney shall be in writing under the hand of the principal or his proxy duly authorized in writing or, if the principal is a legal person, it shall be under seal or under the hand of the director or proxy duly authorized.</p> <p>The power of attorney issued by a shareholder to appoint a proxy to attend a general meeting shall specify:</p> <p>I. the name of the proxy;</p> <p>II. whether or not the proxy has any voting right;</p> <p>III. directives to vote for or against or abstain from voting on each and every issue included in the agenda of the general meeting;</p> <p>IV. the date of issue and validity period of the power of attorney;</p> <p>V. the signature (or seal) of the principal. If the principal is a corporate shareholder, the corporate seal shall be affixed;</p> <p>VI. the number of shares held by the principal represented by the authorized proxy;</p> <p>VII. If several persons are appointed as the shareholder’s proxies, the power of attorney shall specify the number of shares to be represented by each proxy. If the listing rules of the stock exchange(s) on which the Company’s shares are listed have other provisions on the power of attorney, such provisions shall be complied with.</p> <p><b>VIII. In the case of a legal person shareholder, a representative may be appointed to attend and vote at any general meeting of the Company, and if the legal person shareholder has appointed a representative to attend any meeting, he/she is deemed to attend in person. A legal person shareholder may execute a form of proxy by a person duly authorised by him/her.</b></p>

Existing articles	To be amended as
<p><b>Article 89</b> Any format issued to a shareholder by the Board for appointing a proxy shall provide the shareholder with the flexibility to instruct the proxy to vote for or against or abstain from voting, and give directives on each of the resolutions to be decided at the meeting. The power of attorney shall specify that, in default of directives, the proxy may vote as he thinks fit.</p>	<p><b>Article <del>89</del>90</b> Any format issued to a shareholder by the Board for appointing a proxy shall provide the shareholder with the flexibility to instruct the proxy to vote for or against or abstain from voting, and give directives on each of the resolutions to be decided at the meeting. The power of attorney shall specify that, in default of directives, <b>whether</b> the proxy may vote as he thinks fit.</p>
<p><b>Article 103</b> Shareholders (including proxies thereof) who vote at a general meeting shall exercise their voting rights in proportion to the amount of voting shares they represent. Each share shall carry the right to one vote.</p> <p>When considering material events affecting the interest of minority investors at the general meeting, the votes cast by minority investors shall be counted separately. The result of separate counting of such votes shall be timely and openly disclosed.</p> <p>The Company shall have no voting rights for the shares it holds, and such portion of the shares shall be excluded from the total number of voting shares represented by the shareholders attending the general meeting.</p> <p>The Board, independent directors and qualified shareholders may solicit voting rights openly from shareholders. When soliciting voting rights from shareholders, sufficient disclosure of information, such as the specific voting intention, shall be provided to the solicited parties. Soliciting voting rights from shareholders by providing a consideration or otherwise a reward is prohibited. The Company shall not set a minimum shareholding threshold when soliciting voting rights.</p>	<p><b>Article <del>103</del>104</b> Shareholders (including proxies thereof) who vote at a general meeting shall exercise their voting rights in proportion to the amount of voting shares they represent. Each share shall carry the right to one vote.</p> <p>When considering material events affecting the interest of minority investors at the general meeting, the votes cast by minority investors shall be counted separately. The result of separate counting of such votes shall be timely and openly disclosed.</p> <p>The Company shall have no voting rights for the shares it holds, and such portion of the shares shall be excluded from the total number of voting shares represented by the shareholders attending the general meeting.</p> <p><b>If a shareholder buys the voting shares of the Company in violation of the provisions of paragraphs 1 and 2 of Article 63 of the Securities Law, the exceeding part of regulated proportion cannot exercise the voting rights in the following 36 months after purchase and shall not be accounted into the total amount of voting shares presenting on the general meeting of shareholders.</b></p>

Existing articles	To be amended as
<p>Pursuant to applicable laws, regulations and listing rules at the location where the Company’s shares are listed, if any shareholder must abstain from voting or is restricted to vote only in favor of or against any individual resolution, then any vote cast by the said shareholder (or proxy thereof) in violation of the relevant provision or restriction shall not be counted in the voting result.</p>	<p>The Board, independent directors <del>and qualified shareholders</del>, <b>shareholders with more than 1% voting shares or investor protection agencies established in accordance with laws, administrative decrees or regulations of China Securities Regulatory Commission</b> may solicit voting rights openly from shareholders. When soliciting voting rights from shareholders, sufficient disclosure of information, such as the specific voting intention, shall be provided to the solicited parties. Soliciting voting rights from shareholders by providing a consideration or otherwise a reward is prohibited. <b>Except conditions provided in the laws, The—the</b> Company shall not set a minimum shareholding threshold when soliciting voting rights.</p> <p>Pursuant to applicable laws, regulations and listing rules at the location where the Company’s shares are listed, if any shareholder must abstain from voting or is restricted to vote only in favor of or against any individual resolution, then any vote cast by the said shareholder (or proxy thereof) in violation of the relevant provision or restriction shall not be counted in the voting result.</p>
<p><b>Article 107</b> All issues under Clauses (I), (II), (III), (IV), (V), (IX), (XI) (refers to other external guarantees other than Clause II of Article 65 of these Articles of Association), (XIII) and (XVI) of Article 64 of these Articles of Association on the functions of a general meeting, or issues other than those that are to be passed by special resolutions pursuant to the relevant laws, regulations, or these Articles of Association, shall be approved by ordinary resolutions at a general meeting.</p>	<p><b>Article <del>107</del>108</b> All issues under Clauses (I), (II), (III), (IV), (V), (IX), (XI) (refers to other external guarantees other than Clause II ` VI of Article <del>65</del>66 of these Articles of Association), (XIII) and (XVI) of Article <del>64</del>65 of these Articles of Association on the functions of a general meeting, or issues other than those that are to be passed by special resolutions pursuant to the relevant laws, regulations, or these Articles of Association, shall be approved by ordinary resolutions at a general meeting.</p>

Existing articles	To be amended as
<p><b>Article 108</b> Clauses (VI), (VII), (VIII), (X), (XI) (refers to the external guarantees in Clause II of Article 65 of these Articles of Association), (XII) and (XIV) listed in Article 62 above regarding the functions performed by the shareholder’s meeting, or clauses specified in applicable laws, rules or regulations or this Articles of Association, or clauses that are confirmed by a general resolution of the shareholder’s meeting to have an important influence on the Company and are to be ratified through a special resolution, shall be ratified by a special resolution on the meeting. The above stipulations regarding a general or special resolution shall apply to Article XV, depending on the particulars of the proposal.</p>	<p><b>Article <del>108</del>109</b> Clauses (VI), (VII), (VIII), (X), (XI) (refers to the external guarantees in Clause II, <b>VI</b> of Article <del>65</del>66 of these Articles of Association), (XII) and (XIV) listed in Article <del>64</del>65 above regarding the functions performed by the shareholder’s meeting, or clauses specified in applicable laws, rules or regulations or this Articles of Association, or clauses that are confirmed by a general resolution of the shareholder’s meeting to have an important influence on the Company and are to be ratified through a special resolution, shall be ratified by a special resolution on the meeting. The above stipulations regarding a general or special resolution shall apply to Article XV, depending on the particulars of the proposal.</p>
<p><b>Article 111</b> The Company shall, on the premise of ensuring a valid shareholders’ meeting, facilitate shareholder participation in the general meeting using each and every means and method, including the online voting system and other means of up-to-date information technology.</p>	<p>DELETE</p>
<p><b>Article 113</b> Methods and procedures of nominating a candidate for director or supervisor:</p> <p>I. Shareholders holding or jointly holding over 3% of all outstanding voting shares may submit a written proposal to the meeting, nominating non-employee representatives as candidates for directors and supervisors. The number of such nominations shall be within the limit specified in these Articles of Association, i.e., no more than the number to be selected. Such proposals are to be received at the Company at least fourteen (14) days prior to the date for which the meeting is scheduled.</p>	<p><b>Article 113</b> Methods and procedures of nominating a candidate for director or supervisor:</p> <p>I. Shareholders holding or jointly holding over 3% of all outstanding voting shares may submit a written proposal to the meeting, nominating non-employee representatives as candidates for directors and supervisors. The number of such nominations shall be within the limit specified in these Articles of Association, i.e., no more than the number to be selected. Such proposals are to be received at the Company at least fourteen (14) days prior to the date for which the meeting is scheduled.</p>



Existing articles	To be amended as
<p>II. The board of directors or board of supervisors may submit to the meeting a written proposal containing a list of suggested candidates for directors and supervisors. The number of suggested candidates shall be within the limit herein specified, taking consideration of the number to be selected.</p> <p>III. The Company shall form another system for the nomination of independent directors.</p> <p>IV. The written notification allowing the nomination of candidates for directors and supervisors and the notification indicating the candidates' willingness to accept such nominations are to be received at the Company at least seven (7) days in advance.</p> <p>V. The schedule mentioned in Section 4 above shall commence on the date on which the call for a shareholders' meeting is sent at earliest, and shall end more than seven (7) days prior to the date for which such meeting is scheduled.</p> <p>VI. Unless otherwise stipulated, a cumulative voting system shall be used, and the meeting shall vote on candidates for directors and supervisors on an individual basis.</p> <p>VII. Any increase of directors or supervisors on a temporary basis shall be proposed by the board of directors or the board of supervisors to the meeting for election or replacement.</p>	<p>II. The board of directors or board of supervisors may submit to the meeting a written proposal containing a list of suggested candidates for directors and supervisors. The number of suggested candidates shall be within the limit herein specified, taking consideration of the number to be selected.</p> <p>III. The Company shall form another system for the nomination of independent directors.</p> <p><del>IV. The written notification allowing the nomination of candidates for directors and supervisors and the notification indicating the candidates' willingness to accept such nominations are to be received at the Company at least seven (7) days in advance.</del></p> <p><del>V. The schedule mentioned in Section 4 above shall commence on the date on which the call for a shareholders' meeting is sent at earliest, and shall end more than seven (7) days prior to the date for which such meeting is scheduled.</del></p> <p><del>VI</del>-IV. Unless otherwise stipulated, a cumulative voting system shall be used, and the meeting shall vote on candidates for directors and supervisors on an individual basis.</p> <p><del>VII</del>-V. Any increase of directors or supervisors on a temporary basis shall be proposed by the board of directors or the board of supervisors to the meeting for election or replacement.</p>
<p><b>Article 117</b> Two representatives shall be appointed for the purpose of counting and monitoring before the voting on proposals. Shareholders or their agents who have an interest in a proposal to be voted on shall not be appointed for such purpose.</p> <p>Solicitors and representatives of shareholders and supervisors shall appear for a counting and monitoring when the meeting is voting on proposals. Voting results are to be announced immediately. Voting results on resolutions shall be recorded in the minutes.</p> <p>When voting online or through other means, corporate shareholders or their agents shall have the right to check their respective voting results through the system.</p>	<p><b>Article 117</b> Two representatives shall be appointed for the purpose of counting and monitoring before the voting on proposals. Shareholders or their agents who have <del>an</del> <b>interest-connection</b> in a proposal to be voted on shall not be appointed for such purpose.</p> <p>Solicitors and representatives of shareholders and supervisors shall appear for a counting and monitoring when the meeting is voting on proposals. Voting results are to be announced immediately. Voting results on resolutions shall be recorded in the minutes.</p> <p>When voting online or through other means, corporate shareholders or their agents shall have the right to check their respective voting results through the system.</p>

Existing articles	To be amended as
<p><b>Article 119</b> Shareholders appearing at the meeting shall vote in one of following categories on the proposal to be voted on: for, against, and abstention.</p> <p>Any unfilled, improperly filled or poorly handwritten votes or votes that are not cast shall be considered as abstentions from voting by the shareholder. Its respective shares shall be counted as “abstentions” in the voting result.</p>	<p><b>Article 119</b> Shareholders appearing at the meeting shall vote in one of following categories on the proposal to be voted on: for, against, and abstention. <b>In the case that securities registration and clearing institutions, as the nominee holders of stocks under the Stock Connect Scheme in the Mainland and Hong Kong stock markets, declare according to the intention of the actual holders should be excluded.</b></p> <p>Any unfilled, improperly filled or poorly handwritten votes or votes that are not cast shall be considered as abstentions from voting by the shareholder. Its respective shares shall be counted as “abstentions” in the voting result.</p>
<p><b>Article 127</b> Category shareholders are holders of category shares issued by the Company. Category shareholders shall enjoy rights and undertake obligations based on the applicable laws, regulations and these Articles of Association. Any non-voting shares included in the share capital at the Company shall bear the wording “non- voting”. Any category shares (except shares with the most privileged voting rights) included in the share capital at the Company shall bear the wording “restricted voting” or “limited voting”.</p>	<p><b>Article 127</b> Category shareholders are holders of category shares issued by the Company. Category shareholders shall enjoy rights and undertake obligations based on the applicable laws, regulations and these Articles of Association. <del>Any non-voting shares included in the share capital at the Company shall bear the wording “non voting”. Any category shares (except shares with the most privileged voting rights) included in the share capital at the Company shall bear the wording “restricted voting” or “limited voting”.</del></p>
<p><b>Article 135</b> Each board of directors serves the Company for three years. Directors are elected or replaced by the general meeting of shareholders, and may be dismissed by the general meeting of shareholders before the expiration of their terms of office. Their terms of office commence on the date on which the resolution is passed at the meeting and end on the expiration of the term of office of the Board. Directors may be re-elected upon the expiration of their terms.</p>	<p><b>Article 135</b> Each board of directors <b>(including every tenure of each director)</b> serves the Company for three years. Directors are elected or replaced by the general meeting of shareholders, and may be dismissed by the general meeting of shareholders before the expiration of their terms of office. Their terms of office commence on the date on which the resolution is passed at the meeting and end on the expiration of the term of office of the Board. Directors may be re-elected upon the expiration of their terms.</p>

Existing articles	To be amended as
<p>Where not otherwise provided by law, the issuer in general meeting shall have power by ordinary resolution to remove any director (including a managing or other executive director) before the expiration of his period of office, but such removal shall be without prejudice to any claim for damages under any contract.</p> <p>.....</p>	<p><del>Where not otherwise provided by law,</del> <b>If not provided by relevant laws or legislations,</b> the issuer in general meeting shall have power by ordinary resolution to remove any director (including a managing or other executive director) before the expiration of his period of office, but such removal shall be without prejudice to any claim for damages under any contract.</p> <p>.....</p>
<p><b>Article 140</b> The Company shall have independent directors. Such directors shall pay close attention to the interests of minority shareholders during the performance of their respective duties.</p> <p>Unless otherwise specified in this section, independent directors shall be subject to the Articles in Chapter 14 hereof regarding the qualifications and obligations of directors, listing rules of the exchange where shares in the Company are publicly traded and other applicable regulatory rules.</p>	<p><b>Article 140</b> The Company shall have independent directors <b>in accordance with laws, administrative regulations and relevant regulations of China Securities Regulatory Commission and stock exchange.</b> Such directors shall pay close attention to the interests of minority shareholders during the performance of their respective duties.</p> <p>Unless otherwise specified in this section, independent directors shall be subject to the Articles in Chapter 14 hereof regarding the qualifications and obligations of directors, listing rules of the exchange where shares in the Company are publicly traded and other applicable regulatory rules.</p>
<p><b>Article 146</b> The board of directors shall consist of 9 to 15 members, including a chairman and vice chairmen. Appointment and removal of the chairman and vice chairman shall be subject to a simple majority vote of all members. The chairman and vice chairmen shall serve a term of three (3) years in office, and may be re-elected.</p>	<p><b>Article 146</b> The board of directors shall consist of <del>9</del> 15 members, including a chairman and vice chairmen. Appointment and removal of the chairman and vice chairman shall be subject to a simple majority vote of all members. The chairman and vice chairmen shall serve a term of three (3) years in office, and may be re-elected.</p>

Existing articles	To be amended as
<p><b>Article 147</b> The board of directors shall exercise the following powers:</p> <p>I. Convening the general meeting of shareholders and reporting to the meeting;</p> <p>II. Implementing the resolutions passed at the general meeting of shareholders;</p> <p>III. Determining the operational plans and investment methods of the Company;</p> <p>IV. Within the scope of authority of the general meeting of shareholders, deciding on such issues as investment, purchase of assets or sale, mortgage of assets, entrusted financing, connected transactions, etc;</p> <p>V. Preparing the annual financial budget and the final accounts;</p> <p>VI. Formulating plans for distribution of profits and the recovery of losses;</p> <p>VII. Formulating a plan for the increase or decreases of the registered capital;</p> <p>VIII. Formulating a plan for the listing and issuance of bonds or other securities;</p> <p>IX. Formulating plans for substantial acquisitions, buy-backs, mergers, separation, dissolution or change in corporate form;</p> <p>X. Making decisions on the establishment of the Company’s internal management system;</p> <p>XI. Appointing or removing the general manager;</p> <p>XII. Appointing or removing the secretary of the board of directors nominated by the chairman;</p> <p>XIII. Appointing or removing the deputy general manager, the financial officer and other executives nominated by the general manager, and defining the compensation and bonus-penalty package for such executives;</p> <p>...</p>	<p><b>Article 147</b> The board of directors <b>plays the role of formulating strategies, making decisions and preventing risks,</b> and shall exercise the following powers:</p> <p>I. Convening the general meeting of shareholders and reporting to the meeting;</p> <p>II. Implementing the resolutions passed at the general meeting of shareholders;</p> <p>III. Determining the operational plans and investment methods of the Company;</p> <p>IV. Within the scope of authority of the general meeting of shareholders, deciding on such issues as investment, purchase of assets or sale, mortgage of assets, <b>external guarantees,</b> entrusted financing, connected transactions, <b>external donations,</b> etc;</p> <p>V. Preparing the annual financial budget and the final accounts;</p> <p>VI. Formulating plans for distribution of profits and the recovery of losses;</p> <p>VII. Formulating a plan for the increase or decreases of the registered capital;</p> <p>VIII. Formulating a plan for the listing and issuance of bonds or other securities;</p> <p>IX. Formulating plans for substantial acquisitions, buy-backs, mergers, separation, dissolution or change in corporate form;</p> <p>X. Making decisions on the establishment of the Company’s internal management system;</p> <p>XI. <del>Appointing or removing</del><b>Deciding to appoint or remove</b> the general manager, <b>and deciding on the matters relating to his/her remuneration, reward and punishment;</b></p> <p>XII. <del>Appointing or removing</del><b>Deciding to appoint or remove</b> the secretary of the board of directors nominated by the chairman, <b>and deciding on the matters relating to his/her remuneration, reward and punishment;</b></p>

Existing articles	To be amended as
	<p>XIII. <del>Appointing or removing</del><b>Deciding to appoint or remove</b> the deputy general manager, the financial officer and other executives nominated by the general manager, and defining the compensation and bonus-penalty package for such executives;</p> <p><b>XIV. Signing appointment contracts with management members accordance to relevant regulations and procedures of tenure system and contract management of management members, authorizing the chairman of the Board to sign letters of responsibility for business performance with the management members, or authorizing the chairman of the Board to sign the letter of responsibility for business performance with the general manager and authorizing the general manager to sign letters of responsibility for business performance with other management members; deciding the business performance assessment of senior management, strengthening the application of the assessment results, and putting forward specific suggestions such as remuneration and post adjustment;</b></p> <p>...</p> <p><b>Before deciding key issues of the Company, the Board of Directors should listen to the suggestions of Party Committee of the Company first.</b></p>
	<p><b>ADD:</b></p> <p><b>Article 149</b> The Board of Directors shall decide on the permission of investment, purchase of assets or sale, mortgage of assets, external guarantees, entrusted financing, related-party transactions, external donations, etc, and establish strict review and decision-making procedure.</p>

Existing articles	To be amended as
<p><b>Article 161</b> Notices of Board meetings shall include the following:</p> <p>I. time, date and venue of the meeting;</p> <p>II. the form of the meeting;</p> <p>III. duration of the meeting;</p> <p>IV. purpose and agenda;</p> <p>V. date of the notice;</p> <p>VI. convener and presider of the meeting, proposer of and written proposal for the provisional meeting;</p> <p>VII. documents needed for voting of directors;</p> <p>VIII. requirements for the directors to attend the meeting in person or by proxy;</p> <p>IX. coordinator and means of contact;</p>	<p><b>Article <del>161</del>162</b> Notices of Board meetings shall include the following:</p> <p>I. time, date and venue of the meeting;</p> <p>II. the form of the meeting;</p> <p>III. duration of the meeting;</p> <p>IV. purpose and agenda;</p> <p>V. date of the notice;</p> <p>VI. convener and presider of the meeting, proposer of and written proposal for the provisional meeting <b>(if involved)</b>;</p> <p>VII. documents needed for voting of directors;</p> <p>VIII. requirements for the directors to attend the meeting in person or by proxy;</p> <p>IX. coordinator and means of contact;</p>
<p><b>Article 173</b> The Company shall establish a managerial team. Under the direction of the Board of Directors, it shall execute the decisions made by the Board and be responsible for the routine operation of the Company. The managerial team shall be under the charge of a general manager.</p> <p>The managerial team shall consist of one general manager who shall be appointed or dismissed by the Board.</p> <p>The managerial team shall also include several deputy general managers, one chief financial officer and one general counsel.</p>	<p><b>Article <del>173</del>174</b> The Company shall establish a managerial team. Under the direction of the Board of Directors, it shall execute the decisions made by the Board and be responsible for the routine operation of the Company. The managerial team shall be under the charge of a general manager.</p> <p>The managerial team shall consist of one general manager who shall be appointed or dismissed by the Board. <b>The general manager is responsible to the Board of Directors, formulates the annual work report and the work system for reporting major issues to the Board of Directors, reports work to the Board of Directors, and reports to the chairman of the Board when the Board of Directors is not in session.</b></p> <p>The managerial team shall also include several deputy general managers, one chief financial officer and one general counsel.</p>

Existing articles	To be amended as
	<p><b>The managerial team is responsible for planning the operation, promoting the implementation and strengthening the management. The members of the management fully implement the tenure system and contractual management, sign employment agreements, scientifically determine performance goals, rigidly pay the remuneration, conduct strict assessments in accordance with the agreements, and reappoint or dismiss according to the results of the assessment. Formulate and improve relevant supporting systems.</b></p>
<p><b>Article 176</b> The general manager of the Company shall be accountable to the Board of Directors and shall exercise the following powers:</p> <p>I. Presiding over the management of the Company’s production and operation and submitting work reports to the Board of Directors;</p> <p>II. Implementing resolutions decided upon by the Board of Directors;</p> <p>III. Implementing the Company’s annual business plan and investment schemes;</p> <p>IV. Formulating schemes for the setup of company’s internal management organization;</p> <p>V. Formulating the Company’s basic management regulations;</p> <p>VI. Formulating details of the Company’s regulations and rules;</p> <p>VII. Making proposals regarding the appointment or dismissal of deputy general managers, the financial supervisor and general legal adviser of the Company;</p> <p>VIII. Appointing or dismissing management personnel other than those who shall be appointed or dismissed by the Board of Directors;</p> <p>...</p>	<p><b>Article <del>176</del>177</b> The general manager of the Company shall be accountable to the Board of Directors and shall exercise the following powers:</p> <p>I. Presiding over the management of the Company’s production and operation and submitting work reports to the Board of Directors;</p> <p>II. Implementing resolutions decided upon by the Board of Directors;</p> <p>III. Implementing the Company’s annual business plan and investment schemes;</p> <p>IV. Formulating schemes for the setup of company’s internal management organization;</p> <p>V. Formulating the Company’s basic management regulations;</p> <p>VI. Formulating details of the Company’s regulations and rules;</p> <p>VII. Making proposals regarding the appointment or dismissal of deputy general managers, the financial supervisor and general legal adviser of the Company;</p> <p>VIII. <b>Deciding to</b> <del>Appointing or dismissing</del> <b>appoint or dismiss responsible</b> management personnel other than those who shall be appointed or dismissed by the Board of Directors;</p> <p>...</p>

Existing articles	To be amended as
None	<p><b>ADD:</b></p> <p><b>Article 182</b> The Company’s senior management shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If the Company’s senior management fail to faithfully perform their duties or violate their fiduciary duties, causing damage to the interests of the Company and public shareholders, they shall be liable for compensation in accordance with the law.</p>
<p><b>Article 184</b> Supervisors shall ensure that the information disclosed by the Company is true, accurate, and complete.</p>	<p><b>Article <del>184</del>186</b> Supervisors shall ensure that the information disclosed by the Company is true, accurate, and complete, <b>and sign confirmation in writing to the periodic reports.</b></p>
<p><b>Article 196</b> One may not serve as a director, supervisor, general manager, or other senior management officer in any of the following cases:</p> <p>...</p> <p>VII. Being been punished by the China Securities Regulatory Commission for being prohibited from entering the securities market and whose time limit has not expired;</p> <p>VIII. Not more 5 years have passed since one has been found guilty of violating related securities regulations and being involved in fraudulent or dishonest behavior;</p> <p>IX. One is not a natural person;</p> <p>X. Other reasons specified in the laws, regulations, and rules set forth by securities authorities on publicly traded companies and stock exchanges.</p>	<p><b>Article <del>196</del>198</b> One may not serve as a director, supervisor, general manager, or other senior management officer in any of the following cases:</p> <p>...</p> <p>VII. Being <del>been punished</del> <b>banned from entering the securities market</b> by the China Securities Regulatory Commission <del>for being prohibited from entering the securities market</del> and whose time limit has not expired;</p> <p>VIII. Not more 5 years have passed since one has been found guilty of violating related securities regulations and being involved in fraudulent or dishonest behavior;</p> <p><b>IX. Being publicly identified by the stock exchange as unsuitable to serve as a director, supervisor or senior executive of the Company, and the time limit has not expired;</b></p> <p><del>IX</del>-X. One is not a natural person;</p> <p><del>X</del>-XI. Other reasons specified in the laws, regulations, and rules set forth by securities authorities on publicly traded companies and stock exchanges.</p>



Existing articles	To be amended as
None	<p><b>ADD:</b></p> <p><b>CHAPTER 15 PARTY COMMITTEE</b></p> <p><b>Article 217</b> The Party Committee shall be established within the Company. Eligible members of the Party Committee can become members of the Board of Directors, the Supervisory Committee and the senior management through legal procedures, while eligible party members of the Board of Directors, the Supervisory Committee and the senior management can also join the Party Committee in accordance with relevant rules and procedures. Meanwhile, the Disciplinary Committee shall be established as required.</p> <p><b>Article 218</b> The Party Committee meeting is the prepositional procedure for the Board of Directors and the management when making key decisions. The Party Committee shall perform duties in accordance with the “Constitution of the Communist Party of China” and the “Regulation on the Work at Primary-level Party organizations of State-owned Enterprises” and other intra-party regulations.</p>
<p><b>Article 218</b> The Company shall submit an annual financial accounting report to the China Securities Regulatory Commission (CSRC) and the Stock Exchange within three months after the end of each accounting year; an interim financial accounting report to CSRC and the Stock Exchange within two months after the end of the first 6 months of the accounting year.</p>	<p><b>Article <del>218</del>222</b> The Company shall submit <b>and disclose</b> an annual financial accounting report to the China Securities Regulatory Commission and the Stock Exchange within three months after the end of each accounting year; <b>submit and disclose</b> an semi-annual financial accounting report to CSRC and the Stock Exchange within two months after the end of <del>the first 6 months</del> <b>the first half</b> of the accounting year. <b>Quarterly report shall be disclosed within one month after the end of the first three months and nine months of each accounting year.</b></p> <p><b>The annual financial report, semi-annual financial accounting report and quarterly report mentioned above shall be prepared in accordance with relevant laws, administrative regulations and regulations of China Securities Regulatory Commission and Shanghai Stock Exchange.</b></p>

Existing articles	To be amended as
<p><b>Article 225</b> Any money paid for the shares by the shareholders before being urged is entitled to interest, but prepayment does not confer the right to access subsequently announced dividends.</p>	<p>DELETE</p>
<p><b>Article 226</b> If the Company issues foreign capital stock, the Company shall appoint receiving agents for shareholders holding foreign capital stock. The receiving agent shall, on behalf of the related shareholders, receive dividends distributed by the Company for foreign capital stock as well as other payable sums, and keep the monies to pay the related shareholders at a later time.</p> <p>The receiving agents appointed by the Company shall meet the requirements of the laws or the securities exchange of the location of the listing.</p> <p>The receiving agents appointed by the Company for holders of foreign shares listed in Hong Kong shall be trust companies registered pursuant to Trustee Ordinance of Hong Kong.</p> <p>Provided that the relevant PRC laws and regulations are observed, the Company may exercise the right to seize dividends not collected, but the said right shall be exercised only after the expiry of the applicable validity period of the announced shares.</p> <p>The Company shall have the right to terminate delivery of dividend vouchers by mail to certain holders of foreign capital stock, but the Company may exercise such right only after two vouchers have not been cashed consecutively. However, if the first voucher failed to reach the recipient and was returned, the Company may also exercise the said right.</p> <p>The Company shall have the right to sell the shares of holders of foreign capital stock whom the Company has failed to contact by means</p>	<p>Article <del>226</del><b>229</b> If the Company issues foreign capital stock, the Company shall appoint receiving agents for shareholders holding foreign capital stock. The receiving agent shall, on behalf of the related shareholders, receive dividends distributed by the Company for foreign capital stock as well as other payable sums, and keep the monies to pay the related shareholders at a later time.</p> <p>The receiving agents appointed by the Company shall meet the requirements of the laws or the securities exchange of the location of the listing.</p> <p>The receiving agents appointed by the Company for holders of foreign shares listed in Hong Kong shall be trust companies registered pursuant to Trustee Ordinance of Hong Kong.</p> <p>Provided that the relevant PRC laws and regulations are observed, the Company may exercise the right to seize dividends not collected, but the said right shall be exercised only after the expiry of the applicable validity period of the announced shares.</p> <p><del>The Company shall have the right to terminate delivery of dividend vouchers by mail to certain holders of foreign capital stock, but the Company may exercise such right only after two vouchers have not been cashed consecutively. However, if the first voucher failed to reach the recipient and was returned, the Company may also exercise the said right.</del></p> <p><del>The Company shall have the right to sell the shares of holders of foreign capital stock whom the Company has failed to contact by means</del></p>

Existing articles	To be amended as
<p>regarded as appropriate by the Board of Directors, but the following provisions must be met:</p> <p>I. That dividends on the related shares have been delivered at least 3 times within 12 years and have not been claimed; and</p> <p>II. That the Company place advertisements in one or more newspapers of the Company listing location after the 12 years have expired, stating its intention to sell the shares and informing the Stock Exchange of such intention.</p>	<p><del>regarded as appropriate by the Board of Directors, but the following provisions must be met:</del></p> <p><del>III. That dividends on the related shares have been delivered at least 3 times within 12 years and have not been claimed; and</del></p> <p><del>That the Company place advertisements in one or more newspapers of the Company listing location after the 12 years have expired, stating its intention to sell the shares and informing the Stock Exchange of such intention.</del></p>
<p><b>Chapter 17</b> Notices</p>	<p><b>Chapter 18</b> Notices and Announcements</p>
<p><b>Article 249</b> The Company may only deliver the English version or the Chinese version (according to the intention expressed by the shareholder) of any relevant document of the Company within the scope permitted in any applicable law or regulation and in accordance therewith if the Company is required in the listing regulations at the place where the stock of the Company is listed to deliver, mail, distribute, issue or publish both the English and Chinese versions of any such document or provide any such documents in any other way, and if the Company has made appropriate arrangements to determine whether a shareholder wishes to receive only the English version or only the Chinese version of any such document.</p>	<p><b>Article 249<del>252</del></b> The Company may only deliver the English version or the Chinese version (according to the intention expressed by the shareholder) of any relevant document of the Company within the scope permitted in any applicable law or regulation and in accordance therewith if the Company is required in the listing regulations at the place where the stock of the Company is listed to deliver, mail, distribute, issue or publish both the English and Chinese versions of any such document or provide any such documents in any other way, and if the Company has made appropriate arrangements to determine whether a shareholder wishes to receive only the English version or only the Chinese version of any such document.</p> <p><b>When the Company decides which language edition of the Company’s communications shall be arranged to send to the shareholders, it is necessary to give shareholders three options: English edition only, Chinese edition only and both Chinese edition and English edition.</b></p>

Existing articles	To be amended as
None	<b>ADD:</b>  <b>Article 253</b> The media that meets the conditions stipulated by the China Securities Regulatory Commission, the website of the Shanghai Stock Exchange and the website of The Stock Exchange of Hong Kong Limited are the media that publish Company's announcements and other information that needs to be disclosed.

*Note:*

The above table does not include other amendments to the numbering of, and consequentially the references to, subsequent articles due to the adding and/or deletion of the articles under the Proposed Amendments to the Articles of Association.

The full text of the Proposed Amendments to the Rules and Procedures of Shareholders' General Meetings is set out below.

Existing articles	To be amended as
<p><b>Article 4</b> The shareholders' general meeting is the organ of authority of the Company, which exercises the following powers in accordance with the law:</p> <p>...</p> <p>(VII) to decide on issues such as merger, division, dissolution, liquidation or changing the form of the Company and other matters;</p> <p>(VIII) to decide on the issue of corporate bonds or other securities and the listing plan;</p> <p>(IX) to decide on the appointment or dismissal of accountants;</p> <p>(X) to amend the Company's Articles of Association;</p> <p>(XI) to consider and approve guarantees pursuant to Article 5;</p> <p>(XII) to consider and approve the Company's purchase or sale of major assets within one year with the transaction amount exceeding 30% of the latest audited total assets of the Company (other than acts of disposal between the Company and its controlling subsidiaries and among controlling subsidiaries of the Company);</p> <p>(XIII) to consider and approve matters relating to the changes in the use of proceeds from share offerings;</p> <p>(XIV) to consider and approve the equity incentive scheme;</p> <p>...</p>	<p><b>Article 4</b> The shareholders' general meeting is the organ of authority of the Company, which exercises the following powers in accordance with the law:</p> <p>...</p> <p>(VII) to decide on issues such as merger, division, <b>separation</b>, dissolution, liquidation <b>(including voluntary winding-up)</b> or changing the form of the Company and other matters;</p> <p>(VIII) to decide on the issue of corporate bonds or other securities and the listing plan;</p> <p>(IX) to decide on the appointment or dismissal of accountants;</p> <p>(X) to amend the Company's Articles of Association;</p> <p>(XI) to consider and approve guarantees pursuant to Article 5;</p> <p>(XII) to consider and approve the Company's purchase or sale of major assets within one year with the transaction amount exceeding 30% of the latest audited total assets of the Company (other than acts of disposal between the Company and its controlling subsidiaries and among controlling subsidiaries of the Company);</p> <p>(XIII) to consider and approve matters relating to the changes in the use of proceeds from share offerings;</p> <p>(XIV) to consider <del>and approve</del> the equity incentive scheme <b>and employee stock ownership plans</b>;</p> <p>...</p>

<b>Existing articles</b>	<b>To be amended as</b>
<p>The matters listed in sub paragraphs (VI), (VII), (VIII), (X), (XI) (the external guarantees in Clause II of Article 5 of these Rules), (XII) and (XIV), or specified in laws and regulations or the Articles of Association, or the matters are confirmed by an ordinary resolution of the general meeting to have an important influence on the Company and are to be approved through a special resolution, shall be approved by a special resolution at the general meeting. The above stipulations regarding a general and special resolution shall apply to the matters listed in sub paragraph (XV), depending on the particulars of the proposal.</p> <p>All the matters listed in sub paragraphs (I), (II), (III), (IV), (V), (IX), (XI) (other external guarantees other than Clause II in Article 5 of these Rules), (XIII) and (XVI), or the matters other than those that are to be passed by special resolutions, shall be approved by ordinary resolutions at a general meeting.</p>	<p>The matters listed in sub paragraphs (VI), (VII), (VIII), (X), (XI) (the external guarantees in Clause II, <b>VI</b> of Article 5 of these Rules), (XII) and (XIV), or specified in laws and regulations or the Articles of Association, or the matters are confirmed by an ordinary resolution of the general meeting to have an important influence on the Company and are to be approved through a special resolution, shall be approved by a special resolution at the general meeting. The above stipulations regarding a general and special resolution shall apply to the matters listed in sub paragraph (XV), depending on the particulars of the proposal.</p> <p>All the matters listed in sub paragraphs (I), (II), (III), (IV), (V), (IX), (XI) (other external guarantees other than Clause II, <b>VI</b> in Article 5 of these Rules), (XIII) and (XVI), or the matters other than those that are to be passed by special resolutions, shall be approved by ordinary resolutions at a general meeting.</p>

Existing articles	To be amended as
<p><b>Article 5</b> The following external guarantee provided by the Company shall be considered and approved by the shareholders' general meeting:</p> <p>(I) when the total of guarantee provided by the Company and its controlling subsidiaries for external parties has reached or exceeded by 50% the latest audited net assets of the listed company;</p> <p>(II) any provision of guarantee, where the total amount of external guarantees provided by the Company reaches or exceeds 30% of the latest audited total assets of the listed company;</p> <p>(III) the guarantee provided to a guaranteed party whose assets to debt ratio exceeds 70%;</p> <p>(IV) when a single guaranteed amount exceeds 10% of the latest audited net assets;</p> <p>(V) the guarantee provided to shareholders, beneficial controlling shareholders and their related parties.</p> <p>(VI) any guarantee the total amount of which for 12 consecutive months exceeds 50% of the latest audited net assets of the Company and the absolute amount of which exceeds RMB50 million;</p> <p>(VII) Other guarantees required by the stock exchange(s) on which the shares of the Company are listed and the Articles of Association.</p>	<p><b>Article 5</b> The following external guarantee provided by the Company shall be considered and approved by the shareholders' general meeting:</p> <p>(I) when the total of guarantee provided by the Company and its controlling subsidiaries for external parties has <del>reached or</del> exceeded by 50% the latest audited net assets of the listed company;</p> <p>(II) any provision of guarantee, where the total amount of external guarantees provided by the Company <b>and its controlling subsidiaries</b> <del>reaches or</del> exceeds 30% of the latest audited total assets of the listed company;</p> <p>(III) the guarantee provided to a guaranteed party whose assets to debt ratio exceeds 70%;</p> <p>(IV) when a single guaranteed amount exceeds 10% of the latest audited net assets;</p> <p>(V) the guarantee provided to shareholders, beneficial controlling shareholders and their related parties.</p> <p>(VI) any guarantee the total amount of which for 12 consecutive months <del>exceeds 50% of the latest audited net assets of the Company and the absolute amount of which exceeds RMB50 million</del> <b>exceeds 30% of the latest audited total assets of the Company;</b></p> <p>(VII) Other guarantees required by the stock exchange(s) on which the shares of the Company are listed and the Articles of Association.</p>

Existing articles	To be amended as
<p><b>Article 13</b> Where the Supervisory Committee or Shareholder(s) decide(s) to convene the extraordinary general meeting by itself/ themselves, it/they shall send out a written notice to the Board, and shall put on the records of the dispatched office of China Securities Regulatory Commission at the locality of the Company and the stock exchange. The shareholding of the convening shareholder(s) shall not be lower than 10% prior to the announcement of the resolutions of the general meeting. The Supervisory Committee or the convening shareholder(s) shall submit relevant evidence to the local office of China Securities Regulatory Commission at the place where the Company is located and the stock exchange(s) where the Company's shares are listed upon the issuance of the notice of general meeting and the announcement of the resolutions of the general meeting.</p>	<p><b>Article 13</b> Where the Supervisory Committee or Shareholder(s) decide(s) to convene the extraordinary general meeting by itself/ themselves, it/they shall send out a written notice to the Board, and shall <del>put on the records of the dispatched office of China Securities Regulatory Commission at the locality of the Company and</del> <b>file the decision with</b> the stock exchange. The shareholding of the convening shareholder(s) shall not be lower than 10% prior to the announcement of the resolutions of the general meeting. The Supervisory Committee or the convening shareholder(s) shall submit relevant evidence to <del>the local office of China Securities Regulatory Commission at the place where the Company is located and</del> the stock exchange(s) where the Company's shares are listed upon the issuance of the notice of general meeting and the announcement of the resolutions of the general meeting.</p>
<p><b>Article 21</b> The notice of a general meeting shall be in writing and shall contain the following:</p> <p>...</p> <p>(XI) In the event that the general meeting adopt online transmission or other ways, the time and procedures for voting via internet or by other ways will be specifically stated in the notice of the general meeting.</p>	<p><b>Article 21</b> The notice of a general meeting shall be in writing and shall contain the following:</p> <p>...</p> <p>(XI) <del>In the event that the general meeting adopt online transmission or other ways, the time and procedures for voting via internet or by other ways will be specifically stated in the notice of the general meeting.</del> <b>Voting time and voting procedure via internet or by other ways.</b></p>



Existing articles	To be amended as
<p><b>Article 26</b> In the event that the general meeting adopt online transmission or other ways, the time and procedures for voting via internet or by other ways will be specifically stated in the notice of the general meeting. The beginning time for voting via internet or other ways for the general meeting shall not be earlier than 3:00 p.m. of the day prior to the general meeting, and shall not be later than 9:30 a.m. of the day when the onsite general meeting is convened and its closing time shall not be earlier than 3:00 p.m. of the day when the onsite general meeting is closed. If the listing rules of the stock exchange(s) on which the Company's shares are listed have specific provisions, such provisions shall be complied with.</p>	<p><b>Article 26</b> <del>In the event that the general meeting adopt online transmission or other ways, the time and procedures for voting via internet or by other ways will be specifically stated in the notice of the general meeting.</del> The beginning time for voting via internet or other ways for the general meeting shall not be earlier than 3:00 p.m. of the day prior to the general meeting, and shall not be later than 9:30 a.m. of the day when the onsite general meeting is convened and its closing time shall not be earlier than 3:00 p.m. of the day when the onsite general meeting is closed. If the listing rules of the stock exchange(s) on which the Company's shares are listed have specific provisions, such provisions shall be complied with.</p>
<p><b>Article 30</b> The instrument appointing a proxy shall be in writing signed by the appointer or his attorney appointed in writing; if the appointer is a legal entity, either under seal or signed by a director or attorney duly authorized. The power of attorney appointing a proxy to attend the shareholders' general meeting on his/her behalf as issued by the shareholder shall state the following:</p> <p>(I) Name of the proxy;</p> <p>(II) Whether empowered with right to vote;</p> <p>(III) Instructions to vote in favour of, against or abstain from, as the case may be, each matter in the agenda of the general meeting;</p> <p>(IV) The date of issuance of the power of attorney appointing the proxy and the expiration date;</p> <p>(V) Signature (or seal) of the appointer. In the case that the appointer is a legal person shareholder, the power of attorney shall bear the official seal of that legal person;</p> <p>(VI) The number of shares of the appointer represented by proxy shall be contained;</p>	<p><b>Article 30</b> The instrument appointing a proxy shall be in writing signed by the appointer or his attorney appointed in writing; if the appointer is a legal entity, either under seal or signed by a director or attorney duly authorized. The power of attorney appointing a proxy to attend the shareholders' general meeting on his/her behalf as issued by the shareholder shall state the following:</p> <p>(I) Name of the proxy;</p> <p>(II) Whether empowered with right to vote;</p> <p>(III) Instructions to vote in favour of, against or abstain from, as the case may be, each matter in the agenda of the general meeting;</p> <p>(IV) The date of issuance of the power of attorney appointing the proxy and the expiration date;</p> <p>(V) Signature (or seal) of the appointer. In the case that the appointer is a legal person shareholder, the power of attorney shall bear the official seal of that legal person;</p> <p>(VI) The number of shares of the appointer represented by proxy shall be contained;</p>

Existing articles	To be amended as
<p>(VII) Such proxy form shall contain the number of shares represented by proxy in case several proxies are appointed. If the listing rules of the stock exchange(s) on which the Company's shares are listed have specific provisions on the power of attorney, such provisions shall be complied with.</p>	<p>(VII) Such proxy form shall contain the number of shares represented by proxy in case several proxies are appointed. If the listing rules of the stock exchange(s) on which the Company's shares are listed have specific provisions on the power of attorney, such provisions shall be complied with.</p> <p><b>VIII. In the case of a legal person shareholder, a representative may be appointed to attend and vote at any general meeting of the Company, and if the legal person shareholder has appointed a representative to attend any meeting, he is deemed to be present in person. A legal person shareholder may execute a form of proxy by a person duly authorised by him.</b></p>
<p><b>Article 32</b> Any form issued to a shareholder by the Board of the Company for use by him for appointing a proxy to attend and vote at a meeting of the Company shall be such as to enable the shareholder, according to his intention, to instruct the proxy to vote in favour of or against or abstain from each resolution dealing with business to be resolved at the meeting. Such proxy form shall contain a statement that, in the absence of specific instructions from the shareholder, the proxy may vote at his discretion.</p>	<p><b>Article 32</b> Any form issued to a shareholder by the Board of the Company for use by him for appointing a proxy to attend and vote at a meeting of the Company shall be such as to enable the shareholder, according to his intention, to instruct the proxy to vote in favour of or against or abstain from each resolution dealing with business to be resolved at the meeting. Such proxy form shall contain a statement that, in the absence of specific instructions from the shareholder, <b>whether</b> the proxy may vote at his discretion.</p>
<p><b>Article 42</b> Shareholders (including proxies) exercise their voting rights in proportion to their shareholdings with voting rights, and each share entitles the shareholder one voting right upon voting at the general meeting. The shares held by the Company have no voting rights, and that part of the shareholding is not counted as the total number of shares with voting rights held by shareholders attending the meeting.</p> <p>The Board, independent directors and shareholders who meet the relevant requiring conditions may gather the shareholders' voting rights. Where any shareholder is, under the applicable laws and regulations and listing rules of the stock exchange(s) on which the shares of the Company are listed, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution at any general meeting, any votes cast</p>	<p><b>Article 42</b> Shareholders (including proxies) exercise their voting rights in proportion to their shareholdings with voting rights, and each share entitles the shareholder one voting right upon voting at the general meeting. The shares held by the Company have no voting rights, and that part of the shareholding is not counted as the total number of shares with voting rights held by shareholders attending the meeting.</p> <p><b>If a shareholder acquires the voting shares of the Company in violation of the provisions of paragraphs 1 and 2 of Article 63 of the Securities Law, the exceeding part of regulated proportion cannot exercise the voting rights in the following 36 months after</b></p>

Existing articles	To be amended as
<p>by such shareholder (or their proxies) in contravention of such requirement or restriction shall not be counted.</p>	<p><b>acquisition and not be accounted into the total amount of voting shares presenting at the general meeting of shareholders.</b></p> <p>The Board, independent directors <del>and shareholders</del>, <b>shareholders with more than 1% voting shares or investor protection agencies established in accordance with laws, administrative decrees or regulations of the China Securities Regulatory Commission who meet the relevant requiring conditions</b> may gather the shareholders' voting rights. Where any shareholder is, under the applicable laws and regulations and listing rules of the stock exchange(s) on which the shares of the Company are listed, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution at any general meeting, any votes cast by such shareholder (or their proxies) in contravention of such requirement or restriction shall not be counted.</p>
<p><b>Article 52</b> Shareholders attending the general meeting shall submit their voting in the following ways: "for", "against" or "abstain". Ballot papers that are left in blank, unduly completed or illegible or that have not been used, are deemed as void votes to mean that the voter has waived his rights, and the voting results corresponding to the shares in their possession shall be treated as "Abstain from voting".</p>	<p><b>Article 52</b> Shareholders attending the general meeting shall submit their voting in the following ways: "for", "against" or "abstain". <b>In the case that Securities Registration and Clearing Institution, as the nominee holders of stocks under the Stock Connect Scheme in the Mainland and Hong Kong stock markets, declare according to the intention of the actual holders should excluded.</b> Ballot papers that are left in blank, unduly completed or illegible or that have not been used, are deemed as void votes to mean that the voter has waived his rights, and the voting results corresponding to the shares in their possession shall be treated as "Abstain from voting".</p>

Existing articles	To be amended as
<p><b>Article 53</b> Before a resolution is voted on at a general meeting, two (2) representatives of the shareholders shall be elected as vote counters and scrutinizers. Any shareholder who is interested in the matter under consideration and proxies of such shareholder shall not participate in vote counting or scrutinizing. When the shareholders are voting on the proposals, lawyers, shareholder representatives and supervisory representatives shall count and scrutinize the votes jointly, and the voting result will be announced forthwith. Voting on the resolutions will be recorded in the minutes of meeting. Shareholders of listed companies or their proxies that vote on line or by other ways shall have the right to check and inspect their voting results through the relevant voting system.</p>	<p><b>Article 53</b> Before a resolution is voted on at a general meeting, two (2) representatives of the shareholders shall be elected as vote counters and scrutinizers. Any shareholder who is <del>interested</del> <b>related</b> in the matter under consideration and proxies of such shareholder shall not participate in vote counting or scrutinizing. When the shareholders are voting on the proposals, lawyers, shareholder representatives and supervisory representatives shall count and scrutinize the votes jointly, and the voting result will be announced forthwith. Voting on the resolutions will be recorded in the minutes of meeting. Shareholders of listed companies or their proxies that vote on line or by other ways shall have the right to check and inspect their voting results through the relevant voting system.</p>
<p><b>Article 77</b> The announcements or notices referred to herein refer to the relevant information disclosures published on the newspapers designated by the securities regulatory authorities. The length of an announcement or a circular is relatively long and listed companies may choose to publish a summary of the relevant content on the newspaper(s) designated by the securities regulatory authorities but the full text shall be published simultaneously on the web site designated by the securities regulatory authorities. The supplementary notice of the general meeting referred to herein shall be published on the same designated newspaper(s) on which the meeting notice is published. If the listing rules of the stock exchange(s) on which the Company's shares are listed have specific provisions on these Rules, such provisions shall be complied with.</p>	<p><b>Article 77</b> The announcements or notices or <b>supplemental notice of the general meeting</b> referred to herein refer to the relevant information disclosures <del>published on the newspapers designated by the securities regulatory authorities</del> <b>published on the media that meets the conditions stipulated by the China Securities Regulatory Commission and websites of the stock exchange.</b> The length of an announcement or a circular is relatively long and listed companies may choose to publish a summary of the relevant content on the newspaper(s) designated by the securities regulatory authorities but the full text shall be published simultaneously on the web site designated by the securities regulatory authorities. The supplementary notice of the general meeting referred to herein shall be published on the same designated newspaper(s) on which the meeting notice is published. If the listing rules of the stock exchange(s) on which the Company's shares are listed have specific provisions on these Rules, such provisions shall be complied with.</p>

*Note:*

The above table does not include other amendments (if any) to the numbering of, and consequentially the references to, subsequent articles due to the adding and/or deletion of the articles under the Proposed Amendments to the Rules and Procedures of Shareholders' General Meetings.

The full text of the Proposed Amendments to the Rules and Procedures of Board of the Directors is set out below.

Existing articles	To be amended as
<p><b>Article 4</b> Pursuant to Articles of Association, the Board shall exercise the following functions and powers:</p> <p>(I) to convene general meetings and report to general meetings;</p> <p>(II) to execute resolutions of general meetings;</p> <p>(III) to resolve on the business plans and investment plans of the Company;</p> <p>(IV) to decide on the investment, purchase and disposal of assets, asset mortgage, entrusted financing, connected transactions, etc. within the authority granted by the general meeting;</p> <p>(V) to prepare the annual financial budgets and final accounting plans of the Company;</p> <p>(VI) to prepare the profit distribution plan and loss makeup plan of the Company;</p> <p>(VII) to formulate plans for the increase or decrease of the registered capital of the Company;</p> <p>(VIII) to formulate plans for issuing bonds or other securities and listing of the Company;</p> <p>(IX) to formulate plans for material acquisitions, repurchase of shares of the Company, merger, division, dissolution or transformation of the Company;</p> <p>(X) to resolve on the internal management setup of the Company;</p> <p>(XI) to appoint or dismiss general manager of the Company;</p> <p>(XII) to appoint or dismiss Board secretary as nominated by the chairman of the Board;</p> <p>(XIII) to appoint or dismiss senior executives including deputy general manager and chief financial officer of the Company as nominated by the general manager, and to determine their remunerations, awards and punishments;</p>	<p><b>Article 4</b> Pursuant to Articles of Association, the Board shall exercise the following functions and powers:</p> <p>(I) to convene general meetings and report to general meetings;</p> <p>(II) to execute resolutions of general meetings;</p> <p>(III) to resolve on the business plans and investment plans of the Company;</p> <p>(IV) to decide on the investment, purchase and disposal of assets, asset mortgage, <b>external guarantee</b>, entrusted financing, connected transactions, <b>external donations</b>, etc. within the authority granted by the general meeting;</p> <p>(V) to prepare the annual financial budgets and final accounting plans of the Company;</p> <p>(VI) to prepare the profit distribution plan and loss makeup plan of the Company;</p> <p>(VII) to formulate plans for the increase or decrease of the registered capital of the Company;</p> <p>(VIII) to formulate plans for issuing bonds or other securities and listing of the Company;</p> <p>(IX) to formulate plans for material acquisitions, repurchase of shares of the Company, merger, division, dissolution or transformation of the Company;</p> <p>(X) to resolve on the internal management setup of the Company;</p> <p>(XI) <b>to decide</b> to appoint or dismiss the general manager, <b>and deciding on the matters relating to the remuneration, reward and punishment;</b></p> <p>(XII) <b>to decide</b> to appoint or dismiss the secretary of the board of directors nominated by the chairman, <b>and deciding on the matters relating to the remuneration, reward and punishment;</b></p>

Existing articles	To be amended as
<p>...</p> <p>In exercising the aforesaid powers and functions, the Board shall also observe laws and regulations and the listing rules of the stock exchange(s) applicable to domestic and overseas listed companies.</p>	<p>(XIII) <b>to decide</b> to appoint or dismiss senior executives including deputy general manager and chief financial officer of the Company as nominated by the general manager, and to determine their remunerations, awards and punishments;</p> <p>(XIV) <b>to sign engagement contracts with management members accordance to relevant provisions and procedures of tenure system and contract management of management members, to authorize the chairman of the Board sign letters of responsibility for business performance with the management members, or to authorize the chairman of the Board sign the letter of responsibility for business performance with the general manager and to authorize the general manager sign letters of responsibility for business performance with other management members; to decide the business performance assessment of senior management, strengthen the application of the assessment results, and put forward specific suggestions such as remuneration and post adjustment;</b></p> <p>...</p> <p>In exercising the aforesaid powers and functions, the Board shall also observe laws and regulations and the listing rules of the stock exchange(s) applicable to domestic and overseas listed companies.</p> <p><b>The Board of Directors should listen to the suggestions of Party Committee of the Company before make decisions on key issues of the Company.</b></p>
<p><b>Article 10</b> The Board shall comprise nine to fifteen directors, including one chairman and vice-chairman.</p>	<p><b>Article 10</b> The Board shall comprise <del>nine</del><b>five</b> to fifteen directors, including one chairman and vice-chairman.</p>

Existing articles	To be amended as
<p><b>Article 23</b> A written notice of Board meeting shall at least include:</p> <p>(I) time, date and venue of the meeting;</p> <p>(II) the form of the meeting;</p> <p>(III) duration of the meeting;</p> <p>(IV) reasons and topics for discussion;</p> <p>(V) date on which the notice is sent;</p> <p>(VI) convener and presider of the meeting, proposer of and written proposal for the provisional meeting;</p> <p>...</p>	<p><b>Article 23</b> A written notice of Board meeting shall at least include:</p> <p>(I) time, date and venue of the meeting;</p> <p>(II) the form of the meeting;</p> <p>(III) duration of the meeting;</p> <p>(IV) reasons and topics for discussion;</p> <p>(V) date on which the notice is sent;</p> <p>(VI) convener and presider of the meeting, proposer of and written proposal for the provisional meeting <b>(if involved)</b>;</p> <p>...</p>
<p><b>Chapter 6</b> Administration of Minutes, Summaries and Documents of Board Meetings</p>	<p><b>Chapter 6</b> Administration of Minutes; <del>Summaries</del> and Documents of Board Meetings</p>
<p><b>Article 46</b> Where a Board meeting is held onsite, the Board secretary shall organize Board office staff to serve the meeting minutes to the attending directors within three days after conclusion of the meeting. Where a Board meeting is held offsite, the Board secretary shall organize Board office staff to finish sorting out the meeting minutes and forming resolutions within three days after conclusion of the meeting and send the minutes and resolutions to all the directors. The attending directors shall sign the minutes and resolutions after receipt of the same and shall within three days send the same to the Board secretary.</p>	<p><b>Article 46</b> Where a Board meeting is held onsite, the Board secretary shall organize Board office staff to serve the meeting minutes to the attending directors within three days after conclusion of the meeting. Where a Board meeting is held offsite, the Board secretary shall organize Board office staff to finish sorting out the meeting minutes and forming resolutions within three days after conclusion of the meeting and send the minutes and resolutions to all the directors. The attending directors shall sign the minutes and resolutions after receipt of the same and shall within three days send the same to the Board secretary.</p> <p><b>If requirements are otherwise specified by laws and regulations, normative documents, Articles of Association and other regulations of the Company, such provisions shall prevail.</b></p>
<p><b>Article 47</b> The attending directors shall sign the minutes, resolutions and summary of the meeting in person or on behalf of the directors appointing them to attend the meeting. Where the directors disagree over the minutes, resolutions and summary of the meeting, they may attach written remarks when signing the same. The Company shall send the final draft of the minutes, resolutions and summary of the meeting to all members of the Board for record purpose.</p>	<p><b>Article 47</b> The attending directors shall sign the minutes; <del>and resolutions and summary</del> of the meeting in person or on behalf of the directors appointing them to attend the meeting. Where the directors disagree over the minutes; <del>and resolutions and summary</del> of the meeting, they may attach written remarks when signing the same. The Company shall send the final draft of the minutes; <del>and resolutions and summary</del> of the meeting to all members of the Board for record purpose.</p>

Existing articles	To be amended as
<p><b>Article 48</b> Where any director neither signs as per the preceding paragraph nor provides his different opinions in writing, reports to the regulatory authority or announces public statement, the said director shall be deemed as agreeing with the minutes, resolutions and summary of the meeting.</p>	<p><b>Article 48</b> Where any director neither signs as per the preceding paragraph nor provides his different opinions in writing, reports to the regulatory authority or announces public statement, the said director shall be deemed as agreeing with the minutes,<del>and</del> resolutions <del>and</del> <del>summary</del> of the meeting.</p>
<p><b>Article 50</b> Archives of Board meetings including notices of meeting, meeting documents, attendance book, powers of attorney for proxy directors, votes, meeting minutes signed by the attending directors, meeting summaries, resolutions, announcements of the resolutions, etc. shall be kept by the Board secretary. Archives of Board meetings shall be kept for at least 10 years. Where any director needs to refer to the said archives, the Board secretary shall provide the relevant archives for reference by the said director within a reasonable time after receipt of the reasonable notice of the said director.</p>	<p><b>Article 50</b> Archives of Board meetings including notices of meeting, meeting documents, <del>attendance book,</del> powers of attorney for proxy directors, votes, meeting minutes <del>signed by the attending directors, meeting summaries,</del> resolutions, announcements of the resolutions, etc. shall be kept by the Board secretary. Archives of Board meetings shall be kept for at least 10 years. Where any director needs to refer to the said archives, the Board secretary shall provide the relevant archives for reference by the said director within a reasonable time after receipt of the reasonable notice of the said director.</p>

*Note:*

The above table does not include other amendments (if any) to the numbering of, and consequentially the references to, subsequent articles due to the adding and/or deletion of the articles under the Proposed Amendments to the Board of Directors.



The full text of the Proposed Amendments to the Rules and Procedures of the Supervisory Committee is set out below.

Existing articles	To be amended as
<p><b>Article 29</b> A written notice of meeting shall at least include:</p> <p>(i) time, date, venue and duration of the meeting;</p> <p>(ii) reasons and topics for discussion to be considered;</p> <p>(iii) convener and presider of the meeting, proposer of and written proposal for the provisional meeting;</p> <p>(iv) documents needed for voting of supervisors;</p> <p>(v) the requirement for the supervisor to attend the meeting in person;</p> <p>(vi) contact person and means of contact;</p> <p>(vii) date on which the notice is sent.</p> <p>A verbal notice of meeting shall at least include (I) and (II) above, and explanation for a provisional meeting of the Supervisory Committee in emergency.</p>	<p><b>Article 29</b> A written notice of meeting shall at least include:</p> <p>(i) time, date, venue and duration of the meeting;</p> <p>(ii) reasons and topics for discussion to be considered;</p> <p>(iii) convener and presider of the meeting, proposer of and written proposal for the provisional meeting (<b>if involved</b>);</p> <p>(iv) documents needed for voting of supervisors;</p> <p>(v) the requirement for the supervisor to attend the meeting in person;</p> <p>(vi) contact person and means of contact;</p> <p>(vii) date on which the notice is sent.</p> <p>A verbal notice of meeting shall at least include (I) and (II) above, and explanation for a provisional meeting of the Supervisory Committee in emergency.</p>
<p><b>Article 39</b> The attending supervisors shall sign and confirm the minutes, summary and resolutions of the meeting.</p>	<p><b>Article 39</b> The attending supervisors shall sign and confirm the minutes, <del>summary</del> and resolutions of the meeting.</p>
<p><b>Article 40</b> If any supervisor has different opinions on the minutes, summary and resolutions of the meeting, the said supervisor may make a written explanation when signing them and may have an explanatory note made in the minutes regarding his speech at the meeting. Where necessary, they shall responsively report to the regulatory authority or announce public statements.</p>	<p><b>Article 40</b> If any supervisor has different opinions on the minutes, <del>summary</del> and resolutions of the meeting, the said supervisor may make a written explanation when signing them and may have an explanatory note made in the minutes regarding his speech at the meeting. Where necessary, they shall responsively report to the regulatory authority or announce public statements.</p>
<p><b>Article 41</b> Where any supervisor neither signs as per the preceding provision nor provides his different opinions in writing, reports to the regulatory authority or announces public statement, the said supervisor shall be deemed as agreeing with the minutes, summary (if any) or resolutions of the meeting.</p>	<p><b>Article 41</b> Where any supervisor neither signs as per the preceding provision nor provides his different opinions in writing, reports to the regulatory authority or announces public statement, the said supervisor shall be deemed as agreeing with the minutes, <del>summary (if any)</del> or resolutions of the meeting.</p>

Existing articles	To be amended as
<p><b>Article 48</b> Archives of meetings of the Supervisory Committee including notices of meeting, meeting documents, attendance book, meeting recordings, votes, meeting minutes signed by the attending supervisors, summaries of meetings, records and announcements of the resolutions, etc., shall be kept by a person designated by the chairman of the Supervisory Committee.</p>	<p><b>Article 48</b> Archives of meetings of the Supervisory Committee including notices of meeting, meeting documents, <del>attendance book, meeting recordings,</del> <b>powers of attorney for proxy supervisors,</b> votes, meeting minutes <del>signed by the attending supervisors, summaries of meetings, records,</del> <b>resolutions of the meeting</b> and announcements of the resolutions, etc., shall be kept by a person designated by the chairman of the Supervisory Committee.</p>

*Note:*

The above table does not include other amendments (if any) to the numbering of, and consequentially the references to, subsequent articles due to the adding and/or deletion of the articles under the Proposed Amendments to the Rules and Procedures of the Supervisory Committee.

**I. RESPONSIBILITY STATEMENT**

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

**II. DISCLOSURE OF INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE**

As at the Latest Practicable Date, the interests of the Directors, Supervisors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules were as follows:

**(i) Long position in the shares, underlying shares and debentures of the Company**

Name of Director	Nature of interest	Class of Shares <sup>(1)</sup>	Number of Shares held as at the Latest Practicable Date <sup>(2)</sup>	Approximate percentage of total number of the relevant class of Shares	Percentage of total number of issued Shares
Zhu Maijin (“Mr. Zhu”) <sup>(3)</sup>	Beneficial owner	A	278,720 (L)	0.00802%	0.00584%
Zhao Jinsong	Beneficial owner	H	6,000 (L)	0.00046%	0.00013%

## (ii) Long positions in the shares, underlying shares and debentures of associated corporations of the Company

Name of associated corporation	Name of Director	Nature of interest	Class of Shares <sup>(1)</sup>	Number of Shares held as at the Latest Practicable Date <sup>(2)</sup>	Approximate percentage of the number of shares of the relevant class of the relevant associated corporation	Approximate percentage of the total number of issued shares of the relevant associated corporation
COSCO SHIPPING Holdings Co., Ltd.	Mr. Teo Siong Seng	Beneficial owner	H	146,250 (L)	0.00436%	0.00091%
	Mr. Yang Lei	Beneficial owner	H	131,400 (L)	0.00392%	0.00008%
			H	2,000 (L)	0.00006%	0.00001%
		Interest of spouse <sup>(4)</sup>	A	8,000 (L)	0.00024%	0.00005%
COSCO SHIPPING Development Co., Ltd.	Mr. Yang Lei	Beneficial owner	H	213,000 (L)	0.00579%	0.00183%
COSCO SHIPPING Ports Limited	Mr. Yang Lei	Beneficial owner	Ordinary shares	26,597 (L)	0.00080%	0.00080%
COSCO SHIPPING International (Hong Kong) Co., Ltd.	Mr. Yang Lei	Beneficial owner	Ordinary shares	660,000 (L)	0.04305%	0.04305%

*Notes:*

(1) A – A Shares

H – H Shares

(2) L – Long position

(3) This represents 137,280 A Share held by Mr. Zhu, and Mr. Zhu's entitlement to purchase up to 141,440 A Shares of the Company pursuant to the exercise of share options granted to him on 27 December 2018 under the incentive scheme, subject to fulfillment of the conditions of exercise of those share options.

(4) 2,000 H shares and 8,000 A shares in COSCO SHIPPING Holdings Co., Ltd. are held by Ms. Song Jianfang, the spouse of Mr. Yang Lei. Accordingly, by virtue of the SFO, Mr. Yang Lei is also deemed to be interested in 10,000 shares in COSCO SHIPPING Holdings Co., Ltd. held by his spouse.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company had any interests or short positions in any Shares or underlying shares or interests in debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) of the Company which were required to be notified to the Company and the Stock

Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, save as disclosed below, so far as was known to the Directors, no Director was a director or employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

<b>Name of Director</b>	<b>Position held in COSCO SHIPPING and/or its subsidiaries</b>
Ren Yongqiang	General manager of the Human Resources Division and the head of the Organization Division of COSCO SHIPPING
Liu Zhusheng	A director of COSCO SHIPPING Technology Co., Ltd. (stock code: 002401.SZ) and Shanghai Ship and Shipping Research Institute

### **III. DIRECTORS' INTERESTS IN COMPETING BUSINESS**

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates had any interest in any business, which competes or may compete, either directly or indirectly, with the business of the Group as if each of them were treated as a controlling shareholder of the Company under Rule 8.10 of the Listing Rules.

### **IV. DIRECTORS' AND SUPERVISORS' INTERESTS IN ASSETS OF THE GROUP**

As at the Latest Practicable Date, none of the Directors or Supervisors had any direct or indirect interest in any asset which had been, since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

### **V. DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS**

As at the Latest Practicable Date, none of the Directors or Supervisors was materially interested in any contract or arrangement subsisting and which is significant in relation to the business of the Group.

### **VI. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors or Supervisors had entered, or proposed to enter into a service contract or service agreement with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

## VII. QUALIFICATIONS OF EXPERT AND CONSENT

The following is the qualification of the professional adviser who has been named in this circular and whose opinion or advice is contained in this circular:

<b>Name</b>	<b>Qualifications</b>
Goldlink Capital (Corporate Finance) Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Goldlink Capital (Corporate Finance) Limited was not beneficially interested in the share capital of any member of the Group, and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Goldlink Capital (Corporate Finance) Limited did not have any direct or indirect interest in any assets which had been, since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by or leased to, or were proposed to be acquired, disposed of by or leased to, any member of the Group.

As at the Latest Practicable Date, Goldlink Capital (Corporate Finance) Limited had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 8 June 2022 in connection with their advice to the Independent Board Committee and the Independent Shareholders, and reference to its name and opinion in the form and context in which it appears.

## VIII. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and, so far as the Directors were aware, there was no litigation or claim of material importance pending or threatened against any member of the Group.

## IX. MATERIAL CONTRACTS

As at the Latest Practicable Date, no member of the Group has entered into any material contract (not being contracts entered into in the ordinary course of business of the Group) within the two years immediately preceding the date of this circular.

## X. MATERIAL ADVERSE CHANGE

Reference is made to the announcement of the Company dated 21 January 2022 regarding the negative profit alert for the year ended 31 December 2021 (the “**Negative Profit Alert**”). After taking into account the content of the Negative Profit Alert, the Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

**XI. MISCELLANEOUS**

- (1) The registered office of the Company is located at Room A-1015, No. 188 Ye Sheng Road, China (Shanghai) Free Trade Port Area, the PRC.
- (2) The head office and principal place of business of the Company in the PRC is 7th Floor, 670 Dongdaming Road Hongkou District, Shanghai, the PRC.
- (3) The place of business of the Company in Hong Kong is Rooms 3601-3602, 36/F West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.
- (4) The Hong Kong branch share registrar of the Company is Hong Kong Registrars Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (5) The secretary of the Company is Ms. Yao Qiaohong, being an affiliated person of The Hong Kong Institute of Chartered Secretaries.
- (6) This circular is in both English and Chinese. In the event of inconsistency, the English version of this circular (excluding Appendix I to Appendix IV) shall prevail over the Chinese version.

**XII. DOCUMENTS ON DISPLAY**

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

- (1) The letter from the Independent Board Committee, the text of which is set out in page 25 of this circular;
- (2) The letter from the Independent Financial Adviser, the text of which is set out in pages 26 to 40 of this circular; and
- (3) the written consent from the Independent Financial Adviser referred to in the paragraph headed "VII. Qualifications of Expert and Consent" in this Appendix.

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## NOTICE OF ANNUAL GENERAL MEETING

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### **COSCO SHIPPING ENERGY TRANSPORTATION CO., LTD.\*** **中遠海運能源運輸股份有限公司**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 1138)**

### **NOTICE OF ANNUAL GENERAL MEETING**

**Notice is hereby given** that the annual general meeting (the “AGM”) of COSCO SHIPPING Energy Transportation Co., Ltd. (the “Company”) will be held at 10:00 a.m. on Wednesday, 29 June 2022 at 5th Floor, Ocean Hotel, No. 1171 Dongdaming Road, Hongkou District, Shanghai, the People's Republic of China to consider and, if thought fit, pass the following resolutions.

Unless otherwise defined, capitalized terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 8 June 2022.

#### **ORDINARY RESOLUTIONS**

1. To consider and approve the 2021 annual report of the Company;
2. To consider and approve the 2021 audited financial statements of the Company;
3. To consider and approve the 2021 report of the Board;
4. To consider and approve the 2021 report of the Supervisory Committee;
5. To consider and approve the remuneration of the Directors and Supervisors of the Company for the year 2022;

\* For identification purposes only



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## NOTICE OF ANNUAL GENERAL MEETING

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The Board recommends the following remuneration of the Directors and Supervisors for the year 2022:

- (1) Non-independent Directors who hold administrative positions or other specific work concurrently in the Company shall receive remuneration corresponding to the position, and those who do not hold administrative positions or other specific work concurrently in the Company shall not receive any remuneration.
- (2) Remuneration of independent Directors shall comprise basic remuneration and meeting allowance as follows:

Basic remuneration: RMB150,000 per year for externally hired Directors who are also the chairman of the Board committees and RMB120,000 per year for other externally hired Directors. The basic remuneration for externally hired Directors who are overseas individuals will be RMB300,000 per year.

Meeting allowance: RMB3,000 for every Board meeting and general meeting and RMB2,000 for every Board committee meeting.

- (3) Non-independent Supervisors who hold administrative positions or other specific work concurrently in the Company shall receive remuneration corresponding to the position, and those who do not hold administrative positions or other specific work concurrently in the Company shall not receive any remuneration.
  - (4) The remuneration for any independent Supervisors will be at the same level as independent Directors referred to above.
6. To consider and approve (i) the reappointments of PricewaterhouseCoopers and SHINEWING Certified Public Accountants as the international auditors and the domestic auditors of the Company for the year ending 31 December 2022, respectively, and to hold office until the conclusion of the next annual general meeting for providing the Company with audit reports including the 2022 interim review report, the 2022 annual audit report and the audit report on the internal controls of the Company, as well as rendering specific audit and review services; (ii) the respective fees for review and audit payable by the Company to PricewaterhouseCoopers and SHINEWING Certified Public Accountants for the year ending 31 December 2022 of RMB3.5 million and RMB3.1 million (inclusive of taxes and travel expenses), respectively; and (iii) in the event of a major change in the scope of review and audit in respect of the Company, the authorization to the Board or any person authorized by the Board to reasonably determine the specific amount of the audit fees of the domestic and international auditors of the Company for the year ending 31 December 2022.
  7. To consider and resolve not to declare a final dividend for the year 2021.
  8. To consider and approve the Non-exercise of the Right of First Refusal.

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## NOTICE OF ANNUAL GENERAL MEETING

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9. To consider and approve the increase in the registered capital of COSCO SHIPPING Finance in the amount of RMB1,473,457,500 to be contributed by the Company pursuant to the capital increase agreement dated 19 May 2022.

### SPECIAL RESOLUTIONS

10. To consider and approve the proposed guarantees for (i) China Shipping Development (Hong Kong) Marine Co., Ltd.; (ii) COSCO SHIPPING Tanker (Singapore) Pte. Ltd.; (iii) Pan Cosmos Shipping & Enterprises Co., Ltd.; and (iv) COSCO SHIPPING Energy Transportation (Hainan) Co., Ltd. (collectively, the “**Guaranteed Wholly-owned Subsidiaries**”) to be provided by the Company and among the Guaranteed Wholly-owned Subsidiaries in a total outstanding amount not exceeding US\$1.4 billion (or its equivalent in other currencies) to guarantee the possible financial obligations of the Guaranteed Wholly-owned Subsidiaries and the proposed authorization to the chairman of the Board or the general manager of the Company to execute the guarantees, further details of which are set out in the relevant announcement of the Company dated 31 May 2022.
11. To consider and approve the Proposed Registration and Issuance of Mid-term Notes.
12. To consider and approve the resolution in relation to the Proposed Amendments to the Articles of Association:

**“THAT**

- (a) the Proposed Amendments to the Articles of Association be and are hereby approved and confirmed; and
- (b) any one director of the Company be and is hereby authorized to do all such acts and things (including filing the amended articles of association of the Company with the relevant authorities for approval, endorsement and/or registration as appropriate) and execute and deliver all such documents, deeds or instruments (including affixing the common seal of the Company thereon) and take all such steps as the director in his or her sole opinion and absolute discretion may consider necessary, appropriate or desirable to implement or give effect to the Proposed Amendments to the Articles of Association.”
13. To consider and approve the resolution in relation to the Proposed Amendments to the Rules and Procedures of Shareholders’ General Meetings:

**“THAT**

- (a) the Proposed Amendments to the Rules and Procedures of Shareholders’ General Meetings be and are hereby approved and confirmed; and

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## NOTICE OF ANNUAL GENERAL MEETING

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(b) any one director of the Company be and is hereby authorized to do all such acts and things (including filing the amended rules and procedures of shareholders' general meetings of the Company with the relevant authorities for approval, endorsement and/or registration as appropriate) and execute and deliver all such documents, deeds or instruments (including affixing the common seal of the Company thereon) and take all such steps as the director in his or her sole opinion and absolute discretion may consider necessary, appropriate or desirable to implement or give effect to the Proposed Amendments to the Rules and Procedures of Shareholders' General Meetings."

14. To consider and approve the resolution in relation to the Proposed Amendments to the Rules and Procedures of Meetings of the Board of Directors:

**"THAT**

(a) the Proposed Amendments to the Rules and Procedures of Meetings of the Board of Directors be and are hereby approved and confirmed; and

(b) any one director of the Company be and is hereby authorized to do all such acts and things (including filing the amended rules and procedures of meetings of the board of directors of the Company with the relevant authorities for approval, endorsement and/or registration as appropriate) and execute and deliver all such documents, deeds or instruments (including affixing the common seal of the Company thereon) and take all such steps as the director in his or her sole opinion and absolute discretion may consider necessary, appropriate or desirable to implement or give effect to the Proposed Amendments to the Rules and Procedures of Meetings of the Board of Directors."

15. To consider and approve the resolution in relation to the Proposed Amendments to the Rules and Procedures of Meetings of the Supervisory Committee:

**"THAT**

(a) the Proposed Amendments to the Rules and Procedures of Meetings of the Supervisory Committee be and are hereby approved and confirmed; and

(b) any one director of the Company be and is hereby authorized to do all such acts and things (including filing the amended rules and procedures of meetings of the Supervisory Committee of the Company with the relevant authorities for approval, endorsement and/or registration as appropriate) and execute and deliver all such documents, deeds or instruments (including affixing the common seal of the Company thereon) and take all such steps as the director in his or her sole opinion and absolute

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## NOTICE OF ANNUAL GENERAL MEETING

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discretion may consider necessary, appropriate or desirable to implement or give effect to the Proposed Amendments to the Rules and Procedures of Meetings of the Supervisory Committee.”

By order of the Board  
**COSCO SHIPPING Energy Transportation Co., Ltd.**  
**Ren Yongqiang**  
*Chairman*

Shanghai, the PRC  
8 June 2022

*Notes:*

1. For the purpose of holding the AGM, the register of H Shares members of the Company (the “**Register of Members**”) will be closed from Friday, 24 June 2022, to Wednesday, 29 June 2022 (both days inclusive), during which no transfer of H Shares of the Company will be registered. H Shareholders whose names appear on the Register of Members at the close of business on Wednesday, 29 June 2022 are entitled to attend and vote at the AGM after completing the registration procedures for attending the meeting.
2. In order to be entitled to attend and vote at the AGM, the H Shareholders shall lodge all transfer documents together with the relevant share certificates to Hong Kong Registrars Limited, the H share registrar of the Company, not later than 4:30 p.m. on Thursday, 23 June 2022.
3. The address of Hong Kong Registrars Limited, the share registrar (for share transfer) for the H shares of the Company is as follows:

Shops 1712-1716  
17th Floor Hopewell Centre  
183 Queen’s Road East  
Wanchai  
Hong Kong

The details of the Office of the Board of Directors of the Company are as follows:

7th Floor, 670 Dongdaming Road  
Hongkou District  
Shanghai  
People’s Republic of China  
Postal Code: 200080  
Tel: 86 (21) 6596 6666  
Fax: 86 (21) 6596 6160

4. Each H Shareholder who has the right to attend and vote at the AGM is entitled to appoint in writing one or more proxies, whether a Shareholder or not, to attend and vote on his/her behalf at the AGM.
5. The form of proxy must be in writing under the hand of the Shareholder or his/her attorney duly authorized in writing or, if the Shareholder is a legal person, must either be executed under its common seal or under the hand of a legal representative or other attorney duly authorized to sign the same. If the form of proxy is signed by an attorney authorized by the Shareholder, the power of attorney authorizing signature or other documents of authorization must be notarially certified.

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## NOTICE OF ANNUAL GENERAL MEETING

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6. To be valid, for H Shareholders, the form of proxy, and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarially certified copy of that power of attorney or other authority, must be delivered to Hong Kong Registrars Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time for holding the AGM or any adjournment thereof.
7. Each A Shareholder is entitled to appoint in writing one or more proxies, whether a Shareholder or not, to attend and vote on his/her behalf at the AGM. Notes 4 to 5 also apply to A Shareholders, except that the form of proxy or other documents of authority must be delivered to the Office of the Board of Directors of the Company, not less than 24 hours before the time appointed for holding the AGM or any adjournment thereof in order for such documents to be valid.

The details of the Office of the Board of Directors of the Company are as follows:

7th Floor, 670 Dongdaming Road  
Hongkou District  
Shanghai  
People's Republic of China  
Postal Code: 200080  
Tel: 86 (21) 6596 6666  
Fax: 86 (21) 6596 6160

8. If a proxy attends the AGM on behalf of a shareholder, he/she should produce his/her identity card and the form of proxy signed by the Shareholder or his/her attorney, which specifies the date of its issuance. If a legal person Shareholder appoints its legal representative to attend the AGM, such legal representative should produce his/her identity card and valid documents evidencing his/her capacity as such legal representative. If a legal person Shareholder appoints a company representative other than its legal representative to attend the AGM, such representative should produce his/her identity card and an authorization instrument affixed with the seal of that Shareholder (which is a legal person) and duly signed by its legal representative.
9. The AGM is estimated to last for an hour. Shareholders who attend the AGM in person or by proxy shall bear their own transportation and accommodation expenses.

*As at the date of this notice, the Board comprises Mr. Ren Yongqiang and Mr. Zhu Maijin as executive directors, Mr. Zhang Qinghai and Mr. Liu Zhusheng as non-executive directors, Mr. Teo Siong Seng, Mr. Victor Huang, Mr. Li Runsheng, Mr. Zhao Jinsong and Mr. Wang Zuwen as independent non-executive directors.*