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

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

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北京金隅股份有限公司

BBMG Corporation*

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

(Stock Code: 2009)

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION –
PROPOSED A SHARE ISSUE AND THE MERGER PROPOSAL
(2) PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION
(3) PROPOSED AMENDMENTS TO RULES OF PROCEDURES
AND
(4) PROPERTY MORTGAGE IN FAVOUR OF BOC**

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



A letter from the Board is set out from pages 7 to 27 of this circular.

A letter from the Independent Board Committee is set out on page 28 of this circular.

A letter from Guangdong Securities is set out from pages 29 to 43 of this circular.

A supplemental notice of the EGM, which will be held as originally scheduled at Conference Room 6, 22nd Floor, Tower D, Global Trade Center, No.36, North Third Ring East Road, Dongcheng District, Beijing, PRC on Tuesday, 14 September 2010 at 2:30 p.m., is set out on pages 197 to 198 of this circular. Whether or not you intend to attend the EGM, please complete the enclosed supplemental form of proxy in accordance with the instructions printed thereon and return the relevant form to the headquarters of the Company at Room 2220, 22nd Floor, Tower D, Global Trade Center, No.36, North Third Ring East Road, Dongcheng District, Beijing 100013, the People's Republic of China (for holders of Domestic Shares and unlisted Foreign Shares), or the office of the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the supplemental form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof (as the case may be) should you so wish.

26 August 2010

* for identification purpose only

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DEFINITIONS

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

“A Shares”	the ordinary shares subscribed for in RMB, which are proposed to be issued by the Company pursuant to the A Share Issue
“A Share Issue”	the proposed issue of 410,404,560 A Shares by the Company to be listed on the Shanghai Stock Exchange for the implementation of the Merger Proposal
“Additional Option”	the additional option under the Merger Proposal to the Participated Shareholders, pursuant to which the Participated Shareholders can put the A Shares held by them to the Additional Option Providers at a rate of RMB9.00 per A Share, subject to certain conditions, details of which are set out in the section headed “2. Proposed A Share Issue and the Merger Proposal – (B) The Merger Proposal – 5. The Additional Option”
“Additional Option Provider”	China Cinda
“AIC”	the State Administration for Industry and Commerce of the People’s Republic of China or its relevant local counterpart
“Articles”	the articles of association of the Company, as amended from time to time
“Assenting Shareholders”	Shareholders who have participated in the EGM and voted for the Merger Proposal
“Asset Restructuring”	the potential transfer of all cement related assets and business owned by the Parent and the Company to Taihang Cement pursuant to the Parent Undertakings as described in the sections headed “Relationship with Controlling Shareholder – Undertakings Given by Our Parent to Taihang Cement and its Shareholders – Asset Restructuring” and “Asset Restructuring” in the Prospectus
“Average Trading Price”	being the total turnover divided by the total transacted number
“BBMG Hongye”	北京金隅宏業生態科技有限責任公司 (BBMG Hongye Ecological Science and Technology Co., Ltd.*), a limited liability company established under the laws of the PRC on 30 September 2007
“Beijing SASAC”	the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality

DEFINITIONS

“Board”	the board of Directors of the Company
“BOC”	Bank of China, Beijing Olympics Village Branch
“CASBE”	China Accounting Standards for Business Enterprises and the related implementation guidance notes
“Cash Alternative”	the cash alternative under the Merger Proposal to the Taihang Cement Target Shareholders (other than the Parent) which is set at a rate of RMB10.65 per Taihang Cement Share, subject to certain conditions, details of which are set out in the section headed “2. Proposed A Share Issue and the Merger Proposal – (B) The Merger Proposal – 4. The Cash Alternative”
“Cash Alternative Provider(s)”	the Parent and China Cinda
“China Cinda”	中國信達資產管理股份有限公司 (China Cinda Asset Management Limited Company*), a wholly state-owned joint stock company established under the laws of the PRC on 19 April 1999, and a holder of approximately 1.87% of the issued share capital of the Company as at the Latest Practicable Date
“Company”	北京金隅股份有限公司 (BBMG Corporation*)(Stock Code: 2009), a joint stock company established under the laws of the PRC with limited liability on 22 December 2005, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange
“Company Law”	The Company Law of the People’s Republic of China (as amended from time to time)
“CSRC”	China Securities Regulatory Commission
“Director(s)”	director(s) of the Company
“Dissenting Shareholders”	Shareholders who have participated in the EGM and voted against the Merger Proposal
“Domestic Shares”	ordinary share(s) of nominal value of RMB1.00 each in the share capital of the Company which are subscribed for or credited as fully paid in RMB by PRC citizens and/or PRC incorporated entities

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened at Conference Room 6, 22nd Floor, Tower D, Global Trade Center, No. 36, North Third Ring East Road, Dongcheng District, Beijing, the People’s Republic of China on 14 September 2010 at 2:30 p.m., for the purpose of considering and, if though fit, approving, inter alia, the A Share Issue and the Merger Proposal
“Enlarged Group”	the Group as enlarged by the acquisitions which has been agreed or proposed since 31 December 2009 (the date to which the latest published audited combined financial statements of the Company were made up)
“Exchange Ratio”	the ratio at which a number of A Shares of the Company would be exchanged for one Taihang Cement Share under the Merger Proposal, being the ratio of 1.2 A Shares to one Taihang Cement Share
“Group”	the Company and its subsidiaries
“Guangdong Securities” or “Independent Financial Adviser”	Guangdong Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the A Share Issue and the Merger Proposal
“H Shares”	oversea listed foreign shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, listed on the Main Board of the Hong Kong Stock Exchange
“HK 2010 Profit Forecast”	the forecast of the consolidated profit attributable to owners of the Company for the year ending 31 December 2010 prepared by the Board under HKFRSs
“HKFRSs”	Hong Kong Financial Reporting Standards
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	the independent board committee of the Company formed by all the independent non-executive Directors to advise the Independent Shareholders in relation to the reasonableness and fairness of the terms of the A Share Issue and the Merger Proposal

DEFINITIONS

“Independent Shareholders”	Shareholders (other than the Parent and its associates and China Cinda and its associates) who are not required to abstain from voting at the EGM for the relevant resolutions
“Internal Restructuring”	the internal restructuring involving a distribution of 30% of the issued shares of Taihang Cement held by Taihang Huaxin to the Parent and the Company on a pro rata basis based upon their respective shareholdings in Taihang Huaxin
“Latest Practicable Date”	23 August 2010, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Merger Agreement”	the agreement dated 6 July 2010 entered into between the Company and Taihang Cement in relation to the Merger Proposal
“Merger Proposal”	the proposed merger of Taihang Cement with the Company and other ancillary matters set out in this circular
“P/E”	price-to-earnings
“Parent”	北京金隅集團有限責任公司 (BBMG Group Company Limited*), a limited liability company established on 6 December 1996 under the laws of PRC, a wholly-owned subsidiary of Beijing SASAC, being the controlling shareholder of the Company holding approximately 45.27% of the issued share capital of the Company as at the Latest Practicable Date
“Parent 2009 Undertaking”	the undertaking given by the Parent to the Company on 23 June 2009 in relation to the Asset Restructuring as described in the section headed “Relationship with Controlling Shareholder – Undertakings Given by Our Parent to Taihang Cement and its Shareholders – Asset Restructuring” in the Prospectus
“Parent Group”	the Parent and its subsidiaries, excluding the Company and the Company’s subsidiaries
“Parent Undertaking”	the undertaking given by the Parent to Taihang Cement and its shareholders in October 2007 as described in the section headed “Relationship with Controlling Shareholder – Undertakings Given by Our Parent to Taihang Cement and its Shareholders” in the Prospectus

DEFINITIONS

“Participated Shareholders”	the shareholders of Taihang Cement who has elected to receive in whole or in part the A Shares and remain as the holder of A Shares at the end of the first trading date of the A Shares on the Shanghai Stock Exchange
“PRC”	the People’s Republic of China (excluding, for the purpose of this circular, the Hong Kong Special Administrative Region of the People’s Republic of China, the Macao Special Administrative Region of the People’s Republic of China and Taiwan)
“PRC Profit Forecast”	the profit forecast of the Group for the reporting period from 1 January 2010 to 31 December 2011 prepared by the Board under CASBE
“Prospectus”	the prospectus issued by the Company dated 17 July 2009 in relation to the listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
“SASAC”	the PRC State-owned Assets Supervision and Administration Commission of the State Council
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, comprising H Shares, Domestic Shares and Unlisted Foreign Shares
“Shareholder(s)”	holder(s) of the Shares
“Taihang Cement”	河北太行水泥股份有限公司 (Hebei Taihang Cement Co., Ltd*), a joint stock company incorporated in the PRC on 5 March 1993, the securities of which have been listed on the Shanghai Stock Exchange (Stock Code: 600553) since 20 August 2002
“Taihang Cement Board”	the board of directors of Taihang Cement
“Taihang Cement Shares”	ordinary shares in the capital of Taihang Cement with a nominal value of RMB1.00 each which are listed on the Shanghai Stock Exchange and traded in RMB

DEFINITIONS

“Taihang Cement Target Shareholders”	the shareholders of Taihang Cement, other than the Company
“Taihang Huaxin”	河北太行華信建材有限公司 (Hebei Taihang Huaxin Building Materials Co., Ltd.*), a limited liability company established on 15 March 2002 under the laws of the PRC and directly owned as to 33.33% by the Company and 66.67% by the Parent (which has been entrusted to the Company by virtue of the Taihang Huaxin Entrustment Agreement)
“Taihang Huaxin Entrustment Agreement”	the entrustment agreement dated 26 July 2008, as supplemented by a supplemental entrustment agreement dated 4 June 2010, entered into by the Parent and the Company whereby the Parent entrusted its 66.67% equity interest in Taihang Huaxin to the Company
“Unlisted Foreign Shares”	ordinary share(s) of nominal value of RMB1.00 each in the share capital of the Company which are subscribed for or credited as fully paid in foreign currency by non-PRC citizens and/or non-PRC incorporated entities
“Unlisted Shares”	Domestic Shares and Unlisted Foreign Shares
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

* *for identification purpose only*

LETTER FROM THE BOARD



北京金隅股份有限公司
BBMG Corporation*

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2009)

Executive Directors:

Jiang Weiping
Li Changli
Jiang Deyi
Shi Xijun
Wang Hongjun
Deng Guangjun

Non-executive Director:

Zhou Yuxian

Independent non-executive Directors:

Hu Zhaoguang
Xu Yongmo
Zhang Chengfu
Yip Wai Ming

Headquarters:

Tower D, Global Trade Center
36 North Third Ring East Road
Dongcheng District, Beijing 100013
the PRC

*Registered office and principal place of
Business in the PRC:*

36 North Third Ring East Road
Dongcheng District, Beijing 100013
the PRC

Principal place of business in

Hong Kong:

Room 904, Wah Ying Cheong Central Building
158 – 164 Queen's Road Central,
Hong Kong

26 August 2010

To the Shareholders

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION –
PROPOSED A SHARE ISSUE AND THE MERGER PROPOSAL
(2) PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION
(3) PROPOSED AMENDMENTS TO RULES OF PROCEDURES
AND
(4) PROPERTY MORTGAGE IN FAVOUR OF BOC**

1. INTRODUCTION

Reference is made to (i) the announcement of the Company dated 29 April 2010 in relation to the proposed restructuring of major assets of Taihang Cement; (ii) the announcement of the Company dated 4 June 2010 in relation to the A Share Issue and the Merger Proposal; (iii) the announcement of the Company dated 6 July 2010 in relation to (a) the A Share Issue and the Merger Proposal, (b)

* for identification purpose only

LETTER FROM THE BOARD

the proposed amendments to the Articles and (c) the proposed amendments to rules of procedures; (iv) the announcement of the Company dated 6 July 2010 in relation to, among others, the PRC Profit Forecast; and (v) the announcement of the Company dated 23 August 2010 in relation to the HK 2010 Profit Forecast.

Reference is made to the notice of the EGM of the Company dated 30 July 2010.

Reference is also made to the circular of the Company dated 11 June 2010 in relation to, among others, the acquisition of BBMG Hongye.

The purposes of this circular are (i) to provide you with further information on (a) the A Share Issue and the Merger Proposal, (b) the proposed amendments to the Articles, (c) the proposed amendments to rules of procedures, and (d) the property mortgage in favour of BOC to ultimately secure the corporate debentures issued by the Parent; (ii) to set out the recommendations of the Independent Board Committee regarding the A Share Issue and the Merger Proposal; and (iii) to set out the letter from Guangdong Securities, the independent financial adviser to the Independent Board Committee, in respect of the reasonableness and fairness of the terms and conditions of the A Share Issue and the Merger Proposal.

2. THE PROPOSED A SHARE ISSUE AND THE MERGER PROPOSAL

(A) THE PROPOSED A SHARE ISSUE

1. *Introduction*

At the Board meetings held on 4 June 2010 and 6 July 2010, it was resolved that the Company will apply to the relevant regulatory authorities for the allotment and issue of 410,404,560 A Shares to implement the Merger Proposal, subject to satisfaction of certain conditions including, among others, Shareholders' approval by way of a special resolution and regulatory approvals. Such A Shares are proposed to be listed on the Shanghai Stock Exchange.

2. *Structure of the A Share Issue*

Type of securities to be issued	:	A Shares
Nominal value	:	RMB1.00 each
Number of A Shares to be issued	:	410,404,560 A Shares
Target allottee	:	All Taihang Cement Target Shareholders (in the event that such Taihang Cement Target Shareholders accept the Cash Alternative and elect not to receive the A Shares, in whole or in part, the Cash Alternative Providers)
Issue price	:	RMB9.00 per A Share

LETTER FROM THE BOARD

Use of proceeds	:	All A Shares would be issued to implement the Merger Proposal (details of which are set out in the section headed “2. Proposed A Share Issue and the Merger Proposal – (B) The Merger Proposal” below) and the Company will not raise fund from the public by the A Share Issue
Undistributed profits	:	Upon completion of the A Share Issue, the existing and new Shareholders of the Company will be entitled to share the Company’s cumulative undistributed profits at the time of the A Share Issue
Place of listing	:	The Shanghai Stock Exchange. Both the Domestic Shares and Unlisted Foreign Shares of the Company will be converted into A shares and listed on the Shanghai Stock Exchange and they will rank pari passu in all respects with other A Shares, subject to applicable lock-up requirements

3. *Shareholders’ approval and other approvals*

At the annual general meeting of the Company held on 29 June 2010, the Shareholders granted, by way of a special resolution, a general mandate to the Board to issue, allot and deal with additional Unlisted Shares and H Shares in the Company not exceeding 20% of each of its existing Unlisted Shares and H Shares of the Company in issue as at the date of the special resolution. As at the Latest Practicable Date, the Company has not issued any Shares under the above general mandate. The A Shares Issue will be implemented by the Company pursuant to the general mandate passed on 29 June 2010.

The A Share Issue is subject to approval by Shareholders by way of a special resolution at the EGM as stipulated by the relevant PRC laws, the rules of the CSRC and the Articles. It should be noted that the A Share Issue, upon approval by Shareholders by way of a special resolution at the EGM, is still subject to approvals by the CSRC and other relevant regulatory authorities, if necessary. In addition, the approval by the Shanghai Stock Exchange as to the listing of and dealings in the A Shares on the Shanghai Stock Exchange is also required. The approval in respect of the A Share Issue, if obtained from Shareholders at the EGM, shall be valid for a period of 12 months from the date on which such approval is obtained under the relevant PRC laws and regulations.

LETTER FROM THE BOARD

(B) THE MERGER PROPOSAL

1. *Introduction*

On 4 June 2010, the Board announced that the Board and the Taihang Cement Board resolved to approve, in principle, the Merger Proposal, subject to the satisfaction of various conditions. On 6 July 2010, the Board further announced that the Board and the Taihang Cement Board respectively resolved to enter into the Merger Agreement in respect of the Merger Proposal.

On 22 December 2006 and 30 April 2008, the Parent acquired from Handan SASAC and China Construction Bank an aggregate of 61.84% equity interest in Taihang Huaxin at a costs of RMB240,334,200 and RMB50,700,000, respectively. On 30 April 2008, the registered capital of Taihang Huaxin was reduced from RMB591,020,000 to RMB588,020,000 resulting in a decrease of the Parent's interest in Taihang Huaxin from 61.84% to 61.67%. On 27 April 2010, the Parent further acquired from Handan SASAC a 5% equity interest in Taihang Huaxin at a costs of RMB63,820,000. Therefore, as at the Latest Practicable Date, the Parent and the Company hold 66.67% and 33.33% equity interest in Taihang Huaxin. The Company through its holding of approximately 33.33% equity interest in Taihang Huaxin, which in turn holds 30% of the issued shares of Taihang Cement, is indirectly interested in approximately 9.999% of the issued shares of Taihang Cement. By virtue of the Taihang Huaxin Entrustment Agreement, the Parent entrusted its holding of approximately 66.67% equity interest in Taihang Huaxin to the Company. As a result, the Company is, together with the 9.999% issued shares indirectly held by it in Taihang Cement, indirectly beneficially interested in the 30% issued shares of Taihang Cement held by Taihang Huaxin.

On 23 June 2010, the SASAC issued the "Approval of Change of State-owned Shareholders of Hebei Taihang Huaxin Building Materials Co., Ltd." (Guo Zi Chan Quan [2010] No. 471) and approved the Internal Restructuring involving a distribution of the 30% of the issued shares of Taihang Cement directly held by Taihang Huaxin to the Parent and the Company on a pro rata basis based upon their respective shareholdings in Taihang Huaxin. The Parent, the Company and Taihang Huaxin completed the registration of change of equity interest procedure in respect of the Internal Restructuring on 29 July 2010. As at the Latest Practicable Date, the Parent and the Company directly held 76,003,800 and 37,996,200 Taihang Cement Shares, representing approximately 20.001%

LETTER FROM THE BOARD

and 9.999% of the issued shares of Taihang Cement, respectively. After completing the internal approval procedures, the Parent and the Company will enter into an entrustment agreement, pursuant to which the Parent will entrust the 76,003,800 Taihang Cement Shares, representing approximately 20.001% issued shares of Taihang Cement, to the Company at nil consideration with effect from 29 July 2010 on the terms and conditions substantially similar to those of the Taihang Huaxin Entrustment Agreement. The entrustment arrangement contemplated under the Taihang Cement entrustment agreement will be an exempted continuing connected transaction of the Company under the Listing Rules.

The Company intends to implement the Merger Proposal after the Internal Restructuring. The implementation of the Merger Proposal will involve an issue of A Shares by the Company at the Exchange Ratio to the Taihang Cement Target Shareholders.

2. *Key Terms of the Merger Agreement*

A summary of the major terms and conditions of the Merger Agreement is as follows:

Date	:	6 July 2010
Parties	:	The Company (as acquirer) Taihang Cement (as target company)
Consideration	:	The Company will issue an aggregate of 410,404,560 A Shares (having the same voting right as the Company's H Shares) at the Exchange Ratio in exchange for the Taihang Cement Shares held by the Taihang Cement Target Shareholders who elect to receive in whole or in part the A Shares, and the Cash Alternative Providers (when there are Taihang Cement Target Shareholders accept the Cash Alternative and elect not to receive the A Shares, in whole or in part).

The Exchange Ratio has been determined as 1.2 A Shares for one Taihang Cement Share.

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The Merger Proposal will be accompanied by the Cash Alternative to the Taihang Cement Target Shareholders (other than the Parent) at a rate of RMB10.65 per Taihang Cement Share, subject to the Merger Proposal becoming unconditional.

The Merger Proposal will further be accompanied by the Additional Option to the Participated Shareholders, pursuant to which the Participated Shareholders can put the A Shares held by them to the Additional Option Provider at a rate of RMB9.00 per A Share, provided that the Average Trading Price of the A Shares on its first trading date falls below RMB9.00 and the Participated Shareholders still hold the originally issued A Shares upon closing of the first trading date of the A Shares, subject to the terms and conditions as described in the paragraph below headed “5. The Additional Option”.

- Conditions Precedent : The Merger Agreement is conditional upon:
- (i) the Internal Restructuring having been completed;
 - (ii) the approval of the Merger Proposal by way of a special resolution by the Shareholders attending and voting at the EGM having been obtained;
 - (iii) the approval of the Merger Proposal by way of a special resolution by the shareholders of Taihang Cement attending and voting at such shareholders’ meeting of Taihang Cement having been obtained; and

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- (iv) all requisite consents, approvals and approvals having been obtained from the relevant governmental and regulatory authorities in the PRC for the Merger Proposal and related matters (including but not limited to, the CSRC, the SASAC and the Shanghai Stock Exchange).

Completion : The later date of (i) the Company having completed the registration with the AIC in relation to the Merger Proposal, and (ii) Taihang Cement having completed the deregistration with the AIC.

Profit Distribution : The Company and Taihang Cement have agreed that, during the shorter of (i) the period from the date of the Merger Agreement to the completion date of the Merger Proposal, and (ii) the shorter of the validity period of the respectively shareholders' resolutions of the Company and Taihang Cement, save for the profit distribution announced prior to the date of the Merger Agreement and the profit distribution in cash approved by the respectively shareholders at the annual general meeting of the Company and Taihang Cement, no profit distribution in any form (including right issues) which may impact the share capital of the parties would be declared or carried out.

3. *The Exchange Ratio*

The Exchange Ratio is determined based on the followings:

- (i) the purchase price of the Taihang Cement Shares of RMB10.80 per share under the Merger Agreement, representing a premium of approximately 7.04% over the Average Trading Price per Taihang Cement Share of RMB10.09 of the 20 trading days prior to 4 June 2010, being the reference date on which the Exchange Ratio is determined; and

LETTER FROM THE BOARD

- (ii) the issue price of the new A Shares of RMB9.00 per share, which is determined based on the reasonable P/E ratio, representing 19.45x of the historical P/E ratio of the year 2009 prepared under CASBE on a fully diluted basis upon completion of the A Share Issue.

Accordingly, the Exchange Ratio was determined to be 1.2:1 whereby the Taihang Cement Target Shareholders (excluding the Company) will exchange its one Taihang Cement Share for 1.2 A Shares to be issued by the Company.

The Exchange Ratio and the premium was determined based on arm's length negotiations by the Directors, having made due and reasonable inquiries and taking into account various principal considerations and factors, including the historical trading prices of the Taihang Cement Shares, the historical trading prices of the H Shares of the Company, the historical and market consensus on P/E ratios of other A-share listed companies comparable to the Company in building materials and/or property development businesses and the average diluted P/E ratios of A-share companies listed in Shanghai Stock Exchange since 2010. In determining the Exchange Ratio, the Directors have not made any reference to the PRC Profit Forecast nor the HK 2010 Profit Forecast.

4. *The Cash Alternative*

The Merger Proposal will be accompanied by the Cash Alternative to the Taihang Cement Target Shareholders (other than the Parent) at a rate of RMB10.65 per Taihang Cement Share. The Cash Alternative will be made available by the Parent and China Cinda as the Cash Alternative Providers. The Parent is the substantial shareholder of the Company and therefore is a connected person of the Company for the purposes of the Listing Rules. China Cinda holds 72,420,687 Domestic Shares, representing approximately 1.87% of the issued share capital of the Company, and is not a connected person of the Company for the purposes of the Listing Rules.

If the Taihang Cement Target Shareholders (other than the Parent) accept the Cash Alternative and elect not to receive the A Shares, in whole or in part, the Cash Alternative Providers will, subject to written agreements to be entered by the Company and the Cash Alternative Providers, pay RMB10.65 per Taihang Cement Share in cash to such Taihang Cement Target Shareholders (other than the Parent) in whole or in part in return for the Taihang Cement Shares held by such holders. The Cash Alternative Providers will then exchange such shares for the A Shares at the Exchange Ratio. Pursuant to the Cash Alternative arrangement, the Parent, as one of the Cash Alternative Providers, undertakes that it will receive not more than 150,058,400 Taihang Cement Shares which in turn will be exchanged for not more than 180,070,080 A Shares. China Cinda also undertakes that, pursuant to the Cash Alternative arrangement, it will receive not more than 115,941,600 Taihang Cement Shares which in turn will be exchanged for 139,129,920 A Shares.

LETTER FROM THE BOARD

On the assumption that all Taihang Cement Target Shareholders (other than the Parent) elect to receive the Cash Alternative and based upon the undertakings mentioned above, (i) a maximum of 180,070,080 A Shares, representing approximately 4.20% of the enlarged issued share capital of the Company upon allotment of the A Shares, will be held by the Parent as the Cash Alternative Provider; (ii) a maximum of RMB1,598,121,960 will be payable by the Parent as the Cash Alternative Provider; (iii) a maximum of 139,129,920 A Shares, representing approximately 3.25% of the enlarged issued share capital of the Company upon allotment of the A Shares, will be held by China Cinda as the Cash Alternative Provider; and (iv) a maximum of RMB1,234,778,040 will be payable by China Cinda as the Cash Alternative Provider.

5. *The Additional Option*

The Merger Proposal will further be accompanied by the Additional Option to the Participated Shareholders, pursuant to which the Participated Shareholders can put the A Shares held by them (the number of which should not be more than the difference between the number of A Shares registered in the name of the Participated Shareholders on the register of members for A Shares before listing of the A Shares and the number of A Shares sold by such Participated Shareholders after listing of the A Shares) to the Additional Option Provider at a rate of RMB9.00 per A Share, provided that the Average Trading Price of the A Shares on its first trading date falls below RMB9.00 and the Participated Shareholders still hold the originally issued A Shares upon closing of the first trading date of the A Shares. The investors who purchase A Shares after listing of the A Shares are not entitled to the Additional Option in respect of the A Shares purchased. The Additional Option Provider holds 72,420,687 Domestic Shares, representing approximately 1.87% of the issued share capital of the Company, and is not a connected person of the Company for the purpose of the Listing Rules.

The Additional Option Provider will, subject to written agreements to be entered by the Company and the Additional Option Provider, upon the exercise of the Additional Option by the Participated Shareholders, purchase the A Shares held by the Participated Shareholders at the rate of RMB9.00 per A Share.

On the assumption that no Taihang Cement Target Shareholder elects to receive the Cash Alternative and all Participated Shareholders (excluding the Parent) elect to exercise the Additional Option, (i) a maximum of 319,200,000 A Shares, representing approximately 7.45% of the enlarged issued share capital of the Company upon listing of the A Shares, will be transferred to the Additional Option Provider at a rate of RMB9.00 per A Share; and (ii) a maximum of RMB2,872,800,000 will be payable by the Additional Option Provider.

LETTER FROM THE BOARD

6. *Exit rights of Dissenting Shareholders of the Company*

(i) Entitlement to the exit rights of Dissenting Shareholders

Pursuant to the Articles, the Shareholders who have voted against the Merger Proposal at the EGM would have the right to demand the acquisition of their Shares by the Company or the Assenting Shareholders at fair prices to be determined by the parties to the acquisition in accordance with the Articles. The exercise of such exist rights will be subject to the successful completion of the A Share Issue. Dissenting Shareholders will be required to make a clear written request at the EGM to the Company or the Assenting Shareholders to exercise such exit rights, subject to the conditions and arrangements set out in the Merger Proposal.

The Dissenting Shareholders holding the said Shares which are subject to pledge, other third-party rights or judicial moratorium would not be entitled to such exit rights.

(ii) Exercise of the exit rights of Dissenting Shareholders

Dissenting Shareholders would make a clear written request at the EGM to the Company or the Assenting Shareholders to exercise the exit subject to the conditions and arrangements set out in the Merger Proposal. Dissenting Shareholders may exercise the exit rights in respect of all or part of their Shares.

If Dissenting Shareholders elect to request any Assenting Shareholders to acquire their Shares at fair prices, and such Assenting Shareholders are not interested in acquiring their Shares, these Assenting Shareholders may negotiate with the Company, and upon written agreement to be entered into by the Company and these Assenting Shareholders, the Company will take up the reasonable obligations of the Assenting Shareholders to those Dissenting Shareholders, provided that the Assenting Shareholders agree:

- (1) to submit to the Company written requests of the Dissenting Shareholders for acquiring Shares at fair prices and withdrawals of such requests (if any);
- (2) to provide the Company with the opportunity to lead all negotiations and procedures relating to the determination of the fair prices under the Articles; and
- (3) unless otherwise agreed in writing beforehand by the Company, not to initiate any determination or payment of the fair prices.

If Dissenting Shareholders elect to request the Company to acquire their Shares at fair prices, the Company will fully comply with the laws, regulations and applicable rules (including the Listing Rules) concerning the Company's repurchase

LETTER FROM THE BOARD

of Shares. The Company will be entitled to designate any third parties to acquire the Shares to be disposed upon the request of such Dissenting Shareholders of the Company at fair prices to be determined by the parties to the acquisition in accordance with the Articles.

(iii) Timing of Payment to the Dissenting Shareholders

Subject to fulfillment of all of the conditions precedent under the Merger Agreement, the Company (or its designated third parties) or the Assenting Shareholders has an obligation to pay and complete the clearing and settlement procedures in respect of the Shares of which the exit rights of Dissenting Shareholders of the Company have been exercised.

(C) GRANT OF AUTHORITY TO THE BOARD OF DIRECTORS IN RELATION TO THE A SHARE ISSUE AND THE MERGER PROPOSAL

The Board also resolved to submit to the EGM for consideration and approval by way of a special resolution the delegation of power to the Board to handle all matters relating to implementation of the A Share Issue and the Merger Proposal, including but not limited to:

- (1) authorise the Board and its authorised executive Directors to handle the review, registration, filing, approval and consent procedures in relation to the A Share Issue and the Merger Proposal with onshore and offshore regulatory departments and authorities; draft, amend, execute and submit all necessary documents (including but not limited to the merger proposal, offering circular and any related announcements), contracts or agreements (including but not limited to underwriting agreement, listing agreement) in relation to the A Share Issue and the Merger Proposal with onshore and offshore regulatory departments and authorities; to effect and carry out necessary formalities (including but not limited to listing application with the Shanghai Stock Exchange); to handle all registration and filing procedures in relation to the amendments to the Articles and the changes in the registered capital of the Company following completion of the A Share Issue and the Merger Proposal; as well as to determine and deal with all other necessary or appropriate actions or matters in relation to the implementation of the A Share Issue and the Merger Proposal;
- (2) authorise the Board to amend and make appropriate adjustment to the concrete plan for the A Share Issue and the Merger Proposal in accordance with the feedback from the relevant onshore and offshore regulatory authorities and the actual circumstances of the Company;

LETTER FROM THE BOARD

- (3) authorise the Board and its authorised executive Directors to revise and modify the Articles and its schedules in accordance with the feedback from the relevant regulatory authorities and to prepare and/or revise other corporate governance documents of the Company; and
- (4) authorise the Board to handle other concrete matters in relation to the A Share Issue and the Merger Proposal.

The approval in respect of the authorisation, if obtained from Shareholders at the EGM, shall be valid for a period of 12 months from the date on which such approval is obtained under the relevant PRC laws and regulations.

(D) EFFECT OF A SHARE ISSUE AND THE MERGER PROPOSAL

Upon successful implementation of the Merger Proposal, the Taihang Cement Shares held by the Taihang Cement Target Shareholders on a record date to be determined will be exchanged into the A Shares of the Company. All such Taihang Cement Shares (together with the remaining Taihang Cement Shares held by the Company) will be cancelled. As a result of and upon completion of the Merger Proposal, the assets of Taihang Cement will be absorbed into and the liabilities of Taihang Cement will be assumed by the Company. Taihang Cement will then cease to exist.

Subject to the approval of the CSRC and the Shanghai Stock Exchange, the A Shares will be listed on the Shanghai Stock Exchange. The H Shares will continue to be listed on the Hong Kong Stock Exchange. Set out below is the shareholding structure of the Company (1) as at the Latest Practicable Date, (2) immediately after successful completion of the A Share Issue and the Merger Proposal assuming (i) an aggregate of 410,404,560 A Shares will be issued under the A Share Issue and (ii) all Taihang Cement Target Shareholders receive A Shares according to their interests in Taihang Cement, (3) immediately after successful completion of the A Share Issue and the Merger Proposal assuming (i) an aggregate of 410,404,560 A Shares will be issued under the A Share Issue and (ii) all Taihang Cement Target Shareholders (other than the Parent) elect to receive the Cash Alternative, and (4) immediately after successful completion of the A Share Issue and the Merger Proposal assuming (i) an aggregate of 410,404,560 A Shares will be issued under the A Share Issue and (ii) no Taihang Cement Target Shareholder elects to receive the Cash Alternative but all Participated Shareholders (excluding the Parent) elect to exercise the Additional Option.

LETTER FROM THE BOARD

	As at the Latest Practicable Date		Immediately after completion of the A Share Issue and the Merger Proposal assuming all Taihang Cement Target Shareholders receive the A Shares		Immediately after completion of the A Share Issue and the Merger Proposal assuming all Taihang Cement Target Shareholders (other than the Parent) elect to receive the Cash Alternative		Immediately after completion of the A Share Issue and the Merger Proposal assuming no Taihang Cement Target Shareholder elects to receive the Cash Alternative but all Participated Shareholders (excluding the Parent) elect to exercise the Additional Option	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
(1) Domestic Shares	2,365,470,065	61.07	-	-	-	-	-	-
(a) held by the Parent	1,753,647,866	45.27	-	-	-	-	-	-
(b) held by China Cinda	72,420,687	1.87	-	-	-	-	-	-
(c) held by other holders	539,401,512	13.93	-	-	-	-	-	-
(2) Unlisted Foreign Shares	338,480,000	8.74	-	-	-	-	-	-
(3) A Shares	-	-	3,114,354,625	72.70	3,114,354,625	72.70	3,114,354,625	72.70
(a) held by The Parent	-	-	1,844,852,426	43.07	2,024,922,506	47.27	1,844,852,426	43.07
(b) held by China Cinda	-	-	72,420,687	1.69	211,550,607	4.94	391,620,687	9.14
(c) held by other holders	-	-	1,197,081,512	27.94	877,881,512	20.49	877,881,512	20.49
(4) H Shares	1,169,382,435	30.19	1,169,382,435	27.30	1,169,382,435	27.30	1,169,382,435	27.30
Total Number of Shares	<u>3,873,332,500</u>	<u>100.00</u>	<u>4,283,737,060</u>	<u>100.00</u>	<u>4,283,737,060</u>	<u>100.00</u>	<u>4,283,737,060</u>	<u>100.00</u>

Pursuant to the requirements of the Shanghai Stock Exchange, the Parent, being the controlling shareholder of the Company upon successful completion of the A Share Issue and the Merger Proposal, will, upon listing of the A Shares, be subject to a lock-up period of 36 months, during which period, the Parent may not in any way transact or entrust any party to manage any of its A Shares in the Company, and the Company may not repurchase any A Shares held by the Parent. Pursuant to the Company Law, other Shareholders of the Domestic Shares and Unlisted Foreign Shares will, upon listing of the A Shares, be subject to a lock-up period of 12 months.

LETTER FROM THE BOARD

(E) INFORMATION ON TAIHANG CEMENT, THE COMPANY AND THE PARENT

Taihang Cement is a joint stock company established under the laws of the PRC with limited liability, the securities of which have been listed on the Shanghai Stock Exchange (Stock Code: 600553) since 20 August 2002. Taihang Cement and its subsidiaries are principally engaged in, among others, manufacturing and sales of cement and cement products.

The audited consolidated net assets of Taihang Cement and its subsidiaries attributable to owners of Taihang Cement as at 31 December 2009 was RMB875,998,917.73. The audited consolidated accounts of Taihang Cement and its subsidiaries for the two years ended 31 December 2009 prepared under CASBE recorded an audited consolidated profit (before taxation and extraordinary items) of RMB67,440,532 and RMB134,662,638, respectively, and an audited consolidated profit (after taxation and extraordinary items) of RMB47,503,842 and RMB93,071,722, respectively. The above financial information is extracted from the financial statements set out in the 2009 annual report of Taihang Cement.

The Company is a joint stock company established under the laws of the PRC with limited liability, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange. The Group is principally engaged in the manufacture and sale of cement and modern building materials, property development, property investment, and provision of property management services.

The Parent is a limited liability company established under the laws of PRC on 6 December 1996 and is a wholly-owned subsidiary of the Beijing SASAC. The Parent is principally engaged in, among others, state owned assets management, building materials manufacturing, sale of building materials and real estate development.

(F) REASONS FOR AND BENEFITS OF THE A SHARE ISSUE AND THE MERGER PROPOSAL

As disclosed in the sections headed “Relationship with Controlling Shareholders” and “Asset Restructuring” in the Prospectus, the Parent has given the Parent Undertaking and the Parent 2009 Undertaking in relation to the Asset Restructuring. The Parent proposed the Merger Proposal to the Board after considering many factors. The Board considered that the Merger Proposal is a better mean to implement the Parent Undertaking, to avoid business competition between the Company and Taihang Cement, to reduce the continuing connected transaction amounts between the Parent Group and the Group and to consolidate and streamline the cement assets within the Group for the Group’s future development, and therefore the Board considers that the Merger Proposal is in the best interest of the Group and the Shareholders.

Also, the Board considers that the A Share Issue will establish a new financing platform for the Company over the long run and will benefit the Group in the future.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors) considers that the terms of the Merger Agreement were arrived at after arms' length negotiations between the parties involved and the A Share Issue and the Merger Proposal were entered into in the ordinary and usual course of business of the Group. The Directors (including the independent non-executive Directors) are of the view that the A Share Issue and the Merger Proposal are on normal commercial terms, which are fair and reasonable and are in the best interest of the Group and the shareholders of the Company as a whole.

The executive Directors, Jiang Weiping and Li Changli, who are also the directors of the Parent, are materially interested in the A Share Issue and the Merger Proposal. The executive Director, Wang Hongjun, who is also the director of Taihang Cement, is materially interested in the Merger Proposal. Consequently, they had abstained from voting on the relevant Board resolutions approving the aforesaid transactions.

(G) LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios in respect of the A Share Issue and the Merger Proposal are more than 5% but are less than 25%, the A Share Issue and the Merger Proposal, if implemented, will constitute a discloseable transaction of the Company under the Listing Rules.

After completion of the Internal Restructuring, the Parent will directly hold 76,003,800 Taihang Cement Shares, representing approximately 20.001% of the issued share capital of Taihang Cement. In addition, the Parent as one of the Cash Alternative Providers will receive not more than 150,058,400 Taihang Cement Shares under the Cash Alternative arrangement. The Parent will participate in the Merger Proposal by exchanging the Taihang Cement Shares held by it for the A Shares to be issued by the Company at the Exchange Ratio. Therefore, for implementation of the Merger Proposal, the Company will issue new securities to the Parent, who is the substantial shareholder of the Company and a connected person of the Company for the purposes of the Listing Rules. Accordingly, the A Share Issue and the Merger Proposal will also constitute a non-exempt connected transaction which is required to be approved by the Independent Shareholders. The Parent and its associates, being connected persons of the Company and having material interests (which are different from those of the Independent Shareholders) in the A Share Issue and the Merger Proposal, will abstain from voting at the EGM for the relevant resolutions.

LETTER FROM THE BOARD

(H) PROFIT FORECASTS

1. PRC Profit Forecast

Reference is made to the announcement of the Company dated 6 July 2010 in relation to, among others, the PRC Profit Forecast.

In compliance with PRC laws and regulations and pursuant to the requirements of the CSRC, the Board has prepared the PRC Profit Forecast for the reporting period from 1 January 2010 to 31 December 2011 under CASBE. The PRC Profit Forecast has been disclosed in the Shanghai Stock Exchange when Taihang Cement announced the Merger Proposal on 6 July 2010. To ensure equal dissemination of unpublished price sensitive information in different stock exchange markets, the Company has disclosed the details of the PRC Profit Forecast by way of the announcement of the Company dated 6 July 2010. Further, for easy reference and understanding of the Shareholders and potential H Share investors in Hong Kong, the Board has also prepared a reconciliation of the forecasted net profit based upon the GAAP difference between CASBE and HKFRSs in respect of the PRC Profit Forecast (the “Reconciliation”), which has also been disclosed in the same announcement. The PRC Profit Forecast and the Reconciliation extracted from the relevant sections of the announcement of the Company dated 6 July 2010 are set out in Appendix I to this circular.

The PRC Profit Forecast is prepared based on the assumptions and estimations of the Board for illustrative purposes only and does not provide any assurance or indication that any event will take place in the future and may not give a true picture of the results of the Group for the two years ending 31 December 2011.

Beijing Xinghua Certified Public Accountants Co., Ltd., the domestic statutory auditors of the Group, has confirmed that the PRC Profit Forecast, so far as the calculations and accounting policies are concerned, have been properly compiled in accordance with the bases and assumptions made by the Board. However, no report in compliance with Rule 14.62 of the Listing Rules has been issued on the PRC Profit Forecast. Ernst & Young, the international auditors of the Group, has reviewed the reconciliation item with the description of “Difference arising from assets valuation of the corporate restructuring” included in the Reconciliation prepared by the Board and confirmed that such reconciliation item is prepared on a basis consistent with the accounting policies currently adopted by the Group in the preparation of the Group’s financial statements prepared under HKFRSs.

As the Board has made no reference to the PRC Profit Forecast nor the Reconciliation in determining the consideration for the A Share Issue and the Merger Proposal, the Shareholders and potential investors in H Shares should not rely on the information in the PRC Profit Forecast nor the Reconciliation when they assess the merits and demerits of the A Share Issue and the Merger Proposal. The investors and potential investors in H Shares should not rely on information published or disseminated from the PRC when they deal, or contemplate dealing, in the H Shares or other securities of the Company.

LETTER FROM THE BOARD

2. *HK 2010 Profit Forecast*

Reference is made to the announcement of the Company dated 23 August 2010 in relation to the HK 2010 Profit Forecast.

As required under the Listing Rules, the Board has further prepared the HK 2010 Profit Forecast in compliance with Rules 14.62 and 14A.56(8) of the Listing Rules. The Board forecasted that, based on the bases and assumptions set out in Appendix I to this circular and in the absence of unforeseen circumstances, the consolidated profit attributable to owners of the Company for the year ending 31 December 2010 will not be less than RMB2,696.6 million. The HK 2010 Profit Forecast, together with the letters from Ernst & Young and the Board, are set out in Appendix I to this circular.

The HK 2010 Profit Forecast is prepared based on the assumptions and estimations of the Board for illustrative purposes only and does not provide any assurance or indication that any event will take place in the future and may not give a true picture of the results of the Group for the year ending 31 December 2010.

The Directors have confirmed that they have made the HK 2010 Profit Forecast after due and careful enquiry in compliance with the Listing Rules. Ernst & Young, the international auditors of the Group, is of the opinion that, so far as the calculations and accounting policies are concerned, the HK 2010 Profit Forecast has been properly compiled in accordance with the bases and assumptions made by the Board as set out in Appendix I to this circular and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the Group's annual financial statements for the year ended 31 December 2009.

As the Board has made no reference to the HK 2010 Profit Forecast in determining the consideration for the A Share Issue and the Merger Proposal, the Shareholders and potential investors in H Shares should not rely on the information in the HK 2010 Profit Forecast when they assess the merits and demerits of the A Share Issue and the Merger Proposal.

3. **PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION**

To accommodate the A Share Issue, the Board has proposed to make certain amendments to the Articles in compliance with all relevant and applicable PRC legal and regulatory requirements. Such amendments are proposed in accordance with laws and regulations prescribed by the relevant PRC authorities including the CSRC, stipulating provisions mandatory or recommended for inclusion in articles of association of A share listed companies. The proposed amended Articles, subject to Shareholders' approval by way of a special resolution at the EGM, will be adopted for use by the Company after issue and listing of the A Shares on the Shanghai Stock Exchange.

The proposed amendments deal with matters relating to a number of areas, including, among others, (i) shares and registered capital; (ii) procedures for meetings of the Shareholders; and (iii) appointment of independent non-executive directors. Further details of the proposed amendments are set out in Appendix II to this circular.

LETTER FROM THE BOARD

The Articles are written in Chinese without an official English version. Therefore any English translation is for reference only. In case of inconsistency, the Chinese version shall prevail.

4. PROPOSED AMENDMENTS TO RULES OF PROCEDURES

In addition to the amendments to the Articles described above, and in accordance with the rules of the CSRC governing issue of A Shares, the Board and the supervisory board have proposed to make correspondence changes to various current rules of procedures of the Company, subject to Shareholders' approval, with a view to further regulating the internal controls of the Company. These rules of procedures include, among others, (i) the Rules of Procedures for meetings of the Shareholders; (ii) the Rules of Procedures for meetings of the Board; and (iii) the Rules of Procedures for meetings of the Supervisors. Further details of the proposed amendments are set out in Appendices III, IV and V to this circular. The proposed amended rules of procedures, subject to Shareholders' approval by way of a special resolution at the EGM, will be adopted for use by the Company after issue and listing of the A Shares on the Shanghai Stock Exchange.

The rules of procedures are written in Chinese without an official English version. Therefore any English translation is for reference only. In case of inconsistency, the Chinese version shall prevail.

5. PROPERTY MORTGAGE IN FAVOUR OF BOC

Reference is made to the circular of the Company dated 11 June 2010 in relation to, among others, the acquisition of 100% of the equity interest in BBMG Hongye.

On 24 May 2007, the Parent issued a corporate debenture in the principal amount of RMB800 million for a term of 10 years, which is guaranteed by BOC. In relation to the guarantee given by BOC, 北京高嶺房地產開發有限公司 (Beijing Gaoling Property Development Co., Ltd.*), a wholly-owned subsidiary of the Company, has mortgaged its interest in the building named Tengda Plaza located at No. 168, Xizhimen Outer Street, Haidian District in favour of BOC as a security for the guarantee provided by BOC.

The mortgage over Tengda Plaza has been released before the listing of H Shares of the Company with a substitution of (i) a mortgage dated 16 June 2009 over the Dacheng Building, located in Xuanwumenxi Street, Xicheng District, Beijing, provided by 北京金隅大成開發有限公司 (BBMG Dacheng Development Co., Ltd.*) (formerly known as 北京大成開發集團有限公司 (Beijing Dacheng Development Group Co., Ltd*)), which was then the independent third party of the Company, and (ii) a credit guarantee dated 8 May 2009 provided by Beijing State Owned Capital Operation Management Center.

Pursuant to an asset allocation notice on 30 September 2009, the Dacheng Building was required to be transferred to the Parent at nil consideration. The registration of such transfer has not been completed pending the consent from BOC as the security holder.

The Company acquired 北京大成開發集團有限公司 (Beijing Dacheng Development Group Co., Ltd.*) from the Parent on 14 April 2010 as announced by the Company on 17 January 2010 and approved by the independent shareholders of the Company on 30 March 2010.

LETTER FROM THE BOARD

Pursuant to an asset allocation notice on 15 May 2010, the Dacheng Building was further required to be transferred from the Parent to BBMG Hongye at nil consideration. The registration of such transfer has not been completed pending the consent from BOC as the security holder.

As mentioned above, the registration of the transfers of the Dacheng Building to BBMG Hongye requires the consent from BOC as the security holder, the Company is in the course of obtaining the consent from BOC and intends to enter into a supplemental agreement (the “**Mortgage Supplemental Agreement**”) with the Parent, 北京金隅大成開發有限公司 (BBMG Dacheng Development Co., Ltd.*) and BBMG Hongye to record and confirm that BBMG Hongye as the legal and beneficial owner has mortgaged the Dacheng Building in favour of BOC since 15 May 2010.

The acquisition of 100% of the equity interest in BBMG Hongye has been approved by the independent shareholders of the Company on 27 July 2010. Upon completion of the acquisition of 100% of the equity interest in BBMG Hongye by the Company, which is expected to be taken place on or before 30 November 2010, the mortgage over the Dacheng Building in favour of BOC to ultimately secure the corporate debenture issued by the Parent will become a connected transaction of the Company, and therefore requires approval by the Shareholders by an ordinary resolution under the relevant PRC laws and regulations and in accordance with Article 98 of the Articles. Accordingly, the Board proposed to seek the approval of the Shareholders by an ordinary resolution at the EGM to approve the mortgage over the Dacheng Building in favour of BOC to ultimately secure the corporate debenture issued by the Parent.

Upon completion of the acquisition of 100% of the equity interest in BBMG Hongye by the Company, the transaction contemplated under the Mortgage Supplemental Agreement will become a continuing connected transaction of the Company under the Listing Rules, and the Company will comply with further disclosure requirements as required by Rule 14A.41 in respect of such transaction.

6. THE EGM

The EGM will be held for the purpose of considering and, if though fit, approving by the Independent Shareholders on (i) the A Share Issue, (ii) the Merger Proposal and (iii) the property mortgage in favour of BOC to ultimately secure the corporate debentures issued by the Parent; and by the Shareholders on (i) the proposed amendments to the Articles, (ii) the proposed amendment to rules of procedures, and (iii) the authority granted to the Board or Directors in relation to the A Share Issue and the Merger Proposal.

In accordance with the Listing Rules, the Parent and its associates, being connected persons of the Company and having material interests (which are different from those of the Independent Shareholders) in the A Share Issue and the Merger Proposal, as well as the property mortgage, will abstain from voting at the EGM for the relevant resolutions. As at the Latest Practicable Date, the Parent and its associates held and controlled the voting rights of 1,753,647,866 Domestic Shares, representing approximately 45.27% of the issued share capital of the Company.

In accordance with the Listing Rules, China Cinda and its associates having material interests (which are different from those of the Independent Shareholders) in the A Share Issue and the Merger Proposal, will abstain from voting at the EGM for the relevant resolutions. As at the Latest Practicable Date, China Cinda and its associates held and controlled the voting rights of 72,420,687 Domestic Shares, representing approximately 1.87% of the issued share capital of the Company.

LETTER FROM THE BOARD

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, other than the Parent and its associates being connected persons of the Company and China Cinda and its associates having material interest, there is no connected person of the Company, any Shareholders or their respective associates with a material interest in the relevant transactions under the A Share Issue and the Merger Proposal, and the property mortgage required to abstain from voting at the EGM.

A supplemental notice of the EGM, which will be held as originally scheduled at Conference Room 6, 22nd Floor, Tower D, Global Trade Center, No.36, North Third Ring East Road, Dongcheng District, Beijing, PRC on Tuesday, 14 September 2010 at 2:30 p.m., is set out on pages 197 to 198 of this circular.

Please also refer to the notice of the EGM dispatched to the Shareholders on 30 July 2010 for details of the other resolutions to be proposed at the EGM, closure of register of members, eligibility for attending the EGM, registration procedures for attending the EGM, appointment of proxy and other relevant matters.

The form of proxy for use at the EGM was despatched to the Shareholders on 30 July 2010 and the supplemental form of proxy is enclosed with this circular. Whether or not you intend to attend the EGM, please complete the form of proxy and the enclosed supplemental form of proxy in accordance with the instructions printed thereon and return them to the headquarters of the Company at Room 2220, 22nd Floor, Tower D, Global Trade Center, No.36, North Third Ring East Road, Dongcheng District, Beijing 100013, the People's Republic of China (for holders of Domestic Shares and unlisted Foreign Shares), or the office of the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) as soon as possible and in any event not less than 24 hours before the time for holding of the EGM or appointed time for voting. Completion and return of the form of proxy and the supplemental form of proxy will not preclude you from attending and voting at the EGM should you so wish.

7. POLL AT GENERAL MEETING

In according with the requirement of Rule 13.39(4) of the Listing Rules, all resolutions to be considered, and if thought fit, to be passed at the EGM, shall be passed by way of poll.

8. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of A Share Issue and the Merger Proposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Shareholders on how to vote, taking into account the recommendation of the Independent Financial Adviser.

Guangdong Securities, the independent financial adviser, has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in the same regard.

LETTER FROM THE BOARD

9. RECOMMENDATION

The Board (including the independent non-executive Directors) considers that (i) the A Share Issue; (ii) the Merger Proposal; (iii) the proposed amendments to the Articles; (iv) the proposed amendment to rules of procedures; (v) the authority granted to the Board or Directors in relation to the A Share Issue and the Merger Proposal; and (vi) the property mortgage in favour of BOC to ultimately secure the corporate debentures issued by the Parent are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolutions as set out in the notice of EGM and the supplemental notice of EGM at the EGM.

10. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee, the letter from Guangdong Securities and the additional information set out in the appendices to this circular.

By Order of the Board
BBMG Corporation*
Jiang Weiping
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out in the recommendation to the Independent Shareholders for inclusion in this circular.



北京金隅股份有限公司
BBMG Corporation*

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2009)

26 August 2010

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION – PROPOSED A SHARE ISSUE AND THE MERGER PROPOSAL

We refer to the circular of the Company dated 26 August 2010 (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used herein.

We have been appointed by the Board to form the Independent Board Committee to consider and advise the Independent Shareholder as to whether, in our opinion, the terms of the A Share Issue and the Merger Proposal, details of which are set out in the letter from the Board contained in the Circular, are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, the A Share Issue and the Merger Proposal are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendation of Guangdong Securities, the independent financial adviser.

Having considered the advice from Guangdong Securities and the principal factors and reasons which it reported having considered in arriving at its advice as set out from pages 29 to 43 of the Circular, we consider that (i) the terms of the A Share Issue and the Merger Proposal are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the A Share Issue and the Merger Proposal are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the A Share Issue and the Merger Proposal and transactions thereunder.

Yours faithfully,
For and on behalf of the
Independent Board Committee
Hu Zhaoguang Xu Yongmo Zhang Chengfu Yip Wai Ming
Independent non-executive Directors

* *for identification purpose only*

LETTER FROM GUANGDONG SECURITIES

Set out below is the text of a letter received from Guangdong Securities, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the A Share Issue and the Merger Proposal for the purpose of inclusion in this circular.



Units 2505-06, 25/F.
Low Block of Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

26 August 2010

*To: The independent board committee and the
independent shareholders of BBMG Corporation*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION: PROPOSED A SHARE ISSUE AND MERGER PROPOSAL

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the A Share Issue and the Merger Proposal, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 26 August 2010 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

At the Board meetings on 4 June 2010 and 6 July 2010, it was resolved that the Company will apply to the relevant regulatory authorities for the allotment and issue of 410,404,560 A Shares to implement the Merger Proposal, subject to satisfaction of certain conditions including, among other things, Shareholders’ approval by way of a special resolution and regulatory approvals. Such A Shares are proposed to be listed on the Shanghai Stock Exchange.

The Board also resolved to submit to the EGM for consideration and approval by way of a special resolution the delegation of power to the Board to handle all matters relating to implementation of the A Share Issue and the Merger Proposal.

LETTER FROM GUANGDONG SECURITIES

The Parent, the Company and Taihang Huaxin completed the registration of the change of equity interest procedures in respect of the Internal Restructuring on 29 July 2010. As at the Latest Practicable Date, the Parent and the Company directly held approximately 20.001% and 9.999% of the issued shares of Taihang Cement respectively. The Company intends to implement the Merger Proposal after the Internal Restructuring which will involve the A Share Issue by the Company at the Exchange Ratio to the Taihang Cement Target Shareholders.

As all of the applicable percentage ratios in respect of the A Share Issue and the Merger Proposal are more than 5% but are less than 25%, the A Share Issue and the Merger Proposal, if implemented, will constitute a discloseable transaction for the Company under the Listing Rules. The A Share Issue and the Merger Proposal will also constitute a non-exempt connected transaction which is required to be approved by the Independent Shareholders. The Parent and its associates, being connected persons of the Company and having material interests (which are different from those of the Independent Shareholders) in the A Share Issue and the Merger Proposal, will abstain from voting at the EGM for the relevant resolutions.

An Independent Board Committee comprising Mr. Hu Zhaoguang, Mr. Xu Yongmo, Mr. Zhang Chengfu and Mr. Yip Wai Ming (all being independent non-executive Directors) has been formed to advise the Independent Shareholders on (i) whether the terms of the A Share Issue and the Merger Proposal are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the A Share Issue and the Merger Proposal are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the A Share Issue and the Merger Proposal, and the respective transactions contemplated thereunder at the EGM. We, Guangdong Securities Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

LETTER FROM GUANGDONG SECURITIES

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Parent, Taihang Cement, the Additional Option Provider or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the A Share Issue and the Merger Proposal. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Guangdong Securities is to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the A Share Issue and the Merger Proposal, we have taken into consideration the following principal factors and reasons:

Background of the A Share Issue and the Merger Proposal

Information on the Group

As referred to in the Board Letter, the Company is a joint stock company established under the laws of the PRC with limited liability, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange. The Group is principally engaged in the manufacture and sale of cement and modern building materials, property development, property investment, and provision of property management services.

LETTER FROM GUANGDONG SECURITIES

Set out below are the audited financial information of the Group for two years ended 31 December 2009 as extracted from the Company's annual report for the year ended 31 December 2009 (the "2009 Annual Report"):

	For the year ended 31 December 2009 <i>RMB'000</i>	For the year ended 31 December 2008 <i>RMB'000</i>	% change from 2008 to 2009
Revenue			
– Sale of goods	7,088,620	5,652,170	25.41
– Sale of properties	3,350,304	1,889,868	77.28
– Sale of land	187,057	–	N/A
– Gross rental income from investment properties	336,416	296,744	13.37
– Property management fees	219,282	169,559	29.32
– Rendering of services	155,810	134,746	15.63
– Income from processing industrial waste	119,125	124,542	(4.35)
– Hotel operations	128,210	124,982	2.58
– Others	116,263	158,045	(26.44)
Total revenue	11,701,087	8,550,656	36.84
 Gross profit	 3,259,189	 2,112,011	 54.32
Profit for the year	2,115,106	1,386,011	52.60

As depicted by the above table, all of the Group's revenue, gross profit and net profit for the year ended 31 December 2009 recorded substantial increase as compared to the year ended 31 December 2008. The Group's revenue from the sale of goods (mainly being cement, cement products and modern building materials) also rose substantially by approximately 25.41% from the 2008 financial year to the 2009 financial year. As extracted from the 2009 Annual Report, the Group is one of the largest building materials manufacturers in the PRC and also one of the largest cement enterprises in the Beijing-Bohai Gulf Region (as defined in the 2009 Annual Report). As further confirmed by the Directors, the Group will accelerate the consolidation of regional and strategic resources and enhance the core strengths of its four major business segments, namely cement, modern building materials, property development and property investment and management, and will also seize opportunities arising from the PRC government's economic stimulus plans and expansion programme for infrastructure construction to maintain its continued rapid business growth.

LETTER FROM GUANGDONG SECURITIES

Information on Taihang Cement

According to the Board Letter, Taihang Cement is a joint stock company established under the laws of the PRC with limited liability, the securities of which have been listed on the Shanghai Stock Exchange (Stock Code: 600553) since 20 August 2002. Taihang Cement and its subsidiaries are principally engaged in, among other things, manufacturing and sales of cement and cement products.

Set out below are the audited financial information of Taihang Cement for two years ended 31 December 2009 as extracted from Taihang Cement's annual report for the year ended 31 December 2009 (the "TC Annual Report"):

	For the year ended 31 December 2009 RMB	For the year ended 31 December 2008 RMB	% change from 2008 to 2009
Revenue	1,957,762,413	1,453,237,811	34.72
Operating profit/(loss)	68,832,317	(37,783,629)	N/A
Net profit	93,071,722	47,503,842	95.92

We noted from the above table that the financial results of Taihang Cement had been improving from the year ended 31 December 2008 to the year ended 31 December 2009. In particular, Taihang Cement's net profit almost doubled during the 2009 financial year. As advised by the Directors, the Board is optimistic about the future outlook of the cement industry leveraging on the favorable policies introduced by the PRC government, and is thus confident on the business prospects of Taihang Cement. The Board is also of the opinion that the Merger Proposal may thereby strengthen the income source of the Group in the future.

Reasons for and benefits of the A Share Issue and the Merger Proposal

With reference to the Board Letter and as disclosed in the sections headed "Relationship with Controlling Shareholders" and "Asset Restructuring" in the Prospectus, the Parent has given the Parent Undertaking and the Parent 2009 Undertaking in relation to the Asset Restructuring. The Parent proposed the Merger Proposal to the Board after considering many factors. As referred to in the Board Letter, the Company considered that the Merger Proposal is a better means (i) to implement the Parent Undertaking; (ii) to avoid business competition between the Company and Taihang Cement; (iii) to reduce the continuing connected transaction amounts between the Parent Group and the Group; and (iv) to consolidate and streamline the cement assets within the Group for the Group's future development. Therefore, the Board is of the view that the Merger Proposal is in the best interests of the Group and the Shareholders. In addition, the Board also considers that the A Share Issue will establish a new financing platform for the Company over the long run and will benefit the Group in the future.

LETTER FROM GUANGDONG SECURITIES

Given the above reasons for the A Share Issue and the Merger Proposal, together with the recent improvement in the financial results of Taihang Cement, we consider that the reasons for the Acquisition are justifiable and we concur with the Directors that the A Share Issue and the Merger Proposal are conducted in the ordinary and usual course of business of the Company and are in the interests of the Company and the Shareholders as a whole.

Principal terms of the Merger Agreement

The Merger Agreement

On 4 June 2010, the Board and the Taihang Cement Board respectively resolved to approve, in principle, the Merger Proposal, subject to the satisfaction of various conditions; and they also respectively resolved to enter into the Merger Agreement (the Company being the acquirer and Taihang Cement being the target company) in respect of the Merger Proposal. Key terms of the Merger Agreement are set out in the section headed “Key terms of the Merger Agreement” in the Board Letter.

Basis of the considerations

Pursuant to the Merger Agreement, the Company will issue an aggregate of 410,404,560 A Shares (having the same voting right as the Company’s H Shares) at the Exchange Ratio in exchange for the Taihang Cement Shares held by (i) the Taihang Cement Target Shareholders who elect to receive in whole or in part of the A Shares; and (ii) the Cash Alternative Providers when there are Taihang Cement Target Shareholders accepting the Cash Alternative and elect not to receive the A Shares, in whole or in part.

The Exchange Ratio is 1.2 A Shares for one Taihang Cement Share.

The Merger Proposal will be accompanied by the Cash Alternative to the Taihang Cement Target Shareholders (other than the Parent) at a rate of RMB10.65 per Taihang Cement Share, subject to the Merger Proposal becoming unconditional. The Cash Alternative Providers will exchange such Taihang Cement Shares for A Shares at the Exchange Ratio.

The Merger Proposal will be further accompanied by the Additional Option to the Participated Shareholders, pursuant to which the Participated Shareholders can put the A Shares held by them to the Additional Option Provider at a rate of RMB9.00 per A Share, provided that the Average Trading Price of the A Shares on its first trading date falls below RMB9.00 and the Participated Shareholders still hold the originally issued A Shares upon closing of the first trading date of the A Shares.

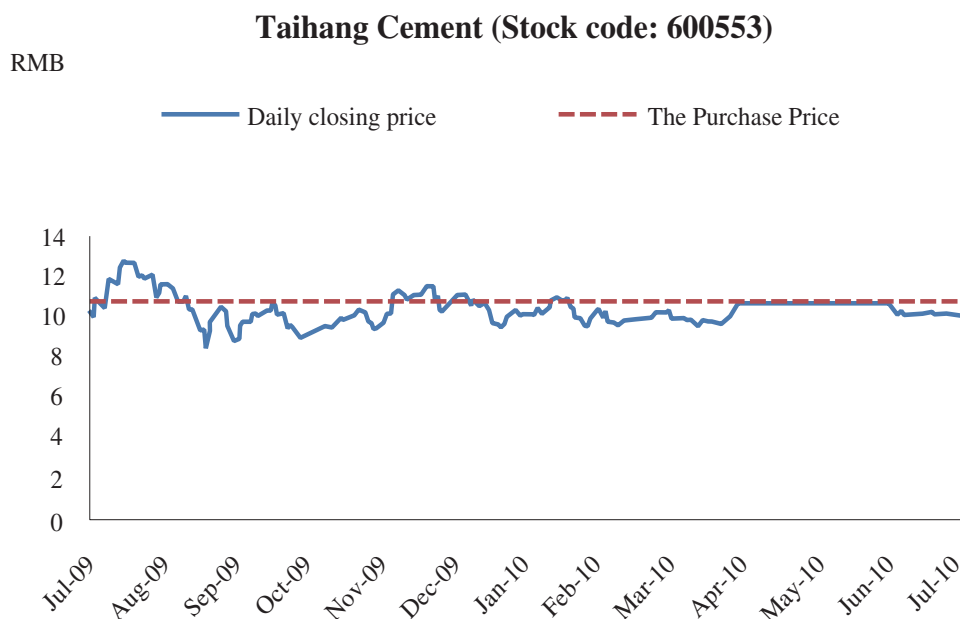
LETTER FROM GUANGDONG SECURITIES

With reference to the Board Letter, the Exchange Ratio was set based on the followings:

- (i) the purchase price of the Taihang Cement Shares of RMB10.80 per share under the Merger Agreement (the “**Purchase Price**”), representing a premium of approximately 7.04% over the Average Trading Price per Taihang Cement Share of RMB10.09 of the 20 trading days prior to 4 June 2010, being the reference date on which the Exchange Ratio was determined (the “**Reference Date Premium**”); and
- (ii) the issue price of the new A Shares of RMB9.00 per share (equivalent to approximately HK\$10.24) (the “**Issue Price**”), which is determined based on the reasonable P/E ratio, representing 19.45x of the historical P/E ratio of the year 2009 prepared under CASBE on a fully diluted basis upon completion of the A Share Issue.

Trading price and liquidity of the Taihang Cement Shares

Set out below is a chart showing the movement of the daily closing prices of the Taihang Cement Shares as quoted on the Shanghai Stock Exchange from 1 July 2009 and in 2010 up to and including 6 July 2010, being the date of the Merger Agreement (the “**Taihang Cement Shares Review Period**”):



Source: Bloomberg

Note: Trading in the Taihang Cement Shares was suspended from 2 April 2010 to 4 June 2010.

LETTER FROM GUANGDONG SECURITIES

During the Taihang Cement Shares Review Period, the highest and lowest closing prices of the Taihang Cement Shares as quoted on the Shanghai Stock Exchange were RMB12.82 per Taihang Cement Share recorded on 15 July 2009 and RMB8.49 per Taihang Cement Share recorded on 19 August 2009 respectively (the “**Taihang Cement Shares Price Range**”). The Purchase Price is thus within the Taihang Cement Shares Price Range.

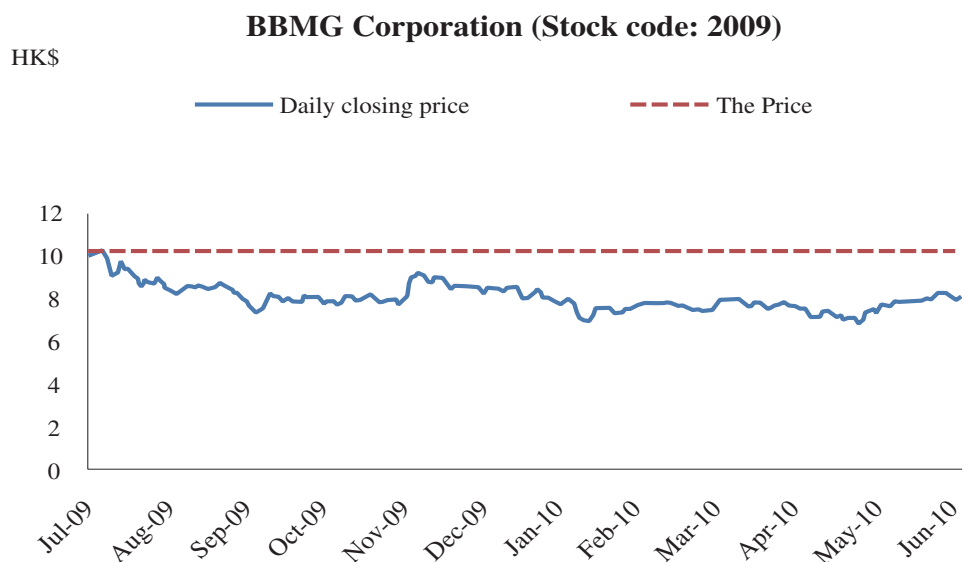
Furthermore, we noted from the Previous Announcement that (i) the Purchase Price represented a premium of approximately 1.41% (the “**Last Dealing Date Premium**”) over the closing price per Taihang Cement Share of RMB10.65 as at 1 April 2010, being the last day prior to the suspension of trading in the Taihang Cement Shares on the Shanghai Stock Exchange pending the release of the announcement of Taihang Cement in relation to details of the Merger Proposal; and (ii) the rate of the Cash Alternative is equivalent to the aforesaid closing price per Taihang Cement Share.

Having considered the time and procedures required for listing of the A Shares, the Directors advised us that they regard the Reference Date Premium as well as the Last Dealing Date Premium as compensation for the risks and uncertainties to be borne by the Participated Shareholders before the listing of the A Shares.

With regard to the trading liquidity of the Taihang Cement Shares, we noticed that during the Taihang Cement Shares Review Period, the daily number of the Taihang Cement Shares traded to the total number of issued Taihang Cement Shares as at the date of the Merger Agreement recorded a median of approximately 2.26%.

Trading price and liquidity of the H Shares

Set out below is a chart showing the movement of the daily closing prices of the H Shares as quoted on the Hong Kong Stock Exchange from 29 July 2009 (being the date of listing of the H Shares) and in 2010 up to and including 6 July 2010, being the date of the Merger Agreement (the “**H Shares Review Period**”):



Source: the Hong Kong Stock Exchange website (www.hkex.com.hk)

LETTER FROM GUANGDONG SECURITIES

As shown by the above table, the daily closing prices of the H Shares had been relatively stable and are constantly below the Issue Price on all trading days during the H Shares Review Period. In addition, during the H Shares Review Period, the daily number of the H Shares traded to the total number of issued H Shares as at the date of the Merger Agreement recorded a median of approximately 0.638%.

Trading multiples analyses

In order to further assess the fairness and reasonableness of the Purchase Price, we have performed the price to earnings (“**PER**”) and the price to book (“**PBR**”) ratio analysis, which are the commonly adopted trading multiples analyses.

In performing our PER and PBR analyses, we have researched for companies which are listed on the Shenzhen Stock Exchange and Shanghai Stock Exchange and have similar lines of business as Taihang Cement (i.e. manufacturing and sales of cement and cement products) (the “**Market Comparables**”). To the best of our knowledge and as far as we are aware of, we found 11 companies which met the said criteria. Set out below are the PERs and PBRs of the Market Comparables on 6 July 2010, being the date of the Merger Agreement, according to Bloomberg:

Company name (Stock code)	Stock exchange	Principal business	Year end date	PER (times)	PBR (times)
Jiangxi Wannianqing Cement Company Limited (000789)	Shenzhen Stock Exchange	Manufacturing and marketing cement and clinker products, production of quartz chips and leasing properties.	2009/12/31	39.02	2.50
Henan Tongli Cement Company Limited (000885)	Shenzhen Stock Exchange	Production and sale of cement (including ordinary portland cement and portland slag cement) and other cement equipments.	2009/12/31	20.56	2.32
Sichuan Shuangma Cement Company Limited (000935)	Shenzhen Stock Exchange	Manufacturing and marketing cement and cement products; generating electric power and trading construction materials through its subsidiaries.	2009/12/31	11.36	5.70
Guangdong Tapai Group Company Limited (002233)	Shenzhen Stock Exchange	Manufacturing and marketing cements.	2009/12/31	18.20	2.14

LETTER FROM GUANGDONG SECURITIES

Company name (Stock code)	Stock exchange	Principal business	Year end date	PER (times)	PBR (times)
Shaanxi Qinling Cement Company Limited (600217)	Shanghai Stock Exchange	Manufacturing and marketing of cement products (including portland cement, special cement and clinker) and providing transportation services.	2009/12/31	N/A (Note 1)	N/A (Note 2)
Xishui Strong Year Company Limited Inner Mongolia (600291)	Shanghai Stock Exchange	Producing computer hardware and networking products, as well as providing networking integration services. manufacturing and selling portland cement, special cement for airfield pavement and clinker products through its subsidiaries.	2009/12/31	10.30	1.33
Ningxia Saima Industry Company Limited (600449)	Shanghai Stock Exchange	Manufacturing and retailing cement, clinker, and unplasticised polyvinyl chloride (UPVC) pipes.	2009/12/31	9.43	1.88
Zhejiang Jianfeng Group Company Limited (600668)	Shanghai Stock Exchange	Manufacturing cement, pharmaceuticals, electrical cables, and ceramics materials, as well as developing real estate.	2009/12/31	23.34	1.89
Sichuan Golden Summit (Group) Joint-Stock Company Limited (600678)	Shanghai Stock Exchange	Manufacturing and selling cement and cement products.	2009/12/31	N/A (Note 1)	N/A (Note 2)
Fujian Cement Incorporation (600802)	Shanghai Stock Exchange	Manufacturing and marketing portland cement, clinker, bricks and other building materials, operation in real estate development and truck transportation through its subsidiaries.	2009/12/31	N/A (Note 1)	1.89
Yunnan Bowin Technology Industry Company Limited (600883)	Shanghai Stock Exchange	Manufacturing and selling portland cement and other cement products.	2009/12/31	37.48	3.67
Maximum				39.02	5.70
Minimum				9.43	1.33
Average				21.21	2.59
The Purchase Price				54.00	4.68

LETTER FROM GUANGDONG SECURITIES

Notes:

1. The selected companies recorded net losses for their latest financial year.
2. The selected companies recorded net liabilities attributable to equity holders of the holding company as at the end date of their latest financial year.

Source: Bloomberg

From the above table, we noted that the average PER as represented by the Market Comparables was approximately 21.21 times and with a range of approximately 9.43 times to 39.02 times.

Based on the Purchase Price of RMB10.80 per Taihang Cement Share and the earnings per Taihang Cement Share of approximately RMB0.20 for the year ended 31 December 2009 as per the TC Annual Report, the PER as represented by the Purchase Price is approximately 54.00 times, and thus is above the PER range the Market Comparables.

During the period from 2 February 2010 (being the date of the TC Annual Report) to 6 July 2010 (being the date of the Merger Agreement) (the “**Review Period After TC Annual Report**”), the highest and lowest closing prices of the Taihang Cement Shares as quoted on the Shanghai Stock Exchange were RMB10.65 per Taihang Cement Share (representing a PER of approximately 53.25 times) recorded on 1 April 2010 and RMB9.54 per Taihang Cement Share (representing a PER of approximately 47.70 times) recorded on 15 March 2010 respectively.

As advised by the Directors, given the substantial expansion in net profit of Taihang Cement from the 2008 financial year to the 2009 financial year, it is acceptable that the PER as represented by the Purchase Price is higher those of the Market Comparables due to the positive expectation on the future prospects of Taihang Cement. In addition, in light of that the Company is acquiring a substantial stake in Taihang Cement through the Merger Proposal to attain 100% control, the Directors are of the view that a higher PER as represented by the Purchase Price over the Market Comparables is justifiable.

As for the PBR ratio, we noted from the above table that the average PBR as represented by the Market Comparables was approximately 2.59 times and with a range of approximately 1.33 times to 5.70 times.

Based on the Purchase Price of RMB10.80 per Taihang Cement Share and the book value per Taihang Cement Share of approximately RMB2.31 as at 31 December 2009 as per the TC Annual Report, the PBR as represented by the Purchase Price is approximately 4.68 times, and thus is within the PBR range of the Market Comparables.

LETTER FROM GUANGDONG SECURITIES

Taking into account the trading multiples analyses above as well as that (i) the Purchase Price is within the Taihang Cement Shares Price Range; (ii) the Reference Date Premium and the Last Dealing Date Premium are regarded by the Directors as compensation for the risks and uncertainties to be borne by the Participated Shareholders before the listing of the A Shares; (iii) the daily closing prices of the H Shares had been constantly below the Issue Price on all trading days during the H Shares Review Period; and (iv) the trading liquidity of the Taihang Cement Shares and the H Shares are both rather illiquid, we consider that the considerations under the Merger Agreement, including the Exchange Ratio and the rate of the Cash Alternative, are fair and reasonable so far as the Independent Shareholders are concerned.

The Additional Option

Under the Merger Agreement, the Merger Proposal will be further accompanied by the Additional Option to the Participated Shareholders, pursuant to which the Participated Shareholders can put the A Shares held by them (the number of which should not be more than the difference between the number of A Shares registered in the name of the Participated Shareholders on the register of members for A Shares before listing of the A Shares and the number of A Shares sold by such Participated Shareholders after listing of the A Shares) to the Additional Option Provider at a rate of RMB9.00 per A Share, provided that the Average Trading Price of the A Shares on its first trading date falls below RMB9.00 and the Participated Shareholders still hold the originally issued A Shares upon closing of the first trading date of the A Shares. The investors who purchase the A Shares after its listing are not entitled to the Additional Option in respect of the A Shares purchased on that date.

The Additional Option Provider will, subject to written agreements to be entered into by the Company and the Additional Option Provider, upon exercise of the Additional Option by the Participated Shareholders, purchase the A Shares held by the Participated Shareholders at a rate of RMB9.00 per A Share.

The Directors confirmed that they consider that the Additional Option would safeguard the interest of the Participated Shareholders and thus attract the Taihang Cement Target Shareholders to participate in the Merger Proposal.

Exit rights of the Dissenting Shareholders

According to the Board Letter, Shareholders who have voted against the Merger Proposal at the EGM would have the right to demand the acquisition of their Shares by the Company or the Assenting Shareholders at fair prices to be determined by the parties to the acquisition in accordance with the Articles. The exercise of such exit rights will be subject to the successful completion of the A Share Issue. Dissenting Shareholders will be required to make a clear written request at the EGM to the Company or the Assenting Shareholders to exercise such exit rights, subject to the conditions and arrangements set out in the Merger Proposal. Nevertheless, Dissenting Shareholders holding the said Shares which are subject to pledge, other third-party rights or judicial moratorium would not be entitled to such exit rights. Details of the exercise of the exit rights of the Dissenting Shareholders are set out in the section headed “Exit rights of Dissenting Shareholders of the Company” in the Board Letter.

LETTER FROM GUANGDONG SECURITIES

Subject to fulfillment of all of the conditions precedent under the Merger Agreement, the Company (or its designated third parties) or the Assenting Shareholders has an obligation to pay and complete the clearing and settlement procedures in respect of the Shares of which the exit rights of the Dissenting Shareholders have been exercised.

As advised by the Directors, the aforesaid exit rights of the Dissenting Shareholders would safeguard the interest of the Dissenting Shareholders.

In conclusion, we consider that the terms of the Merger Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

Possible dilution effect on the shareholding interests of the existing public Shareholders

The table below demonstrates the possible shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the A Share Issue and the Merger Proposal assuming all Taihang Cement Target Shareholders elect to receive the A Shares; (iii) immediately after completion of the A Share Issue and the Merger Proposal assuming that all Taihang Cement Target Shareholders (other than the Parent) elect to receive the Cash Alternative; and (iv) immediately after completion of the A Share Issue and the Merger Proposal assuming that no Taihang Cement Target Shareholder elects to receive the Cash Alternative but all Participated Shareholders (excluding the Parent) elect to exercise the Additional Option:

	As at the Latest Practicable Date		Immediately after completion of the A Share Issue and the Merger Proposal assuming all Taihang Cement Target Shareholders elect to receive the A Shares		Immediately after completion of the A Share Issue and the Merger Proposal assuming that all Taihang Cement Target Shareholders (other than the Parent) elect to receive the Cash Alternative		Immediately after completion of the A Share Issue and the Merger Proposal assuming that no Taihang Cement Target Shareholder elects to receive the Cash Alternative but all Participated Shareholders (excluding the Parent) elect to exercise the Additional Option	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
(1) Domestic Shares	2,365,470,065	61.07	0	-	0	-	0	-
(a) held by the Parent	1,753,647,866	45.27						
(b) held by China Cinda	72,420,687	1.87						
(c) held by other holders	539,401,512	13.93						
(2) Unlisted Foreign Shares	338,480,000	8.74	0	-	0	-	0	-
(3) A Shares	0	-	3,114,354,625	72.70	3,114,354,625	72.70	3,114,354,625	72.70
(a) held by the Parent			1,844,852,426	43.07	2,024,922,506	47.27	1,844,852,426	43.07
(b) held by China Cinda			72,420,687	1.69	211,550,607	4.94	391,620,687	9.14
(c) held by other holders			1,197,081,512	27.94	877,881,512	20.49	877,881,512	20.49
(4) H Shares	1,169,382,435	30.19	1,169,382,435	27.30	1,169,382,435	27.30	1,169,382,435	27.30
Total number of Shares	3,873,332,500	100.00	4,283,737,060	100.00	4,283,737,060	100.00	4,283,737,060	100.00
Total number of Shares held by the existing public Shareholders	2,047,263,947	52.86	2,047,263,947	47.79	2,047,263,947	47.79	2,047,263,947	47.79

LETTER FROM GUANGDONG SECURITIES

As demonstrated by the above table, the shareholding interests of the existing public Shareholders in the Company of approximately 52.86% (including (i) holders of the Domestic Shares other than the Parent and China Cinda (approximately 13.93% as at the Latest Practicable Date); (ii) holders of the Unlisted Foreign Shares (approximately 8.74% as at the Latest Practicable Date); and (iii) holders of the H Shares (approximately 30.19% as at the Latest Practicable Date)) would be diluted by approximately 5.07 percent point as a result of the A Share Issue and the Merger Proposal regardless of whether (i) all Taihang Cement Target Shareholders elect to receive the A Shares; (ii) all Taihang Cement Target Shareholders (other than the Parent) elect to receive the Cash Alternative; or (iii) no Taihang Cement Target Shareholder elects to receive the Cash Alternative but all Participated Shareholders (excluding the Parent) elect to exercise the Additional Option. Taking into account (i) the reasons for and the possible benefits of the A Shares Issue and the Merger Proposal; and (ii) the terms of the Merger Agreement being fair and reasonable, we are of the view that the aforementioned level of dilution to the shareholding interests of the existing public Shareholders is acceptable.

Possible financial effects of the A Share Issue and the Merger Proposal

As extracted from the Board Letter, the Company, through Taihang Huaxin, is indirectly beneficially interested in 30% of the issued shares of Taihang Cement. Upon successful implementation of the Merger Proposal, the Taihang Cement Shares held by the Taihang Cement Target Shareholders on a record date to be determined will be exchanged into the A Shares, and all such Taihang Cement Shares (together with the remaining Taihang Cement Shares held by the Company) will be cancelled. As a result of and upon completion of the Merger Proposal, the assets of Taihang Cement will be absorbed into and the liabilities of Taihang Cement will be assumed by the Company. Taihang Cement will then cease to exist.

Effect on net asset value

As referred to in the 2009 Annual Report, the audited consolidated net assets of the Group were approximately RMB16.48 million as at 31 December 2009. As confirmed by the Directors, upon completion of the A Share Issue and the Merger Proposal, the consolidated net assets of the Group would increase as the total issued share capital of the Company will expand upon completion of the A Share Issue and the Merger Proposal.

Effect on earnings

In light of the business prospects of the Taihang Cement as anticipated by the Directors, the Directors expected that the Merger Proposal would likely to have a positive impact on the future earnings of the Group.

Effect on working capital

As confirmed by the Directors, since the A Share Issue and the Merger Proposal do not involve any cash outflow from the Company, the A Share Issue and the Merger Proposal would not lead to any immediate change in the Group's working capital position.

It should be noted that the aforementioned analyses are for illustrative purpose only and does not purport to represent how the financial position of the Company will be upon completion of the A Share Issue and the Merger Proposal.

LETTER FROM GUANGDONG SECURITIES

RECOMMENDATION

Having taken into account the above factors and reasons, we are of the opinion that (i) the terms of the Merger Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the A Share Issue and the Merger Proposal are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the A Share Issue and the Merger Agreement, and the respective transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,
For and on behalf of
Guangdong Securities Limited
Graham Lam
Managing Director

In compliance with the PRC laws and regulations and pursuant to the requirements of CSRC, the Company has disclosed the PRC Profit Forecast for the reporting period from 1 January 2010 to 31 December 2011 prepared under CASBE in the announcement dated 6 July 2010. The Company has also disclosed the Reconciliation in the announcement for easy reference and understanding by the Shareholders and potential H Shares investors in Hong Kong. As required under the Listing Rules, the Company further disclosed the HK 2010 Profit Forecast in the announcement dated 23 August 2010. Set out below is an extract of the relevant sections of the announcements in relation to the forecast figures, the reconciliation items and the bases and assumptions.

Letters from Ernst & Young and the Board in relation to the HK 2010 Profit Forecast are also set out in below.

The Directors have prepared the HK 2010 Profit Forecast in compliance with Rules 14.2 and 14A.56(8) of the Listing Rules.

A. PRC PROFIT FORECAST AND THE RECONCILIATION

Based on the Group's audited results for the three years ended 31 December 2009, and taking into consideration the operation of the Group and market demand, and the business and investments plans of the Group, in the absence of unforeseen circumstances, the Board prepared the PRC Profit Forecast under CASBE. The PRC Profit Forecast has been prepared based on the assumption that the intended acquisitions, which have previously been announced by the Company, will be completed over the profit forecast period. For the purpose of the PRC Profit Forecast, the completion of the Merger Proposal and A Share Issue is expected to take place on 31 December 2010. Details of the PRC Profit Forecast are as follows:

PRC Profit Forecast of the Group Forecasted period: two years ending 31 December 2011

	January to March 2010 Unaudited RMB'000	April to December 2010 Forecasted RMB'000	January to December 2010 Forecasted RMB'000	January to December 2011 Forecasted RMB'000
Revenue	4,155,982	18,779,568	22,935,550	32,584,769
Less:				
Cost of sales	3,234,105	13,388,964	16,623,069	24,351,962
Sales tax and surcharges	144,371	656,125	800,496	921,047
Selling expenses	148,735	676,601	825,336	1,083,701
Administrative expenses	380,462	1,242,998	1,623,460	2,005,240
Financial expenses	50,449	413,595	464,044	668,788
Impairment losses of assets	5,486	51,900	57,386	95,668
Add:				
Gain on change in fair value of assets	0	686,215	686,215	734,250
Investment income	44,498	(49,909)	(5,411)	64,936

APPENDIX I**PROFIT FORECASTS**

	January to March 2010 Unaudited RMB'000	April to December 2010 Forecasted RMB'000	January to December 2010 Forecasted RMB'000	January to December 2011 Forecasted RMB'000
Operating profit	236,872	2,985,691	3,222,563	4,257,549
Add:				
Non-operating income	142,873	456,830	599,703	767,975
Less:				
Non-operating expenses	<u>4,484</u>	<u>10,570</u>	<u>15,054</u>	<u>17,650</u>
Profit before tax	375,261	3,431,951	3,807,212	5,007,874
Less:				
Income tax expense	<u>101,428</u>	<u>818,467</u>	<u>919,895</u>	<u>1,380,137</u>
Profit for the year	<u><u>273,833</u></u>	<u><u>2,613,484</u></u>	<u><u>2,887,317</u></u>	<u><u>3,627,737</u></u>
Profit for the year attributable to:				
Owners of the Company	273,774	2,408,582	2,682,356	3,494,115
Minority interests	<u>59</u>	<u>204,902</u>	<u>204,961</u>	<u>133,622</u>
	<u><u>273,833</u></u>	<u><u>2,613,484</u></u>	<u><u>2,887,317</u></u>	<u><u>3,627,737</u></u>

The PRC Profit Forecast has been prepared on a basis consistent in all material respects with the accounting policies adopted by the Group in preparing the financial statements for the three years ended 31 December 2009 under CASBE and is based on the following principal assumptions:

- there will not be any material changes in the existing state and local legal or economic policies in which the Group has been complied with;
- there will not be any material changes in the existing social economic conditions in any country or territory in which the Group carries on its business, and there will not be any material changes in the market conditions in the industries the Group operates;
- there will not be any material change in the bank lending rates, inflation rates and foreign currency exchange rates of the state;
- there will not be any material changes in the preferential tax policies and tariff applicable to the Group for the year 2011;
- the operational projects and capital investment projects planned by the Group will materialise and commence production on schedule;

- there will not be any material changes in the prices of main products produced by the Group;
- there will not be any material changes in market prices of the main raw materials required for production and operation of the Group;
- there will not be any fraud or illegal activities of the senior management of the Company which may adversely affect the Group in a material way; and
- there will not be any unforeseeable event or event of force majeure which may adversely affect the Group in a material way.

The Board have reviewed the GAAP differences between HKFRSs and CASBE that are applicable to the Group and prepared the Reconciliation including and excluding minority interests ("MI") from CASBE to HKFRSs as follows:

	2010 Forecast		2011 Forecast	
	Net Profit		Net Profit	
	Including	Excluding	Including	Excluding
	MI	MI	MI	MI
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Prepared under CASBE	2,887,317	2,682,356	3,627,737	3,494,115
Difference arising from assets valuation of the corporate restructuring	<u>14,200</u>	<u>14,200</u>	<u>14,200</u>	<u>14,200</u>
Prepared under HKFRSs	<u><u>2,901,517</u></u>	<u><u>2,696,556</u></u>	<u><u>3,641,937</u></u>	<u><u>3,508,315</u></u>

Note for reconciling items between HKFRSs and CASBE: Difference arising from the assets valuation of the corporate restructuring: under CASBE and the relevant regulations, the deemed cost of assets in a corporation restructuring would be the revalued amount. Whilst in accordance with HKFRSs, such assets are stated at historical cost. The difference represents the corresponding depreciation of the revalued amounts charged for the period and gain or loss arising from the disposal/sale of the assets stated at revalued amount.

B. HK 2010 PROFIT FORECAST

The Board forecasted that on the bases and assumptions set out below and in the absence of unforeseen circumstances, the consolidated profit attributable to owners of the Company for the year ending 31 December 2010 will not be less than RMB2,696.6 million.

Bases and principal assumptions

The HK 2010 Profit Forecast has been prepared by the Board based on the unaudited management accounts of the Group for the three months ended 31 March 2010 and a forecast of the results for the remaining nine months ending 31 December 2010.

The HK 2010 Profit Forecast has been prepared by the Board on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the Group's annual financial statements for the year ended 31 December 2009 in accordance with the HKFRSs, and based on the following principal assumptions:

- the completion of the acquisition of equity interest in certain entities and acquisition of assets from the Parent and its subsidiaries as announced by the Company on 31 May 2010 and approved by the Shareholders on 27 July 2010 will be taken place by the end of 2010;
- there will not be any material changes in the existing state and local legal or economic policies in which the Group has been complied with;
- there will not be any material changes in the existing social economic conditions in any country or territory in which the Group carries on its business, and there will not be any material changes in the market conditions in the industries the Group operates;
- there will not be any material change in the bank lending rates, inflation rates and foreign currency exchange rates of the state;
- there will not be any material changes in the preferential tax policies and tariff applicable to the Group;
- the operational projects and capital investment projects planned by the Group will materialise and commence production on schedule;
- there will not be any material changes in the prices of main products produced by the Group;
- there will not be any material changes in market prices of the main raw materials required for production and operation of the Group;

- major contracts on the sales and leases of properties will not be cancelled, nor will the actual construction costs vary significantly from the signed contracts or the budget in any way that is more significant than historical experience;
- there will be net fair value gains on revaluation of investment properties, net of deferred tax effect, of not less than RMB514.7 million which is estimated by the Board based on projected valuation as at 31 December 2010 according to a basis of valuation which is, as far as practicable, consistent with the basis of valuation which has been adopted by the Group's independent property valuer in valuing the properties for the purpose of the annual financial statements of the Group for the year ended 31 December 2009 in accordance with HKFRs;
- there will not be any fraud or illegal activities of the senior management of the Company which may adversely affect the Group in a material way; and
- there will not be any unforeseeable event or event of force majeure which may adversely affect the Group in a material way.

The following is the text of the letter from Ernst & Young to the Company in connection with the HK 2010 Profit Forecast for inclusion in this circular.

C. LETTER FROM ERNST & YOUNG



26 August 2010

The Directors
BBMG Corporation

Dear Sirs,

We have reviewed the calculations of and accounting policies adopted in arriving at the forecast of the consolidated profit attributable to owners of BBMG Corporation (the “Company”, together with its subsidiaries, hereinafter collectively referred to as the “Group”) for the year ending 31 December 2010 (the “Profit Forecast”) as set out in the “Appendix I – Profit Forecasts – B. HK 2010 Profit Forecast” of the circular of the Company dated 26 August 2010 (the “Circular”), for which the directors of the Company (the “Directors”) are solely responsible.

We conducted our work with reference to Auditing Guideline 3.341 “Accountants’ Report on Profit Forecasts” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The Profit Forecast has been prepared by the Directors based on the unaudited consolidated results of the Group for the three months ended 31 March 2010 and a forecast of the consolidated results of the Group for the remaining nine months ending 31 December 2010.

In our opinion, the Profit Forecast, so far as the calculations and accounting policies are concerned, has been properly compiled in accordance with the bases and assumptions made by the Directors as set out in “Appendix I – Profit Forecasts – B. HK 2010 Profit Forecast” in the Circular, and is presented on a basis consistent in all material respects with the accounting policies adopted by the Group in preparing the financial statements of the Group for the year ended 31 December 2009 in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA.

Without qualifying our opinion above, we draw to your attention that the Directors have disclosed in “Appendix I – Profit Forecasts – B. HK 2010 Profit Forecast – Bases and principal assumptions” in the Circular that in preparing the Profit Forecast, the Directors have assumed that there will be net fair value gains on revaluation of investment properties, net of deferred tax effect, of approximately RMB514.7 million which is forecasted by the Directors based on projected valuations as at 31 December 2010 according to a basis of valuation which is, as far as practicable, consistent with the basis of valuation which has been adopted by the Group’s independent property valuer in valuing the properties for the purposes of the audited financial statements of the Group for the year ended 31 December 2009. The Directors believe this is the best estimate of the net fair value gains

on the investment properties for the year ending 31 December 2010, and the independent property valuer is of the view that the assumptions upon which the Profit Forecast is based are reasonable. However, the fair value of the investment properties as at 31 December 2010 and/or any fair value gains or losses on investment properties for the year ending 31 December 2010 may differ materially from present estimate, as it depends on market conditions as at 31 December 2010 and other future events that are beyond the Group's control. Should the actual increase or decrease in fair value of the investment properties differ from the amount presently forecasted by the Directors, such difference would have the effect of increasing or decreasing the forecasted consolidated profit attributable to owners of the Company for the year ending 31 December 2010.

Yours faithfully,

Certified Public Accountants
Hong Kong

The following is the text of the letter from the Board in connection with the PRC Profit Forecast, the Reconciliation and the HK 2010 Profit Forecast for inclusion in this circular.

D. LETTER FROM THE BOARD



北 京 金 隅 股 份 有 限 公 司

BBMG Corporation*

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

(Stock Code: 2009)

26 August 2010

To the Shareholders

Dear Sir or Madam,

We refer to the circular of the Company dated 26 August 2010 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used herein.

We hereby confirm that the Board has made the PRC Profit Forecast, the Reconciliation and the HK 2010 Profit Forecast, for which the Directors are solely responsible, after due and careful enquiry.

Yours faithfully,
For and on behalf of the Board of
BBMG Corporation*
Jiang Weiping
Chairman

The proposed amendments to the Articles to be adopted for use after issue and listing of A Shares are set out below:

1. The existing Article 1, which reads:

“These Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (中華人民共和國公司法) (the “Company Law”), the Securities Law of the People’s Republic of China (中華人民共和國證券法) (the “Securities Law”), the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定) (the “Special Regulations”), the Mandatory Provisions for Articles of Association of Companies Listed Overseas (到境外上市公司章程必備條款) (the “Mandatory Provisions”), the Circular Regarding Opinions on Amendments to Articles of Association of Companies Listed in Hong Kong (關於到香港上市公司對公司章程作補充修改的意見的函) (the “Opinion Circular”) and the other relevant requirements with an aim to safeguard the legal interests of BBMG Corporation (the “Company”), its shareholders and creditors and regulate the organisation and acts of the Company.”

is proposed to be amended as:

“These Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (中華人民共和國公司法) (the “Company Law”), Securities Law of the People’s Republic of China (中華人民共和國證券法) (the “Securities Law”), the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定) (the “Special Regulations”), the Mandatory Provisions for Articles of Association of Companies Listed Overseas (到境外上市公司章程必備條款) (the “Mandatory Provisions”), the Circular Regarding Opinions on Amendments to Articles of Association of Companies Listed in Hong Kong (關於到香港上市公司對公司章程作補充修改的意見的函) (the “Opinion Circular”), the Guidelines on Articles of Association of Listed Companies (上市公司章程指引) (the “Guidelines”) and the other relevant requirements with an aim to safeguard the legal interests of BBMG Corporation (the “Company”), its shareholders and creditors and regulate the organisation and acts of the Company.”

2. The first paragraph of the existing Article 7, which reads:

“These Articles of Association are passed by way of special resolution at the general meeting of the Company with approval of the relevant authorities of the State, and come into effect from the date of listing of the Company’s overseas listed foreign shares on The Stock Exchange of Hong Kong Limited (the “SEHK”). The Company’s original articles of association of the Company filed with the relevant administration for industry and commerce shall be superseded by these Articles of Association.”

is proposed to be amended as:

“These Articles of Association are passed by way of special resolution at the general meeting of the Company with approval of the relevant authorities of the State, and come into effect from the date of listing of the Company’s renminbi ordinary shares (“A Shares”) on the Shanghai Stock Exchange. The Company’s original articles of association of the Company filed with the relevant administration for industry and commerce shall be superseded by these Articles of Association.”

3. The second paragraph of the existing Article 8, which reads:

“Shareholders may institute legal proceedings against the Company pursuant to these Articles of Association; the Company may institute legal proceedings against its shareholders pursuant to these Articles of Association; shareholders may, pursuant to these Articles of Association, institute legal proceedings against other shareholders; and shareholders may, pursuant to these Articles of Association, institute legal proceedings against directors, supervisors, president and other senior management of the Company.”

is proposed to be amended as:

“Shareholders may institute legal proceedings against the Company pursuant to these Articles of Association; the Company may institute legal proceedings against its shareholders, directors, supervisors, president and other senior management pursuant to these Articles of Association; shareholders may, pursuant to these Articles of Association, institute legal proceedings against other shareholders; and shareholders of the Company may, pursuant to these Articles of Association, institute legal proceedings against directors, supervisors, president and other senior management of the Company.”

4. It is proposed to delete the paragraph 2 of the existing Article 13, which reads: “The domestic shares and foreign shares as stated in Article 16 hereof are the same class of shares; and overseas listed foreign shares (i.e. H Shares) are another class of shares. For the purpose of these Articles of Association, any reference to foreign shares with respect to class shareholders shall be construed as overseas listed foreign shares, or H Shares.”

5. The existing Article 16, which reads:

“Shares issued by the Company to domestic investors for subscription in renminbi are referred to as domestic shares. Shares issued by the Company to overseas investors for subscription in foreign currencies are referred to as foreign shares. Foreign shares listed overseas are referred to as overseas listed foreign shares.

The term “foreign currencies” referred to in the preceding paragraph means the lawful currencies (other than renminbi) of other countries or regions which are recognised by the authority in charge of foreign exchange of the State and can be used to pay the share price to the Company.

The overseas listed foreign shares of the Company listed in Hong Kong shall be referred to as H Shares. H Shares are shares which have been admitted for listing on the SEHK with a par value denominated in renminbi and are subscribed and traded in Hong Kong dollars.

Upon obtaining an approval from the competent securities regulatory authorities of the State Council, holders of domestic shares of the Company may transfer the Company’s shares held by them to overseas investors and have such shares listed and traded in overseas. Shares transferred and listed on an overseas stock exchange shall also be subject to the regulatory procedures, regulations and requirements of the overseas exchange. No approval of class shareholders granted at a class general meeting is required for the listing and trading on such overseas stock exchange of the shares so transferred.”

is proposed to be amended as:

“Shares issued by the Company to domestic investors for subscription in renminbi are referred to as domestic shares. Shares issued by the Company to overseas investors for subscription in foreign currencies are referred to as foreign shares. Foreign shares listed overseas are referred to as overseas listed foreign shares.

The term “foreign currencies” referred to in the preceding paragraph means the lawful currencies (other than renminbi) of other countries or regions which are recognised by the authority in charge of foreign exchange of the State and can be used to pay the share price to the Company.

The overseas listed foreign shares of the Company listed in Hong Kong shall be referred to as H Shares. H Shares are shares which have been admitted for listing on The Stock Exchange of Hong Kong Limited (the “SEHK”) with a par value denominated in renminbi and are subscribed and traded in Hong Kong dollars.

Upon obtaining an approval from the competent securities regulatory authorities of the State Council, holders of domestic shares of the Company may transfer the Company's shares held by them to overseas investors and have such shares listed and traded in overseas. Shares transferred and listed on an overseas stock exchange shall also be subject to the regulatory procedures, regulations and requirements of the overseas exchange. No approval of class shareholders granted at a class general meeting is required for the listing and trading on such overseas stock exchange of the shares so transferred.

Domestic shares of the Company are deposited with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, while H Shares of the Company are primarily deposited with the Hong Kong Securities Clearing Company Limited."

6. The existing Article 17, which reads:

"As approved by the approval department of the Company, a total of 1,800,000,000 ordinary shares were issued to, subscribed and held by the promoters, namely BBMG Group Company Limited, China National Non-Metallic Materials Corporation (currently known as China National Materials Company Limited), Hopeson Holdings Limited, Beifang Real Estate Development Co., Ltd. and Tianjin Building Materials (Holding) Co., Ltd., at the inception of the Company.

The number of shares subscribed and capital contribution by each of the promoters are set out as follows:

1. 109,512 shares, representing 60.84% of the total number of ordinary shares, were subscribed by BBMG Group Company Limited through the contribution of net assets;
2. 23,958 shares, representing 13.31% of the total number of ordinary shares, were subscribed by China National Non-Metallic Materials Corporation (currently known as China National Materials Company Limited) through cash contribution;
3. 20,538 shares, representing 11.41% of the total number of ordinary shares, were subscribed by Hopeson Holdings Limited through cash contribution;
4. 13,680 shares, representing 7.6% of the total number of ordinary shares, were subscribed by Beifang Real Estate Development Co., Ltd. through cash contribution; and
5. 12,312 shares, representing 6.84% of the total number of ordinary shares, were subscribed by Tianjin Building Materials (Holding) Co., Ltd. through cash contribution.

In July 2008, with the approvals of the relevant competent authorities of the State, the Company increased its share capital, of which 2,800,000,000 shares were ordinary shares while a shareholder, BBMG Group Company Limited, acquired 136,800,000 shares of the Company from Beifang Real Estate Development Co., Ltd. After such capital increase and share transfer, the shareholding structure of the Company is as follows:

Name of Shareholder	Number of Shares Held (ten thousand shares)	Percentage (%)
BBMG Group Company Limited	184,032	65.73
China National Materials Company Limited	23,958	8.56
Tianjin Building Materials (Holding) Co., Ltd.	12,312	4.40
Hopeson Holdings Limited	20,538	7.34
New Horizon Jasmine Investment Limited	13,310	4.75
China Cinda Asset Management Corporation	7,600	2.71
Hua Xi Xin Yu Investment Co., Ltd.	6,840	2.44
Runfeng Investment Group Co., Ltd.	6,000	2.14
Beijing Taihong Investment (Group) Co., Ltd.	5,410	1.93
Total	280,000	100%”

is proposed to be amended as:

“As approved by the approval department of the Company, a total of 1,800,000,000 ordinary shares were issued to, subscribed and held by the promoters, namely BBMG Group Company Limited, China National Non-Metallic Materials Corporation (currently known as China National Materials Company Limited), Hopeson Holdings Limited, Beifang Real Estate Development Co., Ltd. and Tianjin Building Materials (Holding) Co., Ltd., at the inception of the Company.

The number of shares subscribed and capital contribution by each of the promoters are set out as follows:

1. 109,512 shares, representing 60.84% of the total number of ordinary shares, were subscribed by BBMG Group Company Limited through the contribution of net assets;
2. 23,958 shares, representing 13.31% of the total number of ordinary shares, were subscribed by China National Non-Metallic Materials Corporation (currently known as China National Materials Company Limited) through cash contribution;
3. 20,538 shares, representing 11.41% of the total number of ordinary shares, were subscribed by Hopeson Holdings Limited through cash contribution;
4. 13,680 shares, representing 7.6% of the total number of ordinary shares, were subscribed by Beifang Real Estate Development Co., Ltd. through cash contribution; and
5. 12,312 shares, representing 6.84% of the total number of ordinary shares, were subscribed by Tianjin Building Materials (Holding) Co., Ltd. through cash contribution.

In July 2008, with the approvals of the relevant competent authorities of the State, the Company increased its share capital, of which 2,800,000,000 shares were ordinary shares while a shareholder, BBMG Group Company Limited, acquired 136,800,000 shares of the Company from Beifang Real Estate Development Co., Ltd. After such capital increase and share transfer, the shareholding structure of the Company is as follows:

Name of Shareholder	Number of Shares Held (ten thousand shares)	Percentage (%)
BBMG Group Company Limited	184,032	65.73
China National Materials Company Limited	23,958	8.56
Tianjin Building Materials (Holding) Co., Ltd.	12,312	4.40
Hopeson Holdings Limited	20,538	7.34
New Horizon Jasmine Investment Limited (currently known as Jasmine Island Investment Limited)	13,310	4.75

APPENDIX II**PARTICULARS OF THE PROPOSED AMENDMENTS
TO THE ARTICLES OF ASSOCIATION
AFTER ISSUE AND LISTING OF A SHARES**

Name of Shareholder	Number of Shares Held (ten thousand shares)	Percentage (%)
China Cinda Asset Management Corporation (currently known as China Cinda Asset Management Limited Company)	7,600	2.71
Hua Xi Xin Yu Investment Co., Ltd.	6,840	2.44
Runfeng Investment Group Co., Ltd.	6,000	2.14
Beijing Taihong Investment (Group) Co., Ltd.	5,410	1.93
Total	280,000	100%”

7. The existing Article 18, which reads:

“The shareholding structure of the Company consists of: 3,873,332,500 ordinary shares, 2,703,950,065 of which are non-listed shares constituting approximately 69.81% of the total number of ordinary shares of the Company; the Company issued 1,169,382,435 foreign listed shares constituting approximately 30.19% of the total number of ordinary shares of the Company.

After the listing in the stock exchange of Hong Kong, the comprehensive shareholding structure of the Company is as follows:

Name of Shareholder	Before Listing		After Listing	
	Number of Shares Held (ten thousand shares)	Percentage (%)	Number of Shares Held	Percentage (%)
BBMG Group Company Limited	184,032	65.73	1,753,647,866	45.27
China National Materials Company Limited	23,958	8.56	239,580,000	6.18
Tianjin Building Materials (Holding) Co., Ltd.	12,312	4.40	117,321,512	3.03
Hopeson Holdings Limited	20,538	7.34	205,380,000	5.30
New Horizon Jasmine Investment Limited	13,310	4.75	133,100,000	3.44
China Cinda Asset Management Corporation	7,600	2.71	72,420,687	1.87

APPENDIX II**PARTICULARS OF THE PROPOSED AMENDMENTS
TO THE ARTICLES OF ASSOCIATION
AFTER ISSUE AND LISTING OF A SHARES**

Name of Shareholder	Before Listing		After Listing	
	Number of Shares Held (ten thousand shares)	Percentage (%)	Number of Shares Held	Percentage (%)
Hua Xi Xin Yu Investment Co., Ltd.	6,840	2.44	68,400,000	1.77
Runfeng Investment Group Co., Ltd	6,000	2.14	60,000,000	1.55
Beijing Taihong Investment (Group) Co., Ltd.	5,410	1.93	54,100,000	1.40
Sub-total	280,000	100	2,703,950,065	69.81
H Shares	–	–	1,169,382,435	30.19
Total	280,000	100	3,873,332,500	100

is proposed to be amended as:

“With an approval of China Securities Regulatory Commission, a total of 1,169,382,435 H Shares were issued by the Company under the initial public offering and listed on the SEHK. After the completion of the initial public offering of H Shares, the shareholding structure of the Company consists of: 3,873,332,500 ordinary shares, of which 2,703,950,065 are held by holders of domestic shares and holders of originally non-listed foreign shares, accounting for approximately 69.81% of the total number of ordinary shares of the Company, and 1,169,382,435 are held by holders of H Shares, accounting for approximately 30.19% of the total number of ordinary shares of the Company.

With an approval of China Securities Regulatory Commission, a total of 410,404,560 A Shares were issued by the Company under the initial public offering and listed on the Shanghai Stock Exchange. After the completion of the initial public offering of A Shares, the shareholding structure of the Company consists of: 4,283,737,060 ordinary shares, of which 3,114,354,625 are held by holders of A Shares, accounting for approximately 72.70% of the total number of ordinary shares of the Company, and 1,169,382,435 are held by holders of H Shares, accounting for approximately 27.30% of the total number of ordinary shares of the Company.”

8. The existing Article 21, which reads:

“Before offshore listing, the registered capital of the Company was RMB2,800,000,000, after the completion of the offering of H Shares stated above, the registered capital of the Company would change to RMB3,873,332,500.”

is proposed to be amended as:

“The registered capital of the Company is RMB4,283,737,060.”

9. The existing Article 22, which reads:

“The Company may, subject to its operation and business requirements, approve an increase in its capital in accordance with the relevant provisions of these Articles of Association.

The Company may increase its capital by the following means:

- (1) Issuing new shares to non-designated investors;
- (2) Placing new shares to the existing shareholders;
- (3) Bonus issue of new shares to the existing shareholders;
- (4) Capitalization of capital common reserve fund; or
- (5) Other methods as permitted by laws or administrative regulations and approved by the competent securities regulatory authority of the State Council.

Any increase in capital of the Company by way of issuing new shares shall be subject to the approval under the Articles of Association and the completion of the relevant procedures as prescribed by the relevant laws and administrative regulations of the State.”

is proposed to be amended as:

“The Company may, subject to its operation and business requirements, approve an increase in its capital in accordance with the relevant provisions of these Articles of Association.

The Company may increase its capital by the following means:

- (1) Public offering of shares;
- (2) Non-public offering of shares;
- (3) Bonus issue of new shares to the existing shareholders;
- (4) Capitalization of capital common reserve fund; or
- (5) Other methods as permitted by laws or administrative regulations and approved by the competent securities regulatory authority of the State Council.

Any increase in capital of the Company by way of issuing new shares shall be subject to the approval under the Articles of Association and the completion of the relevant procedures as prescribed by the relevant laws and administrative regulations of the State.”

10. The existing Article 25 is proposed to be deleted.
11. The existing Article 26 is proposed to be renumbered as Article 25 with insertion of the following as the second paragraph thereof:

“Save for the above circumstances, the Company shall not be engaged in any activities relating to purchase or sale of the Company’s shares. Any repurchase of its outstanding shares by the Company shall be made in accordance with the laws and regulations and Articles 26 to 29 hereof.”

12. The existing Article 27, which reads:

“Repurchase of shares by the Company under the approval of the competent authority of the State may be conducted by one of the following means:

- (1) Making a repurchase offer to all shareholders in proportion to their respective shareholdings;
- (2) Repurchase through public trading on a stock exchange;
- (3) Repurchase through off-market agreement; or
- (4) Other means as permitted by laws and administrative regulations.”

is proposed to be renumbered as Article 26 and amended as:

“Repurchase of shares by the Company under the approval of the competent authority of the State may be conducted by one of the following means:

- (1) Making a repurchase offer to all shareholders in proportion to their respective shareholdings;
- (2) Repurchase through public trading on a stock exchange;
- (3) Repurchase through off-market agreement; or
- (4) Other means as permitted by laws and administrative regulations and approved by the competent securities regulatory authority of the State Council.”

13. The existing Article 28 is proposed to be renumbered as Article 27.

14. The existing Article 29, which reads:

“Shares which have been repurchased by the Company in accordance with sub-clauses (1), (2) and (4) of Article 26 shall be cancelled within the period prescribed by laws or administrative regulations and an application shall be made to the original companies’ registration authority for registration of alteration of the registered capital with publication of an announcement thereon. Shares which have been repurchased by the Company in accordance with Article 26 (3) shall be transferred to its employees within the period prescribed by laws or administrative regulations.

The amount of the Company’s registered capital shall be reduced by the aggregate nominal value of the shares cancelled.”

is proposed to be renumbered as Article 28 and amended as:

“The Company shall obtain the approval of the shareholders granted at a general meeting for repurchases of its shares for the purposes set out in sub-clauses (1), (2) and (3) of Article Articles 25.

In case of sub-clause (1), the shares repurchased by the Company in accordance with Article 25 hereof shall be cancelled within 10 days from the date of repurchase; in case of sub-clauses (2) or (4), the shares repurchased shall be cancelled or transferred within six months and an application shall be made to the original companies’ registration authority for registration of alteration of the registered capital with publication of an announcement thereon.

The shares repurchased by the Company in accordance with sub-clause (3) of Article 25 shall not exceed 5% of the Company's total issued capital. The repurchased shall be financed by the Company's after-tax profit. All the repurchased shares shall be transferred to the employees within one year.

The amount of the Company's registered capital shall be reduced by the aggregate nominal value of the shares cancelled."

15. The existing Article 30 is proposed to be renumbered as Article 29.
16. The existing Article 31 is proposed to be renumbered as Article 30 and the wordings "Article 33" as referred to in the existing Article 31 are proposed to be replaced by "Article 32".
17. The existing Article 32 is proposed to be renumbered as Article 31 with addition of the following as sub-clause (2) thereof: "(2) Advances", and the sub-clauses (3) and (4) of the existing Article 32 is proposed to be renumbered as the sub-clauses (4) and (5) of Article 31.
18. The existing Article 33 is proposed to be renumbered as Article 32 and the wordings "Article 31" as referred to in the existing Article 33 are proposed to be replaced by "Article 30".
19. The existing Articles 34 to 35 are proposed to be renumbered as Articles 33 to 34.
20. It is proposed to add a new article as Article 35, which reads:

"All shares (other than H shares) in issue of the Company prior to the public offering shall not be transferred within one year from the date of listing of the Company's shares on the stock exchanges."
21. It is proposed to add a new article as Article 36, which reads:

"Any gains from sale of shares by the directors, supervisors and senior management of the Company and any shareholders who hold more than 5% of shares of the Company within six months after purchase of such shares, and any gains from the purchase of the shares within six months after sale of the same shall be forfeited to the Company and the board of directors of the Company shall recoup the gains. However, any securities company which holds more than 5% of shares of the Company as a result of purchase of all remaining shares under an underwriting arrangement shall not be subject to six-month lock-up period in respect of such shares."

If the board of directors of the Company fails to comply with the above provision, the shareholders shall be entitled to demand the board of directors to perform such obligations within 30 days. If the board of directors fails to perform its obligations within the aforesaid period, then any shareholder shall be entitled to institute proceedings in court directly in his own name for the benefit of the Company.

Responsible directors shall jointly assume the responsibility for any non-compliance with sub-clause (1) by the board of directors of the Company.”

22. The existing Article 36 is proposed to be renumbered as Article 37 and the wordings “Article 37” as referred to in the existing Article 36 are proposed to be replaced by “Article 38”.

23. The existing Articles 37 to 40 are proposed to be renumbered as Articles 38 to 41.

24. The existing Articles 41 is proposed to be renumbered as Article 42 and the second paragraph of the existing Article 41, which reads:

“All instruments of transfer shall be maintained at the legal address of the Company or such places as the board of directors may specify from time to time.”

is proposed to be renumbered as the second paragraph of Article 42 and amended as:

“All instruments of transfer shall be maintained at the legal address of the Company or other address as the board of directors may specify from time to time.”

25. The existing Article 42 is proposed to be renumbered as Article 43 with addition of the following as the last paragraph thereof:

“Any change of the name of A shareholders shall be subject to the relevant PRC laws and regulations.”

26. The existing Article 43, which reads:

“In the event the Company decides to convene a shareholders’ general meeting, distributes dividends, liquidate or carry out other activities which require the determining of the shareholdings, the board of directors shall fix a date as a record date for ascertaining the shareholdings. The shareholders of the Company shall be those shareholders whose names appear on the register of members of the Company at the end of the record date.”

is proposed to be renumbered as Article 44 and amended as:

“In the event the Company decides to convene a shareholders’ general meeting, distributes dividends, liquidate or carry out other activities which require the determining of the shareholdings, the board of directors or convener of a general meeting shall fix a date as a record date for ascertaining the shareholdings. The shareholders of the Company entitled to the underlying interests shall be those shareholders whose names appear on the register of members of the Company after the closing of trading on the record date.”

27. The existing Article 44 is proposed to be renumbered as Article 45.
28. The existing Article 45 is proposed to be renumbered as Article 46 and the wordings “domestic shares” as mentioned in the existing Article 45 are proposed to be replaced by “A Shares”.
29. The existing Articles 46 to Article 48 is proposed to be renumbered as Articles 47 to 49.
30. The existing Article 49, which reads:

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

- (1) To receive dividends and other forms of profit distribution in proportion to their respective shareholdings;
- (2) To attend or designate a proxy to attend general meetings and exercise voting rights;
- (3) To supervise and manage the business and operation of the Company and give advice or raise inquiries;
- (4) To transfer shares in accordance with laws, administrative regulations and these Articles of Association;
- (5) To have access to the relevant information in accordance with these Articles of Association, including:
 1. to obtain a copy of these Articles of Association after payment of costs;
 2. to inspect free of charge and photocopy, subject to payment of reasonable costs:
 - (1) All parts of the register of members;

- (2) Personal particulars of each of the Company's directors, supervisors, president and other senior officers, including:
 - (a) present and past names and alias;
 - (b) principal address (residence);
 - (c) nationality;
 - (d) full-time and all concurrently held occupations and positions;
 - (e) identification documents and numbers.
- (3) Reports on the status of the Company's share capital;
- (4) Reports showing the aggregate par value, quantity, highest and lowest prices paid in respect of each class of shares repurchased by the Company since the preceding financial year and the aggregate amount paid by the Company for this purpose;
- (5) Minutes of general meetings and resolutions of the board of directors and supervisory board;
- (6) Corporate bond certificates;
- (7) Financial reports previously published or disclosed;
- (6) In the event of the termination or liquidation of the Company, to participate in the distribution of surplus assets of our Company in proportion to their respective shareholdings; and
- (7) Other rights conferred by laws, administrative regulations and these Articles of Association."

is proposed to renumbered as Article 50 and amended as:

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

- (1) To receive dividends and other forms of profit distribution in proportion to their respective shareholdings;
- (2) To demand, call for, preside, attend or designate a proxy to attend general meetings and exercise relevant voting rights;

- (3) To supervise and manage the business and operation of the Company and give advice or raise inquiries;
- (4) To transfer, give or pledge the shares held by them in accordance with laws, administrative regulations and these Articles of Association;
- (5) To have access to the relevant information in accordance with these Articles of Association, including:
 - 1. to obtain these Articles of Association at cost;
 - 2. to inspect free of charge and photocopy at reasonable cost:
 - (1) All registers of members;
 - (2) Personal information of directors, supervisors, presidents and other senior management of the Company, including:
 - (a) present and past names and alias;
 - (b) principal address (residence);
 - (c) nationality;
 - (d) full-time and all concurrently held occupations and positions;
 - (e) identification documents and numbers.
 - (3) Share capital of the Company;
 - (4) Reports containing details of the aggregate nominal value, number, highest and lowest prices of each class of shares of the Company repurchased since the preceding financial year and all costs paid by the Company for such repurchase;
 - (5) Minutes of general meetings and resolutions of the board of directors and supervisory board;
 - (6) Counterfoils of corporate bonds;
 - (7) Financial reports previously published or disclosed;

- (6) In the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of our Company in proportion to their respective shareholdings;
 - (7) For the shareholders who disagree on the resolution approved at the general meeting in relation to the merger or division of the Company, to request the Company to acquire their shares; and
 - (8) Other rights conferred by laws, administrative regulations and these Articles of Association.”
31. It is proposed to add a new article as Article 51, which reads:
- “When shareholders demand the inspection of information mentioned in the preceding article or demand to obtain information, they shall provide a written document of the class and number of shares held by them, and such information shall be provided at the request of shareholders in accordance with these Articles of Association after the verification of their identity.”
32. It is proposed to add a new article as Article 52, which reads:
- “If any resolution approved at a general meeting or a meeting of the board of directors of the Company violates the laws or administrative regulations, the shareholders shall have the right to submit a petition to the people’s court to render the same invalid.
- If the procedures for general meetings and meetings of the board of directors or the method of voting at such meetings violate the laws, administrative regulations or these Articles of Association, or the content of any resolution violates these Articles of Association, the shareholders shall, within 60 days from the date on which such resolution is approved, be entitled to submit a petition to the people’s court to rescind such resolution.”
33. It is proposed to add a new article as Article 53, which reads:
- “If the Company suffers any losses arising from any breach of laws, administrative regulations or provisions of these Articles of Association by any director or senior management of the Company in discharge of their duties, shareholders who have held, alone or in aggregate, more than 1% of the shares of the Company for more than consecutive 180 days shall be entitled to make a request in writing to the supervisory board to institute litigation at the People’s Court. If the Company suffers any losses arising from any breach of laws, administrative regulations or provisions of these Articles of Association by the supervisory board of the Company in discharge of its duties, shareholders may make a request in writing to the board of directors to institute litigation at the People’s Court.

If, upon receipt of the written request from the shareholders as stipulated in the preceding paragraph, the supervisory board or the board of directors refuses to institute litigation, or fails to institute litigation within 30 days or if, in case of emergency, failure to institute litigation immediately may cause irreparable damage to the interest of the Company, the shareholders as mentioned in the preceding paragraph shall have the right to initiate litigation directly at the People's Court in their own names and in the interest of our Company.

In the event of infringement of the Company's legal interest by a third party resulting in losses to our Company, the shareholders in the first paragraph of this Article may initiate litigation at the People's Court in accordance with the preceding two paragraphs."

34. It is proposed to add a new article as Article 54, which reads:

"If the interest of shareholders of the Company is prejudiced by any breach of any breach of laws, administrative regulations or provisions of these Articles of Association by any director or senior management of the Company, shareholders may institute litigation at the People's Court."

35. The existing Article 50, which reads:

"Holders of ordinary shares of the Company shall assume the following obligations:

- (1) To comply with these Articles of Association;
- (2) To pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) To assume other obligations as required by the laws, administrative regulations and these Articles of Association.

Shareholders are not obliged to make any additional contribution to the share capital other than as agreed with the subscriber of the relevant shares on subscription."

is proposed to be renumbered as Article 55 and amended as:

"Holders of ordinary shares of the Company shall assume the following obligations:

- (1) To comply with these Articles of Association;
- (2) To pay subscription monies according to the number of shares subscribed and the method of subscription;

- (3) Not to withdraw shares unless as required by the laws and regulations;
- (4) Not to abuse the rights of shareholders to damage the interests of the Company or other shareholders; not to abuse the independence of the Company as a legal person and the limited liability of shareholders to impair the interest of creditors of the Company; where the Company or other shareholders suffer any losses resulting from a shareholder's abuse of its rights, such shareholder shall be responsible for compensation; where a shareholder of the Company abuses the independence of the Company as a legal person and the limited liability of shareholders so as to evade repayment of debts, which materially damages the interests of creditors of the Company, such shareholder shall bear the joint liability for the debts of the Company;
- (5) To assume other obligations as required by the laws, administrative regulations and these Articles of Association.

Shareholders are not obliged to make any additional contribution to the share capital other than as agreed with the subscriber of the relevant shares on subscription."

36. It is proposed to add a new article as Article 56, which reads:

"Where a shareholder who holds more than 5% of voting shares pledges his shares, he shall report it to the Company in writing on the date of pledge."

37. It is proposed to add a new article as Article 57, which reads:

"The Controlling Shareholders (as defined in Article 59) and beneficial controllers of the Company shall not take the advantage of its connected relationship to impair the Company's interest. Any of such shareholders or controllers who violate this requirement and causes losses to the Company shall be liable for damages.

The Controlling Shareholders and beneficial controllers of the Company have fiduciary duties toward the Company and its public shareholders. The Controlling Shareholders shall exercise its rights as an investor in strict compliance with the laws. The Controlling Shareholders shall not jeopardize the lawful interests of the Company and its public shareholders by way of profit appropriation, asset reorganization, external investments, fund misappropriation and provision of guarantee for loans, nor shall they jeopardize the interests of the Company and its public shareholders by utilizing its controlling position."

38. The existing Article 51 is proposed to be renumbered as Article 58 and the wordings "(as defined in Article 52)" as mentioned in the existing Article 51 are proposed to be deleted.

39. The existing Article 52 is proposed to be renumbered as Article 59 and the wordings “the preceding article” as mentioned in Article 52 are proposed to be replaced by “these Articles of Association”.
40. The existing Article 53 is proposed to be renumbered as Article 60.
41. The existing Article 54, which reads:
- “The general meeting shall discharge the following functions and duties:
- (1) To determine the operating objectives and investment plan of the Company;
 - (2) To elect and replace the directors and decide on the matters relating to the remuneration of directors;
 - (3) To elect and replace the supervisors who are the shareholders’ representative and decide on the matters relating to the remuneration of supervisors;
 - (4) To consider and approve the report of the board of directors;
 - (5) To consider and approve the report of the supervisory board;
 - (6) To consider and approve the annual financial budgets and final accounts of the Company;
 - (7) To consider and approve the proposals for profit distribution and loss recovery;
 - (8) To resolve on concerning the increase or reduction in the Company’s registered capital;
 - (9) To resolve on concerning the merger, division, dissolution or liquidation of the Company or otherwise change of the Company’s structure;
 - (10) To resolve on concerning the issue of debentures or other securities and listing of the Company;
 - (11) To resolve on concerning the engagement, termination of engagement or cease of renewal of engagement of the accountants of the Company;
 - (12) To amend the Articles of Association;
 - (13) To consider and review the resolution proposed by any shareholder who holds, alone or in aggregate, 3% of the shares with voting rights of the Company;

- (14) To resolve on other matters which are required to be resolved at general meetings under the laws, administrative regulations and these Articles of Association;
- (15) To authorise and entrust the board of directors to handle any matters authorised and entrusted thereto.

Matters which, as required by laws, administrative regulations and these Articles of Association, shall be resolved at general meetings shall be considered and reviewed at general meetings so as to protect the decision-making rights of shareholders of the Company on such matters. The board of directors may be authorised at general meetings whenever necessary and reasonable to make decisions within its scope of authorisation as delegated at general meetings on the matters relating to the subject matters of resolutions which have not been approved at the general meeting.

Any authorisation of the board of directors by shareholders relating to ordinary resolutions at general meetings shall be approved by one-half of the shareholders (or their proxies) present and entitled to vote at the meeting; if such authorisation is related to special resolutions, an approval of two-thirds of the shareholders (or their proxies) present and entitled to vote at the meeting is required. The scope of authorisation shall be well-defined and specific.”

is proposed to be renumbered as Article 61 and amended as:

“The general meeting shall discharge the following functions and duties:

- (1) To determine the operating objectives and investment plan of the Company;
- (2) To elect and replace the directors who are not the employees’ representatives and decide on the matters relating to the remuneration of directors;
- (3) To elect and replace the supervisors who are not the employees’ representatives and decide on the matters relating to the remuneration of supervisors;
- (4) To consider and approve the report of the board of directors;
- (5) To consider and approve the report of the supervisory board;
- (6) To consider and approve the annual financial budgets and final accounts of the Company;
- (7) To consider and approve the proposals for profit distribution and loss recovery;
- (8) To resolve on concerning the increase or reduction in the Company’s registered capital;

- (9) To resolve on concerning the merger, division, dissolution or liquidation of the Company or otherwise change of the Company's structure;
- (10) To resolve on concerning the issue of debentures, any kind of securities, warrants or other similar securities by the Company;
- (11) To resolve on concerning the engagement, termination of engagement or cease of renewal of engagement of the accountants of the Company;
- (12) To amend the Articles of Association;
- (13) To consider the acquisition or disposal of significant assets which account for more than 30% of the latest audited total assets of the Company;
- (14) To resolve on the external guarantees which shall be considered and approved at general meetings in accordance with laws, administrative regulations and these Articles of Association;
- (15) To consider and approve the change of use of proceeds from the issue of A Shares;
- (16) To consider and approve the share option scheme;
- (17) To consider and review the resolution proposed by any shareholder who holds, alone or in aggregate, 3% of the shares with voting rights of the Company;
- (18) To resolve on other matters which are required to be resolved at general meetings under the laws, administrative regulations, departmental rules and these Articles of Association;
- (19) To authorise and entrust the board of directors to handle any matters authorised and entrusted thereto.

Matters which, as required by laws, administrative regulations and these Articles of Association, shall be resolved at general meetings shall be considered and reviewed at general meetings so as to protect the decision-making rights of shareholders of the Company on such matters. The board of directors may be authorised at general meetings whenever necessary and reasonable to make decisions within its scope of authorisation as delegated at general meetings on the matters relating to the subject matters of resolutions which have not been approved at the general meeting.

Any authorisation of the board of directors by shareholders relating to ordinary resolutions at general meetings shall be approved by over one-half of the shareholders (or their proxies) present and entitled to vote at the meeting; if such authorisation is related to special resolutions, an approval of two-thirds of the shareholders (or their proxies) present and entitled to vote at the meeting is required. The scope of authorisation shall be well-defined and specific.”

42. It is proposed to add a new article as Article 62, which reads:

“The following external guarantees of the Company shall be considered and approved at general meetings.

- (1) Any guarantee provided after the aggregate amount of external guarantees provided by the Company and its subsidiaries equals or exceeds 50% of the latest audited net assets;
- (2) The aggregate amount of external guarantees on an accumulative basis for a consecutive 12 months exceeds 50% of the latest audited net assets;
- (3) Any guarantee provided after the aggregate amount of external guarantees provided by the Company equals or exceeds 30% of the latest audited total assets;
- (4) The aggregate amount of external guarantees on an accumulative basis for a consecutive 12 months exceeds 30% of the latest audited total assets;
- (5) Guarantees provided to any guaranteed party whose asset-liability ratio exceeds 70%;
- (6) Any individual guarantee of an amount exceeding 10% of the latest audited net assets;
- (7) Guarantees provided to the Company’s shareholders, beneficial controllers and their related parties.”

43. The existing Article 55, which reads:

“Without a prior approval of shareholders granted at general meetings, the Company shall not enter into any contract with any party other than the directors, supervisors, president and other senior management officers of the Company in relation to the authorisation of such party to manage all or material part of businesses of the Company.”

is proposed to be renumbered as Article 63 and amended as:

“Unless under special circumstances such as crisis, without a prior approval of shareholders granted at general meetings, the Company shall not enter into any contract with any party other than the directors, supervisors, president and other senior management officers of the Company in relation to the authorisation of such party to manage all or material part of businesses of the Company.”

44. The existing Article 56, which reads:

“General meetings include the annual general meeting and extraordinary general meetings. General meetings are organised and convened by the board of directors. The annual general meeting is held once a year, and shall take place within six months after the end of the previous accounting year.

The board of directors shall call an extraordinary general meeting within two months upon occurrence of any of the following circumstances:

- (1) Where the number of directors is below the number as specified in the Company law or is less than two-thirds of directors as provided in the Articles of Association;
- (2) Where the amount of unrecovered loss of the Company represents one-thirds of the total share capital of the Company;
- (3) Where shareholders who hold, alone or in aggregate, 10% or more of the shares outstanding with voting rights of the Company request in writing to convene an extraordinary general meeting;
- (4) Whenever the board of directors deems necessary or when proposed by the supervisory board or more than two independent directors;
- (5) Whenever required by the securities regulatory authority;
- (6) Other circumstances as required hereby.

The number of shares held by shareholders as stipulated in sub-clause (3) above shall be calculated based on the date on which the shareholders make a request in writing. Such shareholders shall also sign one or more counterpart written requests and submit an agenda and proposals to the board of directors.”

is proposed to be renumbered as Article 64 and amended as:

General meetings include the annual general meeting and extraordinary general meetings. General meetings are organised and convened by the board of directors. The annual general meeting is held once a year, and shall take place within six months after the end of the previous accounting year.

The board of directors shall call an extraordinary general meeting within two months upon occurrence of any of the following circumstances:

- (1) Where the number of directors falls below the number as specified in the Company law or is less than two-thirds of directors as provided in the Articles of Association;
- (2) Where the amount of unrecovered loss of the Company represents one-thirds of the total share capital of the Company;
- (3) Where shareholders who hold, alone or in aggregate, 10% or more of the shares outstanding with voting rights of the Company request in writing to convene an extraordinary general meeting;
- (4) Whenever the board of directors deems necessary or when proposed by the supervisory board;
- (5) Whenever required by the securities regulatory authority;
- (6) Other circumstances as required by the laws, administrative regulations, departmental rules or these Articles of Association.

The number of shares held by shareholders as stipulated in paragraph (3) above shall be calculated based on the date on which the shareholders make a request in writing. Such shareholders shall also sign one or more counterpart written requests and submit an agenda and proposals to the board of directors.”

45. It is proposed to add a new Article as Article 65, which reads:

“The Company convenes its shareholders’ general meeting at its registered address or other venue as set forth in the notice of general meeting.

A venue shall be set for the shareholders’ general meeting which shall be convened in physical venue. If the Company intends to convene the general meeting via internet or by other means for shareholders’ convenience, the time of and procedures for voting via internet or by other means and the procedure for identification of shareholders shall be set forth in the notice of general meeting. Any shareholders who participate in the meeting in the aforesaid manner shall be deemed as present. On-line voting is not applicable to the holders of H Shares.”

46. The existing Article 57 is proposed to be renumbered as Article 66.

47. The existing Article 58, which reads:

“Where the Company convenes the shareholders’ general meeting, shareholder(s) holding, alone or in aggregate, 3% or more of the total voting shares shall be entitled to put forward in writing new resolution to the Company. The convener of the general meeting shall issue a supplemental notice of general meeting to other shareholders within 2 days after the receipt of such resolution and incorporate the matters falling within the scope of duties of the general meeting into the agenda of such meeting. The new agenda shall be tabled to the general meeting for consideration.

The resolution proposed by shareholders shall be subject to the following conditions:

- (1) The content of such resolution shall not contravene any laws, regulations and rules and fall within the scope of business of the Company and scope of duties of the general meeting;
- (2) Such resolution shall include a clear subject and particulars of the subject matters; and
- (3) Such resolution shall be in writing and submitted or delivered to the board of directors.”

is proposed to be renumbered as Article 67 and amended as:

“Where the Company convenes the shareholders’ general meeting, the board of directors, supervisory board and the shareholder(s) holding, alone or in aggregate, 3% or more of the total voting shares shall be entitled to put forward in writing new resolution to the Company.

The shareholder(s) holding, alone or in aggregate, 3% or more of the total shares of the Company may put forward ex tempore resolutions to the Company no later than ten days prior to the convening of the general meeting by submitting the same in writing to the convener. The convener shall issue a supplemental notice of general meeting specifying the details of the resolution to shareholders within two days after the receipt of the resolutions. The Company shall also comply with other requirements of the listing rules of the place where the Company’s shares are listed.

Other than the requirements set out in the preceding paragraph, the convener shall not amend the resolutions set forth in the notice of general meeting or add new resolution thereto after the issue of such notice.

The resolution proposed by shareholders shall be subject to the following conditions:

- (1) The content of such resolution shall not contravene any laws, administrative regulations and these Articles of Association and fall within the scope of business of the Company and scope of duties of the general meeting;
- (2) Such resolution shall include a clear subject and particulars of the subject matters; and
- (3) Such resolution shall be in writing and submitted or delivered to the convener.”

48. It is proposed to add a new article as Article 68, which reads:

“Resolutions not set out in the notice of general meeting or not complying with sub-clause (4) of Article 67 of these Articles of Association shall not be voted on or resolved at the general meeting.”

49. The existing Article 59 is proposed to be renumbered as Article 69 and the second paragraph of the existing Article 59, which reads “The matters not set out in the notice of general meeting shall not be resolved at extraordinary general meetings.” is proposed to be deleted.

50. The existing Article 60 is proposed to be renumbered as Article 70. The sub-clause (7) of the existing Article 60, which reads:

“(7) Explain in plain text that shareholders entitled to attend and vote at general meetings shall be entitled to appoint one proxy (who may or may not be a shareholder of the Company) or more to attend and vote on his behalf at general meetings;”

is proposed to be renumbered as the sub-clause (7) of Article 70 and amended as:

“(7) Explain in plain text that all shareholders are entitled to attend and vote at general meetings and appoint one proxy (who may or may not be a shareholder of the Company) or more to attend and vote on his behalf at general meetings;”

51. It is proposed to add a new article as Article 71, which reads:

“If the election of directors or supervisors is proposed to be discussed at a general meeting, the notice of general meeting shall adequately disclose the particulars of the director or supervisor candidates, which shall at least include:

- (1) Personal particulars of each candidate such as academic qualifications, work experiences, part-time work etc;
- (2) Whether or not the candidate has any connection with the Company, its controlling shareholders and beneficial controllers;
- (3) The number of shares of the Company held by each candidate;
- (4) Whether or not the candidate has been subject to any penalty imposed by the China Securities Regulatory Commission or any other relevant authority or the reprimand of a stock exchange.

Unless a director or supervisor is elected under the cumulative voting system, each director or supervisor candidate shall be proposed by way of individual resolution.”

52. The existing Article 61, which reads:

“Notices of general meetings shall be given to all shareholders irrespective of their entitlement to voting rights at general meetings. Such notices shall be given by way of delivery in person or by mail (with postage full paid) to the relevant shareholders at their registered address as contained in the register of members. The Company can issue or distribute the aforementioned notices to the shareholders through the website of a stock exchange and of the Company or by email, and does not have to issue or distribute notices in manners as prescribed above, but in any event there shall be no violation of any laws, regulations and listing rules of the place where the Company’s shares are listed. For holders of domestic shares, notices of general meetings may also be made by way of announcements.

A relevant notice as aforementioned shall be published on the website of a stock exchange and of the Company between the 45th to 50th days prior to the intended date of the relevant general meeting. Holders of domestic shares will be regarded as having been notified of the relevant general meeting as soon as the relevant notice is published on the website of a stock exchange and of the Company.”

is proposed to be renumbered as Article 72 and amended as:

“Notices of general meeting shall be given to all shareholders irrespective of their entitlement to voting rights at general meetings. Such notices shall be given by way of delivery in person or by post (with postage fully paid) to the shareholders at their registered address recorded in the register of members. For holders of the overseas listed foreign shares, in addition to the aforesaid methods of issue or publication, the Company may also issue or publish notices of general meeting to shareholders via the websites of a stock exchange and the Company or by email provided that there is no violation of any laws, regulations and listing rules of the place where the Company’s shares are listed.

For holders of A Shares, notices of general meeting may also be given by way of announcements.

Such notices shall be published on a newspaper or newspapers as designated by the securities regulatory authority of the State Council 45 to 50 days prior to the date appointed for the relevant general meeting. Holders of A Shares will be regarded as having been notified of the relevant general meeting as soon as the relevant notice is published.”

53. It is proposed to add a new article as Article 73, which reads:

“After the issue of the notice of general meeting, the general meeting shall not be postponed or cancelled and the resolutions set forth in the notice shall not be cancelled without proper reasons. In the case of any postponement or cancellation of the general meeting, the convener shall make an announcement and give the reasons therefor at least two working days prior to the date originally appointed for the general meeting.”

54. The existing Article 62 is proposed to be renumbered as Article 74.

55. The existing Article 63 is proposed to be renumbered as Article 75. The first paragraph of the existing Article 63, which reads:

“Any shareholders entitled to attend and vote at general meetings shall be entitled to appoint one proxy or more (who may or may not be a shareholder of the Company) to attend and vote on his behalf at general meetings. The proxy or proxies may exercise the following rights according to the instructions of the shareholder:”

is proposed to be renumbered as the first paragraph of Article 75 and amended as:

“All shareholders whose names appear on the register of members on the record date or their proxies shall be entitled to attend and vote at general meetings in accordance with the relevant laws, regulations and these Articles of Association. Any shareholders entitled to attend and vote at general meetings shall be entitled to appoint one proxy or more (who may or may not be a shareholder of the Company) to attend and vote on his behalf at general meetings. The proxy or proxies may exercise the following rights according to the instructions of the shareholder:”

56. The existing Articles 64 to 65 is proposed to be renumbered as Articles 76 to 77.
57. The existing Article 66 is proposed to be renumbered as Article 78. The first paragraph of Article 66, which reads:

“Any form issued to shareholders by the board of directors of the Company for the appointment of proxies shall enable shareholders to freely instruct their proxies to vote for or against any resolution and give instructions in respect of the matters to be resolved under each object. The form of proxy shall contain a statement that a proxy may vote at his own discretion in the absence of specific instructions from the shareholder.”

is proposed to be renumbered as the first paragraph of Article 78 and amended as:

“Any form issued to shareholders by the board of directors of the Company for the appointment of proxies shall enable shareholders to freely instruct their proxies to vote for, against any resolution or abstain from voting, and give instructions in respect of the matters to be resolved under each object. The form of proxy shall contain a statement that a proxy may vote at his own discretion in the absence of specific instructions from the shareholder.”

58. The existing Article 67 is proposed to be renumbered as Article 79.
59. It is proposed to add a new article as Article 80, which reads:

“The board of directors, independent (non-executive) directors and the shareholders who have fulfilled the relevant conditions may collect voting rights from shareholders of the Company at general meetings. The public collection of the voting rights of shareholders of a listed company shall be in compliance with the requirements of the relevant regulatory authority and the stock exchange on which the Company is listed.”

60. It is proposed to add a new article as Article 81, which reads:

“The record of attendance of the meeting shall be prepared by the Company. Such record shall set forth the information such as name of the attendee (or the name of entity), identity card number, residential address, the number of voting shares held or represented and name of appointers (or the name of appointing entity).”

61. It is proposed to add a new article as Article 82, which reads:

“The convener and the lawyer engaged by the Company shall jointly verify the legality of the qualifications of shareholders and register their names and the number of the voting shares held by them respectively based on the register of members provided by the securities registration and clearing institution. The registration of the meeting shall be ceased prior to the chairperson’s announcement of the number of shareholders and proxies present in person and the total number of voting shares held by them.”

62. It is proposed to add a new article as Article 83, which reads:

“All directors, supervisors and board secretary shall attend general meetings of the Company, and the president and other senior management shall be present at the meetings.”

63. It is proposed to add a new article as Article 84, which reads:

“The Company shall formulate the rules of procedure for general meetings to stipulate the convening and voting procedures of general meetings, which shall cover the requirements for notification, registration, consideration of proposals, voting, counting of ballots, announcement of voting result, formation of resolution, minutes of meeting and signing thereof and announcement as well as the principle and scope of authorisation of the board of directors at general meetings. The rules of procedure for general meetings are annexed to the Articles of Association and shall be formulated by the board of directors and approved at the general meeting.”

64. It is proposed to add a new article as Article 85, which reads:

“The board of directors and supervisory board shall report their work for the preceding year at the annual general meeting. Every independent (non-executive) director shall also deliver a report of his work.”

65. It is proposed to add a new article as Article 86, which reads:

“Directors, supervisors and senior management shall give explanations in relation to the inquiries and suggestions made by shareholders at general meetings.”

66. It is proposed to add a new article as Article 87, which reads:

“The chairperson of the meeting shall, prior to voting, declare the number of attending shareholders and their proxies as well as the total number of voting shares held by them. The number of attending shareholders and their proxies and the total number of voting shares held by them shall be based on the register of the meeting.”

67. It is proposed to add a new article as Article 88, which reads:

“The convener shall ensure that adjournments of a general meeting will be held until final resolutions are arrived at. Where the general meeting is interrupted or no resolution is reached at the meeting due to the force majeure or for other special reasons, immediate action shall be taken to resume the general meeting as soon as possible or directly close the general meeting and make a responsive announcement. Meanwhile, the convener shall report to the relevant authority pursuant to the relevant requirements.”

68. The existing Article 68, which reads:

“Resolutions of a general meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions shall be passed by more than one-half of the votes of the shareholders (including proxies thereof) attending the general meeting.

Special resolutions shall be passed by more than two-thirds of the votes of shareholders (including proxies thereof) attending the general meeting.”

is proposed to be renumbered as Article 89 and amended as:

“Resolutions of a general meeting shall be divided into ordinary resolutions and special resolutions.

Any ordinary resolutions proposed at general meetings shall be passed by a simple majority of the votes of the shareholders (including proxies thereof) attending the general meeting.

Any special resolutions proposed at general meetings shall be passed by more than two-thirds of the votes of shareholders (including proxies thereof) attending the general meeting.”

69. The existing Article 69 is proposed to be renumbered as Article 90. The first paragraph of the existing Article 69, which reads:

“Shareholder (or their proxies) shall exercise their voting rights which relate to the voting shares represented by them when voting at a general meeting. Each share shall carry one vote. The Company has no voting right for the shares it holds.”

is proposed to be renumbered as the first paragraph of Article 90 and amended as:

“Shareholder (or their proxies) shall exercise their voting rights which relate to the voting shares represented by them when voting at a general meeting. Each share shall carry one vote. The Company has no voting right for the shares it holds, which shall be excluded from the total number of voting shares represented by the shareholders present at the general meeting.”

70. It is proposed to add a new article as Article 91, which reads:

“Connected shareholders shall not vote on any matters relating to connected transactions at general meetings. The voting shares represented by such connected shareholders shall not be counted in the total number of valid votes; the voting result of non-connected shareholders shall be adequately disclosed in the announcement on the resolutions passed at the general meeting.”

71. The existing Articles 70 to 71 are proposed to be renumbered as Articles 92 to 93.

72. It is proposed to add a new article as Article 94, which reads:

“Shareholders attending general meetings shall express one of the following opinions on any resolution to be voted on: for, against or abstention.

Blank, wrong, illegible or uncast votes shall be deemed as the voters’ waiver of their voting rights, and the voting results representing the shares held by such voters shall be counted as “abstentions”.”

73. The existing Article 72 is proposed to be renumbered as Article 95 and the second paragraph of the existing Article 72, which reads: “All resolutions shall be resolved separately when voted at general meetings.” is proposed to be deleted.

74. The existing Article 73 is proposed to be renumbered as Article 96.

75. It is proposed to add a new article as Article 97, which reads:

“List of director or supervisor candidates is tabled at general meetings by way of resolution for consideration.

Directors or supervisors may be elected and voted under the cumulative voting system pursuant to the relevant laws, regulations and these Articles of Association or resolution of the general meeting.

The cumulative voting system mentioned in the preceding paragraph means that, where directors or supervisors are being elected at a general meeting, each share carries as many voting rights as the number of director or supervisor candidates, and the shareholders’ voting rights may be used on a collective manner. The board of directors shall provide shareholders with the profiles and background information of the director or supervisor candidates.”

76. It is proposed to add a new article as Article 98, which reads:

“No amendment shall be made to any resolution when it is considered at a general meeting. Any amendments to a resolution shall be deemed as a new resolution and shall not be voted on at the current general meeting.”

77. It is proposed to add a new article as Article 99, which reads:

“Save for under the cumulative voting system, all resolutions shall be resolved on a one-by-one basis when voted at general meetings. In the event that more than one resolution is proposed on the same matter, such resolutions shall be voted on and resolved in chronological order according to the time they were submitted. Unless the general meeting is adjourned or no resolution is made for special reasons such as the force majeure, voting of such resolutions shall neither be shelved nor refused at the general meeting.”

78. It is proposed to add a new article as Article 100, which reads:

“The voting right of the same share shall only be exercised once by the ways of on-site voting, online voting or other means of voting. In the case of repeated voting of the same share, only the first vote is valid”

79. It is proposed to add a new article as Article 101, which reads:

“Voting shall be made by open ballot at general meetings.”

80. It is proposed to add a new article as Article 102, which reads:

“Prior to voting on any proposal at general meetings, two representatives of the shareholders shall be elected to participate in the counting and scrutinising of votes. In the event that the matters considered is related to the interests of any shareholders, such shareholders or their proxies shall not participate in the counting and scrutinising of votes.

When voting at general meetings, the lawyers and representatives of the shareholders and supervisors shall be jointly responsible for the counting and scrutinising of votes and shall announce the voting results immediately. The voting result of the resolutions shall be recorded in the minutes of the meeting.

Listed corporate shareholders or their proxies who cast votes via the internet or by other means shall have the right to check their own voting results in the corresponding voting system.”

81. It is proposed to add a new article as Article 103, which reads:

“The on-site general meeting shall not be closed earlier than meeting held on internet or through other means. The chairman of the meeting shall announce the voting and results of each of the resolutions, and announce whether or not they are approved according to the voting results.

Before the voting results are officially announced, all the relevant parties at the on-site meeting or the meeting held on the internet through other means, such as the Company, vote counters, scrutiner for vote-takings, substantial shareholders and network service providers, shall have the duty of confidentiality in respect of the voting.”

82. The existing Article 74, which reads:

“The following matters shall be approved by way of ordinary resolution at shareholders’ general meetings:

- (1) Reports of the board of directors and the supervisory board;
- (2) Proposals for profit distribution and recovery of losses prepared by the board of directors;
- (3) Election or removal of members of the board of directors and the supervisor who acts as the shareholders’ representative and their remuneration and terms of payment;
- (4) The Company’s proposed annual financial budget, final accounts, balance sheet, profit and loss statement and other financial reports; and

- (5) Matters other than those to be passed by special resolutions according to the laws, administrative regulations, rules of listing of the stock exchanges on which the Company shares are listed or these Articles of Association.”

is proposed to be renumbered as Article 104 and amended as:

“The following matters shall be approved by way of ordinary resolution at shareholders’ general meetings:

- (1) Reports of the board of directors and the supervisory board;
- (2) Proposals for profit distribution and recovery of losses prepared by the board of directors;
- (3) Election or removal of members of the board of directors and the supervisory board and their remuneration and terms of payment;
- (4) The Company’s annual financial budget and final accounts;
- (5) The Company’s annual financial report; and
- (6) Matters other than those to be passed by special resolutions according to the laws, administrative regulations, rules of listing of the stock exchanges on which the Company shares are listed or these Articles of Association.”

83. The existing Article 75, which reads:

“The following matters shall be approved by way of special resolution at shareholders’ general meetings:

- (1) Increase or reduction in the Company’s share capital and issue of any class of shares, warrants and other similar securities;
- (2) Issue of debentures of the Company;
- (3) Merger, division, dissolution or liquidation of the Company or otherwise change of the Company’s structure;
- (4) Amendments to these Articles of Association;
- (5) Other matters approved by way of ordinary resolution at general meetings to have material impact on the Company and required to be adopted by way of special resolution; and

- (6) Other matters required to be approved by way of special resolution according to these Articles of Association and the Listing Rules.”

is proposed to be renumbered as Article 105 and amended as:

“The following matters shall be approved by way of special resolution at shareholders’ general meetings:

- (1) Increase or reduction in the Company’s share capital and issue of any class of shares, warrants and other similar securities;
- (2) Issue of debentures of the Company;
- (3) Merger, division, dissolution or liquidation of the Company or otherwise change of the Company’s structure;
- (4) Amendments to these Articles of Association;
- (5) Acquisition or disposal of significant assets or provision of guarantee in an amount exceeding 30% of the latest audited total assets of the Company;
- (6) Share option scheme;
- (7) Other matters required to be approved by way of special resolution according to law, administrative regulations, these Articles of Association and approved in a general meeting by way of ordinary resolution that the issue would cause great influences to the Company.”

84. The existing Article 76, which reads:

“Shareholders or the supervisory board demanding an extraordinary general meeting of shareholders or class meeting shall abide by the following procedures:

- (1) Two or more shareholders individually or collectively holding more than ten percent of the shares carrying voting rights at the meeting to be convened or the supervisory board may, by signing one or more counterpart written requisition(s) stating the object of the meeting, require the board of directors to convene an extraordinary general meeting or a class shareholders’ meeting. The board of directors shall as soon as possible after receipt of such written requisition(s) proceed to convene the extraordinary general meeting or class shareholders’ meeting. The shareholdings referred to above shall be calculated as at the date of the delivery of the written requisition(s).

- (2) Where the board of directors fails to issue notice of convening meeting within thirty days upon receipt of the above written request, the shareholder(s) who made such request or the supervisory board may convene the meeting on their own accord within four months upon the board of directors having received such request. The convening procedures shall as much as possible be the same as those of for meeting convened by the board of directors.

All reasonable costs arising out of the meetings convened by shareholders or the supervisory board due to the failure of the board of directors to convene any meeting upon request shall be borne by the Company and deducted from the remuneration of the responsible directors.”

is proposed to be renumbered as Article 106 and amended as:

“Shareholders demanding an extraordinary general meeting of shareholders or class meeting shall abide by the following procedures:

- (1) Two or more shareholders individually or collectively holding more than ten percent of the shares carrying voting rights at the meeting to be convened may, by signing one or more counterpart written requisition(s) stating the object of the meeting, require the board of directors to convene an extraordinary general meeting or a class shareholders’ meeting. The board of directors shall as soon as possible after receipt of such written requisition(s) issue a written feedback stating whether or it agrees to convene the extraordinary general meeting or class shareholders’ meeting. Where the board of directors agrees to convene the extraordinary general meeting or class shareholders’ meeting, a notice of convening the general meeting or class shareholders’ meeting will be issued within five days after the resolution has been made by the board of directors. Where there is any modification to the original request in the notice, a prior consent of the relevant shareholders shall be obtained. The shareholdings referred to above shall be calculated as at the date of the delivery of the written requisition(s);
- (2) Where the board of directors disagrees on the proposal for convening the general meeting or fails to give feedback within ten days upon receipt of the above written request, the shareholder(s) shall request in writing to the supervisory board to convene a general meeting. Where the supervisory board agrees on the convening of meeting, it shall give a notice of convening meeting within five days upon receipt of the written request. Where no notice of meeting is issued by the supervisory board within the prescribed period, it shall be deemed that the supervisory board refuses to convene and preside over the meeting. Shareholders individually or collectively holding more than ten percent of the shares for more than consecutive ninety days may convene and preside over the meeting on their own accord (the shareholding of the shareholder(s) who convene the meeting shall not be less than ten percent prior to the announcement on the resolutions passed at the general meeting). The convening procedures shall as much as possible be the same as those of for meeting convened by the board of directors”

85. It is proposed to add a new article as Article 107, which reads:

“Independent (non-executive) directors may request to the board of directors to convene an extraordinary general meeting. Regarding the request of the independent (non-executive) director to convene an extraordinary general meeting, the board of directors shall, pursuant to the relevant laws, administrative regulations and these Articles of Association, give a written feedback within ten days after receipt of the request on whether to convene the extraordinary general meeting or not.

If the board of directors agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the board of directors. If the board of directors does not agree to hold the extraordinary general meeting, it shall give the reasons and make an announcement in respect thereof.”

86. It is proposed to add a new article as Article 108, which reads:

“The supervisory board shall have the right to propose to the board of directors to convene an extraordinary general meeting, and shall put forward its proposal to the board of directors in writing. The board of directors shall, pursuant to the relevant laws, administrative regulations and these Articles of Association, give a written feedback within 10 days after receipt of the proposal on whether to convene the extraordinary general meeting.

If the board of directors agrees to convene the general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the board of directors. A prior consent of the supervisory board shall be obtained for any modifications to the original proposal made in the notice.

If the board of directors does not agree to hold the extraordinary general meeting or fails to give a written reply within ten days after receipt of the proposal, it shall be deemed that the board of directors is unable or refuses to perform to perform the duty of convening the extraordinary general meeting, and the supervisory board may convene and preside over the meeting on its own accord.”

87. It is proposed to add a new article as Article 109, which reads:

“Where the supervisory board or the shareholders decides or decide to convene the meeting on its/their own accord, they shall notify the board of directors in writing and report to the relevant authorities in accordance with the applicable requirements.

The shareholders who convene the general meeting shall submit the supporting materials to the relevant authorities in accordance with the applicable requirements at the time when the notice of general meeting and the announcement on resolutions passed at the general meeting are dispatched.”

88. It is proposed to add a new article as Article 110, which reads:

“The board of directors and the board secretary shall cooperate with respect to the convening of a general meeting by the supervisory board or the shareholders on their own accord. The board of directors shall provide the register of members as of the record date.”

89. It is proposed to add a new article as Article 111, which reads:

“All reasonable costs arising out of the meetings convened by shareholders or the supervisory board shall be borne by the Company and deducted from the amount payable by the Company to the delinquent directors of the Company.”

90. The existing Article 77, which reads:

“A shareholders’ general meeting shall be convened by the board of directors and presided over by the chairman of the board of directors; where the chairman is unable or fails to perform his duties, the vice chairman of the board of directors shall preside over the meetings; if the vice chairman is unable or fails perform his duties, a director shall be jointly elected by more than one-half of the directors to preside over the meetings. Where the board of directors is unable or fails to perform its duty to convene a general meeting, the supervisory board shall be responsible to convene and preside over the meeting. Where the supervisory board fails to convene and preside over the general meeting, the shareholders holding individually or jointly more than ten percent of shares of the Company for more than consecutive ninety days may convene and preside over the meeting on their own accord.”

is proposed to be renumbered as Article 112 and amended as:

“A shareholders’ general meeting shall be convened by the board of directors and presided over by the chairman of the board of directors; where the chairman is unable or fails to perform his duties, the vice chairman of the board of directors (and if the Company has two or more vice chairmen, such meetings shall be presided over by the vice Chairman jointly elected by more than one-half of the directors) shall preside over the meetings; where the Company does not have any vice chairman or the vice chairman is unable or fails to perform his duties, a director shall be jointly elected by more than one-half of the directors to preside over the meetings. Where no such director can be elected by more than one-half of the directors to preside over the meetings, the shareholders present at the meeting may elect a person to act as the chairman; if, for any reasons, the shareholders fails to elect a chairman, the shareholder (or his proxy or proxies) holding the largest number of voting shares shall act as the chairman of the meeting.

The general meeting convened by the supervisory board shall be presided over by the chairman of the supervisory board. Where the chairman of the supervisory board is unable or fails to perform his/her duties, the vice chairman of the supervisory board shall preside over the general meeting. Where the vice chairman of the supervisory board is unable or fails to perform his duties, a supervisor shall be elected by more than one-half of the supervisors to preside over the meeting.

The general meeting convened by shareholders shall be presided over by a representative elected by the convener.

Where any violation of the rules of procedure by the chairman of the shareholders' general meeting renders the general meeting discontinued, a person may be elected by more than one-half of the shareholders with the voting rights who are present at the shareholders' general meeting to replace the chairman of the meeting to continue the meeting."

91. The existing Articles 78 to 79 are proposed to be renumbered as Articles 113 to 114.

92. The existing Article 80, which reads:

"If ballots are counted at a general meeting, the counting result shall be recorded in the meeting minutes.

The minutes of meeting, together with the book of signatures of attending shareholders and forms of proxy, shall be kept at the domicile of the Company for a period of not less than ten years."

is proposed to be renumbered as Article 115 and amended as:

"If ballots are counted at a general meeting, the counting result shall be recorded in the meeting minutes.

The minutes of general meeting shall be signed by the chairman of the meeting, the directors, supervisors, board secretary and convener or its representative. The book of signatures of attending shareholders and forms of proxy and valid information on the votes casted via internet and by other means shall be kept at the domicile of the Company for a period of not less than ten years."

93. It is proposed to add a new article as Article 116, which reads:

“Minutes of general meetings shall be kept by the board secretary. The minutes of meeting shall set forth:

- (1) Date, venue and agenda of the meeting, and the name of the convener;
- (2) Names of the presider and the directors, supervisors, president and other senior management present at or attending the meeting;
- (3) Number of shareholders or their proxies present at the meeting, total number of voting shares held by them and as a percentage of the total number of the Company’s shares;
- (4) Procedures of consideration of each resolution, summary of statements made at the meeting and the voting results;
- (5) Details of the inquiries or suggestions of the shareholders, and the corresponding responses or explanations;
- (6) Names of the lawyer, counting officer and scrutinizer;
- (7) Other information that shall be recorded in the minutes in accordance with these Articles of Association.”

94. The existing Article 81 is proposed to be renumbered as Article 117.

95. It is proposed to add a new article as Article 118, which reads:

“An announcement on the resolutions passed at a general meeting shall be issued by the Company in accordance with the applicable laws and regulations and the relevant requirements of the stock exchange on which the Company’s shares are listed. Such announcement shall set forth the number of shareholders or their proxies present at the meeting, the total number of shares held by them and as a percentage of the total number of voting shares of the Company, way of voting, voting result of each resolution and the particulars of each approved resolution.”

96. It is proposed to add a new article as Article 119, which reads:

“Where a resolution has not been passed or the resolutions approved at the preceding general meeting have been changed at the current general meeting, a special notice shall be given in the announcement on the resolutions passed at a general meeting.”

97. It is proposed to add a new article as Article 120, which reads:

“Where a resolution on election of directors or supervisors is passed at a general meeting, the term of office of the directors or supervisors so elected shall commence on the date of election.”

98. It is proposed to add a new article as Article 121, which reads:

“Where any resolution concerning cash dividends, bonus issue or capitalization of capital common reserve fund is passed at a general meeting, the Company shall implement the specific proposals within two months upon conclusion of the meeting.”

99. It is proposed to add a new article as Article 122, which reads:

“The Company will engage counsels to issue legal opinions and publish an announcement on the following issues for the purpose of the general meetings:

- (1) Whether or not the convening of the meeting and the rules of procedures are in compliance with the laws, administrative regulations and the Articles of Association;
- (2) Whether or not the qualifications of the attendees and the convener are lawful and valid;
- (3) Whether the voting procedures and results of the meeting are lawful and valid;
- (4) Legal opinion on other related issues upon request of the Company.”

100. The existing Article 82 is proposed to be renumbered as Article 123.

101. The existing Article 83 is proposed to be renumbered as Article 124 and the wordings “Articles 85 to 89” as mentioned in the existing Article 83 are proposed to be replaced by “Articles 126 to 130”.

102. The existing Article 84 is proposed to be renumbered as Article 125.

103. The existing Article 85, which reads:

“The affected class shareholders, regardless of whether they are entitled to vote at general meetings, shall be entitled to cast vote on the matters relating to sub-clauses (2) to (8) and (11) to (12) of Articles 84 at the class shareholders’ general meeting, provided that the interested shareholders shall have no right to vote at such class shareholders’ general meeting.

The interested shareholders referred to in the preceding paragraph shall mean:

- (1) In the event of a repurchase of shares by the Company by way of a repurchase offer to all shareholders of the Company in proportion to their respective shareholdings or through public trading on a stock exchange pursuant to Article 27 hereof, an “Interested Shareholder” shall be a Controlling Shareholder as defined in Article 52 hereof;
- (2) In the event of a repurchase of shares by the Company under an off-market agreement pursuant to Article 27 hereof, an “Interested Shareholder” shall be a shareholder relating to such agreement;
- (3) As approved by the securities regulatory authority under the State Council, the domestic shares and unlisted foreign shares are listed and traded on a domestic or overseas stock exchange, unless otherwise provided in the applicable rules of listing of securities or other laws and regulations of securities; or
- (4) In the event of reorganization of the Company, an “Interested Shareholder” shall be a shareholder who assumes a relatively lower level of obligation than that of any other shareholders of the same class or who has an interest different from that of any other shareholders of the same class.”

is proposed to be renumbered as Article 126 and amended as:

“The affected class shareholders, regardless of whether they are entitled to vote at general meetings, shall be entitled to cast vote on the matters relating to sub-clauses (2) to (8) and (11) to (12) of Article 125 at the class shareholders’ general meeting, provided that the interested shareholders shall have no right to vote at such class shareholders’ general meeting.

The interested shareholders referred to in the preceding paragraph shall mean:

- (1) In the event of a repurchase of shares by the Company by way of a repurchase offer to all shareholders of the Company in proportion to their respective shareholdings or through public trading on a stock exchange pursuant to Article 26 hereof, an “Interested Shareholder” shall be a Controlling Shareholder as defined in Article 59 hereof;
- (2) In the event of a repurchase of shares by the Company under an off-market agreement pursuant to Article 26 hereof, an “Interested Shareholder” shall be a shareholder relating to such agreement; or

- (3) In the event of reorganization of the Company, an “Interested Shareholder” shall be a shareholder who assumes a relatively lower level of obligation than that of any other shareholders of the same class or who has an interest different from that of any other shareholders of the same class.”

104. The existing Article 86 is proposed to be renumbered as Article 127 and the wordings “Article 85” referred to in Article 86 are proposed to be replaced by “Article 126”.

105. The existing Article 87, which reads:

“Notice of a class meeting, containing the agenda, the date and the venue of the relevant class meeting, must be given to all holders of that particular class as listed in the register of members 45 days prior to the day the relevant class meeting is intended to be held, and in written form or in the manners as prescribed by the Articles of Association. Shareholders who intend to attend the relevant class meeting must respond, in writing to the Company, 20 days prior to the day the relevant class meeting is intended to be held. Notice of a class meeting, containing the agenda, the date and the venue of the relevant class meeting, must be given to all holders of that particular class as listed in the register of members 45 days prior to the day the relevant class meeting is intended to be held, and in written form or in the manners as prescribed by the Articles of Association. Shareholders who intend to attend the relevant class meeting must respond, in writing to the Company, 20 days prior to the day the relevant class meeting is intended to be held.

The Company may convene a class general meeting if the number of shares with voting rights at the meeting represented by the shareholders intending to attend the meeting are more than one-half of the total number of shares with voting rights of the said class at the meeting; otherwise, the Company shall, within 5 days and in the form of public announcement, notify the shareholders of the matters to be considered, date and venue of the class general meeting.”

is proposed to be renumbered as Article 128 and amended as:

“Notice of a class meeting (in written form or in the manners as prescribed by the Articles of Association) setting out the agenda, date and venue of a class general meeting must be given to all holders of that particular class of shares whose names appear on the register of members 45 days prior to the date appointed for such class general meeting. Shareholders who intend to attend the relevant class general meeting must reply in writing to the Company 20 days prior to the date appointed for such class general meeting.

The Company may convene a class general meeting if the number of shares with voting rights at the meeting represented by the shareholders intending to attend the meeting are more than one-half of the total number of shares with voting rights of the said class at the meeting; otherwise, the Company shall, within 5 days and in the form of public announcement, notify the shareholders of the matters to be considered, date and venue of the class general meeting. ”

106. The existing Article 88 is proposed to be renumbered as Article 129.

107. The existing Article 89, which reads:

“Apart from the holders of other classes of shares, holders of domestic shares and overseas listed foreign shares are deemed as the shareholders of different classes.

No special voting procedures for class shareholders shall be applied to the following circumstances:

- (1) As approved by way of a special resolution at a general meeting, the Company issues, either separately or concurrently, domestic shares and overseas listed foreign shares in every twelve months and the respective number of domestic shares and overseas listed foreign shares proposed to be issued does not exceed twenty per cent of the total number of domestic shares and overseas listed foreign shares then in issue respectively;
- (2) The Company’s proposal for issuing domestic shares and overseas listed foreign shares upon its establishment is completed within 15 months from the date of approval of the securities regulatory authority under the State Council; or
- (3) As approved by the securities regulatory authority under the State Council, the domestic shares and unlisted foreign shares are listed and traded on a domestic or overseas stock exchange, unless otherwise provided in the applicable rules of listing of securities or other laws and regulations of securities.”

is proposed to be renumbered as Article 130 and amended as:

“Apart from the holders of other classes of shares, holders of A Shares and H Shares are deemed as the shareholders of different classes.

No special voting procedures for class shareholders shall be applied to the following circumstances:

- (1) As approved by way of a special resolution at a general meeting, the Company issues, either separately or concurrently, A Shares and H Shares in every twelve months and the respective number of A Shares and H Shares proposed to be issued does not exceed twenty per cent of the total number of A Shares and H Shares then in issue respectively; or
- (2) The Company’s proposal for issuing A Shares and H Shares upon its establishment is completed within 15 months from the date of approval of the securities regulatory authority under the State Council.”

108. The existing Article 90, which reads:

“Directors are elected at shareholders’ general meetings for a term of three years. Upon expiry of the term, directors are eligible for re-election.

The Company has appointed independent directors. Unless otherwise required in this section, the provisions relating to the qualifications and obligations of directors set out in chapter 14 of these Articles of Association shall be applicable to independent directors.

Chairman and vice chairman of the board of directors shall be elected and dismissed by more than one-half of all of the directors. The term of service is three years. Chairman and vice chairman are eligible for re-election.

Directors are not required to hold any shares of the Company.

Functions and duties of non-executive directors of the board of directors of the Company include but not limited to:

- (1) To participate in the board of directors and provide independent opinions on the matters concerning the Company’s strategic decisions, appointment of senior management and other decisions involving material benefits of the Company;
- (2) To demonstrate the role of leader and guidance whenever there is potential conflict of interests such as where the Company is entered into connected transactions so as to fully protect the legitimate rights and interests of the Company and the public investors;
- (3) To serve as a member of special committees such as the strategy, investment and financing committee, audit committee and remuneration and nomination committee of the board of directors when invited; and
- (4) To monitor whether or not the business performance of the Company has achieved its pre-set objectives and express opinions at relevant meetings.”

is proposed to be renumbered as Article 131 and amended as:

“Directors who are natural persons are not required to hold any shares of the Company.

Directors who are not the representatives of employees shall be elected at general meetings. Directors who are required to be a representative of employees shall be elected at a meeting of employees' representatives or meeting of employees or other democratic ways. The term of directorship shall be three years from the date of election until the expiry of the current session of the board of directors. Upon expiry of the term of directorship, directors are eligible to re-election.

The Company has appointed independent (non-executive) directors. Unless otherwise required in this section, the provisions relating to the qualifications and obligations of directors set out in chapter 14 of these Articles of Association shall be applicable to independent (non-executive) directors.

Functions and duties of independent (non-executive) directors of the board of directors of the Company include but not limited to:

- (1) To participate in the board of directors and provide independent opinions on the matters concerning the Company's strategic decisions, appointment of senior management and other decisions involving material benefits of the Company;
- (2) To demonstrate the role of leader and guidance whenever there is potential conflict of interests such as where the Company is entered into connected transactions so as to fully protect the legitimate rights and interests of the Company and the public investors;
- (3) To serve as a member of special committees such as the strategy and investment and financing committee, audit committee and remuneration and nomination committee of the board of directors when invited; and
- (4) To monitor whether or not the business performance of the Company has achieved its pre-set objectives and express opinions at relevant meetings."

109. The existing Article 91, which reads:

"The nomination of candidates for directorship is generally put forward by the board of directors of the Company at the general meeting of the Company by way of resolution. Shareholders and the supervisory board of the Company may nominate candidates for directorship in accordance with these Articles of Association.

The intention to nominate a candidate as a director and the written notice of such candidate regarding his willingness to accept the nomination shall be given to the Company on or after the date of notice of the relevant shareholders' general meeting but not later than seven days prior to the date appointed for such shareholders' general meeting. The period for such nomination and acceptance of nomination shall not be less than seven days.

The Company will disclose the profiles, reasons for election and views of candidates on nomination in the notice of general meeting.”

is proposed to be renumbered as Article 132 and amended as:

“The nomination of candidates for directorship is generally put forward at the general meeting of the Company by way of resolution.

Candidates for the directorship other than independent (non-executive) directors shall be nominated by the board of directors, supervisory board or the shareholders who hold, alone or in aggregate, more than 3% of the total shares with voting rights of the Company, and elected at a shareholders’ general meeting.

The intention to nominate a candidate as a director and the written notice of such candidate regarding his willingness to accept the nomination shall be given to the Company on or after the date of notice of the relevant shareholders’ general meeting but not later than seven days prior to the date appointed for such shareholders’ general meeting. The period for such nomination and acceptance of nomination shall not be less than seven days.

The Company will disclose the profiles, reasons for election and views of candidates on nomination in the notice of general meeting.”

110. It is proposed to add a new article as Article 133, which reads:

“Resolutions in respect of the election of directors shall be voted and passed under the cumulative voting system, under which if more than two directors are to be elected at a general meeting, every share held by the shareholders entitled to cast votes shall carry as many voting rights as the number of directors to be elected, and such voting rights may concentrate his voting rights on one director candidate or distribute his voting rights among several director candidates.”

111. The existing Article 92, which reads:

“Directors may tender resignation prior to the expiry of the term of office. A written resignation shall be tendered to the board of directors by a director who intends to resign.

If the number of directors fall below the statutory limit when a director resigns, the notice of resignation of the resigning director will only become effective until a new director is appointed to fill the vacancy. Under this circumstance, the board of directors should convene an extraordinary general meeting to elect a new director to fill the vacancy as soon as possible. The term of appointment of the newly elected director or any director appointed so as to increase the number of directors will be from the date of appointment to the expiry of the current session of the board of directors and such director will then be eligible for re-election.”

is proposed to be renumbered as Article 134 and amended as:

“Directors may tender resignation prior to the expiry of the term of office. A written resignation shall be tendered to the board of directors by a director who intends to resign.

If the number of directors fall below the statutory requirement on the minimum number of directors when a director resigns, the notice of resignation of the resigning director will only become effective until a new director is appointed to fill the vacancy. Under this circumstance, the board of directors should convene an extraordinary general meeting to elect a new director to fill the vacancy as soon as possible. The term of appointment of the newly elected director or any director appointed so as to increase the number of directors will be effective from the date of appointment to the expiry of the current session of the board of directors and such director will then be eligible for re-election.

Save for the foregoing, any resignation of directors shall become effective upon the resignation being delivered to the board of directors.”

112. The existing Article 93 is proposed to be renumbered as Article 135 and the third paragraph of the existing Article 93, which reads:

“If any director fails to attend in person or entrust other directors as his representative to attend two consecutive meetings of the board of directors, such director shall be deemed to have failed to perform his duties, and the board of directors may propose to replace such director at a general meeting.”

is proposed to be renumbered as the third paragraph of Article 135 and amended as:

“If any director fails to attend in person or entrust other directors as his representative to attend two consecutive meetings of the board of directors, such director shall be deemed to have failed to perform his duties, and the board of directors shall propose to replace such director at a general meeting.”

113. The existing Article 94 is proposed to be renumbered as Article 136.

114. The existing Article 95, which reads:

“The Company shall form the board of directors consisting of 11 directors, one of which shall be appointed as the chairman and two as vice chairmen. The board of directors shall include 4 independent non-executive directors and, in any event, the number of independent non-executive directors shall not be less than 3 persons.”

is proposed to be renumbered as Article 137 and amended as:

“The Company shall form the board of directors consisting of 11 directors, one of which shall be appointed as the chairman and two as vice chairmen. One-thirds of the board of directors shall be independent (non-executive) directors and, in any event, the number of independent (non-executive) directors shall not be less than 3 persons. The representative of employees of the Company is eligible to be elected as a member of the board of directors.

The election and removal of the chairman and vice chairmen shall be approved by more than one-half of the board of directors. The term of office of the chairman and vice chairmen shall be three years and eligible for re-election upon expiry.”

115. It is proposed to add a new article as Article 138, which reads:

“The rules of procedure shall be formulated by the board of directors to ensure the execution of the resolutions passed at general meetings, enhance the efficiency of work and guarantee a scientific decision making process.”

116. The existing Article 96, which reads:

“The board of directors of Directors is accountable to the shareholders’ general meeting and exercises the following duties and functions:

- (1) To be responsible for the convening of shareholders’ general meetings and report its work at shareholders’ general meetings;
- (2) To execute resolutions passed at shareholders’ general meetings;
- (3) To decide on business plans and investment proposals of the Company;
- (4) To prepare the annual financial budget and final accounts of the Company;
- (5) To prepare the proposals for profit distribution and recovery of losses of the Company;
- (6) To formulate the proposal for increase or reduction in the Company’s registered capital and the issue of corporate bonds;
- (7) To formulate the proposal for merger, division, dissolution or otherwise alteration of the Company’s structure;
- (8) To decide on the establishment of an internal administrative department of the Company;

- (9) To appoint or dismiss the Company's president and board secretary; based on the nomination by the president, to appoint or dismiss the vice president, financial controller and other senior management of the Company and decide on the matters relating to their remuneration;
- (10) To formulate the fundamental management system of the Company;
- (11) To formulate the resolution on amendments of these Articles of Association;
- (12) To manage the information disclosure matters of the Company;
- (13) To submit a resolution on engagement or replacement of the auditors of the Company at the shareholders' general meeting;
- (14) Other duties and powers conferred by the laws, regulations and rules of listing of securities of the stock exchanges on which the Company's shares are listed, at the general meeting or under these Articles of Association.

Other than the matters mentioned in sub-clauses (6), (7) and (11) above which are required to be resolved by more than two-thirds of the board of directors, the matters mentioned above shall be resolved by more than one-half of the board of directors. The board of directors shall perform its duties in accordance with the State laws, administrative regulations, these Articles of Association and resolutions of the shareholders' general meeting."

is proposed to be renumbered as Article 139 and amended as:

"The board of directors is accountable to the shareholders' general meeting and exercises the following duties and functions:

- (1) To be responsible for the convening of shareholders' general meetings and report its work at shareholders' general meetings;
- (2) To execute resolutions passed at shareholders' general meetings;
- (3) To decide on business plans and investment proposals of the Company;
- (4) To prepare the annual financial budget and final accounts of the Company;
- (5) To prepare the proposals for profit distribution and recovery of losses of the Company;
- (6) To formulate the proposal for increase or reduction in the Company's registered capital and the issue and listing of corporate bonds or other securities;

- (7) To formulate the proposal for significant acquisition by the Company or purchase of the Company's shares;
- (8) To formulate the proposal for merger, division, dissolution or otherwise alteration of the Company's structure;
- (9) To decide on the guarantees other than those required to be approved at general meetings in accordance with the laws, administrative regulations and these Articles of Association;
- (10) To decide on the matters relating to external investments, acquisition or disposition of assets, pledge of assets, external guarantees and commissioning of financial management within the scope of the authority granted at general meetings;
- (11) To decide on the establishment of an internal administrative department of the Company;
- (12) To appoint or dismiss the Company's president and board secretary; based on the nomination by the president, to appoint or dismiss the vice president, financial controller and other senior management of the Company and decide on the matters relating to their remuneration and punishment;
- (13) To formulate the fundamental management system of the Company;
- (14) To formulate the resolution on amendments of these Articles of Association;
- (15) To manage the information disclosure matters of the Company;
- (16) To submit a resolution on engagement or replacement of the auditors of the Company at the shareholders' general meeting;
- (17) To listen to the work report of the president of the Company and review his work;
- (18) Other duties and powers conferred by the laws, regulations and rules of listing of securities of the stock exchanges on which the Company's shares are listed, at the general meeting or under these Articles of Association.

Other than the matters mentioned in sub-clauses (6), (8) and (14) above which are required to be resolved by more than two-thirds of all directors, the matters mentioned above (where item (9) above shall be approved by more than two-thirds of directors present in a meeting) shall be resolved by more than one-half all directors. The board of directors shall perform its duties in accordance with the State laws, administrative regulations, these Articles of Association and resolutions of the shareholders' general meeting."

117. The existing Article 97 is proposed to be renumbered as Article 140.

118. It is proposed to add a new article as Article 141, which reads:

“Without being approved by these Articles of Association or legal authorisation given by the board of directors, no directors shall act on behalf of the Company or the board of directors on personal basis. If a director acts on his personal basis, and the third party would reasonably believes that such director acts on behalf of the Company or the board of directors, such director shall declare his stance and identity before taking any action.”

119. The existing Article 98 is proposed to be renumbered as Article 142 and the first and second paragraphs of the existing Article 98, which read:

“Unless otherwise required by the laws and regulations or rules of listing of the stock exchanges on which the Company’s shares are listed, the provision of guarantees by the Company for other corporate investments or third parties shall be resolved by the board of directors. However, the provision of guarantees to any shareholder of the Company or its beneficial controllers shall be resolved and approved at general meetings.

In relation to guarantee provided by the Company to its wholly-owned subsidiaries and controlling subsidiaries, in order to enhance decision efficiency, the board of directors can decide the annual maximum amount of the guarantee, 50% or more of the executive directors are authorised to sign, approve and handle the discrete arrangements of such guarantee within the aforementioned limit.”

is proposed to be renumbered as the first and second paragraphs of Article 142 and amended as:

“Unless otherwise required by the laws and regulations or rules of listing of the stock exchanges on which the Company’s shares are listed, the provision of guarantees by the Company for other corporate investments or third parties shall be resolved by the Board of directors. However, the guarantees which are required to be considered and approved at general meetings under Article 62 shall be resolved and approved at general meetings.

In relation to the guarantees between the Company and its wholly-owned subsidiaries and controlling subsidiaries or between the wholly-owned subsidiaries and controlling subsidiaries of the Company, in order to enhance the efficiency of decision making, the Board of directors can decide on the annual cap of such guarantees, within the limit of which executive directors are authorised to handle the matters relating to such guarantees provided that the signatures and approvals by more than one-half of executive directors shall be obtained.”

120. It is proposed to add a new article as Article 143, which reads:

“The board of directors shall define the powers of review and approval and establish the stringent examination and decision-making procedures in relation to external investments, acquisition and disposal of assets, pledges of assets, external guarantees, commissioning of financial management and connected transactions. Specialists or professionals shall be engaged to conduct assessments on any material investment projects, and report the results at general meetings for consideration and approval.”

121. The existing Article 99 is proposed to be renumbered as Article 144.

122. The existing Article 100 is proposed to be renumbered as Article 145 and the last paragraph of the existing Article 100, which reads:

“Where the Chairman is unable to exercise and perform his powers and functions, the vice chairman may under the authority granted by the Chairman exercise and perform the same on his behalf.”

is proposed to be renumbered as the last paragraph of Article 145 and amended as:

“Vice chairmen shall assist the chairman with his work. If the chairman is unable or fails to perform his duties, such duties shall be performed by the vice chairman (where there are two or more vice chairmen of the Company, the vice chairman nominated by more than one-half of all directors shall take over the role of the chairman). If the vice chairman is unable or fails to perform his duties, such duties shall be performed by a director elected by more than one-half of directors.”

123. The existing Article 101, which reads:

“The board of directors should hold at least 4 meetings on a regular basis in a year. A meeting shall be convened by the chairman of the board of directors. Notice of meeting will be dispatched to all directors, supervisors and the chief executive officers at least 14 days before the meeting is held. The notice requirement is not applicable to extraordinary board meetings, but reasonable notice should be given to all directors, supervisors and chief executive officer.

Extraordinary board meetings can be convened under one of the following circumstances:

- (1) the chairman of the board of directors considers necessary;
- (2) jointly requested by over one-third of the directors;

- (3) requested by the supervisors board;
- (4) requested by the shareholders representing more than one tenth of the voting power;
- (5) requested by over one-half of the independent directors;
- (6) requested by the chief executive officer.

The chairman of the board of directors should convene and hold a board meeting within 10 days upon receipt of any request.”

is proposed to be renumbered as Article 146 and amended as:

“The board of directors shall hold at least 4 meetings on a regular basis in a year. A meeting shall be convened by the chairman of the board of directors. Notice of meeting will be dispatched to all directors, supervisors and the president at least fourteen days before the meeting is held. The requirement on the period of notice is not applicable to extraordinary board meetings, but a reasonable notice should be given to all directors, supervisors and chief executive officer.

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

- (1) the chairman of the board of directors considers necessary;
- (2) jointly demanded by more than one-third of the directors;
- (3) demanded by the supervisory board;
- (4) demanded by the shareholders representing more than one-tenth of the voting rights;
- (5) demanded by more than one-half of the independent (non-executive) directors;
or
- (6) demanded by the president.

Under the circumstances (2), (3) and (4) above, the chairman of the board of directors should convene and preside over a board meeting within ten days upon receipt of any demand.”

124. The existing Article 102 is proposed to be renumbered as Article 147.

125. It is proposed to add a new article as Article 148, which reads:

“Notice of board meeting shall include the following information:

- (1) The date and venue of the meeting;
- (2) The duration of the meeting;
- (3) The matters and objects to be discussed; and
- (4) The date of the notice.”

126. The existing Article 103 is proposed to be renumbered as Article 149 and the first paragraph of the existing Article 103, which reads:

“The quorum of the board meeting shall be more than one-half of the directors (including those entrusted to attend the meeting under Article 104 hereof.”

is proposed to be renumbered as the first paragraph of Article 149 and amended as:

“The quorum of the board meeting shall be more than one-half of the directors (including those entrusted to attend the meeting under Article 150 hereof.”

127. The existing Article 104 is proposed to be renumbered as Article 150 and the first paragraph of the existing Article 104, which reads:

“Directors shall attend meetings of the board of directors in person. If a director is unable to attend the meeting in person for any reason, he may entrust another director to attend the meeting on his behalf by signing a power of attorney, which shall define the scope of authorisation.”

is proposed to be renumbered as the first paragraph of Article 150 and amended as:

“Directors shall attend meetings of the board of directors in person. If a director is unable to attend the meeting in person for any reason, he may entrust another director to attend the meeting on his behalf by signing a power of attorney, which shall contain the name of the entrusted director, entrusted matter and scope and validity of authorisation.”

128. The existing Articles 105 to 109 are proposed to be renumbered as Articles 151 to 155.

129. The existing Article 110 is proposed to be renumbered as Article 156 and the sub-clauses (9) to (10) of the existing Article 110, which read:

- “(9) to assist directors and the president in fully complying with the domestic and foreign laws, regulations, the Articles and other related requirements when exercising their functions and powers; upon becoming aware that the Company has passed or may pass resolutions which may breach the relevant requirements, shall immediately remind the board of directors and is entitled to report the fact to the China Securities Regulatory Commission and other regulatory authorities;
- (10) to coordinate in providing the necessary information to the Company’s supervisory board and other supervising authorities to facilitate the discharge of their duties; assisting in carrying out investigation into the performance of the fiduciary duties by chief financial officer, directors and the president of the Company;”

is proposed to be renumbered as sub-clauses (9) to (10) of Article 156 and amended as:

- “(9) to assist directors and the president in fully complying with the domestic and foreign laws, regulations, these Articles of Association and other related requirements when exercising their functions and powers; upon becoming aware that the Company has passed or may pass resolutions which may breach the relevant requirements, to be obliged to promptly remind the board of directors and is entitled to report the fact to the China Securities Regulatory Commission and other regulatory authorities;
- (10) to coordinate in providing the necessary information to the Company’s supervisory board and other supervising authorities to facilitate the discharge of their duties; assisting in carrying out the investigation into the performance of the fiduciary duties by chief financial officer, directors and the president of the Company;”

130. The existing Articles 111 to 112 are proposed to be renumbered as Articles 157 to 158.

131. It is proposed to add a new article as Article 159:

“Personnel who held any positions other than directorship in any companies of the Controlling Shareholders and beneficial controllers of the Company shall not act as the senior management of the Company.”

132. The existing Article 113 is proposed to be renumbered as Article 160 and the sub-clause (5) of the existing Article 113, which reads:

“(5) To formulate the basic regulations of the Company;”

is proposed to be renumbered as the sub-clause (5) of Article 160 and amended as:

“(5) To formulate the specific regulations of the Company;”

133. The existing Articles 114 to 116 are proposed to be renumbered as Articles 161 to 163.

134. It is proposed to add a new article as Article 164, which reads:

“The terms of reference of the president shall cover the following aspects:

- (i) The conditions, procedures and attendees of president’s meetings;
- (ii) The respective specific duties of the president and other senior officers and the division of such duties;
- (iii) The use of the Company’s funds and assets, limitation of power to sign major contracts and the system to report to the board of directors and the supervisory board;
- (iv) Other matters as the board of directors may consider necessary.”

135. The existing Article 117, which reads:

“The president of the Company, in performing his functions and powers, shall act honestly and diligently and in accordance with the laws, administrative regulations and these Articles of Association.

As authorised by the board of directors, the president may exercise part of the powers and functions of the board of directors provided that such authorisation shall be in compliance with the laws and regulations of the PRC and the Listing Rules of the SEHK.”

is proposed to be renumbered as Article 165 and amended as:

“The president of the Company, in performing his functions and powers, shall act honestly and diligently and in accordance with the laws, administrative regulations and these Articles of Association.

As authorised by the board of directors, the president may exercise part of the powers and functions of the board of directors provided that such authorisation shall be in compliance with the laws and regulations of the PRC and the relevant requirements of the stock exchanges on which the Company's shares are listed."

136. It is proposed to add a new article as Article 166, which reads:

"The president may tender resignation prior to expiry of his term of office. The specific procedure and measures for the resignation of the president shall be provided in the labour contract between the president and the Company."

137. The existing Article 118 is proposed to be renumbered as Article 167.

138. The existing Article 119, which reads:

"The supervisory board shall consist of 7 supervisors, among whom 4 shall be the shareholders' representatives and 3 shall be employees' representatives. Supervisors shall have a term of three years and be eligible for re-election upon expiry of the term.

The supervisory board shall have one chairman. The appointment and removal of the chairman shall be approved by more than two-thirds of the members of the supervisory board."

is proposed to be renumbered as Article 168 and amended as:

"The supervisory board shall consist of 7 supervisors, among whom 3 shall be employees' representatives and 4 shall be the persons other than employees' representatives. Supervisors shall have a term of three years and be eligible for re-election upon expiry of the term.

The supervisory board shall have one chairman. The appointment and removal of the chairman shall be approved by more than two-thirds of the members of the supervisory board.

Where the re-election is not made in a timely manner upon expiry of the term of office of a supervisor, or a supervisor's resignation during his term of office results in the number of members of the supervisory board falling below the statutory quorum, the original supervisor shall, prior to a new supervisor entering on the office, continue to perform his duties as a supervisor in accordance with the provisions of the laws, administrative regulations and these Articles of Association."

139. The existing Articles 120 to 121 are proposed to be renumbered as Articles 169 to 170.

140. The existing Article 122, which reads:

“The supervisory board shall convene a meeting at least twice a year. A meeting shall be convened by the chairman of the supervisory board for every six months. Supervisors may propose to convene an extraordinary meeting. Where the chairman of the supervisory board is unable or fails to perform his duties, he shall entrust a supervisor to exercise the powers and functions of the chairman on his behalf.”

is proposed to be renumbered as Article 171 and amended as:

“The supervisory board shall convene a meeting at least twice a year. A meeting shall be convened by the chairman of the supervisory board for every six months. Supervisors may propose to convene an extraordinary meeting. Where the chairman of the supervisory board is unable or fails to perform his duties, a supervisor may be elected by more than one-half of the supervisors to convene and preside over the meeting of the supervisory board. Notice of meeting of the supervisory board shall set forth:

- (1) The date, venue and duration of the meeting;
- (2) The matters and items to be discusses; and
- (3) The date of notice.”

141. The existing Article 123, which reads:

“The supervisory board is responsible to the shareholders’ general meeting and exercises the following powers in accordance with the laws:

- (1) To review the Company’s financial positions;
- (2) To supervise the performance by directors and senior management of their duties and to ascertain as to whether or not they have violated laws, administrative regulations or these Articles of Association or to advise on the removal of any director or senior management to shareholders’ general meetings;
- (3) To require correction of any acts of directors and other senior management which are harmful to the Company’s interests;
- (4) To verify the financial information such as the financial reports, reports on operation and profit distribution proposals to be presented by the board of directors to the shareholders’ general meeting; if in doubt, to appoint certified accountants and chartered auditors in the name of the Company to carry out audit;

- (5) To propose the convening of extraordinary shareholders' general meeting and to convene and preside over the shareholders' general meeting where the board of directors fails to convene and preside over such meeting;
- (6) To propose any resolution at shareholders' general meetings;
- (7) To deal with or take legal actions against directors and senior management on behalf of the Company; and
- (8) To exercise other powers and functions as stipulated herein.

Supervisors shall attend meetings of the board of directors.”

is proposed to be renumbered as Article 172 and amended as:

“The supervisory board is responsible to the shareholders' general meeting and exercises the following powers in accordance with the laws:

- (1) To review the Company's financial positions and the periodic reports of the Company prepared by the board of directors and render written comments thereon;
- (2) To supervise the performance by directors and senior management of their duties and to ascertain as to whether or not they have violated laws, administrative regulations or these Articles of Association or to advise on the removal of any director or senior management to shareholder's general meetings;
- (3) To require correction of any acts of directors and other senior management which are harmful to the Company's interests;
- (4) To verify the financial information such as the financial reports, reports on operation and profit distribution proposals to be presented by the board of directors to the shareholders' general meeting; if in doubt, to appoint certified accountants and chartered auditors in the name of the Company to carry out audit;
- (5) To propose the convening of extraordinary shareholders' general meeting and to convene and preside over the shareholders' general meeting where the board of directors fails to convene and preside over such meeting;
- (6) To propose any resolution at shareholders' general meetings;
- (7) To deal with or take legal actions against directors and senior management on behalf of the Company;

(8) To conduct investigations whenever unusual operation of the Company arises; if necessary, to engage professional institutions such as accountants and lawyers to assist in the investigations; and

(9) To exercise other powers and functions as stipulated herein.

Supervisors may attend meetings of the board of directors.”

142. The existing Articles 124 to 128 are proposed to be renumbered as Articles 173 to 177.

143. The existing Article 129, which reads:

“Supervisors shall discharge their duties diligently in accordance with the laws, administrative regulations and these Articles of Association.”

is proposed to be renumbered as Article 178 and amended as:

“Supervisors shall discharge their duties diligently in accordance with the laws, administrative regulations and these Articles of Association.

Supervisors shall ensure that all information disclosed by the Company shall be true, accurate and complete.

Supervisors shall not infringe the interests of the Company by taking advantage of their connection with the Company. Any losses suffered by the Company as a result of such infringement shall be borne by the responsible supervisor.”

144. It is proposed to add a new article as Article 179, which reads:

“The supervisory shall formulate the rules of procedure, which shall specify the by-laws and voting procedure so as to ensure the work efficiency and scientific decision-making process of the supervisory board.”

145. The existing Article 130 is proposed to be renumbered as Article 180 with addition of the wordings “(10) Anyone prohibited by the China Securities Regulatory Commission to access the securities market and such prohibition remains in effect” as the sub-clause (10) of Article 180; the sub-clause (10) of the existing Article 130 is proposed to be renumbered as the sub-clause (11) of the existing article 130; and the last paragraph of the existing Article 130, which reads “In principle, the term of independent supervisors shall not exceed 9 years on a consecutive basis. If continued renewal of term is required, it shall be tabled by the board of directors by way of separate resolution at shareholders’ general meetings for consideration and review and an explanation for renewal of term shall also be given.” be deleted.

146. The existing Articles 131 to 133 are proposed to be renumbered as Articles 181 to 183.
147. The existing Article 134 is proposed to be renumbered as Article 184 with addition of the wordings: “(12) Not to infringe the interests of the Company by taking advantage of their connection with the Company” as the sub-clause (12) of Article 184; and the sub-clause (12) of the existing Article 134 is proposed to be renumbered as the sub-clause (13) of Article 184.
148. The existing Article 135 is proposed to be renumbered as Article 185 and the wordings “Listing Rules” are proposed to be replaced by “Hong Kong Listing Rules” in sub-clause (6) of the existing Article 135.
149. The existing Article 163 is proposed to be renumbered as Article 186.
150. It is proposed to add a new article as Article 187, which reads:
- “Any losses suffered by the Company as a result of any violation of laws, administrative regulations, departmental regulations or these Articles of Association by directors, supervisors, president and other senior management of the Company in performance of their duties shall borne by them.”
151. The existing Article 137 is proposed to be renumbered as Article 188 and the wordings “Article 51” as mentioned in existing Article 137 are proposed to be replaced by “Article 58”.
152. The existing Article 138 is proposed to be renumbered as Article 189 and the second paragraph of the existing Article 138, which reads:
- “In the event that a director is connected to companies (it means that the director acts as a director or senior management of the counterparty, or can exercise direct or indirect control over a legal person entity of the counterparty, or acts as a director or senior management in a legal person entity under direct or indirect control of the counterparty) associated with matters to be resolved at the board meeting, such director shall not exercise his voting rights on such resolution, nor shall he vote on behalf of other directors and shall abstain from voting. The board meeting may be convened with a majority of the non-connected directors. Resolutions shall be approved by a majority of non-connected directors at the board meeting.”

is proposed to be renumbered as the second paragraph of Article 189 and amended as:

“In the event that a director is connected to companies (as defined in the rules of listing as amended from time to time of the stock exchanges on which the Company’s shares are listed) associated with matters to be resolved at the boardmeeting, such director shall not exercise his voting rights on such resolution, nor shall he vote on behalf of other directors and shall abstain from voting. The boardmeeting may be convened with a majority of the non-connected directors. Resolutions shall be approved by a majority of non-connected directors at the board meeting. When there are less than three non-connected directors present at the board meeting, such matters shall be submitted to the shareholders’ general meeting for consideration”

153. The existing Articles 139 to 142 are proposed to be renumbered as Articles 190 to 193.
154. The existing Article 143 is proposed to be renumbered as Article 194 and “Article 142” as mentioned in the existing Article 143 is proposed to be replaced by “Article 192”.
155. The existing Articles 144 to 146 are proposed to be renumbered as Articles 195 to 197.
156. The existing Article 147 is proposed to be renumbered as Article 198 and “Article 52” as mentioned in the existing Article 147 is proposed to be replaced by “Article 59”.
157. The existing Articles 148 to 153 are proposed to be renumbered as Articles 199 to 204.
158. The existing Article 154, which reads:

“The Company publishes its financial reports twice each financial year. It publishes its interim financial reports within 60 days after the end of the first six months of the financial year, and publishes its annual financial report within 120 days after the end of the financial year.”

is proposed to be renumbered as Article 205 and amended as:

“The Company shall file with the relevant regulatory authorities its annual financial report within four months after the end of every financial year, interim financial accounting report within two months from the end of the first six months of the financial year, and quarterly financial accounting reports after the end of first three months and nine months of the financial year.

All financial accounting reports shall be prepared in accordance with the relevant laws, administrative regulations and departmental regulations.”

159. The existing Article 155, which reads:

“The Company may not establish any account books other than statutory account books.”

is proposed to be renumbered as Article 206 and amended as:

“The Company shall not keep accounts other than those required by law. Assets of the Company will not be deposited into any account opened in the name of an individual”

160. It is proposed to add a new article as Article 207, which reads:

“When allocating the after-tax profits of the current year, the Company shall allocate 10% of its profit to the statutory common reserve fund. In the event that the accumulated statutory common reserve fund of the Company has reached more than 50% of the registered capital of the Company, no further allocation is required.

In the event that the statutory common reserve fund of the Company is insufficient to make up the losses of the Company for the previous year, before allocating the statutory common reserve fund in accordance with the provision of the previous paragraph, the Company shall first make up the losses by using the profits for the current year.

After allocating the statutory common reserve fund from the after-tax profits of the Company, the Company may allocate the arbitrary common reserve fund according to the resolution of shareholders’ general meeting.

The remaining profits after making-up the losses and allocating the common reserve funds fund shall be distributed in proportion to the shareholdings of shareholders unless as stipulated in these Articles of Association that such distribution shall not be made in proportion to the shareholdings).

Where the general meeting violates the preceding provisions and decides on the distribution of profits to shareholders prior to making up the losses of the Company and allocating to the statutory common reserve fund, shareholders must return the profit so distributed to the Company.

The shares held by the Company shall not entitle it to any profit distribution.”

161. The existing Article 156 is proposed to be renumbered as Article 208.

162. It is proposed to add a new article as Article 209, which reads:

“The common reserve funds of the Company shall be used to make up the losses of the Company, expand its production and operation or increase its capital. However, the capital reserve fund shall not be used to make up any loss of the Company.

In capitalising the statutory common reserve fund, the remaining balance of such fund shall not be less than 25% of the registered capital of the Company prior to such capitalisation.”

163. The existing Article 157, which reads:

“The Company may distribute the dividends of the following forms (or adopting both forms at the same time):

- (1) Cash;
- (2) Shares.

Dividends and other distribution declared by the Company to holders of domestic shares shall be declared and denominated in renminbi, and paid in renminbi within three months after the date of dividend declaration. Dividends and other distribution declared by the Company to holders of foreign shares shall be declared and denominated in renminbi, and paid in foreign currencies within three months after the date of dividend declaration. The exchange rate shall be based on the average closing exchange price of the relevant foreign currency against renminbi announced by the People’s Bank of China over five working days preceding the date on which such dividends or other distribution are declared. Foreign currencies payable by the Company to holders of foreign shares shall be obtained pursuant to relevant state regulations on the administration of foreign exchange. Distribution of dividends shall be subject to the authorisation by way of ordinary resolution at the shareholders’ general meeting.”

is proposed to be renumbered as Article 210 and amended as:

“The Company may distribute the dividends of the following forms (or adopting both forms at the same time):

- (1) Cash;
- (2) Shares.

Profit distribution of the Company shall focus on reasonable returns to investment of the investors, and such policies shall maintain continuity and stability. The Company will give priority to cash dividends and may declare any interim cash dividends. The cap on the profit distribution for a particular accounting year of the Company shall be based on the undistributed profit based on the generally accepted accounting principles of the PRC or the Hong Kong Accounting Standards, whichever is lower.

Dividends and other distribution declared by the Company to holders of domestic shares shall be declared and denominated in renminbi, and paid in renminbi. Dividends and other distribution declared by the Company to holders of foreign shares shall be declared and denominated in renminbi, and paid in foreign currencies. The exchange rate shall be based on the average exchange price of the relevant foreign currency against renminbi announced by the People's Bank of China over five working days preceding the date on which such dividends or other distribution are declared. Foreign currencies payable by the Company to holders of foreign shares shall be obtained pursuant to relevant state regulations on the administration of foreign exchange. Distribution of dividends shall be subject to the authorisation by way of ordinary resolution at the shareholders' general meeting.

After a resolution on profit distribution is passed at a shareholders' general meeting of the Company, the board of directors of the Company shall complete the distribution of dividends (or shares) within two months from the date of the shareholders' general meeting."

164. The existing Article 158 is proposed to be renumbered as Article 211.

165. It is proposed to add a new article as Article 212, which reads:

"The Company shall implement the internal audit system and designate an audit team to supervise the internal audit of the financial income and expenses and the economic activities of the Company."

166. It is proposed to add a new article as Article 213, which reads:

"The duties of the internal audit system and the audit team shall be implemented upon obtaining the approval from the board of directors. The head of the audit team shall be accountable and report to the board of directors."

167. The existing Article 159 is proposed to be renumbered as Article 214.

168. The existing Article 160, which reads:

“The term of service of auditors shall begin from the conclusion of the current annual general meeting and end at the conclusion of the next annual general meeting.”

is proposed to be renumbered as Article 215 and amended as:

“The term of service of auditors shall be one year commencing at the conclusion of the current annual general meeting and ending at the conclusion of the next annual general meeting. The term may be renewed upon expiry.”

169. It is proposed to add a new article as Article 216, which reads:

“The Company must provide true and complete accounting evidences, books and accounts, financial and accounting reports and other accounting data to its engaged accountant firm without any refusal, withholding and false information.”

170. The existing Articles 161 to 165 are proposed to be renumbered as Articles 217 to 221.

171. The existing Article 166, which reads:

“Prior to the removal or the non-renewal of the appointment of the accountant, notice of such removal or non-renewal shall be given in advance to the accountant who shall be entitled to make representation at the general meeting. Where the accountant resigns, it shall make clear to the general meeting whether there has been any impropriety on the part of the Company.

The accountant may tender resignation by delivery a written notice to the Company’s statutory address. The resignation shall become effective on the date of delivery or on such later date as may be stipulated in such resignation. The written notice shall include the following information:

- (1) a statement to the effect that there are no circumstances relating to its resignation which it considers should be brought to the attention of the shareholders or creditors of the Company; or
- (2) a statement of any such circumstances which should be brought to attention.

The Company shall, within fourteen days after the receipt of the notice as mentioned in preceding paragraph, serve a copy of the notice on the relevant competent authorities. If the notice contains the statement as mentioned in the sub-clause (2) of the preceding paragraph, a copy of such statement shall be placed at the domicile of the Company for the inspection of shareholders. The Company shall also send a copy of such statement by post (with postage paid) to each shareholder who is entitled to receive the report of financial positions of the Company at the address registered in the register of members.

Where the accountant's notice of resignation contains the statement as mentioned in the sub-clause (2) of the second paragraph of this Article, the accountant may require the board of directors to convene an extraordinary general meeting for the purpose of receiving the accountant's explanation about its resignation."

is proposed to be renumbered as Article 222 and amended as:

"Prior to the removal or the non-renewal of the appointment of the accountant, notice of such removal or non-renewal shall be given in advance to the accountant who shall be entitled to make representation at the general meeting. Where the accountant resigns, it shall make clear to the general meeting whether there has been any impropriety on the part of the Company.

The accountant may tender resignation by delivery a written notice to the Company's statutory address. The resignation shall become effective on the date of delivery or on such later date as may be stipulated in such resignation. The written notice shall include the following information:

- (1) a statement to the effect that there are no circumstances relating to its resignation which it considers should be brought to the attention of the shareholders or creditors of the Company; or
- (2) a statement of any such circumstances which should be brought to attention.

The Company shall, within fourteen days after the receipt of the notice as mentioned in preceding paragraph, serve a copy of the notice on the relevant competent authorities. If the notice contains the statement as mentioned in the sub-clause (2) of the preceding paragraph, a copy of such statement shall be placed at the domicile of the Company for the inspection of shareholders. The Company shall also send a copy of such statement by post (with postage paid) to each holder of overseas listed foreign shares. Provided that there shall be no violation of any laws, regulations and rules of listing, the Company may also issue or provided to the aforementioned financial reports of the Company to the holders of overseas listed foreign shares through the websites of the stock exchanges and of the Company or by email, without following the issue or distribute manners as prescribed above.

Where the accountant's notice of resignation contains the statement as mentioned in the sub-clause (2) of the second paragraph of this Article, the accountant may require the board of directors to convene an extraordinary general meeting for the purpose of receiving the accountant's explanation about its resignation."

172. The heading of existing chapter 17 "Merger and Division of the Company" is proposed to be amended as "Merger, Division and Increase and Reduction in Capital of the Company".

173. The existing Articles 167 to 168 are proposed to be renumbered as Articles 223 to 224.

174. The existing Article 169, which reads:

"In a division, the assets shall be split in an appropriate manner.

In the event of division of the Company, the parties concerned shall conclude a division agreement and prepare balance sheets and list of property. The Company shall notify all creditors within ten days after adoption of the resolution on division and shall make an announcement in newspapers within thirty days.

The debts of the Company before division shall be borne by the companies established after division according to the agreement."

is proposed to be renumbered as Article 225 and amended as:

"In a division, the assets shall be split in an appropriate manner.

In the event of division of the Company, the parties concerned shall conclude a division agreement and prepare balance sheets and list of property. The Company shall notify all creditors within ten days after adoption of the resolution on division and shall make an announcement in newspapers within thirty days.

The debts of the Company before division shall be borne by the companies established after division jointly and severally, save as otherwise agreed in writing between the Company and the creditor in respect of debt settlement before division."

175. It is proposed to add a new article as Article 226, which reads:

"Where the Company reduces its registered capital, it must prepare a balance sheet and a statement of property.

The Company shall notify its creditors within ten days from the date of the Company's resolution on reduction in registered capital and shall publish an announcement in newspapers within thirty days from the date of such resolution. Creditors of the Company shall be entitled, within thirty days from the date of receipt of the notice from the Company or, in case of a creditor who has not received such notice, within forty-five days of the date of the announcement, to require the Company to repay its debts or provide a corresponding guarantee for such debt.

The Company's registered capital after capital reduction shall not be lower than the statutory requirement."

176. The existing Article 170 is proposed to be renumbered as Article 227 with addition of the following as the second paragraph of the Article 227:

"Changes of registration particulars shall be filed and registered with the companies' registration authority in respect of any increase or reduction in the registered capital of the Company."

177. The existing Article 171, which reads:

"Under any of the following circumstances, our Company shall be lawfully dissolved and liquidated:

- (i) The general shareholders' meeting adopts a resolution to dissolve our Company;
- (ii) The Company needs to be dissolved for the purpose of merger or division;
- (iii) The Company is declared legally bankrupt as a result of failure to pay debts upon maturity;
- (iv) The Company is ordered to be closed down due to violation of laws and administrative regulations."

is proposed to be renumbered as Article 228 and amended as:

"Under any of the following circumstances, our Company shall be lawfully dissolved and liquidated:

- (i) The general shareholders' meeting adopts a resolution to dissolve our Company;
- (ii) The Company needs to be dissolved for the purpose of merger or division;
- (iii) The Company is declared legally bankrupt as a result of failure to pay debts upon maturity;

- (iv) Where the Company encounters significant difficulties in business and management, continuous survival may be significantly detrimental to the interests of the shareholders, and the difficulties may not be overcome through other means, shareholders who hold more than 10% of the shares carrying voting rights may request the people's court to dissolve our Company;
- (v) The business license of the Company is cancelled or the Company is ordered to be closed down or deregistered due to violation of laws and administrative regulations."

178. The existing Article 172, which reads:

"Where the Company is dissolved by virtue of the reasons set out in item (i) in the preceding Article, the Company shall establish a liquidation committee within 15 days, and the members of the liquidation committee shall be selected at shareholders' general meeting in the form of ordinary resolution.

Where the Company is dissolved by virtue of the reasons set out in items (iii) in the preceding Article, the People's Court shall in accordance with the requirements under the relevant laws, organize the shareholders, the relevant authorities and the professional bodies to establish a liquidation committee for the purpose of dissolution of the Company.

Where the Company is dissolved by virtue of the reasons set out in items (iv) in the preceding Article, the relevant authorities shall organize the shareholders, the relevant authorities and the professional bodies to establish a liquidation committee for the purpose of dissolution of the Company."

is proposed to be renumbered as Article 229 and amended as:

"Where the Company is dissolved by virtue of the reasons set out in items (i), (iii), (iv) and (v) in the preceding Article, the Company shall establish a liquidation committee within 15 days, and the members of the liquidation committee shall be selected at shareholders' general meeting in the form of ordinary resolution. In the event of failure to establish the liquidation committee on time, the creditors may request the people's court to designate the relevant persons to form the liquidation team to effect liquidation."

179. The existing Article 173 is proposed to be renumbered as Article 230.

180. The existing Article 174 is proposed to be renumbered as Article 231 with addition of the following as the second paragraph of Article 231:

“The creditors shall explain the matters related to their claims and provide supporting materials when declaring their claims. The liquidation committee shall register the claims. The liquidation committee shall not settle any debt with the creditors during the period of claim declaration.”

181. The existing Articles 175 to 178 are proposed to be renumbered as Articles 232 to 235.

182. It is proposed to add a new article as Article 236, which reads:

“The members of the liquidation committee shall exercise diligence in the performance of the liquidation obligation in accordance with the laws.

The members of the liquidation committee shall not abuse their authority to receive bribes or other illegal income, nor shall they misappropriate the assets of the Company.

The members of the liquidation committee shall be liable for the losses of the Company or the creditors as a result of their malicious acts or material errors.”

183. It is proposed to add a new article as Article 237, which reads:

“If the Company is declared bankrupt in accordance with the laws, the Company shall implement liquidation in accordance with the laws in relation to bankruptcy of the enterprise.”

184. The existing Article 179, which reads:

“These Articles of Association may be amended in accordance with the laws, administrative regulations and these Articles of Association.”

is proposed to be renumbered as Article 238 and amended as:

“These Articles of Association may be amended in accordance with the laws, administrative regulations and these Articles of Association.

These Articles of Association shall be amended on occurrence of any of the following circumstances:

- (1) These Articles of Association contradict with any amendments to the Company Law or the relevant laws and administrative regulations;

(2) Any changes of the Company resulting in inconsistency with the matters set out in these Articles of Association;

(3) It is resolved to amend these Articles of Association at shareholders' general meetings."

185. The existing Articles 180 to 181 are proposed to be amended as Articles 239 to 240.

186. It is proposed to add a new article as Article 241, which reads:

"The board of directors shall amend these Articles of Association in accordance with the resolutions on amendments to the Articles of Association at the general shareholders' meeting and the opinions of approval issued by the relevant competent authorities. Amendments to the Articles of Association are discloseable matters under laws and regulations and have to publish announcement as required."

187. The existing Article 182, which reads:

"Notices of the Company (for the purpose of this chapter, "notices" include notices of general meetings issued by the Company to shareholders, Corporate Communications of the Company or other written materials) may be issued in each of the following manner: (1) delivery in person; (2) by mail (with postage fully paid); (3) in the form of an announcement; (4) in a manner recognized by the listing and/or securities authorities regulating the stock exchange on which the Company's shares are listed, or in a manner that is otherwise permissible under the Articles of Association.

Notices issued in the form of an announcement shall be published in the relevant publications (if any) and/or the relevant designated medium (including websites) of the relevant listing and/or securities authorities regulating the stock exchange on which the Company's shares are listed.

In relation to the Listing Rules requirements for the manner of issuance and/or distribution of Corporate Communications and in accordance with the laws and regulations of the relevant the listing and/or securities authorities regulating the stock exchange on which the Company's shares are listed, the Company may issue and/or distribute Corporate Communications to the holders of foreign listed shares by electronic means or on the website of the Company and of the Stock Exchange in lieu of issuing and/or distributing the relevant information by delivery in person or by mail (with postage fully paid).

“Corporate Communications” means any documents issued, or will be issued by the Company to the holder of any securities of the Company for their reference or for their action, including but not limited to: (i) reports of the board of directors, the Company’s annual accounts and auditor’s reports and the Company’s summary of financials (if applicable); (ii) the Company’s interim reports and the Company’s summary of interim reports (if applicable); (iii) notices of meetings of the Company; (iv) listing documents of the Company; (v) the Company’s circulars; (vi) authorisation letters in relation to the Company; and (vii) reply forms and other documentary materials.”

is proposed to be renumbered as Article 242 and amended as:

“Notices of the Company (for the purpose of this chapter, “notices” include notices of general meetings issued by the Company to shareholders, Corporate Communications of the Company or other written materials) may be issued in each of the following manner: (1) delivery in person; (2) by mail (with postage fully paid); (3) in the form of an announcement; (4) in a manner recognized by the listing and/or securities authorities regulating the stock exchange on which the Company’s shares are listed, or in a manner that is otherwise permissible under the Articles of Association.

Notices issued in the form of an announcement shall be published in the relevant publications as designated by the regulatory authorities and stock exchanges of the places where the Company’s shares are listed and/or the relevant designated medium (including websites) of the relevant listing and/or securities authorities regulating the stock exchange on which the Company’s shares are listed.

In relation to the Hong Kong Listing Rules requirements for the manner of issuance and/or distribution of Corporate Communications and in accordance with the laws and regulations of the relevant the listing and/or securities authorities regulating the stock exchange on which the Company’s shares are listed, the Company may issue and/or distribute Corporate Communications to the holders of H Shares by electronic means or on the website of the Company and of the Stock Exchange in lieu of issuing and/or distributing the relevant information by delivery in person or by mail (with postage fully paid).

“Corporate Communications” means any documents issued, or will be issued by the Company to the holder of any securities of the Company for their reference or for their action, including but not limited to: (i) reports of the board of directors, the Company’s annual accounts and auditor’s reports and the Company’s summary of financials (if applicable); (ii) the Company’s interim reports and the Company’s summary of interim reports (if applicable); (iii) notices of meetings of the Company; (iv) listing documents of the Company; (v) the Company’s circulars; (vi) authorisation letters in relation to the Company; and (vii) reply forms and other documentary materials.”

188. The existing Article 183, which reads:

“When a notice is delivered by mail, it shall be having been delivered to the extent that the envelope is properly addressed, the postage is prepaid, the notice is contained in the envelope and the envelope which contains the notice is put into the postbox. The notice shall be deemed as having received 48 hours upon the delivery.

If the documents as mentioned in Article 182 hereof are provided by the Company to its shareholders by electronic means, such documents shall be deemed as having received when they are published on the websites of the stock exchanges and the Company in accordance with the requirements of the stock exchanges.”

is proposed to be renumbered as Article 243 and amended as:

“If the Company delivers the notice by hand, the person on whom the notice is served shall sign (or affix the seal) on the receipt and the date of service shall be the date on which such person is served; when a notice is delivered by post, it shall be having been delivered to the extent that the envelope is properly addressed, the postage is prepaid, the notice is contained in the envelope and the envelope which contains the notice is put into the postbox. The notice shall be deemed as having received two working days upon the delivery.

If the documents as mentioned in Article 242 hereof are provided by the Company to its shareholders by electronic means, such documents shall be deemed as having received when they are published on the websites of the stock exchanges and the Company in accordance with the requirements of the stock exchanges.

If the notice is given by way of announcement, it shall be deemed as having delivered on the date of first issue.”

189. The existing Articles 184 to 185 are proposed to be renumbered as Articles 244 to 245.

190. The existing Article 186, which reads:

“Accountant or accountants as mentioned in these Articles of Association shall have the same meaning as “Auditor”.”

is proposed to be renumbered as Article 246 and amended as:

“Accountant or accountants as mentioned in these Articles of Association shall have the same meaning as “Auditor or Auditors”.”

191. The existing Article 187, which reads:

“These Articles of Association are prepared in Chinese. Should there be any discrepancies between the versions in other languages and the Chinese version, the Chinese one shall prevail.

These Articles of Association shall be construed by the board of directors. Any matters not covered by these Articles of Association shall be proposed by the board of directors for consideration at shareholders’ general meetings.”

is proposed to be renumbered as Article 247 and amended as

“These Articles of Association are prepared in Chinese. Should there be any discrepancies between the versions in other languages and the Chinese version, the Chinese one shall prevail.

These Articles of Association shall be construed by the board of directors. Any matters not covered by these Articles of Association shall be proposed by the board of directors for consideration at shareholders’ general meetings. Should there be any inconsistency between these Articles of Association and the relevant laws, regulations, regulatory documents and the rules of listing of the places where the Company’s shares are listed, the latter shall prevail.”

192. It is proposed to add a new article as Article 248, which reads:

“The rules of procedure for shareholders’ general meetings, meetings of the board of directors and meetings of the supervisory board are annexed to these Articles of Association.”

193. Other: “The Articles” as mentioned in these Articles of Association is proposed to be replaced by “These Articles of Association” and the “overseas listed foreign shares listed in Hong Kong” be replaced by “H Shares”.

The proposed amendments to the Rules of Procedures for Shareholders' General Meeting are as follows:

1. The original Article 1, which reads:

“These rules of procedures (the “Rules”) are formulated by BBMG Corporation (the “Company”) in accordance with the Company Law of the People’s Republic of China (“Company Law”), the Securities Law of the People’s Republic of China (“Securities Law”), the Mandatory Provisions in the Articles of Association of Companies Listed Overseas and the Articles of Association of BBMG Corporation (“Articles of Association”) and relevant laws and regulations and regulatory documents with reference to actual conditions of the Company, in order to protect the lawful interests of shareholders, ensure normal order and operating efficiency of the shareholders’ general meeting and perform its power as the supreme authority.”

be amended as:

“These rules of procedures (the “Rules”) are formulated by BBMG Corporation (the “Company”) in accordance with the Company Law of the People’s Republic of China (“Company Law”), the Securities Law of the People’s Republic of China (“Securities Law”), the Mandatory Provisions in the Articles of Association of Companies Listed Overseas, the Guidelines on the Articles of Association of Listed Companies, the Code on Corporate Governance of Listed Companies, the Rules of Procedures for Shareholders’ General Meeting of Listed Companies and relevant laws and regulations and regulatory documents as well as the Articles of Association of BBMG Corporation (“Articles of Association”) with reference to actual conditions of the Company, in order to protect the lawful interests of shareholders, ensure normal order and operating efficiency of the shareholders’ general meeting and perform its functions as the supreme authority.”

2. The original Article 2, which reads:

“These Rules shall be applicable to the shareholders’ general meeting and shall have binding effect on shareholders, shareholder proxies, and directors, supervisors and senior management members attending shareholders’ general meetings.”

be amended as:

“These Rules shall be applicable to the shareholders’ general meeting and shall have binding effect on the Company, shareholders, shareholder proxies, and directors, supervisors and senior management members attending or observing at shareholders’ general meetings as voting or non-voting participants.”

3. The original Article 3, which reads:

“Shareholders may attend in person the shareholders’ general meeting which is composed of all shareholders, or appoint proxies to attend and vote on their behalf within definite authorisations. Participants to shareholders’ general meeting also include: directors, supervisors and other persons which in the opinion of the board of directors are required to attend the shareholders’ general meeting.”

be amended as:

“Shareholders may attend in person the shareholders’ general meeting which is composed of all shareholders, or appoint proxies to attend and vote on their behalf within definite authorisations. All directors, supervisors and the board secretary shall attend the meeting in person, and the president and other senior management members shall attend the meeting as non-voting participants.”

4. The original Article 4, which reads:

“The secretariat of the Board of Directors is responsible for the convening, agenda, minutes and daily activities of the shareholders’ general meeting.”

be amended as:

“The board office is responsible for the convening, agenda, minutes and daily activities of the shareholders’ general meeting.”

5. The following paragraph be added after the original Article 4 as Article 5, and articles thereafter be renumbered accordingly:

“The Company shall engage the PRC lawyers to attend the shareholders’ general meeting and provide legal opinions on the following issues with announcements made thereon:

- (1) compliance with laws, administrative regulations and the Articles of Association with respect to the convening and holding procedures of the meeting;
- (2) validity of the eligibility of participants and the convener of the meeting;
- (3) validity of voting procedures and voting results of the meeting;
- (4) legal opinions on other matters upon the request of the Company.”

6. The original Article 5, which reads:

“As the supreme authority of the Company, the shareholders’ general meeting exercises its power as follows:

- (1) to determine the Company’s business objectives and investment plans;
- (2) to elect and replace directors not being staff representatives and to determine the matters relevant to their remunerations;
- (3) to elect and replace supervisors being shareholders’ representatives and to determine the matters relevant to their remunerations;
- (4) to consider and approve the report of the Board of Directors;
- (5) to consider and approve the report of the supervisory board;
- (6) to consider and approve the Company’s annual budget scheme and budget implementation report;
- (7) to consider and approve the Company’s profit distribution plan and loss recovery plan;
- (8) to resolve the increase or reduction of the Company’s registered capital;
- (9) to resolve the merger, demerger, dissolution, liquidation of the Company or change of corporate form;
- (10) to resolve the issuance of bonds and other securities of the Company and the listing thereof;
- (11) to resolve the appointment, dismissal or ceasing of the retainment of accounting firms;
- (12) to amend the Articles of Association;
- (13) to consider the motions put forward by shareholder(s) individually or collectively holding 3% or more of the Company’s voting shares;
- (14) other matters as required to be resolved by the shareholders’ general meeting in accordance with the laws, administrative regulations, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association;

- (15) matters which the Board of Directors may be authorised or delegated to deal with by the shareholders' general meeting."

be renumbered as Article 6 and amended as:

"As the supreme authority of the Company, the shareholders' general meeting exercises its power as follows:

- (1) to determine the Company's business objectives and investment plans;
- (2) to elect and replace directors not being staff representatives and to determine the matters relevant to their remunerations;
- (3) to elect and replace supervisors not being staff representatives and to determine the matters relevant to their remunerations;
- (4) to consider and approve the report of the Board of Directors;
- (5) to consider and approve the report of the supervisory board;
- (6) to consider and approve the Company's annual budget scheme and budget implementation report;
- (7) to consider and approve the Company's profit distribution plan and loss recovery plan;
- (8) to resolve the increase or reduction of the Company's registered capital;
- (9) to resolve the merger, demerger, dissolution, liquidation of the Company or change of corporate form;
- (10) to resolve the issuance of bonds, shares of any class, stock warrants and other similar securities of the Company;
- (11) to resolve the appointment, dismissal or ceasing of the retainment of accounting firms;
- (12) to amend the Articles of Association;
- (13) to consider acquisition or disposal of major assets within one year with an amount exceeding 30% of the latest audited total assets of the Company;
- (14) to resolve external guarantees subject to approval by the shareholders' general meeting in accordance with the laws, administrative regulations and the Articles of Association;

- (15) to consider and approve the change of use of proceeds from A Shares issue;
 - (16) to consider the adoption of share incentive scheme;
 - (17) to consider the motions put forward by shareholder(s) individually or collectively holding 3% or more of the Company's voting shares;
 - (18) other matters as required to be resolved by the shareholders' general meeting in accordance with the laws, administrative regulations, departmental rules and the Articles of Association;
 - (19) matters which the Board of Directors may be authorised or delegated to deal with by the shareholders' general meeting."
7. The following paragraph be added as the new Article 7:
- "The Company's approval authority for investments and transactions shall be subject to the following terms of reference of the shareholders' general meeting:
- (1) General transactions that are subject to the approval of the shareholders' general meeting (as defined under the relevant listing rules of the jurisdictions where the Company's shares are listed, as amended from time to time) include:
 - (1) transactions that are subject to approval of the shareholders' general meeting in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules of the Stock Exchange"); specifically, in the size tests conducted on the transaction or the correlated transactions in aggregation (on the aggregation basis under the Listing Rules of the Stock Exchange, as amended from time to time) based on assets ratio, profit ratio, revenue ratio, consideration ratio and equity capital ratio, any of the ratios reaches 25% or higher (specifics of the size tests are subject to the Listing Rules of the Stock Exchange, as amended from time to time);
 - (2) transactions that are subject to the approval of the shareholders' general meeting in accordance with the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange ("Listing Rules of the Shanghai Stock Exchange"); specifically, in the size tests conducted on the transaction or the correlated transactions in aggregation (on the aggregation basis under the Listing Rules of the Shanghai Stock Exchange, as amended from time to time) based on total assets, transaction consideration, profit, operating revenue and net profit (specifics of the size tests are subject to the Listing Rules of the Shanghai Stock Exchange, as amended from time to time), any of the ratios reaches 50% or higher.

- (2) Connected transactions that are subject to the approval of the shareholders' general meeting (as defined under the relevant listing rules of the jurisdictions where the Company's shares are listed, as amended from time to time) include:
- (1) connected transactions (as defined under the Listing Rules of the Stock Exchange, as amended from time to time) that are subject to approval of the shareholders' general meeting in accordance with the Listing Rules of the Stock Exchange; specifically, in the size tests conducted on the transaction or the correlated transactions in aggregation (on the aggregation basis under the Listing Rules of the Stock Exchange, as amended from time to time) based on assets ratio, profit ratio, revenue ratio, consideration ratio and equity capital ratio, any of the ratios reaches 5% or higher (specifics of the size tests are subject to the Listing Rules of the Stock Exchange, as amended from time to time), unless each of the above ratios is less than 25% and the transaction consideration is less than HK\$10 million;
 - (2) connected transactions (as defined under the Listing Rules of the Shanghai Stock Exchange, as amended from time to time) that are subject to the approval of the shareholders' general meeting in accordance with the Listing Rules of the Shanghai Stock Exchange; specifically, the consideration of the transaction or the correlated transactions in aggregation (on the aggregation basis under the Listing Rules of the Shanghai Stock Exchange, as amended from time to time) represents 5% or higher of the latest audited net asset absolute value of the Company.
- (3) Where the Company enters into an "acquisition or disposal of assets" transaction (including general transactions and connected transactions) and the total assets involved or the transaction considerations, as calculated cumulatively for 12 consecutive months, exceed 30% of the latest audited total assets of the Company, such transaction shall be subject to the approval of the shareholders' general meeting.
- (4) Other investment projects that are subject to the approval of the shareholders' general meeting pursuant to the laws and regulations of the jurisdictions where the Company's shares are listed, the relevant listing rules, and the Articles of Association.
- (5) In relation to the foregoing transactions that are subject to the approval of the shareholders' general meeting, in the event that an approval of the shareholders' general meeting is required under the Listing Rules of the Stock Exchange but not required under the Listing Rules of the Shanghai Stock Exchange, subject to compliance with the laws and regulations of the jurisdictions where the Company's shares are listed and the relevant listing rules, the Company may, in lieu of the convening of a shareholders' general meeting, adopt a written approval by closely related shareholders who collectively hold 50% or more of the Company's shares."

8. The following paragraph be added as the new Article 8:

“The following external guarantees provided by the Company are subject to approval by the shareholders’ general meeting:

- (1) any guarantee which is to be provided after the total amount of external guarantees of the Company and its subsidiaries reaches 50% or higher of the latest audited net assets of the Company;
- (2) any guarantee that leads to exceeding 50% of the latest audited net assets of the Company on an accumulative basis for consecutive 12 months;
- (3) any guarantee which is to be provided after the total amount of external guarantees of the Company reaches 30% or higher of the latest audited total assets of the Company;
- (4) any guarantee that leads to exceeding 30% of the latest audited total assets of the Company on an accumulative basis for consecutive 12 months;
- (5) any guarantee provided in favour of a party with an asset to liability ratio exceeding 70%;
- (6) any single guarantee that exceeds 10% of the latest audited net assets of the Company;
- (7) any guarantee to be provided to shareholders, the ultimate controlling shareholder or their respective connected parties;
- (8) other guarantees subject to approval of the shareholders’ general meeting as provided in other laws and regulations and the Articles of Association.”

9. The original Article 6, which reads:

“An authorisation by the shareholders’ general meeting, in case of a subject matter falling within the scope of ordinary resolution, shall be passed by votes representing at least one-half of the voting rights held or represented by the shareholders (including their proxies) present at the shareholders’ general meeting; or in case of a subject matter falling within the scope of special resolution, shall be passed by votes representing at least two-thirds of the voting rights held or represented by the shareholders (including their proxies) present at the shareholders’ general meeting. The content of authorisation shall be clear and specific.”

be renumbered as Article 9 and amended as:

“Matters which, in accordance with laws, administrative regulations and the Articles of Association, are required to be approved by the shareholders’ general meeting shall be considered at such a meeting so as to protect the decision-making power of the shareholders of the Company on such matters. Under necessary and reasonable circumstances, the shareholders’ general meeting may authorise the Board of Directors to determine, within the scope of its authorisation, the specific issues which are relevant to the matters being resolved but are unable to be determined immediately at the shareholders’ general meeting.

An authorisation by the shareholders’ general meeting, in case of a subject matter falling within the scope of ordinary resolution, shall be passed by votes representing a simple majority of the voting rights held or represented by the shareholders (including their proxies) present at the shareholders’ general meeting; or in case of a subject matter falling within the scope of special resolution, shall be passed by votes representing at least two-thirds of the voting rights held or represented by the shareholders (including their proxies) present at the shareholders’ general meeting. The content of authorisation shall be clear and specific.”

10. The following paragraph be added as the new Article 10:

“The authorisation by the shareholders’ general meeting to the Board of Directors shall be made in accordance with the following principles:

- (1) to focus on the operation and development of the Company, to make good use of market opportunities and to ensure smooth and efficient operation of the Company;
- (2) to be flexible and pragmatic, to avoid excessive formalities on condition that it does not contravene the Articles of Association, and to ensure business decisions of the Company can be made in a timely manner;
- (3) not to harm the interests of the Company and shareholders as a whole, especially the legal interests of minority shareholders.”

11. The original Article 7 be renumbered as Article 11.

12. The original Article 8, which reads:

“The Company shall convene an extraordinary general meeting within two months from the date of occurrence of any of the following circumstances:

- (1) the number of directors is less than the quorum required by the Company Law or two-thirds of the number of directors required under the Articles of Association;
- (2) the unrecovered losses of the Company amount to one-third of the total amount of its share capital;
- (3) shareholder(s) individually or collectively holding 10% or more of the Company’s issued and outstanding shares carrying voting rights requisition(s) in writing the convening of an extraordinary general meeting;
- (4) it is deemed necessary by the Board of Directors, or proposed by the supervisory board or two or more independent directors;
- (5) whenever the securities regulatory authorities so requests;
- (6) other circumstances provided by the Articles of Association.

The shareholdings mentioned in (3) above is calculated as on the day when the requisitions in writing are made, which shall be signed in one or more counterparts with a proposal to the Board of Directors stating the subject of the meeting and motions.”

be renumbered as Article 12 and amended as:

“The Company shall convene an extraordinary general meeting within two months from the date of occurrence of any of the following circumstances:

- (1) the number of directors is less than the quorum required by the Company Law or two-thirds of the number of directors required under the Articles of Association;
- (2) the unrecovered losses of the Company amount to one-third of the total amount of its share capital;
- (3) shareholder(s) individually or collectively holding 10% or more of the Company’s issued and outstanding shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting;

- (4) it is deemed necessary by the Board of Directors or proposed by the supervisory board;
- (5) whenever the securities regulatory authorities so requests;
- (6) other circumstances provided by the laws, administrative regulations, departmental rules or the Articles of Association.

The shareholdings mentioned in (3) above is calculated as on the day when the requisitions in writing are made, which shall be signed in one or more counterparts with a proposal to the Board of Directors stating the subject of the meeting and motions.”

13. The following paragraph be added as the new Article 13:

“In the event that it is unable to convene a shareholders’ general meeting within the period specified in Articles 11 and 12 hereof, the Company shall submit the reason to the local resident office of China Securities Regulatory Commission and the stock exchange(s) where the Company’s shares are listed (“stock exchange(s)”), make public announcement and obtain the relevant waiver.”

14. The original Article 9, which reads:

“Shareholders’ general meeting shall be convened by the chairman of the Board of Directors under the laws, who is also the chairman of the meeting; In the event that the chairman is unable or fails to perform his duties, a vice chairman shall preside over the meeting; if the vice chairman is unable or fails to perform his duties, a director shall be jointly elected by more than a half of the directors to preside over the meeting. In the event that the Board of Directors is unable or fails to perform its duties on convening shareholders’ general meeting, the supervisory board shall convene and preside over the meeting in a timely manner; if the supervisory board fails to convene and preside over a shareholders’ general meeting, shareholders individually or collectively holding 10% or more of the Company’s shares for 90 consecutive days or more may convene and preside over the meeting on a unilateral basis.”

be renumbered as Article 14 and amended as:

“Shareholders’ general meeting shall be convened by the chairman of the Board of Directors under the laws, who is also the chairman of the meeting; In the event that the chairman is unable or fails to perform his duties, the vice chairman (the one jointly elected by more than a half of the directors, if the Company has two or more vice chairmen) shall preside over the meeting; if there is no position of vice chairman or the vice chairman is unable or fails to perform his duties, a director shall be jointly elected by more than a half of the directors to preside over the meeting. In the event no director can be elected by more than a half of the directors to preside over the meeting, the shareholders present at the meeting may elect a person as the chairman of the meeting; if for any reason, the

shareholders fail to elect a chairman, then the shareholder (including proxy) present and holding the largest number of shares carrying voting right shall be the chairman of the meeting.

The shareholders' general meeting convened by the supervisory board shall be presided over by the chairman of the supervisory board. If the chairman of the supervisory board is unable or fails to perform his duties, the vice chairman of the supervisory board shall preside over the meeting; if the vice chairman is unable or fails to perform his duties, a supervisor shall be jointly elected by more than a half of the supervisors to preside over the meeting.

The meeting convened by shareholders themselves shall be presided over by a representative nominated by the convener.

When the shareholders' general meeting is held and the chairman of the meeting violates these Rules which makes it difficult for the general meeting to continue, a person may be elected at the general meeting to act as the chairman to continue the meeting, subject to the approval by a simple majority of the shareholders who are entitled to vote and present at the meeting."

15. The following paragraph be added as the new Article 15:

"Shareholders requisitioning an extraordinary general meeting or a class meeting shall abide by the following procedures:

- (1) Shareholders individually or collectively holding 10% or more of the shares carrying voting right at the proposed meeting can sign requisitions in one or more counterparts with a proposal to the Board of Directors for convening an extraordinary general meeting or a class meeting and stating the subject of the meeting. The Board of Directors shall furnish a reply in writing as to whether it agrees to convene the extraordinary general meeting or class meeting within 10 days after receiving the aforementioned requisitions. In the event that the Board of Directors agrees to convene the extraordinary general meeting or class meeting, the notice of the same shall be despatched within 5 days after the relevant resolution of the Board of Directors is made. Any change to the original requisitions made in the notice requires prior consent of the relevant shareholders. The shareholdings referred to above shall be calculated as on the day when the requisitions are made.
- (2) Where the Board of Directors disapproves the proposal of shareholders for convening the meeting or does not give any reply within 10 days after receiving the requisitions in writing, the shareholders are entitled to propose to the supervisory board in writing for convening the meeting; the supervisory board shall despatch a notice convening the meeting, if approved, within 5 days upon receipt of such requisitions in writing. Failure of the supervisory board to issue the notice of the meeting shall be deemed as its failure to convene and preside over the meeting, and shareholders individually or collectively holding 10% or more of the Company's shares for 90 consecutive days or more may convene and preside over the meeting on a unilateral basis (the shareholding of the convening shareholders shall not be lower than 10%

prior to the public announcement of the resolutions of the shareholders' general meeting) with procedures as similar as if the shareholders' general meeting were convened by the Board of Directors."

16. The following paragraph be added as the new Article 16:

"Independent (non-executive) shareholders are entitled to propose to the Board of Directors for convening an extraordinary general meeting. In respect to the proposal of the independent (non-executive) directors for convening an extraordinary general meeting, the Board of Directors shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply as to whether it agrees to convene the extraordinary general meeting or not within 10 days upon receipt of the proposal.

In the event that the Board of Directors agrees to convene the extraordinary general meeting, the notice of the general meeting shall be issued within 5 days after the passing of the relevant resolution of the Board of Directors; if the Board of Directors does not agree to convene the extraordinary general meeting, reasons for such disagreement shall be given by way of announcement."

17. The following paragraph be added as the new Article 17:

"The supervisory board is entitled to propose to the Board of Directors for convening an extraordinary general meeting, provided that such proposal shall be made in writing. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply as to whether it agrees to convene the extraordinary general meeting within 10 days after receiving such proposal.

In the event that the Board of Directors agrees to convene the extraordinary general meeting, the notice of the general meeting shall be issued within 5 days after the passing of the relevant resolution of the Board of Directors. Any change to the original proposal made in the notice requires prior consent of the supervisory board.

In the event that the Board of Directors does not agree to convene the extraordinary general meeting or does not furnish any reply within 10 days after receiving such proposal, the Board of Directors shall be deemed as incapable of performing or failing to perform the duty of convening a general meeting, in which case the supervisory board may convene and preside over such meeting on a unilateral basis."

18. The following paragraph be added as the new Article 18:

"Where the supervisory board or shareholders decide(s) to convene a shareholders' general meeting on a unilateral basis, a written notice shall be despatched to the Board of Directors and, if required, filed with the local resident office of China Securities Regulatory Commission and the stock exchange(s) applicable for the Company.

The convening shareholders shall submit relevant evidences as required to competent authorities upon the issuance of the notice of general meeting and the announcement of the resolutions of the general meeting.”

19. The following paragraph be added as the new Article 19:

“The Board of Directors and the board secretary shall provide cooperation and assistance with respect to matters relating to a shareholders’ general meeting convened by the supervisory board or shareholders on a unilateral basis. The Board of Directors shall provide the register of members as of the record date. If the Board of Directors fails to provide the register of members, the convener may apply to the securities registration and clearing organisation for such register on the strength of the relevant announcement on the convening of the shareholders’ general meeting. The register of members obtained by the convener shall not be used for any purpose other than the holding of the shareholders’ general meeting.”

20. The following paragraph be added as the new Article 20:

“All reasonable expenses incurred by the supervisory board or the shareholder(s) in convening a shareholders’ general meeting on a unilateral basis shall be borne by the Company, and shall be set off against any sums owed to the directors in default by the Company.”

21. The original Article 10, which reads:

“A notice of a shareholders’ general meeting shall be despatched in writing or by way of other manners as provided in these Articles of Association not less than 45 days prior to the date of the meeting to notify all the shareholders in the register of members of the matters to be considered, the date and the venue of the meeting.

The period of the despatching of the notice shall exclude the date convening the meeting and the date on which the notice is despatched.”

be renumbered as Article 21 and amended as:

“A notice of a shareholders’ general meeting shall be despatched in writing or by way of other manners as provided in the Articles of Association not less than 45 days prior to the date of the meeting to notify all the shareholders in the register of members of the matters to be considered, the date and the venue of the meeting. Shareholders who intend to attend the meeting shall serve the written reply slip to the Company 20 days prior to the date of the meeting.

The period of the despatching of the notice shall exclude the date convening the meeting and the date on which the notice is despatched.”

22. The original Article 11, which reads:

“A notice of shareholders’ general meeting shall at least include the following information and comply with Article 60 of the Articles of Association:

- (1) time, venue and period of the meeting;
- (2) matters to be considered at the meeting;
- (3) a clear statement that all shareholders are entitled to attend such meeting and appoint a proxy to attend and vote at such meeting on their behalf, and that such proxy does not need to be a shareholder of the Company;
- (4) time and place for lodging proxy forms for the meeting;
- (5) name and telephone number of the contact person for the meeting.

Notice of a general meeting shall be served to the shareholders (whether or not entitled to vote at the meeting), by hand or prepaid mail to the registered address of such shareholders as appeared in the register of members. Without contravening the laws and regulations and the listing rules of the jurisdictions where the Company’s shares are listed, the Company may, in lieu of the aforesaid manners of despatching or serving, despatch or serve the notice to shareholders through websites of the stock exchange(s) and the Company or by electronic means. For the holders of domestic shares, notice of the general meeting may also be made by way of public announcement.

The public announcement referred to in the preceding paragraph shall be published on websites of the stock exchange(s) and the Company within the interval between 45 days and 50 days prior to the date of the meeting; upon the publication of notice, the holders of domestic shares shall be deemed to have received the notice of the relevant general meeting.”

be renumbered as Article 22 and amended as:

“A notice of a shareholders’ general meeting shall comply with the following requirements:

- (1) be in written or other forms as required in the Articles of Association;
- (2) specify the venue, date and time of the meeting;

- (3) set out the matters to be considered at the meeting;
- (4) provide shareholders with such information and explanation as necessary for them to make informed decisions on the matters to be considered. This principle includes (but not limited to) where a proposal is made for merger, repurchase of shares, reorganisation of share capital or otherwise restructuring of the Company, detailed terms of the proposed transaction shall be provided together with the contracts (if any), and the cause and effect of such proposal shall be properly explained;
- (5) disclose the nature and extent of the material interest of any director, supervisor, president and other senior management member in the matters to be considered; in case that the impact of the matters to be considered on such director, supervisor, president and other senior management member in their capacity as shareholders is different from that on other class shareholders, the difference shall be clarified;
- (6) set out the full text of any special resolution to be proposed at the meeting;
- (7) contain a clear statement that all shareholders are entitled to attend such meeting, that a shareholder eligible for attending and voting is entitled to appoint one or more proxies to attend and vote at such meeting on his behalf, and that such proxy does not need to be a shareholder of the Company;
- (8) specify the record date for shareholders who are entitled to attend the general meeting;
- (9) specify the time and place for lodging proxy forms for the meeting; and
- (10) specify the name and telephone number of the contact person for the meeting.

Notice of a general meeting shall be served to the shareholders (whether or not entitled to vote at the meeting), by hand or prepaid mail to the registered address of such shareholders as appeared in the register of members. Without contravening the laws and regulations and the listing rules of the jurisdictions where the Company's shares are listed, the Company may, in lieu of the aforesaid manners of despatching or serving, despatch or serve the notice to the holders of overseas listed foreign shares through websites of the stock exchange(s) and the Company or by electronic means.

For the holders of A Shares, notice of the general meeting may also be made by way of public announcement. Such public announcement shall be published in one or more newspapers designated by the securities authorities of the State Council within the interval between 45 days and 50 days prior to the date of the meeting; upon the publication of notice, the holders of A Shares shall be deemed to have received the notice of the relevant general meeting."

23. The following paragraph be added as the new Article 23:

“After despatching the notice of shareholders’ general meeting, such meeting shall not be postponed or cancelled and the motions set out in the notice shall not be cancelled without proper reasons. In case of any postponement or cancellation of the meeting, the convener shall make an announcement and give the reasons therefor at least two working days prior to the date on which the meeting is originally scheduled.”

24. The following paragraph be added as the new Article 24:

“The venue of the shareholders’ general meeting shall be the residential location of the Company or other locations as designated by the notice of the shareholders’ general meeting.

A meeting venue will be provided to convene the shareholders’ general meeting in the form of on-site meeting. If the Company provides shareholders with the ease of attending the meeting via network or by other means, the time and procedures for voting via network or by other means and the verification method of shareholder identity shall be clearly stated in the notice of the shareholders’ general meeting. Shareholders who attend the meeting in the aforesaid manners shall be deemed as present. Voting via network is not applicable for holders of H Shares.”

25. The original Article 12, which reads:

“Shareholders may attend a shareholders’ general meeting in person or appoint a proxy to attend and vote on their behalf. Shareholders who intend to attend the meeting shall serve the written reply slip to the Company 20 days prior to the date of the meeting.

Shareholders shall appoint proxies in writing, and the proxy forms shall be lodged at the Company by the proxies. Where the principal is a legal person, the proxy form shall bear its official seal or be signed by a duly authorised person.

The appointment of proxies by shareholders shall comply with Articles 63, 64, 65 and 66 in the Articles of Association.”

be renumbered as Article 25 and amended as:

“All shareholders or their proxies whose names appear on the register of members as of the record date are entitled to attend the shareholder’s general meeting, and the Company or the meeting convener cannot make rejection for any reason. Shareholder may attend the general meeting in person or appoint a proxy to attend and vote on his behalf.

The instrument appointing a proxy shall be in writing under the hand of the principal or his attorney duly authorised in writing, or in the case that the principal is a legal person, either under its official seal or under the hand of its director or its attorney duly authorised.

The appointment of proxies by shareholders shall comply with Articles 76, 77, 78 and 79 in the Articles of Association.”

26. The original Article 13 be renumbered as Article 26; the first paragraph of the original Article 13, which reads:

“An individual shareholder shall produce his own identification card and share certificate when attending a general meeting in person; where a proxy is appointed to attend the meeting, the proxy shall produce his own identification card, the proxy form signed by the principal and share certificate.”

be renumbered as the first paragraph of Article 26 and amended as:

“An individual shareholder shall produce his own identification card or other valid identity documents or evidence and share certificate when attending a general meeting in person; where a proxy is appointed to attend the meeting, the proxy shall produce his own identification card, the proxy form signed by the principal and share certificate.”

27. The original Article 14 be renumbered as Article 27; the last paragraph of the original Article 14, which reads:

“The proxy form shall contain a statement that, in the absence of specific instructions from the shareholder, the proxy may or may not vote at his discretion. In the absence of a definite authorisation from the shareholder, the vote by the proxy himself shall prevail.”

be renumbered as the last paragraph of Article 27 and amended as:

“The proxy form shall contain a statement that, in the absence of specific instructions from the shareholder, the proxy may vote at his discretion.”

28. The original Article 15 be renumbered as Article 28; and the last sentence in the original Article 15 which reads “Where the principal is a legal person, its legal representative or the person empowered by the resolution of the Board of Directors or other decision-making body shall attend the shareholders’ general meeting.” be deleted.

29. The original Article 16 be renumbered as Article 29; the second paragraph of the original Article 16, which reads:

“The meeting attendance register shall be prepared by the secretariat of the Board of Directors, which shall set out (individual or corporate) participants’ names, identification card numbers, addresses, shares held or represented carrying voting rights, the (individual or corporate) principals’ names, etc.”

be renumbered as the second paragraph of Article 29 and amended as:

“The meeting attendance lists shall be prepared by the Company, which shall set out (individual or corporate) participants’ names, identification card numbers, addresses, shares held or represented carrying voting rights, the (individual or corporate) principals’ names, etc.”

30. The original Articles 17 and 18 be deleted.
31. The following paragraph be added as the new Article 30:

“The convener and the lawyer shall examine the validity of the shareholders’ qualification based on the register of members of the Company provided by the securities registration and clearing organisation, and shall register the name of shareholders and the number of voting shares held by them. Registration of the meeting shall be closed before the convener announces the number of shareholders and their proxies present at the meeting and the total number of voting shares held by them.”

32. The following paragraph be added as the new Article 31:

“The Board of Directors and other conveners shall take necessary measures to ensure the normal order of the shareholders’ general meeting. Measures shall be taken to suppress any behaviour disturbing the meeting, picking quarrels and stirring up trouble and infringing the lawful interests of shareholders, and the relevant authorities shall be notified for investigation and prosecution in a timely manner.”

33. The original Article 19 be renumbered as Article 32.

34. The original Article 20, which reads:

“Where the Company is to hold a shareholders’ general meeting, shareholders individually or collectively holding 3% or more of the Company’s voting shares may submit their provisional motions in writing to the secretariat of the Board of Directors 10 days prior to the date of the meeting. The Board of Directors shall notify other shareholders within two days after the receipt of the provisional motions, and submit the same to the shareholders’ general meeting for consideration.”

be renumbered as Article 33 and amended as:

“Where the Company is to hold a shareholders’ general meeting, the Board of Directors, the supervisory board and the shareholders individually or collectively holding 3% or more of the Company’s shares are entitled to propose motions to the Company.

Shareholders individually or collectively holding 3% or more of the Company’s voting shares may submit their provisional motions in writing to the convener 10 days prior to the date of the general meeting. The convener shall despatch a supplementary notice of the general meeting within two days after the reception of the provisional motions to publish the contents thereof. The requirements otherwise provided under the listing rules of the jurisdictions where the Company’s shares are listed, if any, shall also be complied with.

Except for the circumstances referred to in the preceding paragraph, after the convener publishes the notice of the shareholders’ general meeting, no changes or additional motions shall be made to the stated motions in the notice of the meeting.

The shareholders’ general meeting shall not vote on or resolve any matters not stated in the notice of the general meeting or motions which do not meet the requirements in the Article 34 hereof.”

35. The original Article 21 be renumbered as Article 34; the third paragraph of the original Article 21, which reads:

“(3) It shall be submitted or lodged in writing to the secretariat of the Board of Directors.”

be renumbered as the third paragraph of Article 34 and amended as:

“(3) It shall be submitted or lodged in writing to the convener.”

36. The following paragraph be added as the new Article 35:

“The notice and supplementary notice of shareholder’s general meeting shall fully and completely give all details of the motions therein, as well as all information or explanations necessary for shareholders to make reasonable judgment on the matters to be considered. Where opinions of independent (non-executive) directors are required on the matters to be considered, the views and reasons given by independent (non-executive) directors shall be disclosed along with the notice or supplementary notice of the shareholder’s general meeting.”

37. The following paragraph be added as the new Article 36:

“For a matter relating to the election of directors and supervisors proposed to be considered at the shareholders’ general meeting, the notice of the meeting shall fully disclose the detailed information of the candidates for directors and supervisors, which shall at least include:

- (1) personal information such as educational background, work experience, part-time job etc.;
- (2) whether there is any connection between them and the Company or its controlling shareholder(s) or the ultimate controlling shareholder;
- (3) disclosure of their shareholdings in the Company;
- (4) whether or not they have been subject to any punishment or disciplinary action by China Securities Regulatory Commission or other relevant authorities or stock exchanges.

In addition to the adoption of the cumulative voting mechanism to elect directors and supervisors, each candidate for directors or supervisors shall be proposed in a separate motion.”

38. The original Articles 22 and 23, which read:

“Article 22 The Board of Directors shall act in the best interests of the Company and shareholders, and review the motions to the shareholders’ general meeting in accordance with Article 21 herein.

Article 23 Should the Board of Directors decide not to accept a motion into the agenda of the general meeting, appropriate explanations shall be made at the general meeting.”

be combined and renumbered as Article 37 and amended as:

“The Board of Directors shall act in the best interests of the Company and shareholders, and review the motions to the shareholders’ general meeting in accordance with Article 34 hereof.

Should the Board of Directors decide not to accept a motion into the agenda of the general meeting, appropriate explanations shall be made at the general meeting.”

39. The original Article 24 be deleted.

40. The original Articles 25 to 30 be renumbered as Articles 38 to 43.

41. The following paragraph be added as the new Article 44:

“The chairman of the meeting shall announce the number of shareholders and proxies present at the venue of the meeting and the total voting shares held by them, each subject to that recorded by the meeting.”

42. The original Article 31, which reads:

“Shareholders (including proxies) exercise their voting rights corresponding to their voting shares and each share entitles the shareholder one ballot of voting right, provided that no voting right vests in the shares of the Company held by itself.

Where any shareholder is, under the applicable laws and regulations and the 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, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

In the course of considering matters relating to connected transactions at a general meeting, the shareholders involved in the connected transactions will abstain from voting. The number of voting shares represented by such shareholders shall be excluded from the total number of voting shares present at the meeting.”

be renumbered as Article 45 and amended as:

“Shareholders (including proxies) exercise their voting rights corresponding to their voting shares and each share entitles the shareholder one ballot of voting right, provided that no voting right vests in the shares of the Company held by itself, and such shares shall be excluded from the total number of voting shares present at the meeting.

When the shareholders' general meeting votes on a motion to elect a director, cumulative voting shall be used, i.e., when more than two directors are being elected at the general meeting, each of the shares held by the shareholders participating in the voting shall carry voting rights equal in number to the number of director candidates; a shareholder may cast all of his votes for one candidate or may split his votes and cast them for more than one candidate.”

43. The following paragraph be added as the new Article 46:

“Shareholders attending the shareholders’ general meeting shall vote on a given motion 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 where the voter has waived his rights, and the voting results corresponding to the shares in their possession shall be deemed as “abstain”. On a poll taken at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his votes in the same way.

The same voting right can only be exercised by electing to vote at the venue, via network or by other means. In the event that the same voting right has been exercised more than once, the result of the first voting shall prevail.”

44. The following paragraph be added as the new Article 47:

“For connected transactions to be considered at a shareholders’ general meeting, connected shareholders shall abstain from voting thereon, and the number of voting shares represented by them shall be excluded from the total effective votes. The announcement of resolutions passed at the general meeting shall fully disclose the voting of non-connected shareholders.”

45. The original Articles 32 to 33 be renumbered as Articles 48 to 49.

46. The original Article 34, which reads:

“The poll taken on each matter considered in the meeting shall be counted by at least two shareholder representatives and one supervisor. The counting result shall be made public on spot by those who count the votes as appointed by the chairman of the meeting.”

be renumbered as Article 50 and amended as:

“The poll taken on each matter considered in the meeting shall be counted by at least two shareholder representatives and one supervisor. The counting result shall be made public on spot by those who count the votes as appointed by the chairman of the meeting. Any shareholder who is connected to the matter considered and his proxy shall not participate in vote counting or scrutinizing.

For the voting on motions at a shareholders’ general meeting, the lawyer, shareholder representatives and supervisor representative shall be responsible for vote counting and scrutinizing jointly.

Shareholders of listed companies or their proxies that vote via network or by other means shall have the right to check and inspect their voting results through the relevant voting system.”

47. The original Articles 35 to 36 be renumbered as Articles 51 to 52.

48. The following paragraph be added as the new Article 53:

“When the shareholders’ general meeting votes on a motion to elect directors and supervisors, cumulative voting may be used in accordance with the laws and regulations and the Articles of Association or resolutions passed at the general meeting.

Under the aforesaid cumulative voting mechanism, each share carrying voting right is entitled to such number of votes equivalent to the number of director or supervisor candidates which may be pooled in the course of the election of directors and supervisors at the shareholders’ general meeting.”

49. The original Article 37, which reads:

“All motions accepted into the agenda shall be voted on an itemised basis at the shareholders’ general meeting, and shall not be set aside or excluded from voting for any reason. In the case that different motions for the same matter are put forward at the annual general meeting, voting shall be made based on the order of the time when the motions are put forward.”

be renumbered as Article 54 and amended as:

“Except for those under cumulative voting mechanism, all motions accepted into the agenda shall be voted on an itemised basis at the shareholders’ general meeting. Unless the shareholders’ general meeting is adjourned or no resolution can be made due to special reasons such as force majeure, no motion shall be set aside or excluded from voting at the general meeting. In the case that different motions for the same matter are put forward at the shareholders’ general meeting, voting shall be made based on the order of the time when the motions are put forward.”

50. The following paragraph be added as the new Article 55:

“When considering a motion at the shareholders’ general meeting, no change shall be made thereto. Otherwise, the relevant change shall be treated as a new motion which cannot proceed for voting at the current general meeting.”

51. The following paragraph be added as the new Article 56:

“The end time of on-site general meeting shall not be earlier than that via network or by other means. The convener shall announce the voting results of each motion at the venue, and announce if each motion is passed according to voting results.

Prior to announcement of the voting results, the Company, vote counter, scrutinizer, substantial shareholder, network voting service provider and other parties involved in voting at on-site general meeting, via network or by other means shall bear the confidentiality responsibility for the voting results.”

52. The following paragraph be added as the new Article 57:

“At the annual general meeting, the Board of Directors and the supervisory board shall report to the shareholders’ general meeting their work over the previous year, and each independent (non-executive) director shall also present his work report.”

53. The original Article 38 be renumbered as Article 58; the wordings “general manager” as mentioned in existing Article 38 are proposed to be replaced by “president”.

54. The original Article 39 be renumbered as Article 59; the second paragraph of the original Article 39, which reads:

“An ordinary resolution shall be passed by votes representing at least one-half of the voting rights held or represented by the shareholders (including their proxies) who are entitled to vote and present at the general meeting.”

be renumbered as the second paragraph of Article 59 and amended as:

“An ordinary resolution shall be passed by votes representing a simple majority of the voting rights held or represented by the shareholders (including their proxies) who are entitled to vote and present at the general meeting.”

55. The original Article 40, which reads:

“Ordinary resolutions on the following matters shall be passed by votes representing at least one-half of the voting rights held by the shareholders present at the shareholders’ general meeting:

- (1) work reports of the Board of Directors and the supervisory board;
- (2) profit distribution plan and loss recovery plan formulated by the Board of Directors;
- (3) appointment or removal of members of the Board of Directors and the supervisors being shareholder representatives, their remuneration and manner of payment;
- (4) annual budget scheme and budget implementation report, balance sheet, income statement, and other financial statements; and

- (5) matters other than those required to be passed by special resolutions under the laws and administrative regulations and the listing rules of the stock exchange(s) where the Company's shares are listed or the Articles of Association."

be renumbered as Article 60 and amended as:

"The following matters shall be resolved by ordinary resolutions at a shareholders' general meeting:

- (1) work reports of the Board of Directors and the supervisory board;
- (2) profit distribution plan and loss recovery plan formulated by the Board of Directors;
- (3) appointment or removal of members of the Board of Directors and the supervisors being shareholder representatives, their remuneration and manner of payment;
- (4) annual budget scheme and budget implementation report of the Company;
- (5) annual financial report of the Company; and
- (6) matters other than those required to be passed by special resolutions under the laws and administrative regulations and the listing rules of the stock exchange(s) where the Company's shares are listed or the Articles of Association."

56. The original Article 41, which reads:

"Special resolutions on the following matters shall be passed by votes representing at least two-thirds of the voting rights held by the shareholders present at the shareholders' general meeting:

- (1) increase or reduction of share capital and issue of shares of any class, stock warrants or other similar securities;
- (2) issuance of corporate bonds;
- (3) demerger, merger, dissolution, liquidation or change of corporate form;
- (4) amendments to the Articles of Association;
- (5) any other matters that are believed to have a material impact on the Company if passed by ordinary resolutions and thus require to be passed by special resolutions at the shareholders' general meeting; and

- (6) other matters required to be passed by special resolutions under the Articles of Association and the listing rules.”

be renumbered as Article 61 and amended as:

“The following matters shall be resolved by special resolutions at a shareholders’ general meeting:

- (1) increase or reduction of share capital and issue of shares of any class, stock warrants or other similar securities;
- (2) issuance of corporate bonds;
- (3) demerger, merger, dissolution, liquidation or change of corporate form;
- (4) amendments to the Articles of Association;
- (5) purchase or disposal of major assets or any guarantee within one year with an amount exceeding 30% of the latest audited total assets of the Company;
- (6) share incentive scheme;
- (7) any other matters that are required to be passed by special resolutions under the laws, administrative regulations and the Articles of Association, and are believed to have a material impact on the Company if passed by ordinary resolutions.”

57. The original Article 42 be renumbered as Article 62.

58. The original Article 43 be deleted.

59. The original Article 44, which reads:

“Lists of director and supervisor candidates are submitted to the shareholders’ general meeting in form of motion to be resolved. All directors, and supervisors being shareholder representatives of the Company are elected at the general meeting.”

be renumbered as Article 63 and amended as:

“Lists of director and supervisor candidates are submitted to the shareholders’ general meeting in form of motion to be resolved. All directors and supervisors not being staff representatives of the Company are elected at the general meeting.”

60. The original Article 45 be renumbered as Article 64.

61. The following paragraph be added as the new Article 65:

“The Company shall announce the resolutions of shareholders’ general meeting in accordance with applicable laws and regulations and relevant requirements of the stock exchange(s) where the Company’s shares are listed. The announcement shall contain the number of shareholders and proxies present, the total number of voting shares held by them and the percentage of such shares in total voting shares of the Company, means of voting, voting results for each motion and details of each resolution.”

62. The following paragraph be added as the new Article 66:

“If a motion is not passed, or if a resolution of the previous general meeting is changed by the current general meeting, special notice in connection therewith shall be made in the announcement of the resolutions of the general meeting.”

63. The following paragraph be added as the new Article 67:

“The convener shall ensure that the meeting is proceeding continuously until resolutions have been concluded. When special reasons such as force majeure have led to the interruption of the meeting or made it difficult to resolve, measures shall be taken to resume the meeting as soon as practicable, or to terminate the meeting directly with a timely announcement. The convener shall also report to the local resident office of China Securities Regulatory Commission and the stock exchange(s).”

64. The following paragraph be added as the new Article 68:

“For resolutions on election of directors or supervisors passed at a shareholders’ general meeting, the term of office for the newly elected directors or supervisors shall commence from the date of election.”

65. The following paragraph be added as the new Article 69:

“For resolutions on cash dividends, bonus issue or transfer of surplus reserve into share capital passed at a shareholders’ general meeting, the specific proposals shall be implemented within two months after the conclusion of the general meeting.”

66. The original Article 46, which reads:

“Minutes shall be maintained for shareholders’ general meeting. The minutes shall set out:

- (1) the number of voting shares present at the meeting and the percentage of such shares in total shares of the Company;

- (2) date and venue of the meeting;
- (3) name of the chairman and the agenda of the meeting;
- (4) key points regarding the matters made by each spokesman;
- (5) voting results for each matter (including the number of consenting votes, dissenting votes, and abstention votes);
- (6) enquiries and suggestions of shareholders and the responses or statements thereto made by the Board of Directors and the supervisory board;
- (7) other matters which shall be recorded in the minutes in the opinion of the shareholders' general meeting or under the Articles of Association or the Listing Rules of the Stock Exchange."

be renumbered as Article 70 and amended as:

"Minutes shall be maintained for shareholders' general meeting, for which the board secretary shall be held responsible. The minutes shall set out:

- (1) time, venue, agenda of meeting and name of the convener;
- (2) names of the chairman of the meeting, directors, supervisors, president and other senior management members present at the meeting;
- (3) the number of shareholders and proxies present at the meeting, the total number of voting shares held by them and the percentage of such shares in total shares of the Company;
- (4) process of consideration, key points of speech and voting results for each motion;
- (5) enquiries and suggestions of shareholders and the responses or statements thereto;
- (6) names of the lawyer, vote counter and scrutinizer;
- (7) other matters required to be recorded in the minutes under the Articles of Association."

67. The original Article 47, which reads:

“The minutes of shareholders’ general meeting shall be signed by the chairman of the meeting and directors present at the meeting, and shall be kept by the secretariat of the Board of Directors as the Company’s archive for a period of 15 years.”

be renumbered as Article 71 and amended as:

“The minutes of shareholders’ general meeting shall be signed by the chairman of the meeting and directors, supervisors, the board secretary and the convener or their respective proxies present at the meeting, and shall be kept by the board office as the Company’s archive. The convener shall ensure the truthfulness, accuracy and completeness of the minutes. The minutes shall be maintained together with the attendance register for shareholders present and the proxy forms, as well as voting information via network or by other means for a period not less than 10 years.”

68. The original Article 48 be deleted.

69. The following paragraph be added as the new Article 72:

“In these Rules, the expressions of “above”, “within”, “below” include the underlying number, while the expressions of “exceed”, “beyond”, “more than” do not include the underlying number.”

70. The original Article 49, which reads:

“In any case not provided in these rules of procedures, the relevant requirements in the Articles of Association shall govern and the Company Law and the Listing Rules of the Stock Exchange shall be referred to.

The Articles of Association, the Company Law, the Listing Rules of the Stock Exchange and other laws and regulations shall prevail over these Rules for any inconsistency therewith.”

be renumbered as Article 73 and amended as:

“The matters not provided or clearly defined in these Rules shall be dealt with in accordance with relevant laws and regulations, regulatory documents, the listing rules of the stock exchange(s) where the Company’s shares are listed and the Articles of Association.

The Articles of Association, relevant laws and regulations, regulatory documents and the listing rules of the stock exchange(s) where the Company’s shares are listed shall prevail over these Rules for any inconsistency therewith.”

71. The original Article 50, which reads:

“The Board of Directors may amend these rules of procedures under the relevant laws and regulations and the Company’s practical conditions, subject to approval by the shareholders’ general meeting.”

be renumbered as Article 74 and amended as:

“The Board of Directors may amend these Rules under the relevant laws and regulations and the Company’s practical conditions, subject to approval by the shareholders’ general meeting.”

72. The original Article 51, which reads:

“These Rules shall come into effect commencing from the date of approval by the shareholders’ general meeting.”

be renumbered as Article 75 and amended as:

“Subject to approval by the shareholders’ general meeting, these Rules shall come into effect upon the listing of the Company’s shares on the Shanghai Stock Exchange.”

73. The original Article 52 be renumbered as Article 76.

74. Miscellaneous: The expression of the “articles of association” in the Rules of Procedures for Shareholders’ General Meeting be globally replaced as “Articles of Association”.

Recommended amendments to the “Rules of Procedure for the Board of Directors’ Meeting” are set out below:

1. The original Article 1 was:

“In order to further standardize the rules and decision-making procedures for the board of directors of BBMG Corporation (herein referred to as the Company) to ensure the democratization and the increase in scientific elements of the Company’s decision-making behaviour and to fully demonstrate the role of the board of directors as the management decision-making center, this set of rules is formulated according to relevant laws, regulations and provisions of prescriptive documents such as the “Company Law of the People’s Republic of China” (herein referred to as the “Company Law”), the “Securities Law of the People’s Republic of China” (herein referred to as the “Securities Law”), the “Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas” and the “Articles of Association of BBMG Corporation” (herein referred to as the “Articles of Association”).”

It is now amended as:

“In order to further standardize the rules and decision-making procedures for the board of directors of BBMG Corporation (herein referred to as the “Company”) to ensure the democratization and the increase in scientific elements of the Company’s decision-making behaviour and to fully demonstrate the role of the board of directors as the management decision-making center, this set of rules is formulated according to relevant laws, regulations and provisions of prescriptive documents such as the “Company Law of the People’s Republic of China”, the “Securities Law of the People’s Republic of China”, the “Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas”, the “Guidelines on the Articles of Association of Listed Companies” and the “Articles of Association of BBMG Corporation” (herein referred to as the “Articles of Association”) with reference to the “Model Rules of Procedure for the Board of Directors of Listed Companies in Shanghai Stock Exchange”.”

2. The original Article 4 was:

“The Company sets up the board of directors which will compose members as stipulated in the “Articles of Association” and there must not be less than 3 independent non-executive directors at any time.

Duties of non-executive directors in the board of directors of the Company include but not limited to the following contents:

- (1) Participate in the board of directors and provide independent opinion on matters concerning the Company’s strategic decision making, appointment of senior management and other decision making involving material benefits of the Company;

- (2) Demonstrate the role of lead guidance at times of potential conflict of interests such as during the Company's implementation of connected transaction in order to fully protect the legitimate rights and interests of the Company and the vast investors;
- (3) Serve as member of special committees such as the strategy, investment and financing committee, the audit committee and the remuneration and nomination committee of the board of directors upon invitation;
- (4) Examine in details whether or not the business performance of the Company has reached the set target and make comments at relevant meetings."

It is now amended as:

"The Company sets up the board of directors which will compose members as stipulated in the "Articles of Association". At least one-third of the members of the board of directors shall be independent (non-executive) directors and there must not be less than three independent (non-executive) directors at any time. There may be staff representative of the Company in the members of the board of directors.

Duties of independent (non-executive) directors in the board of directors of the Company include but not limited to the following:

- (1) Participate in the board of directors' Meeting and provide independent opinion on matters concerning the Company's strategic decision making, appointment of senior management and other decision making involving material benefits of the Company;
- (2) Demonstrate the role of lead guidance at times of potential conflict of interests such as during the Company's implementation of connected transaction in order to fully protect the legitimate rights and interests of the Company and the vast investors;
- (3) Serve as member of special committees such as the strategy, investment and financing committee, the audit committee and the remuneration and nomination committee of the board of directors upon invitation; and
- (4) Examine in details whether or not the business performance of the Company has reached the set target and make comments at relevant meetings."

3. The original Article 5 was:

“The board of directors is accountable to the shareholders’ general meeting and executes the following duties and powers:

- (1) Responsible for the convening of shareholders’ general meeting and report its work to the shareholders’ general meeting;
- (2) Implement resolution of the shareholders’ general meeting;
- (3) Formulate business plan and investment program of the Company;
- (4) Formulate annual financial budget and final accounts of the Company;
- (5) Formulate profit allocation and loss recovery plans of the Company;
- (6) Formulate the Company’s plan to increase or decrease registered capital and the plan to issue corporate bonds;
- (7) Draw out plans for merger, split-off, dissolution or alteration of the form of the Company;
- (8) Determine the establishment of internal administrative institutions of the Company;
- (9) Hire or dismiss the Company’s president and board secretary; based on nomination of the president, hire or dismiss vice president, financial controller and other senior management staff of the Company and determine their remuneration matters;
- (10) Formulate basic management system of the Company;
- (11) Draw out plans for the amendment of the “Articles of Association”;
- (12) Manage information disclosure matters of the Company;
- (13) Submit the hiring or replacement of auditor of the Company to the shareholders’ general meeting;
- (14) Other duties and powers as stipulated in the laws, regulations and the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (herein referred to as the “Listing Rules of the Stock Exchange”) and as conferred by the shareholders’ general meeting and the “Articles of Association”.

When matters in the preceding paragraph are to be resolved at the board of directors, other than Item (6), (7), (11) which must be voted on and approved by more than two-third of the directors, the remaining items may be voted on and approved by over half of the directors.

The board of directors shall perform its duties in accordance with the national laws, administrative regulations, “Articles of Association” and resolutions of the shareholders’ general meeting.”

It is now amended as:

“The board of directors is accountable to the shareholders’ general meeting and executes the following duties and powers:

- (1) Responsible for the convening of Shareholders’ General Meeting and report its work to the shareholders’ general meeting;
- (2) Implement resolution of the shareholders’ general meeting;
- (3) Determine business plan and investment program of the Company;
- (4) Formulate annual financial budget and final accounts of the Company;
- (5) Formulate profit allocation and loss recovery plans of the Company;
- (6) Formulate the Company’s plan to increase or decrease registered capital, the plan to issue corporate bonds or other securities and the plan for listing;
- (7) Draw out plans for major acquisition of the Company and acquisition of the Company’s shares;
- (8) Draw out plans for merger, split-off, dissolution or alteration of form of the Company;
- (9) Determine other external guarantee matters that must not be necessarily approved at the shareholders’ general meeting based on the laws, regulations and provisions of the “Articles of Association”;
- (10) Determine external investments, acquisition and disposal of assets, pledge of assets, external guarantee matters, commissioning of financial management, connected transactions and others within the authorised scope of the shareholders’ general meeting;

- (11) Determine the establishment of internal administrative institutions of the Company;
- (12) Hire or dismiss the Company's president and board secretary; based on nomination of the president, hire or dismiss vice president, financial controller and other senior management staff of the Company and determine their remuneration, incentive and punishment matters;
- (13) Formulate basic management system of the Company;
- (14) Draw out plans for the amendment of the "Articles of Association";
- (15) Manage information disclosure matters of the Company;
- (16) Submit the hiring or replacement of auditor of the Company to the Shareholders' General Meeting;
- (17) Listen to the working report of the president of the Company and examine his work;
- (18) Other duties and powers as stipulated in the laws, regulations and listing rules of stock exchange at which the Company's shares are listed and as conferred by the shareholders' general meeting and the "Articles of Association".

When matters in the preceding paragraph are to be resolved at the board of directors, other than Item (6), (8), (14) which must be voted on and approved by more than two-third of the whole board of directors, the remaining items may be voted on and approved by over half of the whole board of directors (of which, Item (9) must be voted on and approved by more than two-third of the directors attending the meeting). The board of directors shall perform its duties in accordance with the national laws, administrative regulations, "Articles of Association" and resolutions of the shareholders' general meeting."

4. The following content is added after Article 5 as Article 6 and the serial number of articles thereafter are renumbered:

“The approval authority of the board of directors on investments and transactions of the Company is set out below:

- (1) General transaction that shall be approved by the board of directors (the definition is based on relevant listing rules of the Company’s listing location which may be amended from time to time) specifically includes:
 - (1) According to the provisions of the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (herein referred to as the “Listing Rules of the Stock Exchange”) which may be amended from time to time, based on tests implemented, any of the asset ratio, profit ratio, revenue ratio, consideration ratio and equity capital ratio (specific details are based on the Listing Rules of the Stock Exchange which may be amended from time to time) of such transaction or the aggregate of relevant transactions is equivalent to or higher than 5%; and ratio which is lower than 5% but involving share transaction with issue of the Company’s shares as the transaction price;
 - (2) According to the provisions of the “Rules Governing the Listing of Securities on the Shanghai Stock Exchange” (herein referred to as the “Listing Rules of the Shanghai Stock Exchange”) which may be amended from time to time, based on tests implemented, any proportion of total asset amount, turnover, profit, operating income and net income (specific details are based on the Listing Rules of the Shanghai Stock Exchange which may be amended from time to time) of such transaction or the aggregate of relevant transactions is equivalent to or higher than 10% but all of them are lower than 50%.
- (2) Connected transaction that shall be approved by the board of directors (the definition is based on relevant listing rules of the Company’s listing stock exchange which may be amended from time to time) specifically includes:
 - (1) Based on tests implemented, any of the asset ratio, profit ratio, revenue ratio, consideration ratio and equity capital ratio (specific details are based on the Listing Rules of the Stock Exchange which may be amended from time to time) of such connected transaction or the aggregate of relevant transactions (the definition of connected transaction and the principle of cumulative calculation are based on the Listing Rules of the Stock Exchange which may be amended from time to time) is (i) equivalent to or higher than 1% and the transaction only involves connected party in the Company’s subsidiary level; or (ii) equivalent to or higher than 0.1% but lower than 5%; or (iii) lower than 25% and the connected transaction has a transaction price lower than HK\$10 million;

- (2) The proportion of transaction amount of such connected transaction or the aggregate of relevant transactions (the definition of connected transaction and the principle of cumulative calculation are based on the Listing Rules of the Shanghai Stock Exchange which may be amended from time to time) in the Company's most recent audited absolute net asset value is equivalent to or higher than 0.5% but lower than 5%.
 - (3) Other investment items that are beyond the approval authority of the president and/or the president's office but are not required to be approved at the shareholders' general meeting as according to the laws, regulations and relevant listing rules of the Company's listing location as well as the provisions of the Articles of Association or upon authorisation by the shareholders' general meeting."
- 5. The original Article 6 to Article 9 are renumbered as Article 7 to Article 10.
- 6. The original Article 10 is renumbered as Article 11 and the following content is added after paragraph three of Article 11 as paragraph four of the article:

"(4) Directors shall be liable for compensation in case of company losses resulting from their violation of laws, administrative regulations, departmental rules or provisions of the "Articles of Association" during the implementation of company duties."
- 7. The original Article 11 is renumbered as Article 12.
- 8. The original Article 12 was:

"The chairman executes the following duties and powers:

 - (1) Chair the shareholders' general meeting as well as convene and chair the board meeting;
 - (2) Examine the implementation of resolutions of the board of directors;
 - (3) Sign securities issued by the Company;
 - (4) Sign important documents of the board of directors and other documents that shall be signed by the legal representative of the Company;
 - (5) Submit the list of recommendation of the Company's president and board secretary;

- (6) Exercise special right of disposal on the Company's matters that complies with the laws, regulations and interest of the Company in the event of the occurrence of emergency conditions of force majeure such as serious natural disaster and report to the board of directors and the shareholders' general meeting after the event;
- (7) Other duties and powers as conferred by the board of directors.

In case when the chairman is unable to perform his duties and powers, he may assign the vice chairman to act on his behalf."

It is renumbered as Article 13 and is amended as:

"The chairman executes the following duties and powers:

- (1) Chair the shareholders' general meeting as well as convene and chair the board meeting;
- (2) Supervise and examine the implementation of resolutions of the board of directors;
- (3) Sign securities issued by the Company;
- (4) Sign important documents of the board of directors and other documents that shall be signed by the legal representative of the Company;
- (5) Submit the list of recommendation of the Company's president and board secretary;
- (6) Exercise special right of disposal on the Company's matters that complies with the laws, regulations and interest of the Company in the event of the occurrence of emergency conditions of force majeure such as serious natural disaster and report to the board of directors and the shareholders' general meeting after the event;
- (7) Other duties and powers as conferred by the board of directors.

The vice chairman of the Company assists in the work of the Chairman. In case when the chairman is unable or fails to perform his duties, the duties will be performed by the vice chairman (in case the Company has two or more vice chairman, the vice chairman jointly elected by the over half of the directors will perform the duties); in case the vice chairman is unable or fails to perform his duties, the duties will be performed by a director jointly elected by the over half of the directors."

9. The original Article 13 to Article 15 are renumbered as Article 14 to Article 16.

10. The original Article 16 was:

“The chairman is responsible for the convocation of the board meeting which will only be held upon attendance by more than half of the directors (including directors entrusted to attend in accordance with the provision of Article 104 of the “Articles of Association”).”

It is renumbered as Article 17 and is amended as:

“The chairman is responsible for the convocation and chairing of the board meeting which will only be held upon attendance by over half of the directors (including directors entrusted to attend in accordance with the provision of Article 150 of the “Articles of Association”).”

11. The original Article 17 was:

“The board of directors holds regular meetings at least four times a year which will be convened by the chairman with notification sent to the whole board of directors, supervisors and the president 14 days prior to the holding of the regular meeting. Extraordinary board meetings are not subject to the time restriction of notification but reasonable notification shall also be sent to the whole Board of Directors, supervisors and the president.”

It is renumbered as Article 18 and is amended as:

“The board meetings are divided into regular and extraordinary meetings. The board of directors holds regular meeting at least four times a year which will be convened by the chairman with written meeting notification sent by the board office to the whole board of directors, supervisors and the president through direct delivery, facsimile, electronic mail or other means 14 days prior to the holding of the regular meeting. For indirect delivery of notification, it shall also be confirmed by telephone with corresponding record made. Extraordinary board meetings are not subject to the time restriction of notification but reasonable notification shall also be sent to the whole Board of Directors, supervisors and the president. In case of emergency circumstances requiring the holding of extraordinary board meeting at the earliest convenience, meeting notification may be sent by telephone or other verbal means any time but the convener shall provide explanation at the meeting.

Notification for the board meetings shall at least include the following contents:

- (1) Date and venue of meeting;
- (2) Deadline of meeting;

- (3) Reasons and topics;
- (4) Convener and chairman of the meeting, proposer of the extraordinary board meeting and his written proposal;
- (5) Meeting materials required in the resolution of directors;
- (6) Requirements on the attendance of directors in person or entrustment of other directors;
- (7) Contact person and means of contact;
- (8) Time of delivery of notification

Meeting notification sent by telephone or other verbal means shall at least include Item (1) as mentioned above and shall provide explanation in case of emergency circumstances requiring the holding of extraordinary board meeting at the earliest convenience.”

12. The new Article 19 is:

“Notification for the board meetings sent by the Company shall provide adequate information, including background information relating to topics of the meeting as well as information and materials useful to the directors in understanding the business development of the Company. When two or more independent (non-executive) directors are of the view that the information is inadequate or the argument is unclear, they may jointly submit written request to the board of directors for the postponement of the meeting or the review of such matter which shall be adopted by the board of directors.”

13. The new Article 20 is:

“Upon delivery of written meeting notification for the regular meeting of the board of directors, in case when items such as meeting time and venue have to be changed or there is addition, alteration or cancellation of proposals, a written change notification shall be sent three days prior to the original date of the regular meeting explaining the situation as well as relevant details and materials of the new proposal. In case when there is less than three days, the meeting date shall be postponed accordingly or according to schedule upon approval of all directors attending the meeting.

Upon delivery of meeting notification for the extraordinary board meeting of the board of directors, in case when items such as meeting time and venue have to be changed or there is addition, alteration or cancellation of proposals, approval of all directors attending in the meeting shall be obtained and corresponding record made.”

14. The original Article 18 was:

“Every director has the right to propose. Generally, the service department of the board of directors shall collect proposals from each director 15 days prior to the holding of the meeting and the proposing directors shall submit written and signed proposals and their explanations to the board secretary 10 days prior to the holding of the meeting. The proposals will be reviewed preliminarily by the board secretary whom will report it to the chairman to determine whether it will be included in the agenda of that meeting.”

It is renumbered as Article 21 and is amended as:

“Every director has proposal right. Generally, the secretariat of the board of directors shall collect proposals from each director 15 days prior to the holding of the meeting and the proposing directors shall submit written and signed proposals and their explanations to the board secretary 10 days prior to the holding of the meeting. The proposals will be reviewed preliminarily by the board secretary whom will report it to the Chairman to determine whether it will be included in the agenda of that meeting. The Chairman shall seek opinions of the president and other senior management staff prior to the setting of proposals whenever necessary.”

15. The original Article 19 is renumbered as Article 22.

16. The original Article 20 was:

“The chairman shall convene and chair an extraordinary board meeting within 10 days in the event of any of the following circumstances:

- (1) As deemed necessary by the chairman;
- (2) Joint proposal by more than one-third of the directors;
- (3) Proposal of the supervisory board;
- (4) Shareholder representing more than 10% of the voting rights;
- (5) Proposal by more than half of the independent directors;
- (6) Proposal of the president.”

It is renumbered as Article 23 and is amended as:

“An extraordinary board meeting may be convened in the event of any of the following circumstances:

- (1) As deemed necessary by the chairman;
- (2) Joint proposal by more than one-third of the directors;
- (3) Proposal of the supervisory board;
- (4) Proposal of shareholder representing more than 10% of the voting rights;
- (5) Proposal by more than half of the independent (non-executive) directors;
- (6) Proposal of the president.

In the event of Item (2), (3), (4) as mentioned above, the Chairman shall convene and chair the board meeting within 10 days upon receipt of the proposal.”

17. The original Article 21 was:

“The holding of extraordinary board meeting must adhere to the following rules:

- (1) In case when an extraordinary board meeting is proposed by a shareholder representing more than 10% of the voting rights, the supervisory board and the president, all of them shall submit a proposal letter to the board secretary whom will report it to the chairman for convocation of the meeting;
- (2) In case when an extraordinary board meeting is jointly proposed by more than one-third of the directors, a proposal letter signed by all directors concerned shall be submitted to the board secretary whom will report it to the chairman for convocation of the meeting;
- (3) In case when an extraordinary board meeting is proposed, all proposers shall submit their reasons and topics. The extraordinary board meeting can only discuss and resolve topics included in the meeting agenda and will not discuss and resolve provisional proposals of directors.”

It is renumbered as Article 24 and is amended as:

“The holding of extraordinary board meeting must adhere to the following rules:

- (1) In case when an extraordinary board meeting is proposed by a shareholder representing more than 10% of the voting rights, the supervisory board and the president, all of them shall submit a proposal letter to the board secretary whom will report it to the chairman for convocation of the meeting.
- (2) In case when an extraordinary board meeting is jointly proposed by more than one-third of the directors or more than half of the independent (non-executive) directors, a proposal letter signed by all directors or independent (non-executive) directors concerned shall be submitted to the board secretary whom will report it to the chairman for convocation of the meeting.
- (3) The proposal letter shall state clearly the following items:
 - (1) Name or appellation of the proposer;
 - (2) Reasons or objective grounds of the proposal;
 - (3) Proposal on the time or deadline, venue and format of the meeting;
 - (4) Clear and specific proposal;
 - (5) Means of contact of the proposer and the date of proposal etc.
- (4) In case when an extraordinary board meeting is proposed, all proposers shall submit their reasons and topics. The extraordinary board meeting can only discuss and resolve topics included in the meeting agenda and will not discuss and resolve provisional proposals of directors.
- (5) Contents of the proposal belonging to matters within the scope of duties and powers of the board of directors as stipulated in the “Articles of Association” shall be submitted together with relevant materials of the proposal. Upon receipt of the written proposal and relevant materials as mentioned above, the board secretary shall circulate them to the chairman on the same day. In case when the chairman is of the view that contents of the proposal are not clear and specific or relevant materials are insufficient, he may request the proposer for amendments or additions.”

18. The new Article 25 is:

“The board meeting will only be held upon attendance by over half of the whole board of directors. In case when the refusal or negligence of the directors concerned to attend the meeting has caused the failure in meeting the minimum number of participants required for the holding of the meeting, the chairman and the board secretary shall report it timely to the regulatory departments.”

19. The new Article 26 is:

“Supervisors may observe the board meeting and president and board secretary who do not concurrently serve as directors shall observe the meeting. Chairperson of the meeting may notify other relevant staff to observe the meeting if deemed necessary.”

20. The original Article 22 was:

“Every director has one voting right. Unless otherwise stipulated in the “Articles of Association”, resolutions of the board of directors must be passed by over half of the whole board of directors. In case when there is the same number of dissenting and affirmative votes, the chairman has the right to poll one more vote.

Resolutions made at the board of directors in relation to connected transaction will only be valid upon signature by more than half of the independent (non-executive) directors.

In case when the interest of a director is involved in the resolution of the board meeting, that director shall avoid attending the meeting and has no voting right. That director will also not be included in the calculation of statutory attendance for the board of directors.”

It is renumbered as Article 27 and is amended as:

“Every director has one voting right. Unless otherwise stipulated in the “Articles of Association”, resolutions of the board of directors must be passed by over half of the whole board of directors. In case when there is the same number of dissenting and affirmative votes, the chairman has the right to poll one more vote. In case when it is required by the laws, administrative regulations and the “Articles of Association” that the board resolution shall obtain consent of a greater number of directors, the board of directors shall act in accordance with such provisions.

In case when the interest of a director is involved in the resolution of the board meeting, that director shall avoid attending the meeting and has no voting right. That director will also not be included in the calculation of statutory attendance for the board of directors.”

21. The original Article 23 was:

“The board meeting shall be attended by the directors in person and in case when a director is unable to attend for certain reason, he may entrust the attendance to other director in writing. The power of attorney may be delivered to the Company by facsimile but the original copy shall be delivered to the Company prior to the holding of the meeting.

The power of attorney shall state clearly the name of proxy, the issue to be entrusted, authorities and effective period. It shall also be signed or sealed by the entruster.”

It is renumbered as Article 28 and is amended as:

“The board meeting shall be attended by the directors in person and in case when a director is unable to attend for certain reason, he may entrust the attendance to other director in writing but shall study the meeting materials in advance to form a clear opinion. The power of attorney may be delivered to the Company by facsimile but the original copy shall be delivered to the Company prior to the holding of the meeting.

The power of attorney shall state clearly the name of the entruster and proxy, the issue to be entrusted, authorities, effective period, brief opinion of the entruster on each proposed item, the scope of authority of the entruster and the instruction on the vote for the proposal. It shall also be signed or sealed by the entruster.

In case when a director entrusts the signing of written confirmation for regular reports to other director, he shall give special authorisation in the power of attorney.

The trustee shall submit the written power of attorney to the chairperson of the meeting and explain the details of the proxy on the attendance book of the meeting.”

22. The new Article 29 is:

“In regard to the restrictions on attendance by proxy

Directors to entrust and entrusted to the attendance at the board meeting shall adhere to the following principles:

- (1) In the event of the review of connected transaction, non-associated directors must not entrust associated directors to attend and associated directors must not accept the entrustment of non-associated directors;
- (2) Independent (non-executive) directors must not entrust non-independent (non-executive) directors to attend and non-independent (non-executive) directors must not accept the entrustment of independent (non-executive) directors;

- (3) A director must not give other director carte blanche to attend the meeting in the absence of explanation on one's personal opinion and voting intentions toward the proposals and the director concerned must not accept carte blanche and trust without clear authorisation;
- (4) A director must not accept trust of more than two directors and directors must not entrust to a director who has accepted to attend the meeting on behalf of two other directors."

23. The new Article 30 is:

"Format of meeting

In principle, the board meeting will be held onsite. Wherever necessary, under the premise that full expression of opinions by the directors shall be ensured, the meeting may be held by way of video, telephone, facsimile or electronic mail, upon consent of the convener (chairperson) and the proposer. The board meeting may also be held onsite and through other methods at the same time.

For meeting that is held offsite, the number of directors present at the meeting will be counted by valid votes such as the directors present onsite as shown in the video, the directors having opinion expressed in the teleconference, facsimile or electronic mails actually received within the prescribed time limit or written confirmation on the attendance of meeting submitted by the directors after the meeting."

24. The original Article 24 is renumbered as Article 31.

25. The new Article 32 is:

"Procedures of review of meeting

The chairperson of the meeting shall request directors participated in the board meeting to express clear opinion on each of the proposals.

For a proposal that has to be approved by independent (non-executive) directors in advance as according to the provisions, the chairperson of the meeting shall assign an independent (non-executive) director to read out the written approval concluded by independent (non-executive) directors prior to discussion of the proposal concerned.

In case when a director has impeded the normal proceedings of the meeting or has intruded the speech of other directors, the chairperson of the meeting shall stop him without delay.

Unless a consensus of all participated directors is obtained, the board meeting must not

implement voting on proposals that have not been included in the notice of meeting. In case when a director has accepted to attend the meeting on behalf of other directors, he must not vote on behalf of other director on proposals that have not been included in the notice of meeting.”

26. The new Article 33 is:

“Expression of opinion

Directors shall conscientiously peruse relevant meeting materials and express opinions independently and prudently on the basis of a full understanding of the situation.

Directors may find out information required in decision making from relevant personnel and institutions including the board office, the convener of the meeting, the president, other senior management staff, various special committees, accounting firms and law offices and may suggest the chairperson to request the above-mentioned personnel and institutional representatives to explain the situation concerned during the meeting.”

27. The new Article 34 is:

“Voting of resolution

The chairperson shall submit each of the proposals to the participated directors for voting in time upon full discussion.

The voting intentions of directors are divided into agree, disagree and abstention. Participated directors shall choose one of the above-mentioned intentions. In case when a director has not chosen or has simultaneously chosen two or more of the above intentions, the chairperson shall request the director concerned to make a new choice and if such request is being rejected, it will be regarded as abstention. In case when a director has left during the course of the meeting and thus has not made any choice, it will be regarded as abstention.”

28. The new Article 35 is:

“In case when a director is associated with an enterprise involved in a resolution of the board meeting (it refers to the case where a director or senior management staff holds position in the counterparty or the case where a director or senior management staff holds position in a legal entity having direct or indirect control on the counterparty or in a legal entity directly or indirectly controlled by the counterparty), the director must not exercise voting right on that resolution and must not exercise voting right on behalf of other directors. He shall also withdraw from the voting. That board meeting will only be held upon attendance by over half of non-associated directors. Resolutions formed at the meeting must be passed by over half of non-associated directors and will only be valid upon signing of independent (non-executive) directors. In case when the meeting is attended by less than three non-associated directors, such item shall be submitted to the shareholders’ general meeting of the Company for review.”

29. The new Article 36 is:

“Statistics of voting result

Upon completion of voting by participated directors, securities service representatives and relevant working staff of the board office shall timely collect the directors’ votes which will be counted by relevant working staff of the board office as scrutinized by a supervisor.

For a meeting that is held onsite, the chairperson of the meeting shall announce the statistics result at the spot; for other circumstances, the chairperson of the meeting shall request the board secretary to notify the directors of the voting result after the prescribed time limit for voting and prior to the following working day.

Votes polled by directors after the chairperson’s announcement of voting result or after the prescribed time limit for voting will not be counted.”

30. The new Article 37 is:

“Prohibition on ultra vires

The board of directors shall act in strict accordance with the authorisation of the shareholders’ general meeting and the “Articles of Association” and is prohibited to form resolutions ultra vires.”

31. The new Article 38 is:

“Treatment of unpassed proposal

For proposal that has not been passed, with no major change occurred to relevant conditions and factors, the board meeting shall not review proposal of similar content again within a month.”

32. The new Article 39 is:

“Suspension of voting

When more than half of the participated directors or more than two independent (non-executive) directors are of the view that the proposal is unclear, unspecific or for other reason such as insufficient meeting materials which has made their judgment on the item concerned impossible, the chairperson of the meeting shall request for the suspension of voting on that proposal.

The director requesting for the suspension of voting shall produce clear requirements on conditions that shall be met for the resubmission of proposal.”

33. The new Article 40 is:

“Recording of meeting

Board meetings that are held onsite and by way of video, telephone and other means may implement recording throughout the meeting whenever necessary.”

34. The original Article 25 is renumbered as Article 41.

35. The original Article 26 was:

“Minutes shall be taken for the board meeting and shall be signed by participated directors. Participated directors have the right to request for explanatory notes of their comments made during the meeting in the meeting minutes. The meeting minutes shall produce a sufficient and detailed record of considered items and decisions of each director, of which shall include any concern or counter opinion raised by the directors.”

It is renumbered as Article 42 and is amended as:

“Minutes shall be taken for the board meeting. Preliminary draft of the meeting minutes shall be distributed to the directors for comments within reasonable time after the meeting and the meeting minutes shall be signed by participated directors upon finalization with copy filed. Participated directors have the right to request for explanatory notes of their comments made during the meeting in the meeting minutes. The meeting minutes shall produce a sufficient and detailed record of considered items and decisions of each director, of which shall include any concern or counter opinion raised by the directors.”

36. The original Article 27 was:

“Minutes of the board meeting, being files of the Company, will be stored by the board office. The period of retention of the meeting minutes is ten years.”

It is renumbered as Article 43 and is amended as:

“Minutes of the board meeting, being files of the Company, will be stored by the secretariat of the board of directors. The period of retention of the meeting minutes is ten years.”

37. The original Article 28 was:

“Minutes of the board meeting include the following contents:

- (1) Date, venue and name of convener of meeting;
- (2) Name of director attended and name of director entrusted by other party to attend (proxy);
- (3) Meeting agenda;
- (4) Key comments of directors;

Voting format and result of each resolution item (the voting result shall state clearly the number of affirmative, dissenting or abstaining votes).”

It is renumbered as Article 44 and is amended as:

“Minutes of the board meeting include the following contents:

- (1) Session, date, venue and format of meeting;
- (2) Status of delivery of the notice of meeting;
- (3) Convener and chairperson of meeting;
- (4) Status of attendance of directors in person and by proxy;
- (5) Proposals to be reviewed at the meeting as well as key comments, main view and voting intention of each director toward the items concerned;
- (6) Voting format and result of each resolution item (detailed explanation on the number of affirmative, dissenting or abstaining votes);
- (7) Other items deemed necessary by participated directors.

Apart from the meeting minutes, whenever necessary, the board secretary may also arrange working staff of the board office to prepare clear and concise summary on the situation of the meeting and to prepare separate records for resolutions formed at the meeting based on statistics of the voting result.”

38. The new Article 45 is:

“Signature of director

A participated director shall provide signature confirmation on the meeting minutes and records of resolution on behalf of his own and the director entrusting him to attend. In case when a director has different opinion in regard to the minutes and records of resolution, he may explain in writing at the time of signature. Whenever necessary, he shall report it timely to the regulatory departments and may issue a public statement.

In case when a director has not provided signature confirmation and written explanation on his difference in opinion according to provisions stated in the preceding paragraph and that he has neither reported it to the regulatory departments nor issued a public statement, he will be regarded as totally agreed with the content of the minutes and records of resolution.”

39. The new Article 46 is:

“Implementation of resolution

The chairman shall supervise relevant personnel to implement the board resolutions and examine the status of implementation of resolution. He shall also report on the implementation of resolutions formed at the board meetings thereafter.”

40. The new Article 47 is:

“Notice of resolution

Matters concerning the notice of board resolution shall be handled by the board secretary in accordance with relevant provisions of the “Rules Governing the Listing of Securities on the Shanghai Stock Exchange” and the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited”. Personnel such as the participated directors, observers, records and service staff of the meeting have the duty of confidentiality toward the content of the resolution prior to the disclosure of the notice of resolution.”

41. The original Article 29 was:

“For unstated items in this set of rules, the “Articles of Association” shall be applicable with reference to relevant provisions of the “Company Law” and the “Listing Rules of the Stock Exchange.

In case when this set of rules is not consistent with the “Articles of Association”, the “Company Law”, the “Listing Rules of the Stock Exchange” and other laws and regulations, provisions of the “Articles of Association”, the “Company Law”, the “Listing Rules of the Stock Exchange” and other laws and regulations shall prevail.”

It is renumbered as Article 48 and is amended as:

“For unstated or unclear items in this set of rules, they shall be implemented in accordance with relevant laws, regulations, prescriptive documents, listing rules of the Company’s listing location and relevant provisions of the “Articles of Association”.

In case when this set of rules is not consistent with the Articles of Association, relevant laws, regulations, prescriptive documents and listing rules of the Company’s listing location, the latter shall prevail.”

42. The original Article 30 is renumbered as Article 49.

43. The original Article 31 was:

“This set of rules was reviewed and approved at the 2008 second extraordinary shareholders’ general meeting held on 6 August 2008, with effect from the date of approval.”

It is renumbered as Article 50 and is amended as:

“This set of rules is effective from the date of listing of the Company’s shares on the Shanghai Stock Exchange upon approval at the shareholders’ general meeting.”

44. The original Article 32 is renumbered as Article 51.

45. Others: The description of “independent non-executive director” in the “Rules of Procedure for the Board of Directors’ Meeting” will be uniformed and amended into “independent (non-executive) directors” and the description of the “board office” will be uniformed and amended into the “board office”.

APPENDIX V PARTICULARS OF THE PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE OF THE SUPERVISORY BOARD

The proposed amendments to the Rules of Procedure of the Supervisory Board of Directors are set out below:

1. The original Article 1 reads:

“To define the duties and regulate the organizational behaviours and operating procedures of the supervisory board of BBMG Corporation (the “Company”) and to define the responsibilities and obligations of supervisors, these Rules were formulated on the basis of the “Company Law of the People’s Republic of China” (the “Company Law”), the “Securities Law of the People’s Republic of China”, the “Prerequisite Clauses of the Articles of Association of Companies Seeking an Overseas Listing”, the “Articles of Association of BBMG Corporation” (the “Articles of Association”) and the provisions of other relevant laws and regulations.”

The Article is revised to read:

“To define the duties and regulate the organizational behaviours and operating procedures of the supervisory board of BBMG Corporation and to define the responsibilities and obligations of supervisors, these Rules were formulated on the basis of the “Company Law of the People’s Republic of China”, the “Securities Law of the People’s Republic of China”, the “Prerequisite Clauses of the Articles of Association of Companies Seeking an Overseas Listing”, the “Guidelines on the Articles of Association of Listed Companies”, the “Corporate Governance Standards for Listed Companies”, the “Articles of Association of BBMG Corporation” (the “Articles of Association”), the “Model Rules of Procedure of Supervisory Boards of Listed Companies” of the Shanghai Stock Exchange and the provisions of other relevant laws and regulations.”

2. The original Article 6 reads:

“The supervisory board shall have a chairman, the appointment and dismissal of whom shall be passed by voting by more than two-thirds of the members of the supervisory board. The chairman shall be responsible for presiding over the meetings of the supervisory board. If the chairman is unable to discharge his/her duties or does not discharge his/her duties, he/she shall designate a supervisor to discharge his/her duties and powers on his/her behalf.”.

The Article is revised to read:

“The supervisory board shall have a chairman, the appointment and dismissal of whom shall be passed by voting by more than two-thirds of the members of the supervisory board. The chairman shall be responsible for presiding over the meetings of the supervisory board. If the chairman is unable to discharge his/her duties or does not discharge his/her duties, more than half of the number of supervisors shall jointly recommend a supervisor to discharge his/her duties and powers on his/her behalf.”

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THE RULES OF PROCEDURE OF THE SUPERVISORY BOARD**

3. The original Article 7 reads:

“The supervisory board shall be accountable to the shareholders’ meetings and perform following duties and powers according to the law:

- (i) to inspect the Company’s finance;
- (ii) to monitor the discharge of duties of the Company by the directors and senior management staff, and to propose the removal of the directors or senior management staff in violation of laws and administrative regulations, the Articles of Association or resolutions made at shareholders’ meetings;
- (iii) to request the directors and senior management staff of the Company whose acts have harmed the interests of the Company to correct their acts;
- (iv) To check financial information such as financial report, business report and profit distribution plan to be submitted by the Board of Directors to shareholders’ meetings, and to commission a certified public accountant or a practicing auditor in the name of the Company to assist in reviewing the same if queries are found;
- (v) to propose the convening of extraordinary general meetings and to convene and preside over shareholders’ meetings if the Board of Directors fails to discharge its duties to convene and preside over such meetings;
- (vi) to propose motions to the shareholders’ meetings;
- (vii) to negotiate with or sue directors or senior management staff on behalf of the Company;
- (viii) other duties and powers as stipulated in the Articles of Association.

Supervisors shall attend Board of Directors meetings without voting rights.”

The Article is revised to read:

“The supervisory board shall be accountable to the shareholders’ meetings and perform following duties and powers according to the law:

- (i) to inspect the Company’s finance, review regular reports of the Company prepared by the Board of Directors and give a review opinion in writing;
- (ii) to monitor the discharge of duties of the Company by the directors and senior management staff, and to propose the removal of the directors or senior management staff in violation of laws and administrative regulations, Articles of Association or resolutions made at shareholders’ meetings;

**APPENDIX V PARTICULARS OF THE PROPOSED AMENDMENTS TO
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- (iii) to request the directors and senior management staff of the Company whose acts have harmed the interests of the Company to correct their acts;
- (iv) To check financial information such as financial report, business report and profit distribution plan to be submitted by the Board of Directors to shareholders' meetings, and to commission a certified public accountant or a practicing auditor in the name of the Company to assist in reviewing the same if queries are found;
- (v) to propose the convening of extraordinary general meetings and to convene and preside over shareholders' meetings if the Board of Directors fails to discharge its duties to convene and preside over such meetings;
- (vi) to propose motions to the shareholders' meetings;
- (vii) to negotiate with or sue directors or senior management staff on behalf of the Company;
- (viii) may conduct an investigation if unusual operating conditions of the Company are detected and where necessary, may engage a professional institution such as an accounting firm or a law firm to assist in its work; and
- (ix) other duties and powers as stipulated in the Articles of Association.

Supervisors shall attend shareholders' meetings and may attend Board of Directors meetings without voting rights."

4. The original Article 10 reads:

"The supervisory board shall hold meetings at least twice a year and at least once every six months, to be convened by the chairman of the supervisory board. Supervisors may propose the convening of interim meetings of the supervisory board. If the chairman of the supervisory board cannot discharge his/her duties or does not discharge his/her duties, he/she shall designate a supervisor to discharge his/her duties and powers on his/her behalf.

Notices of meetings stamped with the seal of the supervisory board shall be given by the staff to all supervisors ten days prior to each meeting of the supervisory board by way of direct delivery in person or by mail, facsimile, e-mail or telephone. Indirect delivery by facsimile, e-mail or otherwise shall also be confirmed by telephone and recorded.

In justified cases, supervisors shall have the right to request the chairman of the supervisory board to convene an interim meeting."

**APPENDIX V PARTICULARS OF THE PROPOSED AMENDMENTS TO
THE RULES OF PROCEDURE OF THE SUPERVISORY BOARD**

The Article is revised to read:

“The supervisory board shall hold regular meetings at least twice a year and at least once every six months, to be convened by the chairman of the supervisory board. If the chairman of the supervisory board cannot discharge his/her duties or does not discharge his/her duties, more than one-half of the number of supervisors shall jointly recommend a supervisor to convene and preside over a meeting of the supervisory board.

The supervisory board shall convene an interim meeting within ten days if:

- (i) any of the supervisors proposes the convening of such meeting;
- (ii) any resolution passed at a shareholders’ meeting or a Board of Directors meeting is in violation of laws, regulations, rules, various rules and requirements of the regulators, the Articles of Association, resolutions of the shareholders’ meetings of the Company or other relevant rules;
- (iii) any misconduct of a director or a senior management staff member may result in significant harm to the Company or an adverse impact on the market;
- (iv) any shareholder institutes legal proceedings against the Company, a director, a supervisor or a senior management staff member;
- (v) the Company, a director, a supervisor or a senior management staff member is penalized by the securities regulatory authorities or publicly reprimanded by the exchange on which the shares of the Company are listed;
- (vi) such meeting is convened at the request of the securities regulatory authorities;
- (vii) other circumstances as specified in the Articles of Association.

To convene a regular or an interim meeting of the supervisory board, a written notice of the meeting stamped with the seal of the supervisory board shall be given by the office of the supervisory board to all supervisors ten days or five days in advance by way of direct delivery in person or by mail, facsimile, e-mail or otherwise. Indirect delivery shall also be confirmed by telephone and recorded accordingly.

In urgent cases where an interim meeting must be convened as soon as possible, a notice of meeting may be given at any time by verbal or telephone or otherwise, but the convener of the meeting must give an explanation at the meeting.”

**APPENDIX V PARTICULARS OF THE PROPOSED AMENDMENTS TO
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5. The original Article 11 reads:

“The supervisory board may invite directors, president and other senior management staff of the Company to attend its meetings without voting rights.”

The Article is revised to read:

“The secretary and securities service representatives shall attend the meetings of the supervisory board without voting rights. The supervisory board may invite directors, president and other senior management staff of the Company to attend its meetings without voting rights.

A notice of the meeting of the supervisory board shall include at least the following particulars:

- (i) the date, venue and duration of the meeting;
 - (ii) the matters to be considered (motions at the meeting);
 - (iii) the convener and chairman of the meeting or the proposer of an interim meeting and his/her written proposal;
 - (iv) the materials for the meeting necessary for voting by the supervisors;
 - (v) a request requiring supervisors to attend the meeting in person;
 - (vi) the contact person and his/her contact details;
 - (vii) the date of giving the notice.”
6. Article 12 is added thereto, which reads:

“The procedures for moving a motion at a regular meeting

Prior to giving a notice for convening a regular meeting of the supervisory board, the office of the supervisory board shall collect meeting motions from all supervisors and solicit the views of the staff of the Company for at least two days. In collecting the motions and soliciting the views, the office of the supervisory board shall focus on the normal operation of the Company and the supervision of the performance of duties by the directors and senior management staff rather than the Company’s operation and management decisions.”

**APPENDIX V PARTICULARS OF THE PROPOSED AMENDMENTS TO
THE RULES OF PROCEDURE OF THE SUPERVISORY BOARD**

7. Article 13 is added thereto, which reads:

“The procedures for proposing an interim meeting

If a supervisor proposes convening an interim meeting of the supervisory board, he/she shall submit a proposal in writing signed by him/her through the office of the supervisory board or directly to the chairman of the supervisory board. The proposal shall state the following particulars:

- (i) the name of the supervisor who proposed the interim meeting;
- (ii) the reason(s) for the proposal or the objective reasons based on which the proposal was made;
- (iii) the date or time, venue and way of the proposed meeting;
- (iv) the precise and specific motion;
- (v) the contact details of the supervisor who proposed the meeting and the date of making the proposal and so forth.

Upon receipt of the written proposal within three days by the office or the chairman of the supervisory board from the supervisor, the office of the supervisory board shall give a notice of convening an interim meeting.

If the office of the supervisory board is negligent in giving such notice, the supervisor who made the proposal shall promptly report to the regulators.”

8. Article 14 is added thereto, which reads:

“The way of holding a meeting

Meetings of the supervisory board shall be held as on-the-spot-meetings.

In an emergency situation, voting at a meeting may be conducted by way of communications, but the convener of the supervisory board (the chairman of the meeting) shall explain to the supervisors the specific emergency situation. When voting is conducted by way of communications, the supervisors shall fax to the office of the supervisory board their views in writing on the matters they have considered and their vote intentions after they have signed and confirmed the same. The supervisors shall not state their vote intentions only without expressing their views in writing or the reasons for their voting.”

**APPENDIX V PARTICULARS OF THE PROPOSED AMENDMENTS TO
THE RULES OF PROCEDURE OF THE SUPERVISORY BOARD**

9. Original Articles 13 to 15 be renumbered as Articles 15 to 17.

10. The following paragraph be added as the new Article 18:

“Consideration Procedures for Meetings

The convener of the meeting shall request the present supervisors to express definite opinions on each proposal.

Based on the proposal of the supervisors, the convener of the meeting shall require directors, senior management members and other employees of the Company or the personnel of relevant intermediary institutions to participate in the meeting for enquiry.”

11. The original Article 16, which reads:

“Each supervisor has a ballot for voting. The supervisory board shall consider the proposal(s) put forward by any supervisor.”

be renumbered as Article 19 and amended as:

“Each supervisor has a ballot for voting. The supervisory board shall consider the proposal(s) put forward by any supervisor. The voting options of the supervisors are classified as “for”, “against” or “abstain”, from which the present supervisors shall choose one. The convener of the meeting shall require those who do not choose or choose two options or more at the same time to re-choose. A refusal to re-choose in such a case shall be deemed as abstaining. Any early leave from the meeting and failing to choose shall be deemed as abstaining.”

12. Original Article 17 be renumbered as Article 20.

13. The original Article 18, which reads:

“For resolutions which involve in suggestion on the Company’s operations or management or require responses from the Board of Directors and the management, the supervisory board shall designate supervisor(s) who shall be responsible for negotiation with the Board of Directors and the President for materialisation of the resolutions, and file a written report to the supervisory board in respect of implementation of the resolutions.”

be renumbered as Article 21 and amended as:

“For resolutions which involve in suggestion on the Company’s operations or management or require responses from the Board of Directors and the management, the supervisory board shall designate supervisor(s) who shall be responsible for negotiation with the Board of Directors and the general manager for materialisation of the resolutions, and file a written report to the supervisory board in respect of implementation of the resolutions.”

**APPENDIX V PARTICULARS OF THE PROPOSED AMENDMENTS TO
THE RULES OF PROCEDURE OF THE SUPERVISORY BOARD**

14. Original Article 19 be renumbered as Article 22.

15. The following paragraph be added as the new Article 23:

“Voice Recording at Meetings

Voice recording may be made, when necessary, throughout a meeting of the supervisory board.”

16. The following paragraph be added as the new Article 24:

“Announcements on Resolutions

The announcements on resolutions passed at meetings of the supervisory board shall be dealt with by the secretary in accordance with the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.”

17. The following paragraph be added as the new Article 25:

“Implementation of Resolutions

Supervisors shall supervise and urge relevant persons to implement the resolutions of the supervisory board. The chairman of the supervisory board shall inform the implementation progress of the effected resolutions at the subsequent meetings of the supervisory board.”

18. The original Article 20, which reads:

“Minutes for meetings of the supervisory board shall be made by the recorder designated by the convener and signed by the present supervisors.

The minutes shall set out, among others:

- (1) time, venue and the convener of the meeting;
- (2) the supervisors present at the meeting in person or as proxies;
- (3) agenda of the meeting;
- (4) key points of speech by supervisors or non-voting participants;
- (5) voting method and result in respect of each matter considered;
- (6) other matters to be recorded as requested by the chairman or the convener of the supervisory board.

**APPENDIX V PARTICULARS OF THE PROPOSED AMENDMENTS TO
THE RULES OF PROCEDURE OF THE SUPERVISORY BOARD**

A supervisor has the right to request to make descriptive statements for his speech in the minutes.”

be renumbered as Article 26 and amended as:

“Minutes for meetings of the supervisory board shall be made by the recorder designated by the convener and signed by the present supervisors and the recorder. Where a supervisor holds different opinions on the minutes, written explanation may be made upon signing. If necessary, it shall be timely reported to regulatory authorities or may be publicly stated.

Where a supervisor neither confirms with signature as stipulated by the preceding paragraph nor gives the written explanation for his different opinions or reports to regulatory authorities or gives public statement, it shall be deemed that the supervisor agrees with the minutes.

The minutes shall set out, among others:

- (1) numbering and session, time, venue and way of convening of the meeting;
- (2) despatching of the notice of meeting;
- (3) the convener and chairman of the meeting;
- (4) attendance of the meeting;
- (5) the proposals considered at the meeting; key points of speech and major opinions on relevant matters and the voting on the proposals by each supervisor;
- (6) voting method and result in respect of each proposal (provide the ballots of “for”, “against” and “abstain” respectively);
- (7) other matters to be recorded, in the opinion of the present supervisors.

For meetings of the supervisory board convened by telecommunication, the office of the supervisory board shall put the minutes in order with reference to the aforesaid requirements. A supervisor has the right to request to make descriptive statements for his speech in the minutes.”

**APPENDIX V PARTICULARS OF THE PROPOSED AMENDMENTS TO
THE RULES OF PROCEDURE OF THE SUPERVISORY BOARD**

19. Original Articles 21 to 25 be renumbered as Articles 27 to 31.

20. The original Article 26, which reads:

“The matters not provided in these rules shall be dealt with in accordance with the Articles of Association, with reference to the Company Law and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules of the Stock Exchange”).

The Articles of Association, the Company Law, the Listing Rules of the Stock Exchange and other laws and regulations shall prevail over these rules for any inconsistency therewith.”

be renumbered as Article 32 and amended as:

“The matters not provided or not provided definitely in these rules shall be dealt with in accordance with relevant laws and regulations, regulatory documents, the listing rules of the stock exchange(s) where the Company’s shares are listed and the Articles of Association.”

21. The following paragraph be added as the new Article 33:

“The Articles of Association, relevant laws and regulations, regulatory documents and the listing rules of the stock exchange(s) where the Company’s shares are listed shall prevail over these rules for any inconsistency therewith.”

22. Original Article 27 be renumbered as Article 34.

23. The original Article 28, which reads:

“These rules shall come into effect upon approval after considered and approved at the second extraordinary general meeting for 2008 of the Company on 6 August 2008.”

be renumbered as Article 35 and amended as:

“Subject to approval at the general meeting of the Company, these rules shall come into effect upon the listing of the Company’s shares on the Shanghai Stock Exchange.”

24. Original Article 29 be renumbered as Article 36.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, none of the Directors, supervisors and chief executive has any interest or short position in the Shares, underlying shares or debentures of the Company or any of the associated corporation(s) (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or were deemed to have under such provisions of the SFO), or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Hong Kong Stock Exchange.

For this purpose, the relevant provisions of the SFO will be interpreted as if applied to the supervisors.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, to the best knowledge of the Directors, shareholders who had interests or short positions in the Shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long positions:

Type of shareholding	Name of shareholder	Capacity and nature of interest	Number of shares held	Percentage of such shareholding in the same type of the issued share capital (%)	Percentage of total issued share capital (%)
Domestic Shares	BBMG Group Company Limited	Directly and Beneficially Owned	1,753,647,866	74.14	45.27
Domestic Shares	China National Materials Co., Ltd	Directly and Beneficially Owned	239,580,000	10.13	6.19

APPENDIX VI**GENERAL INFORMATION**

Type of shareholding	Name of shareholder	Capacity and nature of interest	Number of shares held	Percentage of such shareholding in the same type of the issued share capital (%)	Percentage of total issued share capital (%)
Unlisted foreign Shares	Hopeson Holdings Limited	Directly and Beneficially Owned	205,380,000	60.68	5.30
H Shares	JPMorgan Chase & Co.	Directly and Beneficially Owned	165,658,782	14.17	4.28
H Shares	China Life Insurance (Group) Company	Directly and Beneficially Owned	86,419,500	7.39	2.23
H Shares	Bank of China	Directly and Beneficially Owned	60,736,500	5.19	1.57

Short position:

Type of shareholding	Name of shareholder	Capacity and nature of interest	Number of shares held	Percentage of such shareholding in the same type of the issued share capital (%)	Percentage of total issued share capital (%)
Domestic Shares	BBMG Group Company Limited	Directly and Beneficially Owned	92,120,474	3.89	2.38

Save as disclosed above, as at the Latest Practicable Date, to the best knowledge of the Directors, there were no other person who had interests or short positions in the Shares or 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, or which were recorded in the register required to be kept under section 336 of the SFO.

4. INTEREST OF DIRECTORS AND CHIEF EXECUTIVE IN SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

As at Latest Practicable Date, save as disclosed below, none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of company which had such discloseable interest or short position	Position within such company
Jiang Weiping	BBMG Group Company Limited	Chairman of the board of directors
Li Changli	BBMG Group Company Limited	Director and General Manager
Zhou Yuxian	China National Materials Co., Ltd	Director and President

5. INTEREST OF DIRECTORS IN COMPETING BUSINESS

As at Latest Practicable Date, the Directors are not aware that any of them or any of their associates had interests in any business which competes or was likely to compete, either directly or indirectly, with the business of the Company which would fall to be discloseable under the Listing Rules.

6. DIRECTORS' INTEREST IN ASSET

As at Latest Practicable Date, none of the Directors had: (i) any direct or indirect interests in any asset which have been since 31 December 2009 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or lease to any member of the Enlarged Group; and (ii) any subsisting material interest in any contract or arrangement at the date of this circular which is significant in relation to the business of the Enlarged Group.

7. DIRECTORS' SERVICE CONTRACTS

As at Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Enlarged Group which is not terminable within one year without payment of compensation (other than statutory compensation).

8. MATERIAL ADVERSE CHANGE

As at Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading positions of the Group since 31 December 2009, the date to which the latest published audited combined financial statements of the Group were made up.

9. EXPERTS AND CONSENTS

The following are the qualifications of each of the experts who has given opinion or advice for inclusion in this circular:

Name	Qualification
Guangdong Securities Limited	A licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Ernst & Young	Certified Public Accountants

Each of Guangdong Securities and Ernst & Young has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter of advice or references to its names in the form and context in which they respectively appear.

As at Latest Practicable Date, none of Guangdong Securities nor Ernst & Young did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at Latest Practicable Date, none of Guangdong Securities nor Ernst & Young did not have any direct or indirect interests in any assets which had been acquired or disposed of by or leased to any member of the Enlarged Group since 31 December 2009 (the date to which the latest published audited combined financial statements of the Company were made up) or proposed to be acquired, disposed of or leased to.

10. GENERAL

- (a) The Company's headquarters is at Tower D, Global Trade Center, No.36, North Third Ring East Road, Dongcheng District, Beijing 100013, the PRC. The registered office and principal place of business of the Company in the PRC is at No.36, North Third Ring East Road, Dongcheng District, Beijing 100013, the PRC.
- (b) The joint company secretaries of the Company are Wu Xiangyong and Lau Fai Lawrence.

- (c) The H Share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) Save for the Articles and the rules of procedure, the English texts of this circular and the accompanying proxy form shall prevail over the Chinese texts.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the office of Paul, Hastings, Janofsky & Walker at 22/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong from the date of this circular until 9 September 2010.

- (a) the Merger Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (c) the letter from Guangdong Securities, the text of which is set out in this circular;
- (d) the letter from Ernst & Young in connection with the HK 2010 Profit Forecast, the text of which is set out in Appendix I to this circular;
- (e) the letter from the Board in connection with the PRC Profit Forecast, the Reconciliation and the HK 2010 Profit Forecast, the text of which is set out in Appendix I to this circular; and
- (f) the consent letters from Guangdong Securities and Ernst & Young referred to in the paragraph headed "Experts and Consents" in this Appendix.

SUPPLEMENTAL NOTICE OF EGM



北京金隅股份有限公司

BBMG Corporation*

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2009)

SUPPLEMENTAL NOTICE OF EXTRAORDINARY GENERAL MEETING

Reference is made to the Notice of EGM dated 30 July 2010 (the “**Notice**”) which set out the venue of the extraordinary general meeting (the “**EGM**”) of BBMG Corporation* (the “**Company**”) and contains the resolutions to be proposed at the EGM for shareholders’ approval.

SUPPLEMENTAL NOTICE IS HEREBY GIVEN that the EGM of the Company, which will be held at Conference Room 6, 22nd Floor, Tower D, Global Trade Center, No.36, North Third Road, Dongcheng District, Beijing, the People’s Republic of China at 2:30 p.m. on 14 September 2010 will consider and, if thought fit, approve (with or without modifications) the following supplemental resolution in addition to the resolutions set out in the Notice:

ORDINARY RESOLUTION

8. “**THAT** conditional upon the completion of the acquisition of 100% of equity interest of 北京金隅宏業生態科技有限責任公司 (BBMG Hongye Ecological Science and Technology Co., Ltd.*) by the Company, the mortgage over Dacheng Building, located at Xuanwumenxi Street, Xicheng District, Beijing, provided by 北京金隅宏業生態科技有限責任公司 (BBMG Hongye Ecological Science and Technology Co., Ltd.*) in favour of Bank of China, Beijing Olympics Village Branch to ultimately secure the corporate debenture issued by 北京金隅集團有限責任公司 (BBMG Group Company Limited*) be and is hereby approved, ratified and confirmed.”

By order of the Board
BBMG Corporation*
Jiang Weiping
Chairman

Beijing, the PRC, 26 August 2010

SUPPLEMENTAL NOTICE OF EGM

Notes:

- 1 A supplemental form of proxy in respect of the ordinary resolution numbered 8 mentioned above is enclosed with the circular of the Company dated 26 August 2010.
- 2 Please refer to the Notice of EGM of the Company dated 30 July 2010 for details of the other resolutions to be proposed at the EGM, closure of register of members, eligibility for attending the EGM, registration procedures for attending the EGM, appointment of proxy and other relevant matters.
- 3 As at the date hereof, the executive directors are Jiang Weiping, Li Changli, Jiang Deyi, Shi Xijun, Wang Hongjun and Deng Guangjun; the non-executive director is Zhou Yuxian; and the independent non-executive directors are Hu Zhaoguang, Xu Yongmo, Zhang Chengfu and Yip Wai Ming.

* *for identification purpose only*