
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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

If you have sold or transferred all your shares in **Inner Mongolia Yitai Coal Co., Ltd.**, you should at once hand this circular together with the accompanying form of proxy and reply slip to the purchaser(s) or the 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 the transferee(s).



内蒙古伊泰煤炭股份有限公司
INNER MONGOLIA YITAI COAL CO., LTD.*

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

(Stock Code: 3948)

**PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE
DIRECTOR AND MEMBER OF THE BOARD COMMITTEES,
PROPOSED AMENDMENTS TO RULES OF PROCEDURE OF
THE GENERAL MEETING OF SHAREHOLDERS,
PROPOSED AMENDMENTS TO RULES OF PROCEDURE OF
THE BOARD OF DIRECTORS,
PROPOSED AMENDMENTS TO RULES OF PROCEDURE OF
THE SUPERVISORY COMMITTEE,
PROPOSED AMENDMENTS TO POLICY ON THE MANAGEMENT OF
THE EXTERNAL GUARANTEE,
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

A letter from the Board is set out on pages 2 to 72 of this circular.

A notice of the EGM of Inner Mongolia Yitai Coal Co., Ltd. to be held at Room 1, Conference Center, Building of Inner Mongolia Yitai Coal Co., Ltd., Ordos, Inner Mongolia, the People's Republic of China on Tuesday, 29 November 2016 at 2:30 p.m. is set out on pages 73 to 74 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the H share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event no later than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

30 September 2016

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	2
NOTICE OF THE EXTRAORDINARY GENERAL MEETING	73

DEFINITIONS

Unless the context otherwise requires, the following expressions shall have the following meanings in this circular:

“Articles of Association”	the articles of association of the Company, as amended, revised or supplemented from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Inner Mongolia Yitai Coal Co., Ltd.* (內蒙古伊泰煤炭股份有限公司), a joint stock limited company incorporated in the PRC on 23 September 1997, whose H shares are listed on The Stock Exchange of Hong Kong Limited under the stock code of 3948 and whose B shares are listed on the Shanghai Stock Exchange under the stock code of 900948
“Director(s)”	the director(s) of the Company
“EGM”	the first extraordinary general meeting of the Company for the year 2016 to be held at Room 1, Conference Center, Building of Inner Mongolia Yitai Coal Co., Ltd., Ordos, Inner Mongolia, the PRC on Tuesday, 29 November 2016 at 2:30 p.m.
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Policy on the Management of the External Guarantee”	the Policy on the Management of the External Guarantee of the Company
“PRC” or “China”	The People’s Republic of China, for the purposes of this circular, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Rules of Procedure of the Board of Directors”	the rules of procedure of the Board of Directors of the Company, as amended, revised or supplemented from time to time
“Rules of Procedure of the General Meeting of Shareholders”	the rules of procedure of the general meeting of shareholders of the Company, as amended, revised or supplemented from time to time
“Rules of Procedure of the Supervisory Committee”	the rules of procedure of the Supervisory Committee of the Company
“Shareholder(s)”	the shareholder(s) of the Company

LETTER FROM THE BOARD



内蒙古伊泰煤炭股份有限公司
INNER MONGOLIA YITAI COAL CO., LTD.*

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

(Stock Code: 3948)

Executive Directors:

Mr. Zhang Donghai (*Chairman*)
Mr. Liu Chunlin
Mr. Ge Yaoyong
Mr. Zhang Dongsheng
Mr. Zhang Jingquan
Mr. Lv Guiliang
Mr. Song Zhanyou

Registered office:

Yitai Building, North Tianjiao Road
Dongsheng District, Ordos
Inner Mongolia, the PRC

Principal place of business in Hong Kong:

18/F, Tesbury Centre,
28 Queen's Road East,
Wanchai, Hong Kong

Independent Non-executive Directors:

Mr. Yu Youguang
Mr. Qi Yongxing
Mr. Zhang Zhiming
Mr. Tam Kwok Ming, Banny

30 September 2016

To the Shareholders

Dear Sir or Madam,

**PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE
DIRECTOR AND MEMBER OF THE BOARD COMMITTEES,
PROPOSED AMENDMENTS TO RULES OF PROCEDURE OF
THE GENERAL MEETING OF SHAREHOLDERS,
PROPOSED AMENDMENTS TO RULES OF PROCEDURE OF
THE BOARD OF DIRECTORS,
PROPOSED AMENDMENTS TO RULES OF PROCEDURE OF
THE SUPERVISORY COMMITTEE,
PROPOSED AMENDMENTS TO POLICY ON THE MANAGEMENT OF
THE EXTERNAL GUARANTEE,
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

* *For identification purposes only*

LETTER FROM THE BOARD

INTRODUCTION

The purpose of this circular, of which this letter forms a part, is to give you the notice of the EGM and to provide you with all the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the EGM.

At the EGM, ordinary resolutions will be proposed to approve the proposed appointment of independent non-executive Director and member of the Board committees, the proposed amendments to Rules of Procedure of the General Meeting of Shareholders, the proposed amendments to Rules of Procedure of the Board of Directors, the proposed amendments to Rules of Procedure of the Supervisory Committee and the proposed amendments to Policy on the Management of the External Guarantee, and a special resolution will be proposed to approve the proposed amendments to the Articles of Association.

ORDINARY RESOLUTIONS

Proposed Appointment of an Independent Non-Executive Director and Member of the Board Committees

The Board has approved the proposal of Proposed Appointment of an Independent Non-Executive Director and Member of the Board Committees, and the proposal is hereby submitted to the general meeting of Shareholders of the Company for consideration.

It is proposed that Mr. Huang Sujian be appointed as an independent non-executive director of the Company, chairman of the Remuneration and Appraisal Committee, and member of each of the Audit Committee, the Nomination Committee, the Production Committee and the Strategy Committee of the Board to replace Mr. Qi Yongxing. Following official appointment, Mr. Huang Sujian will enter into a service contract with the Company, and his term of office will be effective from the date of approval at the general meeting to the date of expiry of the term of the sixth session of the Board.

Details of Mr. Huang Sujian, which are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, are set out as follows:

Huang Sujian, male, born in 1955, currently a researcher of the Institute of Industrial Economics of Chinese Academy of Social Sciences. He achieved a bachelor degree and a master degree of economics from Xiamen University in 1982 and 1985, respectively, and a doctorate degree of economics from the Chinese Academy of Social Sciences in 1988. Mr. Huang Sujian has been working in the Institute of Industrial Economics of Chinese Academy of Social Sciences since 1988, mainly researching company merger and acquisition, business organization and enterprise reform.

LETTER FROM THE BOARD

The Company will enter into a service contract with Mr. Huang Sujian. Mr. Huang Sujian is entitled to receive from the Company a Director's fee at such rate as from time to time approved by the Shareholders, currently being RMB100,000 per annum. The Director's fee will be reviewed regularly based on his duties and the prevailing market conditions.

Save as disclosed above, Mr. Huang Sujian has not held any directorship in any public company whose securities are listed in Hong Kong or any overseas securities markets in the last three years and does not hold any position in the Company and other members of the Group. Mr. Huang Sujian has no relationship with any other director, supervisor, senior management, substantial or controlling shareholder of the Company. As of the date of this circular, Mr. Huang Sujian does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, Mr. Huang Sujian has no other information required to be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules, nor is he at present or in the past involved in any matters required to be disclosed pursuant to the above rules. Save as disclosed above, there are no other matters that need to be brought to the attention of Shareholders.

LETTER FROM THE BOARD

Proposed Amendments to Rules of Procedure of the General Meeting of Shareholders

The Board has approved the proposal in relation to the proposed amendments to Rules of Procedure of the General Meeting of Shareholders and the proposal is hereby submitted to the general meeting of Shareholders for consideration.

The specific amendments are as follows:

Articles	Before Amendment	After Amendment
Article 1	In order to standardise the procedures of shareholders' general meetings of Inner Mongolia Yitai Coal Co., Ltd. (hereinafter referred to as the "Company"), enhance the efficiency of the procedures of the shareholders' general meetings and ensure that the general meetings exercise the functions and powers thereof according to laws, these Rules of Procedure are formulated in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law"), the Securities Law of the People's Republic of China (hereinafter referred to as the "Securities Law"), the Code of Corporate Governance for Listed Companies in China, the Rules for Shareholders' General Meetings of Listed Companies, <u>Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited</u> and the Articles of Association of Inner Mongolia Yitai Coal Co., Ltd. (hereinafter referred to as the "Articles of Association"), and based on the actual circumstances of the Company.	In order to standardise the procedures of shareholders' general meetings of Inner Mongolia Yitai Coal Co., Ltd. (hereinafter referred to as the "Company"), enhance the efficiency of the procedures of the shareholders' general meetings and ensure that the general meetings exercise the functions and powers thereof according to laws, these Rules of Procedure are formulated in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law"), the Securities Law of the People's Republic of China (hereinafter referred to as the "Securities Law"), the Code of Corporate Governance for Listed Companies in China, the Rules for Shareholders' General Meetings of Listed Companies, <u>the listing rules of the stock exchanges where the Company's shares are listed</u> and the Articles of Association of Inner Mongolia Yitai Coal Co., Ltd. (hereinafter referred to as the "Articles of Association"), and based on the actual circumstances of the Company.
Article 25	Shareholders holding ordinary shares with voting rights and whose names appeared in the register of members as of the record date or their proxies shall have the right to attend the general meeting and exercise voting rights pursuant to relevant laws, regulations and the Articles of Association. <u>All the shareholders or their proxies registered on the equity registration date shall be entitled to attend a General Meeting</u> , and the Company or the convener(s) shall not refuse them for whatever reasons.	Shareholders holding ordinary shares with voting rights and whose names appeared in the register of members as of the record date or their proxies shall have the right to attend the general meeting and exercise voting rights pursuant to relevant laws, regulations and the Articles of Association, and the Company or the convener(s) shall not refuse them for whatever reasons.

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 28	<p>The instrument appointing a proxy shall be in writing under the hand of the principal or his attorney duly authorized in writing, or if the principal is a legal person, either under seal or under the hand of a director or attorney duly authorized.</p> <p>The power of attorney issued by shareholders to appoint proxy to attend a shareholders' general meeting shall clarify the following details:</p> <ol style="list-style-type: none"> (1) Name of proxies; (2) Whether or not they have voting rights; (3) Instructions to vote for, against, or abstain for each of the matters to be deliberated set forth in the agenda of the shareholders' general meeting; (4) Date of issuance and the valid term of the power of attorney; 	<p>The instrument appointing a proxy shall be in writing under the hand of the principal or his attorney duly authorized in writing, or if the principal is a legal person, either under seal or under the hand of a director or attorney duly authorized.</p> <p>The power of attorney issued by shareholders to appoint proxy to attend a shareholders' general meeting shall clarify the following details:</p> <ol style="list-style-type: none"> (1) Name of proxies; (2) Whether or not they have voting rights; (3) Instructions to vote for, against, or abstain for each of the matters to be deliberated set forth in the agenda of the shareholders' general meeting; (4) Date of issuance and the valid term of the power of attorney;

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
	<p>(5) Signature (or seal) of the entrusting party. If the shareholder is the clearing corporate or other proxies recognized by the relevant laws and regulations of the place where the Company's shares are listed, the shareholder may appoint one person or more as his proxy in any shareholders' general meeting or any meetings of class shareholders; however, if more than one person are appointed, the power of attorney shall clearly state the number and the class of shares represented by each of the proxies, and shall be signed by the persons who is authorized by recognized clearing corporate. Authorized person may represent the recognized clearing corporate (or his proxy) to attend the meeting (the identify card or share certificate is not needed) and exercise his rights as the same as the individual shareholder of the Company.</p> <p>The proxy form shall be deposited at the address of the Company or another place specified in the notice of the meeting not less than 24 hours prior to the time appointed for the holding of the meeting at which the proxy is authorized to vote or 24 hours prior to the time appointed for voting. Where the proxy form is signed by an attorney authorized by the principal, the power of attorney or other authorization instruments shall be notarized. The notarized power of attorney and other authorization instruments, together with the proxy form, shall be lodged at the address of the Company or such other place as specified in the notice to the meeting.</p>	<p>(5) Signature (or seal) of the entrusting party. If the shareholder is the clearing corporate or other proxies recognized by the relevant laws and regulations of the place where the Company's shares are listed, the shareholder may appoint one person or more as his proxy in any shareholders' general meeting or any meetings of class shareholders; however, if more than one person are appointed, the power of attorney shall clearly state the number and the class of shares represented by each of the proxies, and shall be signed by the persons who is authorized by recognized clearing corporate. Authorized person may represent the recognized clearing corporate (or his proxy) to attend the meeting (the identify card or share certificate is not needed) and exercise his rights as the same as the individual shareholder of the Company.</p> <p>The proxy form shall be deposited at the address of the Company or another place specified in the notice of the meeting not less than 24 hours prior to the time appointed for the holding of the meeting at which the proxy is authorized to vote or 24 hours prior to the time appointed for voting. Where the proxy form is signed by an attorney authorized by the principal, the power of attorney or other authorization instruments shall be notarized. The notarized power of attorney and other authorization instruments, together with the proxy form, shall be lodged at the address of the Company or such other place as specified in the notice to the meeting.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
	<p>If the shareholders' general meeting is held virtually, all holders of shares with voting rights attached thereto who appear on the register of members as of the record date shall have the rights to vote through the shareholders' general meeting network voting system, but only one of the means including on-site at the venue, virtual access or any other means shall be selected to the same share. When the shareholders' general meeting is held virtually, it is deemed that the shareholder exercises his voting rights personally no matter the voting has been acted personally by the shareholder or his proxy.</p> <p><u>Where a shareholders' general meeting is convened by the Company in relation to issuance of preference shares, the network voting shall be made available while the Company may provide convenience for shareholders to participate in the meeting by using other means recognized by CSRC.</u></p>	<p>If the shareholders' general meeting is held virtually, all holders of shares with voting rights attached thereto who appear on the register of members as of the record date shall have the rights to vote through the shareholders' general meeting network voting system, but only one of the means including on-site at the venue, virtual access or any other means shall be selected to the same share. When the shareholders' general meeting is held virtually, it is deemed that the shareholder exercises his voting rights personally no matter the voting has been acted personally by the shareholder or his proxy.</p>
Article 36	<p>(1) <u>Two or more</u> shareholders who collectively hold 10% or more of the voting shares at the proposed meeting may make a proposal to the Board of Directors on holding an extraordinary general meeting or class meeting by signing one or several written requests with same content in same format and define the meeting agenda. The Board of Directors shall convene such meetings as soon as possible upon receipt of the aforesaid written request. The aforesaid number of shares held shall be calculated as of the date when the written request was put forward by the shareholders.</p>	<p>(1) <u>Shareholders who individually or jointly hold 10% or more of the voting shares at the proposed meeting</u> may make a proposal to the Board of Directors on holding an extraordinary general meeting or class meeting by signing one or several written requests with same content in same format and define the meeting agenda. The Board of Directors shall convene such meetings as soon as possible upon receipt of the aforesaid written request. The aforesaid number of shares held shall be calculated as of the date when the written request was put forward by the shareholders.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 39	<p>In voting at shareholders' general meetings, shareholders (including their proxies) shall exercise their voting rights in accordance with the number of their voting shares. Each share held by ordinary shareholders shall have one vote.</p> <p><u>In any of the following circumstances, the notice of a shareholders' general meeting shall be delivered to the preference shareholders prior to convening of such meeting by the Company. The Company shall also comply with the required notice procedure for ordinary shareholders as set out in the Company Law and the Articles of Association. The preference shareholders are entitled to attend the shareholders' general meetings and vote on the following matters separately from the ordinary shareholders. In this case, each preference share shall have one vote, but the preference shares held by the Company shall have no voting right:</u></p> <ol style="list-style-type: none"> <u>1. any amendment to the provisions of the Articles of Association regarding the preference shares;</u> <u>2. any reduction of the registered capital of the Company by more than 10%, whether on an individual or cumulative basis;</u> <u>3. any merger, division, dissolution or change of organizational form of the Company;</u> <u>4. any issuance of preference shares;</u> <u>5. any other circumstances prescribed by the Articles of Association.</u> 	<p>In voting at shareholders' general meetings, shareholders (including their proxies) shall exercise their voting rights in accordance with the number of their voting shares. Each share held by ordinary shareholders shall have one vote.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
	<p><u>Where the Company fails to pay dividends in respect of the preference shares as agreed for three accounting years in aggregate or two consecutive accounting years, the preference shareholders shall have the same rights to attend and vote at general meetings with ordinary shareholders from the day immediately following the day when a general meeting has approved not to pay the dividends in respect of the preference shares or following the payment date on which such dividends of preference shares for the year fail to be paid as agreed. When the preference shareholders exercise their voting rights under the condition of voting right restoration, the voting rights of each preference share shall be exercised at the ratio prescribed in the terms of preference shares.</u></p> <p><u>Upon the restoration of voting rights, if the Company has fully paid the current dividends payable in respect of preference shares, such voting rights granted to preference shareholders pursuant to the terms of voting rights restoration shall be terminated from the date when such payment is made in full. Where the terms of voting rights are triggered subsequently, the voting rights of preference shareholders can be restored again.</u></p> <p>When considering the material matters affecting the interests of minority investors at the general meeting, the votes by minority investors shall be counted separately, the result of which shall be publicly disclosed in a timely manner.</p>	<p>When considering the material matters affecting the interests of minority investors at the general meeting, the votes by minority investors shall be counted separately, the result of which shall be publicly disclosed in a timely manner.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
	<p>The shares of the Company held by itself have no voting rights, and the above shares shall be excluded from the total voting shares at shareholders' general meetings.</p> <p>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.</p> <p>The Board of Directors, independent directors and shareholders who meet the relevant requirements may solicit the voting rights at general meetings from other shareholders without any payment. And the detailed information shall be fully disclosed to shareholders. It is prohibited to solicit voting rights from shareholders by offering consideration or consideration in disguised form. The Company shall not impose any limit on the minimum shareholding in respect of the soliciting voting rights.</p>	<p>The shares of the Company held by itself have no voting rights, and the above shares shall be excluded from the total voting shares at shareholders' general meetings.</p> <p>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.</p> <p>The Board of Directors, independent directors and shareholders who meet the relevant requirements may solicit the voting rights at general meetings from other shareholders without any payment. And the detailed information shall be fully disclosed to shareholders. It is prohibited to solicit voting rights from shareholders by offering consideration or consideration in disguised form. The Company shall not impose any limit on the minimum shareholding in respect of the soliciting voting rights.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 40	<p>In reviewing and considering matters relevant to connected transactions at a shareholders' general meeting, if required by the listing rules of the stock exchange on which the Company's shares are listed, the connected shareholders shall not attend in voting and shall disclose the interest, and abstain from voting at the shareholders' general meeting and the number of voting shares represented by them shall be excluded from the total effective votes. The meeting record or resolutions at the shareholders' general meeting shall make clear reasons that shareholders didn't vote. The announcement of resolutions passed at the shareholders' general meeting shall contain a complete disclosure of the voting of non-connected shareholders. If connected shareholders can not abstain from voting due to special situation, the Company shall vote according to the regular procedure after soliciting the approval of authority and make detailed explanation in the announcement in relation to the resolutions at the shareholders' general meeting.</p> <p><u>If the resolution can not be reached due to abstention, the connected transaction should be deemed to be invalid.</u></p>	<p>In reviewing and considering matters relevant to connected transactions at a shareholders' general meeting, if required by the listing rules of the stock exchange on which the Company's shares are listed, the connected shareholders shall not attend in voting and shall disclose the interest, and abstain from voting at the shareholders' general meeting and the number of voting shares represented by them shall be excluded from the total effective votes. The meeting record or resolutions at the shareholders' general meeting shall make clear reasons that shareholders didn't vote. The announcement of resolutions passed at the shareholders' general meeting shall contain a complete disclosure of the voting of non-connected shareholders. If connected shareholders can not abstain from voting due to special situation, the Company shall vote according to the regular procedure after soliciting the approval of authority and make detailed explanation in the announcement in relation to the resolutions at the shareholders' general meeting.</p>
Article 43	<p>Shareholders present at the shareholders' general meeting should express their opinions on the motion put forward for voting in one of the following options: For, Against, or Abstain.</p> <p>On a poll taken at a meeting, a shareholder (including his proxies) entitled to two or more votes need not cast all his votes for or against in the same way.</p>	<p>Shareholders present at the shareholders' general meeting should express their opinions on the motion put forward for voting in one of the following options: For, Against, or Abstain.</p> <p>On a poll taken at a meeting, a shareholder (including his proxies) entitled to two or more votes need not cast all his <u>votes (for, against or abstain)</u> in the same way.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
	Any incomplete, incorrectly completed or illegible ballots of any voters shall be deemed to be forbidden voting rights, thus the voting result in respect of these shares shall be counted as “Abstain”.	Any incomplete, incorrectly completed or illegible ballots of any voters shall be deemed to be forbidden voting rights, thus the voting result in respect of these shares shall be counted as “Abstain”.
Article 46	<p>When a voting is made on the election of directors or supervisors at a shareholders’ general meeting, the cumulative voting system may be adopted to reflect the opinions of minority shareholders. The “cumulative voting system” as mentioned in this Article means that, where there are two or more candidates for the election of a director or supervisor at a general meeting, each of the ordinary shares shall have the same number of votes as the number of elected directors (including independent directors) and supervisors as stipulated in the Articles of Association. <u>For each of the preference shares that have their voting rights restored, the number of votes represents such voting rights calculated based on the ratio agreed in their respective issuance terms multiplying the number of elected directors (including independent directors) and supervisors as stipulated in the Articles of Association.</u> The voting rights can be concentrated on electing one person, or be separated on electing several persons. The director or supervisor shall be elected according to the number of votes. The “cumulative voting system” could also be used for election of independent directors.</p>	<p>When a voting is made on the election of directors or supervisors at a shareholders’ general meeting, the cumulative voting system may be adopted to reflect the opinions of minority shareholders. The “cumulative voting system” as mentioned in this Article means that, where there are two or more candidates for the election of a director or supervisor at a general meeting, each of the ordinary shares shall have the same number of votes as the number of elected directors (including independent directors) and supervisors as stipulated in the Articles of Association. The voting rights can be concentrated on electing one person, or be separated on electing several persons. The director or supervisor shall be elected according to the number of votes. The “cumulative voting system” could also be used for election of independent directors.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 68	<p>Except other classes of shareholders, the holders of non overseas listed foreign shares (including domestic shares and B shares) and the holders of overseas listed foreign shares shall be regarded as a different class of shareholders. The special voting procedure at a meeting for a certain class of shareholders shall not be applicable for the following cases:</p> <p>(1) upon the approval of the shareholders' general meeting with special resolutions, the Company independently or simultaneously issuing domestic shares and overseas listed foreign shares at intervals of 12 months, of which the number of the domestic shares and overseas listed foreign shares intended to be issued is not more than 20% of the issued and outstanding shares of the respective class;</p> <p>(2) the Company's plan on issuing domestic shares and overseas listed foreign shares at the time of incorporation, which is completed within 15 months upon approval of the China securities regulatory authority; or</p> <p>(3) upon the approval of the China securities regulatory authority, any shares of the Company being transferred by the holders of domestic shares to any overseas investor and listed and traded overseas.</p>	<p><u>The holders of domestically listed foreign shares and the holders of domestic legal person's shares of the Company are of the same class.</u></p> <p><u>The holders of domestically listed foreign shares of the Company shall be regarded as a different class of shareholders from the holders of overseas listed foreign shares.</u></p> <p><u>The special voting procedure at a meeting for a certain class of shareholders shall not be applicable for the following cases:</u></p> <p>(1) <u>upon the approval of the shareholders' general meeting with special resolutions, the Company issuing overseas listed foreign shares at intervals of 12 months, of which the number of the overseas listed foreign shares intended to be issued is not more than 20% of the issued and outstanding shares of the class;</u></p> <p>(2) the Company's plan on issuing domestic shares and overseas listed foreign shares at the time of incorporation, which is completed within 15 months upon approval of the China securities regulatory authority; or</p> <p>(3) upon the approval of the China securities regulatory authority, any shares of the Company being transferred by the holders of domestic shares to any overseas investor and listed and traded overseas.</p>
Article 71	<p>The terms "no less than" and "<u>within</u>" referred to in the Articles of Association include the number itself. The terms "less than" do not include the number itself.</p>	<p>The terms "no less than" referred to in the Articles of Association include the number itself. The terms "less than" do not include the number itself.</p>

LETTER FROM THE BOARD

Proposed Amendments to the Rules of Procedure of the Board of Directors

The Board has approved the proposal in relation to the proposed amendments to Rules of Procedure of the Board of Directors and the proposal is hereby submitted to the general meeting of Shareholders for consideration.

The specific amendments are as follows:

Articles	Before Amendment	After Amendment
Article 1 Tenets	In order to further standardise the Procedures for decision-making of the Board of Directors of the Company, procure the directors and the Board to effectively perform their duties, and enhance the regulated operation and scientific decision-making of the Board of Directors, these Rules of Procedure are formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies, Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”), Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Articles of Association of Inner Mongolia Yitai Coal Co., Ltd. (hereinafter referred to as the “Articles of Association”) and other relevant provisions.	In order to further standardise the Procedures for decision-making of the Board of Directors of the Company, procure the directors and the Board to effectively perform their duties, and enhance the regulated operation and scientific decision-making of the Board of Directors, these Rules of Procedure are formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies, <u>the listing rules of stock exchanges where the Company’s shares are listed, the Articles of Association of Inner Mongolia Yitai Coal Co., Ltd. (hereinafter referred to as the “Articles of Association”) and other relevant provisions.</u>
Article 9 Administrative Office of the Board of Directors	<p>The Company’s securities department is an administrative office of the Board of Directors, responsible for handling the daily routine of the Board of Directors.</p> <p>The secretary of the Board of Directors is responsible for keeping the seal of the Board of Directors. The Securities Affairs Representative assists the secretary of the Board of Directors to handle daily affairs.</p>	<p>The Company has set up an <u>administrative office of the Board of Directors</u>, responsible for handling the daily routine of the Board of Directors.</p> <p>The secretary of the Board of Directors is responsible for keeping the seal of the Board of Directors. The Securities Affairs Representative assists the secretary of the Board of Directors to handle daily affairs.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 11 Proposal of the Regular Meeting	<p>Before serving the notice of regular meeting of the Board of the Directors, the securities department shall adequately consult with the directors, and shall accordingly formulate a preliminary proposal for meeting and submit the same to the chairman of the Board of Directors for consideration.</p> <p>Before deciding a proposal, the chairman shall, where necessary, seek opinions of the manager and other senior executives.</p>	<p>Before serving the notice of regular meeting of the Board of Directors, <u>the administrative office of the Board of Directors</u> the shall adequately consult with the directors, and shall accordingly formulate a preliminary proposal for meeting and submit the same to the chairman of the Board of Directors for consideration.</p> <p>Before deciding a proposal, the chairman shall, where necessary, seek opinions of the manager and other senior executives.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 12 Interim Meeting	<p>The Board of Directors shall convene an interim meeting of the Board of Directors within 10 days upon the occurrence of any of the following circumstances:</p> <ol style="list-style-type: none"> (1) when shareholders representing more than 10% of the voting shares in the Company propose to do so; (2) when more than 1/3 of the directors propose to do so; (3) when the Supervisory Committee proposes to do so; (4) when the chairman of the Board of Directors considers it necessary; (5) when more than 1/2 of the independent directors propose to do so; (6) when the securities regulatory authority requests to do so. <p>In the case of any emergency, upon the proposal of the manager of the Company, the Board of Directors may convene an interim meeting.</p> <p>The Board of Directors shall give a notice to all directors 5 days before any interim board meeting.</p>	<p>The Board of Directors shall convene an interim meeting of the Board of Directors within 10 days upon the occurrence of any of the following circumstances:</p> <ol style="list-style-type: none"> (1) when shareholders representing more than 10% of the voting shares in the Company propose to do so; (2) when more than 1/3 of the directors propose to do so; (3) when the Supervisory Committee proposes to do so; (4) when the chairman of the Board of Directors considers it necessary; (5) when more than 1/2 of the independent directors propose to do so; (6) when the securities regulatory authority requests to do so. <p>In the case of any emergency, upon the proposal of the manager of the Company, the Board of Directors may convene an interim meeting.</p> <p>The Board of Directors shall give a notice to all directors 5 days before any interim board meeting.</p> <p><u>In case an interim board meeting needs to be held as soon as possible under emergency, the meeting notice may be sent at any time but the convener shall make an explanation at the meeting.</u></p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
<p>Article 13 Procedures of the Proposal of an Interim Meeting</p>	<p>A proposal for convening a interim Board meeting as specified in the preceding article shall be in written form and affixed with the signature (seal) of the proposer and submitted through the securities department or directly to the chairman. A written proposal shall specify:</p> <ol style="list-style-type: none"> (1) Name of the proposer; (2) Reason or objective circumstance for the proposal; (3) Time or duration, venue or form of the meeting proposed; (4) Well-defined and specific motions; (5) Means to contact the proposer, date of proposal, etc. <p>The contents of the written proposal shall be within the terms of reference of the Board specified in the Articles of Association, and the documents relating to the proposal shall be submitted together with the proposal itself.</p> <p>The securities department shall transfer to the chairman the aforesaid proposal and related documents after receipt of the same on the same day. Where the chairman deems the contents of the proposal as not well-defined, specific or complete, the chairman may require the proposer to modify or supplement the proposal.</p> <p>The chairman shall convene and preside over a Board meeting within 10 days after receipt of the proposal or requirement of the securities regulatory authority.</p>	<p>A proposal for convening a interim Board meeting as specified in the preceding article shall be in written form and affixed with the signature (seal) of the proposer and submitted through <u>the administrative office of the Board of Directors</u> or directly to the chairman. A written proposal shall specify:</p> <ol style="list-style-type: none"> (1) Name of the proposer; (2) Reason or objective circumstance for the proposal; (3) Time or duration, venue or form of the meeting proposed; (4) Well-defined and specific motions; (5) Means to contact the proposer, date of proposal, etc. <p>The contents of the written proposal shall be within the terms of reference of the Board specified in the Articles of Association, and the documents relating to the proposal shall be submitted together with the proposal itself.</p> <p><u>The administrative office of the Board of Directors</u> shall transfer to the chairman the aforesaid proposal and related documents after receipt of the same on the same day. Where the chairman deems the contents of the proposal as not well-defined, specific or complete, the chairman may require the proposer to modify or supplement the proposal.</p> <p>The chairman shall convene and preside over a Board meeting within 10 days after receipt of the proposal or requirement of the securities regulatory authority.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
<p>Article 15 Notice of the Meeting</p>	<p>The securities department shall send the written notice of meeting and information bearing the seal of the Board office, respectively, including the background information relating to the subjects of discussions and other information and data which may help the directors understand the business progress of the Company to all the Directors, Supervisors, manager and the secretary of the board of directors by written method prescribed in the Articles of Association (including by hand, by post, by mail, notice and by fax) before a regular board meeting and a interim board meeting. Where a interim board meeting needs to be convened in emergency, the notice of meeting may be sent by verbal means (including face verbal notice or telephone notice) prescribed in the Articles of Association, but the convener shall make explanations at the meeting.</p>	<p><u>The administrative office of the Board of Directors</u> shall send the written notice of meeting and information bearing the seal of the Board office, respectively, including the background information relating to the subjects of discussions and other information and data which may help the directors understand the business progress of the Company to all the Directors, Supervisors, manager and the secretary of the board of directors by written method prescribed in the Articles of Association (including by hand, by post, by mail, notice and by fax) before a regular board meeting and a interim board meeting. Where a interim board meeting needs to be convened in emergency, the notice of meeting may be sent by verbal means (including face verbal notice or telephone notice) prescribed in the Articles of Association, but the convener shall make explanations at the meeting.</p>
<p>Article 23 Expressing Opinions</p>	<p>The directors should independently and prudently give their options upon carefully reading the relevant meeting materials and fully understanding the situations.</p> <p>The directors are allowed to learn the information necessary for the decision-making from the securities department, the meeting convener, the manager and other senior management, various special committees, accounting firms and law firms and other relevant personnel and organizations before the meeting, or to suggest the presider to invite the above-mentioned persons and the representatives of the above-mentioned organizations to attend the meeting to explain the situations.</p>	<p>The directors should independently and prudently give their options upon carefully reading the relevant meeting materials and fully understanding the situations.</p> <p>The directors are allowed to learn the information necessary for the decision-making from <u>the administrative office of the Board of Directors</u>, the meeting convener, the manager and other senior management, various special committees, accounting firms and law firms and other relevant personnel and organizations before the meeting, or to suggest the presider to invite the above-mentioned persons and the representatives of the above-mentioned organizations to attend the meeting to explain the situations.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
<p>Article 24 Vote of the Meeting</p>	<p>When any proposal is fully discussed, the host shall ask the participating directors to vote in time.</p> <p>The resolution of the Board of Directors shall be passed by show of hands and vote by poll in writing on a one-person-one-vote basis.</p> <p>Three options in form of the affirmative vote, negative vote and abstention are available for the directors to show their voting intentions. The participating directors shall choose one of them. Where any participating director fails to choose or chooses two or more options at the same time, the host of the meeting shall ask the relevant director to make second round of choosing. The directors who refuse to choose or fail to return after leaving the meeting without any choosing shall be deemed to have abstained from voting.</p> <p>If the pros and cons are the same, the chairman of the Board of Directors shall be entitled to an additional vote.</p> <p>The director attending the meeting by proxy shall exercise rights as granted by the principal. If a director fails to attend a Board meeting either in person or by proxy, the said director shall be deemed as having waived his right to vote at the meeting. The director waiving his vote shall not exonerate his joint liability for any resolutions passed in such board meeting.</p>	<p>When any proposal is fully discussed, the host shall ask the participating directors to vote in time.</p> <p>The resolution of the Board of Directors shall be passed by show of hands and vote by poll in writing on a one-person-one-vote basis.</p> <p>Three options in form of the affirmative vote, negative vote and abstention are available for the directors to show their voting intentions. The participating directors shall choose one of them. Where any participating director fails to choose or chooses two or more options at the same time, the host of the meeting shall ask the relevant director to make second round of choosing. The directors who refuse to choose or fail to return after leaving the meeting without any choosing shall be deemed to have abstained from voting.</p> <p>The director attending the meeting by proxy shall exercise rights as granted by the principal. If a director fails to attend a Board meeting either in person or by proxy, the said director shall be deemed as having waived his right to vote at the meeting, which <u>shall not exonerate his joint liability for any resolutions passed in such board meeting.</u></p>
<p>Article 25 Statistics of Voting Results</p>	<p>After voting of the attending directors, the securities department staff shall responsively collect ballots cast by the directors, which ballots shall be counted by the Board secretary under supervision of a supervisor or independent director.</p>	<p>After voting of the attending directors, the staff of <u>the administrative office of the Board of Directors</u> shall responsively collect ballots cast by the directors, which ballots shall be counted by the Board secretary under supervision of a supervisor or independent director.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 33 Minutes of the Meeting	The secretary of the Board of Directors shall arrange securities department staff to record the minutes of the Board meeting. After the reasonable notice given by any director at any time, the Board of Directors shall provide the relevant minutes of meetings to such director for inspection within a reasonable period. The minutes of meeting shall include:	The secretary of the Board of Directors shall arrange the staff of <u>the administrative office of the Board of Directors</u> to record the minutes of the Board meeting. After the reasonable notice given by any director at any time, the Board of Directors shall provide the relevant minutes of meetings to such director for inspection within a reasonable period. The minutes of meeting shall include:
Article 34 Signatures of Directors	Meeting summary and the resolution record The Secretary of the Board of Directors may also arrange the securities department staff to work out a clear and concise meeting summary as well as make a separate resolution record based on the voting result and the formed resolutions.	<u>Signatures of Directors</u> <u>The participating directors shall sign the meeting minutes and the resolutions adopted at the meeting for confirmation on behalf of themselves and the directors who authorize them to attend. Any director who has different views on the meeting minutes or the resolutions adopted at the meeting can make a written explanation when signing the same; when necessary, he/she shall report it to the regulatory authorities timely; he/she can also make a public statement. Where any director fails to sign for confirmation as proceeding article stipulates and make a written explanation on his/her different views, or fails to report it to the regulatory authorities or make a public statement, he/she shall be deemed to have fully agreed with the contents of the meeting minutes and the resolutions adopted at the meeting.</u>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
	<p>The participating directors shall sign the meeting minutes and resolution record for confirmation on behalf of themselves and the directors who authorize them to attend. Any director who has different views on the meeting minutes or the resolution record can make a written explanation when signing the minutes; when necessary, he/she shall report it to the regulatory authorities timely; he/she can also make a public statement. Where any director fails to sign for confirmation as proceeding article stipulates and make a written explanation on his/her different views, or fails to report it to the regulatory authorities or make a public statement, he/she shall be deemed to have fully agreed with the contents of the meeting minutes and the resolution record.</p> <p>The meeting minutes of the Board of Directors shall be kept by the secretary of the Board of Directors. The minutes of meetings shall be kept for a period of 10 years.</p>	
<p>Article 37 Filing of Meeting Documents</p>	<p>The meeting files of the Board, including the meeting notices and meeting materials, the attendance book, power of attorney, meeting taping information, votes, the meeting minutes, meeting summary, resolution record, resolution announcement and others that have been signed by the participating directors, shall be kept by the secretary of the Board.</p> <p>The preservation period of those meeting files shall be ten years.</p>	<p>The meeting files of the Board, including the meeting notices and meeting materials, the attendance book, power of attorney, meeting taping information (<u>if any</u>), votes, the meeting minutes, the resolutions adopted at the meeting, resolution announcement and others that have been signed by the participating directors, shall be kept by the secretary of the Board.</p> <p>The preservation period of those meeting files shall be ten years.</p>

LETTER FROM THE BOARD

Proposed Amendments to Rules of Procedure of the Supervisory Committee

The Board has approved the proposal in relation to the proposed amendments to Rules of Procedure of the Supervisory Committee and the proposal is hereby submitted to the general meeting of Shareholders for consideration.

The specific amendments are as follows:

Articles	Before Amendment	After Amendment
Article 4 The office of the Supervisory Committee	<p>The Company sets up the office of the Supervisory Committee which works jointly with the Company's <u>Securities Department</u> and is responsible for the daily routine of the Supervisory Committee. The office of the Supervisory Committee is subject to the leadership of the chairman of the Supervisory Committee and is responsible for keeping the seal of the Supervisory Committee, drafting and keeping the meeting materials of the Supervisory Committee.</p>	<p>The Company sets up the office of the Supervisory Committee which works jointly with <u>the administrative office of the Board</u> and is responsible for the daily routine of the Supervisory Committee. The office of the Supervisory Committee is subject to the leadership of the chairman of the Supervisory Committee and is responsible for keeping the seal of the Supervisory Committee, drafting and keeping the meeting materials of the Supervisory Committee.</p>
Article 7 Procedures of the Proposal of an Interim Meeting	<p>Where an interim meeting is proposed by the supervisors, a written proposal executed by the above supervisors shall be submitted, through the office of the Supervisory Committee or directly to the chairman of the Supervisory Committee. The written proposal shall include:</p> <ol style="list-style-type: none"> (1) the names of the supervisors who make the proposals; (2) the reasons and objective grounds for the proposals; (3) the date or duration, place and form of the proposing meetings; (4) the definite and specific resolutions; (5) the contact information of the above supervisors and date of proposals. <p><u>The Supervisory Committee</u> shall issue the notice for the interim meeting of the Supervisory Committee within three days after the office of the Supervisory Committee or the chairman of the Supervisory Committee has received the supervisors' written proposal.</p> <p>If <u>the office of the Supervisory Committee</u> fails to issue such notice, the above supervisors shall report to the regulatory authorities timely.</p>	<p>Where an interim meeting is proposed by the supervisors, a written proposal executed by the above supervisors shall be submitted, through the office of the Supervisory Committee or directly to the chairman of the Supervisory Committee. The written proposal shall include:</p> <ol style="list-style-type: none"> (1) the names of the supervisors who make the proposals; (2) the reasons and objective grounds for the proposals; (3) the date or duration, place and form of the proposing meetings; (4) the definite and specific resolutions; (5) the contact information of the above supervisors and date of proposals. <p>Notice for the interim meeting of the Supervisory Committee shall be issued within three days after the office of the Supervisory Committee or the chairman of the Supervisory Committee has received the supervisors' written proposal. If such notice fails to be issued, the above supervisors shall report to the regulatory authorities timely.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
<p>Article 14 Resolutions at the Meeting of the Supervisory Committee</p>	<p>Each supervisor shall have one vote in the meeting of the Supervisory Committee, to be exercised by way of a show of hands or by vote recognized by the Supervisory Committee.</p> <p>The Supervisors' voting intentions include For, Against and Abstain. Supervisors present shall select one of the above-mentioned intentions. If a supervisor selects no or two or above intentions, the chairman of the meeting shall request the supervisor to reselect. Any supervisor refusing to reselect shall be deemed abstention. Any supervisor who leaves the venue in the course of the meeting and does not return for voting shall be deemed abstention.</p> <p>Resolutions at the meeting of the Supervisory Committee shall be passed by <u>at least two-thirds of the supervisors' votes.</u></p>	<p>Each supervisor shall have one vote in the meeting of the Supervisory Committee, to be exercised by way of a show of hands or by vote recognized by the Supervisory Committee.</p> <p>The Supervisors' voting intentions include For, Against and Abstain. Supervisors present shall select one of the above-mentioned intentions. If a supervisor selects no or two or above intentions, the chairman of the meeting shall request the supervisor to reselect. Any supervisor refusing to reselect shall be deemed abstention. Any supervisor who leaves the venue in the course of the meeting and does not return for voting shall be deemed abstention.</p> <p>Resolutions at the meeting of the Supervisory Committee shall be passed by <u>half or more of all supervisors' votes.</u></p>
<p>Article 20 Keeping of Meeting Documents</p>	<p>The meeting files of the Supervisory Committee, including the meeting notices and materials, the attendance book, meeting sound recordings, votes, the meeting minutes, resolution announcement and others that have been signed by the participating supervisors, shall be kept by a specific person designated by the office of the Supervisory Committee.</p> <p>The preservation period of those meeting files shall be ten years.</p>	<p>The meeting files of the Supervisory Committee, including the meeting notices and materials, the attendance book, meeting sound recordings <u>(if any)</u>, votes, the meeting minutes, the resolutions adopted at the meeting, resolution announcement and others that have been signed by the participating supervisors, shall be kept by a specific person designated by the office of the Supervisory Committee.</p> <p>The preservation period of those meeting files shall be ten years.</p>

LETTER FROM THE BOARD

Proposed Amendments to Policy on the Management of the External Guarantee

The Board has approved the proposal in relation to the proposed amendments to Policy on the Management of the External Guarantee and the proposal is hereby submitted to the general meeting of Shareholders for consideration.

The specific amendments are as follows:

Articles	Before Amendment	After Amendment
Article 7	<p>In case that the Company provides external guarantee, it shall require the warrantee to provide a counter-guarantee or other measures which can effectively prevent the guarantee risks. A counter-guarantee provider shall have the actual ability to bear the debt, and the amount of the counter-guarantee provided must be equal to the amount guaranteed by the Company. The counter-guarantee shall be approved by the board of directors or the shareholders' general meetings of the warrantee, and shall be signed by its legal representatives.</p> <p><u>In case that the guarantee is provided by the Company to a subsidiary, the requisition of a counter-guarantee could be waived.</u></p>	<p>In case that the Company provides external guarantee, it shall require the warrantee to provide a counter-guarantee or other measures which can effectively prevent the guarantee risks. A counter-guarantee provider shall have the actual ability to bear the debt, and the amount of the counter-guarantee provided must be equal to the amount guaranteed by the Company. <u>This provision shall not apply to the case where the Company provides guarantee for any of its controlled subsidiaries in proportion with its equity interest in such subsidiary.</u> The counter-guarantee shall be approved by the board of directors or the shareholders' general meetings of the warrantee, and shall be signed by its legal representatives.</p>
Article 11	<p><u>The Finance Department</u> of the Company is responsible for handling of and response to the Company's external guarantee application. Application and other materials as stipulated in Article 10 therein shall be submitted to <u>the Finance Department</u> at least 15 working days advance. <u>The Finance Department</u> of the Company shall investigate and verify the business and financial position, credit situation, the project and prospect of industry of the applicant and the counter-guarantee provider, and evaluate the risk on the Company for providing guarantees and put forward written opinions. These written opinions, shall be reviewed by the <u>head of Finance Department and finance administrator</u> of the Company and upon being approved by the <u>head of the Finance Department and financial administrator</u> of the Company, shall be submitted to the secretary to the Board and the <u>Securities Department</u> for compliance review.</p>	<p><u>The Finance Department</u> of the Company is responsible for handling of and response to the Company's external guarantee application. Application and other materials as stipulated in Article 10 therein shall be submitted to <u>the Finance Department</u> at least 15 working days advance. <u>The Finance Department</u> of the Company shall investigate and verify the business and financial position, credit situation, the project and prospect of industry of the applicant and the counter-guarantee provider, and evaluate the risk on the Company for providing guarantees and put forward written opinions. These written opinions, upon being approved by <u>the financial administrator and the financial controller</u>, shall be submitted to the secretary to the Board of the Company and <u>the administrative office of the Board of Directors</u> for compliance review.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 12	The secretary to the Board and the <u>Securities Department</u> shall conduct compliance review timely after receiving guarantee application and relevant materials from the <u>Finance Department</u> . After review and approval, the secretary to the Board shall perform the examination and approval procedure of the Board or General Meeting timely in accordance with relevant laws, regulations, regulatory documents, the Articles of Association and provisions contained herein.	The secretary to the Board and <u>the administrative office of the Board of Directors</u> shall conduct compliance review timely after receiving guarantee application and relevant materials from <u>the Finance Department</u> . After review and approval, the secretary to the Board shall perform the examination and approval procedure of the Board or General Meeting timely in accordance with relevant laws, regulations, regulatory documents, the Articles of Association and provisions contained herein.
Article 24	<u>The Finance Department</u> of the Company shall be responsible for related legal formalities for the Company's external guarantees (e.g., mortgage and pledge), or counter-guarantee received by the Company, especially carrying out assets mortgage or pledge registration procedures with relevant government departments in time in case a counter-guarantee is provided to the Company.	<u>The Finance Department</u> of the Company shall be responsible for related legal formalities for the Company's external guarantees (e.g., mortgage and pledge), or counter-guarantee received by the Company, especially carrying out assets mortgage or pledge registration procedures with relevant government departments in time in case a counter-guarantee is provided to the Company.
Article 26	<p><u>The Finance Department</u> of the Company is responsible for the management of the guarantees and shall delegate specially-assigned person to build a ledger account for guarantor enterprise for the registration and cancellation of the guarantees. Prior to the maturity of the debts for which the Company provides guarantee, <u>the Finance Department</u> shall actively procure the warrantee to repay debts on time.</p> <p><u>The Finance Department</u> shall keep and manage properly documents in respect of external guarantees provided by the Company, including but not limited to application forms and attachments, guarantee contracts and counter-guarantee contracts executed, registration certificates of mortgages or charges, etc. <u>The Finance Department</u> shall fill the sheet of external guarantees provided by the Company on quarterly basis and report the same to the chairman of the Board, general manager, financial administrator of the Company and secretary to the Board.</p>	<p><u>The Finance Department</u> of the Company is responsible for the management of the guarantees and shall delegate specially-assigned person to build a ledger account for guarantor enterprise for the registration and cancellation of the guarantees. Prior to the maturity of the debts for which the Company provides guarantee, <u>the Finance Department</u> shall actively procure the warrantee to repay debts on time.</p> <p><u>The Finance Department</u> shall keep and manage properly documents in respect of external guarantees provided by the Company, including but not limited to application forms and attachments, guarantee contracts and counter-guarantee contracts executed, registration certificates of mortgages or charges, etc. <u>The Finance Department</u> shall fill the sheet of external guarantees provided by the Company on quarterly basis and report the same to the chairman of the Board, general manager, financial administrator of the Company and secretary to the Board.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 27	<u>The Finance Department</u> shall actively pay attention to and collect information on the significant change in production and operation situation, financial condition, assets, liabilities and contingent liabilities, increase or decrease of registered capital, division, merger, bankruptcy, dissolution, asset restructuring, legal representative changes, changes in equity, repayment of due debt of the warrantee, and identify security risk timely, analyze the possible risk so as to submit to the Company for handling.	<u>The Finance Department</u> shall actively pay attention to and collect information on the significant change in production and operation situation, financial condition, assets, liabilities and contingent liabilities, increase or decrease of registered capital, division, merger, bankruptcy, dissolution, asset restructuring, legal representative changes, changes in equity, repayment of due debt of the warrantee, and identify security risk timely, analyze the possible risk so as to submit to the Company for handling.
Article 28	If the <u>Finance Department</u> found that the warrantee, for whom the Company assumes general suretyship liability, has no assets available to pay debts fall due, or the warrantee, for whom the Company assumes joint liability, fails to perform its repayment obligations, or the warrantee goes into bankruptcy and liquidation, or creditor calls for guarantee obligations against the Company, the Finance Department shall inquiry debt repayment of the warrantee, and take into effect the counter-guarantee claim procedures together with personnel of the Legal Affairs Office and report to Board at the same time.	If <u>the Finance Department</u> found that the warrantee, for whom the Company assumes general suretyship liability, has no assets available to pay debts fall due, or the warrantee, for whom the Company assumes joint liability, fails to perform its repayment obligations, or the warrantee goes into bankruptcy and liquidation, or creditor calls for guarantee obligations against the Company, the Finance Department shall inquiry debt repayment of the warrantee, and take into effect the counter-guarantee claim procedures together with personnel of the Legal Affairs Office and report to Board at the same time.
Article 29	The Company shall take effective measures to claim against the debtor after performing its guarantee obligations, and the <u>Finance Department</u> of the Company shall keep the Board informed.	The Company shall take effective measures to claim against the debtor after performing its guarantee obligations, and <u>the Finance Department</u> of the Company shall keep the Board informed.

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 31	<u>The Finance Department</u> and personnel of the Legal Affairs Office shall take effective measures based on other risks that may occur, and put forward solutions to the office meeting of general manager, the Board and the Supervisory Committee after the examination and approval of the department head, as the case maybe.	<u>The Finance Department</u> and personnel of the Legal Affairs Office shall take effective measures based on other risks that may occur, and put forward solutions to the office meeting of general manager, the Board and the Supervisory Committee after the examination and approval of the department head, as the case maybe.
Article 33	If the creditor fails to declare his claim after the People's Court accepts and hears the bankruptcy case of the debtor, <u>the Finance Department</u> of the Company and Legal Affairs Office of the Company shall call the Company's attention to participate in the financial allocation upon bankruptcy, so as to exercise the recourse right in advance.	If the creditor fails to declare his claim after the People's Court accepts and hears the bankruptcy case of the debtor, <u>the Finance Department</u> of the Company and Legal Affairs Office of the Company shall call the Company's attention to participate in the financial allocation upon bankruptcy, so as to exercise the recourse right in advance.
Article 34	The Company shall perform its obligation in respect of information disclosure for external guarantee seriously pursuant to requirements of the <u>Stock Listing Rules of Shanghai Stock Exchange</u> , the Articles of Association, the Information Disclosure Regulations of the Company.	The Company shall perform its obligation in respect of information disclosure for external guarantee seriously pursuant to requirements of the <u>listing rules of stock exchanges where the Company's shares are listed</u> , the Articles of Association, the Information Disclosure Regulations of the Company.

LETTER FROM THE BOARD

SPECIAL RESOLUTION

Proposed Amendments to the Articles of Association

The Board has approved the proposal in relation to the proposed amendments to the Articles of Association and the proposal is hereby submitted to the general meeting of Shareholders for consideration.

The specific amendments are as follows:

Articles	Before Amendment	After Amendment
Article 1.01	<p>To safeguard the legal interests of Inner Mongolia Yitai Coal Co., Ltd., its shareholders and creditors and regulate the organization and behavior of the Company, the Articles of Association are formulated in accordance with the Company Law, the Securities Law, the Special Provisions, the Mandatory Clauses, the Guidelines for the Articles of Association, <u>the Guidance Opinions of State Council on the Launch of Preference Shares Pilot Scheme, the Administrative Measures on the Preference Shares Pilot Scheme and Listing Rules of Stock Exchange</u>, as well as other relevant laws, regulations and rules.</p> <p>The Company is a joint stock company incorporated with limited liability in accordance with the Company Law and other relevant laws, regulations and rules. The Company was founded by means of flotation with the Nei Zheng Gu Pi Zi (1997) No.14 joint stock company approval issued by Inner Mongolia People's Government, and the Company was registered with the Inner Mongolia Administration for Industry and Commerce and obtained its business license with registered number of 150000400001093.</p> <p>On 15 July 1997, with approval by Security Committee of the State Council, the Company initially issued 166 million domestically listed shares in <u>foreign currency</u> in the domestic stock markets (B Shares), which are listed on the Shanghai Stock Exchange on 8 August 1997. <u>With approval by [name of the approval authority] on [approval date], the Company issued [number] preference shares which are listed on the Shanghai Stock Exchange on [the listing date].</u></p>	<p>To safeguard the legal interests of Inner Mongolia Yitai Coal Co., Ltd., its shareholders and creditors and regulate the organization and behavior of the Company, the Articles of Association are formulated in accordance with the Company Law, the Securities Law, the Special Provisions, the Mandatory Clauses, the Guidelines for the Articles of Association, <u>the listing rules of the stock exchanges where the Company's shares are listed</u> as well as other relevant laws, regulations and rules.</p> <p>The Company is a joint stock company incorporated with limited liability in accordance with the Company Law and other relevant laws, regulations and rules. The Company was founded by means of flotation with the Nei Zheng Gu Pi Zi (1997) No.14 joint stock company approval issued by Inner Mongolia People's Government, and the Company was registered with the Inner Mongolia Administration for Industry and Commerce and obtained its business license with registered number of 150000400001093.</p> <p>On 15 July 1997, with approval by Security Committee of the State Council, the Company initially issued 166 million domestically listed shares in <u>US dollar</u> in the domestic stock markets (B Shares), which are listed on the Shanghai Stock Exchange on 8 August 1997.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 1.05	<p>The Company is a joint stock limited company in perpetual existence.</p> <p><u>All assets of the Company comprise shares of different classes, and shares of the same class shall represent equal par value. The shareholders shall be responsible for the Company to the extent of the shares held by them.</u> The Company shall bear the liabilities for its debts with all its assets.</p> <p>The Company is an independent legal entity, being governed and protected by laws, regulations and rules of the PRC.</p> <p>All behaviors of the Company shall comply with laws, regulation and rules of the PRC and of where the shares are listed and protect shareholders' lawful rights and interests.</p>	<p>The Company is a joint stock limited company in perpetual existence.</p> <p><u>All of the assets shall be divided into shares of equal value.</u> The shareholders shall be responsible for the Company to the extent of the shares held by them. The Company shall bear the liabilities for its debts with all its <u>assets</u>.</p> <p>The Company is an independent legal entity, being governed and protected by laws, regulations and rules of the PRC.</p> <p>All behaviors of the Company shall comply with laws, regulation and rules of the PRC and of where the shares are listed and protect shareholders' lawful rights and interests.</p>
Article 1.06	<p>The Articles of Association are passed by resolution at the general meeting of the Company with approval of the relevant authorities, <u>and come into effect from the date of listing of the Company's H Shares on the Hong Kong Stock Exchange.</u></p> <p>From the date of the Articles of Association becoming effective, the Articles of Association constitute a legally binding document regulating the Company's organization and behaviour, and the rights and obligations between the Company and the shareholders and among the shareholders. The previous Articles of Association will automatically be invalid.</p>	<p>The Articles of Association are passed by resolution at the general meeting of the Company and come into effect from the date of being approved by the relevant authorities <u>(if necessary)</u>.</p> <p>From the date of the Articles of Association becoming effective, the Articles of Association constitute a legally binding document regulating the Company's organization and behaviour, and the rights and obligations between the Company and the shareholders and among the shareholders. The previous Articles of Association will automatically be invalid.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 1.07	<p>The Articles of Association are binding on the Company and its shareholders, directors, supervisors, president and other senior management, all of whom may assert rights in respect of the Company’s affairs in accordance with the Articles of Association.</p> <p>On the premise of not violation of the Article 21.01 of the Articles of Association, shareholders shall have the right to take legal proceedings against the Company; the Company shall have the right to take legal proceedings against its shareholders; shareholders shall have the right to take legal proceedings against other shareholders; and shareholders shall have the right to take legal proceedings against directors, supervisors, presidents and other members of the senior management of the Company pursuant to the provisions of the Articles of Association.</p> <p>The term “legal proceedings” mentioned in the preceding paragraph shall include the commencement of legal proceedings before a court or application for arbitration to an arbitration organization.</p>	<p>The Articles of Association are binding on the Company and its shareholders, directors, supervisors, president and other senior management, all of whom may assert rights in respect of the Company’s affairs in accordance with the Articles of Association.</p> <p>On the premise of not violation of the Article 21.01 of the Articles of Association, shareholders shall have the right to take legal proceedings against the Company; the Company shall have the right to take legal proceedings against its shareholders; shareholders shall have the right to take legal proceedings against other shareholders; and shareholders shall have the right to take legal proceedings against directors, supervisors, presidents and other members of the senior management of the Company pursuant to the provisions of the Articles of Association. <u>Disputes among shareholders, directors, supervisors and senior management involving the provisions of the Articles of Association shall be resolved through consultation first.</u></p> <p>The term “legal proceedings” mentioned in the preceding paragraph shall include the commencement of legal proceedings before a court or application for arbitration to an arbitration organization.</p>
Article 3.01	<p>The Company shall have ordinary shares at all times. Subject to the approval from relevant authorities, the Company may create preference shares and other classes of shares. <u>Preference shareholders and ordinary shareholders are regarded as shareholders of different classes.</u></p>	<p>The Company shall have ordinary shares at all times. <u>It may have other kinds of shares according to needs, upon approval of the examination and approval department authorized by the State Council.</u></p> <p><u>The Company may issue preference shares in accordance with the laws.</u></p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 3.03	<p>Shares of the Company are in the form stock. Shares issued by the Company shall have a par value. Of which, the ordinary shares have a par value of <u>RMB1</u> per share, <u>and the preference shares have a par value of RMB100 per share.</u></p> <p>The “RMB” mentioned above refers to legal currency of the PRC.</p>	<p>Shares of the Company are in the form stock. Shares issued by the Company shall have <u>a par value of RMB1 per share.</u></p> <p>The “RMB” mentioned above refers to legal currency of the PRC.</p>
Article 3.05	<p>Shares issued by <u>the Company</u> to domestic investors and subscribed for in RMB shall be referred to as “domestic shares”.</p> <p>Shares issued by <u>the Company</u> to overseas investors and subscribed for in foreign currency shall be referred to as “foreign shares”. <u>Shareholders of domestic shares and shareholders of foreign shares are both shareholders of ordinary shares, enjoying and assuming the rights and obligations set out in the Articles of Association.</u></p> <p><u>Domestic shares and domestically listed foreign shares (B Shares) are included in the class of non-overseas-listed-foreign shares, while foreign shares are included in the class of overseas listed shares. In the Articles of Association, domestic shares and domestically listed foreign shares (B Shares) refer to the “non-overseas-listed-foreign shares”.</u></p> <p>The “foreign currency” mentioned above refers to legal currencies of other countries or regions other than RMB that is approved by the State Regulatory Authority of Foreign Exchange and may be used to pay as the share capital to the Company.</p>	<p><u>Shares issued to domestic investors and subscribed for in RMB shall be referred to as “domestic shares”.</u></p> <p><u>Shares issued to overseas investors and subscribed for in foreign currency shall be referred to as “foreign shares”.</u></p> <p>The “foreign currency” mentioned above refers to legal currencies of other countries or regions other than RMB that is approved by the State Regulatory Authority of Foreign Exchange and may be used to pay as the share capital to the Company.</p>
Article 3.06	<p>The foreign shares issued by the company listed in Hong Kong shall refer to as H shares. H shares are shares which have been admitted for listing on The Hong Kong Stock Exchange with a par value denominated in RMB and are subscribed and traded in Hong Kong Dollars.</p>	<p><u>The shares of the Company domestically listed with a par value denominated in RMB and subscribed and traded in US Dollars shall be referred to as domestically listed foreign shares (B Shares). The shares issued by the Company listed in Hong Kong with a par value denominated in RMB and subscribed and traded in Hong Kong Dollars shall be referred to as overseas listed foreign shares (H shares).</u></p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 3.07	<p>The Company was established on 23 September 1997 by means of flotation. Upon its establishment, the Company issued 166 million domestically listed foreign shares of RMB1.00 each; The total share capital of the Company was 366 million shares, among which, 200 million shares were issued to the promoter, accounting for 54.64% of the total share capital; 166 million domestically listed foreign shares were issued, accounting for 45.36% of the total share capital.</p> <p>As at 12 July 2012, the Company issued 163,003,500 H shares. The shareholding structure of the Company was as follow: the total number of issued non-overseas-listed-foreign shares was 1,464,000,000, of which 800,000,000 was domestic shares listed in the PRC, accounting for 49.17% of the total number of ordinary shares issued by the Company, 664,000,000 was B Shares, accounting for 40.81% of the total number of ordinary shares issued by the Company, and 163,003,500 was H Shares, accounting for 10.02% of the total number of ordinary shares issued by the Company. <u>As at [••], the Company issued [••] preference shares.</u></p> <p>The total number of shares of the Company was 3,254,007,000 shares, of which 1,600,000,000 was domestic shares, accounting for 49.17% of the total number of ordinary shares issued by the Company, 1,328,000,000 was B shares, accounting for 40.81% of the total number of ordinary shares issued by the Company, and 326,007,000 was H shares, accounting for 10.02% of the total number of ordinary shares issued by the Company.</p> <p><u>The number of issued preference shares of the Company shall not exceed 50% of the total number of the ordinary shares of the Company and the amount of funds raised shall not exceed 50% of the net assets before the issuance. The preference shares repurchased or converted shall not be included in the calculation.</u></p>	<p>The Company was established on 23 September 1997 by means of flotation. <u>The total share capital of the Company was 366 million shares of RMB1.00 each, among which, 200 million shares were domestic legal person's shares held by the promoter, accounting for 54.64% of the total share capital; 166 million B shares were issued, accounting for 45.36% of the total share capital.</u></p> <p>As at 12 July 2012, the Company issued 163,003,500 H shares. The total share capital of the Company was <u>1,627,003,500</u> shares, among which, 800,000,000 shares were <u>domestic legal person's shares</u>, accounting for 49.17% of the total number of ordinary shares issued by the Company, 664,000,000 was B Shares, accounting for 40.81% of the total number of ordinary shares issued by the Company, and 163,003,500 was H Shares, accounting for 10.02% of the total number of ordinary shares issued by the Company.</p> <p>The total number of shares of the Company was 3,254,007,000 shares, of which 1,600,000,000 was <u>domestic legal person's shares</u>, accounting for 49.17% of the total number of ordinary shares issued by the Company, 1,328,000,000 was B shares, accounting for 40.81% of the total number of ordinary shares issued by the Company, and 326,007,000 was H shares, accounting for 10.02% of the total number of ordinary shares issued by the Company.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 3.11	(5) other means permitted by laws and administrative regulations.	(5) other means permitted by laws, administrative regulations <u>and China securities regulatory authority.</u>
Article 3.13	<p>The Company shall not accept its shares as the subject of pledge.</p> <p>Transfer, donate, inherit and pledge the <u>domestic shares</u>, domestically listed foreign shares or overseas listed foreign shares shall be in accordance with the PRC laws and the Articles of Association respectively. To transfer or divert the shares, the Company shall appoint the share registration agent(s) with the registration, and complete the transfer of ownership in accordance with the relevant regulations.</p>	<p>The Company shall not accept its shares as the subject of pledge.</p> <p>Transfer, donate, inherit and pledge the <u>domestic legal person's shares</u>, domestically listed foreign shares or overseas listed foreign shares shall be in accordance with the PRC laws and the Articles of Association, respectively. To transfer or divert the shares, the Company shall appoint the share registration agent(s) with the registration, and complete the transfer of ownership in accordance with the relevant regulations.</p>
Article 3.14	<p>Ordinary shares of the Company held by the promoters shall not be transferred within one year as of the date of incorporation of the Company.</p> <p>Directors, supervisors, and senior management of the Company shall declare to the Company their ordinary shareholdings in the Company and the changes therein, and their transfer of ordinary shares shall be no more than 25% of their total ordinary shareholdings in the Company each year during their term of office. The above personnel shall not transfer their shareholdings in the Company within half year after their resignation.</p>	<p>Shares of the Company held by the promoters shall not be transferred within one year as of the date of incorporation of the Company.</p> <p>Directors, supervisors, and senior management of the Company shall declare to the Company their ordinary shareholdings in the Company and the changes therein, and their transfer of ordinary shares shall be no more than 25% of their total ordinary shareholdings in the Company each year during their term of office. The above personnel shall not transfer their shareholdings in the Company within half year after their resignation. <u>If the transfer restriction involves H shares, then the relevant provisions of the Listing Rules of the Stock Exchange of Hong Kong shall apply.</u></p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 3.15	<p>In the event that any of the Company's directors, supervisors, and senior management as well as its shareholders each holding more than 5% ordinary shares in the Company sell their shares within six months after the purchase of such shares, or purchase shares within six months after the sale of such shares, all proceeds obtained there from shall be vested in the Company, and the Board of Directors will forfeit such proceeds. However, for a securities company that holds more than 5% ordinary shares due to its underwriting of unsold shares, the sale of such shares shall not be subject to the six-month period restriction.</p> <p>In the event that the Board of Directors fails to comply with the provisions of the preceding paragraph, ordinary shareholders have the right to request the Board of Directors to implement the related provisions within 30 days. In the event that the Board of Directors fails to implement the requirements within the period specified above, ordinary shareholders may initiate litigation in the People's Court directly in their own names for the interest of the Company.</p> <p>In the event that the Board of Directors does not comply with the provisions of the first paragraph of the Articles of Association, the responsible director or directors shall bear joint and several liabilities according to the law.</p>	<p>In the event that any of the Company's directors, supervisors, and senior management as well as its shareholders each holding more than 5% ordinary shares in the Company sell their shares within six months after the purchase of such shares, or purchase shares within six months after the sale of such shares, all proceeds obtained therefrom shall be vested in the Company, and the Board of Directors will forfeit such proceeds. However, for a securities company that holds more than 5% ordinary shares due to its underwriting of unsold shares, the sale of such shares shall not be subject to the six-month period restriction. <u>If the transfer restriction involves H shares, then the relevant provisions of the Listing Rules of the Stock Exchange of Hong Kong shall apply.</u></p> <p>In the event that the Board of Directors fails to comply with the provisions of the preceding paragraph, ordinary shareholders have the right to request the Board of Directors to implement the related provisions within 30 days. In the event that the Board of Directors fails to implement the requirements within the period specified above, ordinary shareholders may initiate litigation in the People's Court directly in their own names for the interest of the Company.</p> <p>In the event that the Board of Directors does not comply with the provisions of the first paragraph of the Articles of Association, the responsible director or directors shall bear joint and several liabilities according to the law.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 4.03	<p>The Company may repurchase its outstanding ordinary shares after approved in accordance with procedures provided for in the Articles of Association and approved by the relevant national competent authorities:</p> <ol style="list-style-type: none"> (1) cancellation of shares for the purpose of reducing the registered capital of the Company; (2) merger with another company that holds shares in the Company; (3) distribution of share to employees of the Company as rewards; (4) request from shareholders for the Company to repurchase their shareholdings due to their objection to the resolution of merger or division made at an shareholders' general meeting; (5) the share price of a company is lower than net asset per share (except for loss-making companies); (6) other circumstances as permitted by laws and administrative regulations. <p>Repurchase of issued ordinary shares by the Company shall be conducted in accordance with the provisions of Articles 4.04 to 4.07 of these Articles.</p>	<p>The Company may repurchase its outstanding ordinary shares after approved in accordance with procedures provided in the Articles of Association and approved by the relevant national competent authorities:</p> <ol style="list-style-type: none"> (1) cancellation of shares for the purpose of reducing the registered capital of the Company; (2) merger with another company that holds shares in the Company; (3) distribution of share to employees of the Company as rewards; (4) request from shareholders for the Company to repurchase their shareholdings due to their objection to the resolution of merger or division made at an shareholders' general meeting; (5) the share price of a company is lower than net asset per share (except for loss-making companies); (6) other circumstances as permitted by laws and administrative regulations. <p>Repurchase of issued ordinary shares by the Company shall be conducted in accordance with the provisions of Articles 4.04 to 4.07 of these Articles.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
	<p><u>The Company may repurchase and cancel the preference shares of the Company pursuant to the issuance terms and subject to relevant laws, regulations and regulatory documents; save for the requirements of relevant laws and regulations, and otherwise agreed in issuance terms, the redemption of the preference shares is not subject to other conditions.</u></p> <p><u>The redemption price shall be the par value plus current resolved but unpaid payment of dividends on the preference shares.</u></p> <p><u>The Company shall repurchase and cancel such preference shares when the Company merges with other companies holding the Company's preference shares.</u></p>	
Article 6.07	<p>No changes resulting from share transfers may be made to the register of shareholders within 30 days prior to a shareholders' general meeting or 5 days prior to the reference date set by the Company for the purpose of distribution of dividends.</p> <p>Amendments to any part of the register of shareholders of the non-overseas-listed-foreign shares shall be made in accordance with the laws of the PRC.</p>	<p>No changes resulting from share transfers may be made to the register of shareholders within 30 days prior to a shareholders' general meeting or 5 days prior to the reference date set by the Company for the purpose of distribution of dividends.</p> <p>Amendments to any part of the register of shareholders of the domestically-listed-foreign shares shall be made in accordance with the laws of the PRC.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 6.10	<p>Any shareholder who is registered in the register of shareholders or requires his name to be entered into the register of shareholders may apply to the Company for issuance of a replacement certificate in respect of such shares (“Relevant Shares”) if his share certificates (“Original Share Certificate”) is lost.</p> <p>Applications for a replacement share certificate by shareholders of non-overseas-listed-foreign shares shall be addressed pursuant to the relevant requirements of the Company Law.</p> <p>Applications for a replacement share certificate by holders of <u>non-overseas</u>-listed-foreign shares shall be addressed pursuant to the law, the rules of the stock exchange, or other relevant regulations of the jurisdiction in which the original register of shareholders for overseas-listed foreign shares is maintained.</p> <p>With respect to holders of H Shares who have lost their share certificates, the replacement of share certificate shall comply with the following requirements:</p> <p>(1) The applicant shall submit an application to the Company in a prescribed form along with a notarization or a statutory declaration stating the grounds upon which the application is made and the circumstances and evidence of the loss. Moreover, the applicant shall declare that no other person shall be entitled to have his name entered into the register of shareholders with respect to the Relevant Shares;</p>	<p>Any shareholder who is registered in the register of shareholders or requires his name to be entered into the register of shareholders may apply to the Company for issuance of a replacement certificate in respect of such shares (“Relevant Shares”) if his share certificates (“Original Share Certificate”) is lost.</p> <p>Applications for a replacement share certificate by shareholders of <u>domestically-listed-foreign shares</u> shall be addressed pursuant to the relevant requirements of the Company Law.</p> <p>Applications for a replacement share certificate by holders of overseas-listed-foreign shares shall be addressed pursuant to the law, the rules of the stock exchange, or other relevant regulations of the jurisdiction in which the original register of shareholders for overseas-listed foreign shares is maintained.</p> <p>With respect to holders of H Shares who have lost their share certificates, the replacement of share certificate shall comply with the following requirements:</p> <p>(1) The applicant shall submit an application to the Company in a prescribed form along with a notarization or a statutory declaration stating the grounds upon which the application is made and the circumstances and evidence of the loss. Moreover, the applicant shall declare that no other person shall be entitled to have his name entered into the register of shareholders with respect to the Relevant Shares;</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
	<p>(2) The Company shall not have received any declaration made by any person other than the applicant declaring that his name shall be entered into the register of shareholders with respect to such shares (prior to the issue of a replacement share certificate to the applicant);</p> <p>(3) In the event that the Company intends to issue a replacement share certificate to an applicant, it shall publish an announcement of such intention at least once every 30 days within a period of 90 days in the newspaper as prescribed by the Board of Directors;</p> <p>(4) Prior to its publication, the Company shall deliver, to the stock exchange on which its shares are listed, a copy of aforementioned announcement. The Company may publish the announcement upon receipt of confirmation from such stock exchange confirming the announcement has been exhibited on the premises of said stock exchange. Such announcement shall be exhibited on the premises of the stock exchange for a period of 90 days;</p> <p>In case an application for a replacement share certificate is made without the consent of the registered holder of the Relevant Shares, the Company shall deliver, by mail, to such registered shareholder a copy of the announcement to be published;</p>	<p>(2) The Company shall not have received any declaration made by any person other than the applicant declaring that his name shall be entered into the register of shareholders with respect to such shares (prior to the issue of a replacement share certificate to the applicant);</p> <p>(3) In the event that the Company intends to issue a replacement share certificate to an applicant, it shall publish an announcement of such intention at least once every 30 days within a period of 90 days in the newspaper as prescribed by the Board of Directors;</p> <p>(4) Prior to its publication, the Company shall deliver, to the stock exchange on which its shares are listed, a copy of aforementioned announcement. The Company may publish the announcement upon receipt of confirmation from such stock exchange confirming the announcement has been exhibited on the premises of said stock exchange. Such announcement shall be exhibited on the premises of the stock exchange for a period of 90 days;</p> <p>In case an application for a replacement share certificate is made without the consent of the registered holder of the Relevant Shares, the Company shall deliver, by mail, to such registered shareholder a copy of the announcement to be published;</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
	<p>(5) Upon expiration of the 90-day period referred to in the provisions (3) and (4) of this Article, the Company may issue the replacement share certificate to the applicant in the event that the Company has not received any objections from any person with respect to the issuance of a replacement share certificate;</p> <p>(6) When the Company issues a replacement share certificate pursuant to the provisions of this Article, it shall cancel the original share certificate and record the cancellation of said original share certificate, along with the issuance of the replacement share certificate in the register of shareholders;</p> <p>(7) All expenses relating to the cancellation of the original share certificate and the issuance of a replacement share certificate shall be borne by the applicant, and the Company shall have the right to refuse to take any action until reasonable guarantee is provided by the applicant.</p>	<p>(5) Upon expiration of the 90-day period referred to in the provisions (3) and (4) of this Article, the Company may issue the replacement share certificate to the applicant in the event that the Company has not received any objections from any person with respect to the issuance of a replacement share certificate;</p> <p>(6) When the Company issues a replacement share certificate pursuant to the provisions of this Article, it shall cancel the original share certificate and record the cancellation of said original share certificate, along with the issuance of the replacement share certificate in the register of shareholders;</p> <p>(7) All expenses relating to the cancellation of the original share certificate and the issuance of a replacement share certificate shall be borne by the applicant, and the Company shall have the right to refuse to take any action until reasonable guarantee is provided by the applicant.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 7.02	<p><u>The shareholders of the Company shall be entitled to different rights according to the class of the shares held by them.</u></p> <p>The ordinary shareholders of the Company shall be entitled to the following rights:</p> <ol style="list-style-type: none"> (1) the right to dividends and other distributions in proportion to the number of shares held; (2) the right to request, convene, preside and attend or appoint a proxy to attend shareholders' general meetings and to exercise the voting right there at in accordance with the laws; (3) the right to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries; (4) the right to transfer, bestow and pledge shares in accordance with the laws, administrative regulations and provisions of the Articles of Association; (5) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including: <ol style="list-style-type: none"> 1. the right to obtain a copy of the Articles of Association, subject to payment of the cost of such copy; 2. the right to inspect and copy, subject to payment of a reasonable charge: <p>(1) the register of all shareholders;</p>	<p>The ordinary shareholders of the Company shall be entitled to the following rights:</p> <ol style="list-style-type: none"> (1) the right to dividends and other distributions in proportion to the number of shares held; (2) the right to request, convene, preside and attend or appoint a proxy to attend shareholders' general meetings and to exercise the voting right there at in accordance with the laws; (3) the right to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries; (4) the right to transfer, bestow and pledge shares in accordance with the laws, administrative regulations and provisions of the Articles of Association; (5) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including: <ol style="list-style-type: none"> 1. the right to obtain a copy of the Articles of Association, subject to payment of the cost of such copy; 2. the right to inspect and copy, subject to payment of a reasonable charge: <p>(1) the register of all shareholders;</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
	<p>(2) personal particulars of each of the Company's directors, supervisors, managers and other senior management including:</p> <p>(a) present name and alias and any former name and alias;</p> <p>(b) principal address (residence);</p> <p>(c) nationality;</p> <p>(d) primary and all other part-time occupations;</p> <p>(e) identification document and its number.</p> <p>(3) the state of the Company's share capital;</p> <p>(4) the latest audited financial statements and the reports of the Board of Directors, auditors and the Supervisory Committee;</p> <p>(5) the special resolution of the Company;</p> <p>(6) reports showing the aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose;</p> <p>(7) a copy of the latest annual review report, which shall be submitted to the State Administration for Industry and Commerce of the PRC or other authorities for inspection; and</p>	<p>(2) personal particulars of each of the Company's directors, supervisors, managers and other senior management including:</p> <p>(a) present name and alias and any former name and alias;</p> <p>(b) principal address (residence);</p> <p>(c) nationality;</p> <p>(d) primary and all other part-time occupations;</p> <p>(e) identification document and its number.</p> <p>(3) the state of the Company's share capital;</p> <p>(4) the latest audited financial statements and the reports of the Board of Directors, auditors and the Supervisory Committee;</p> <p>(5) the special resolution of the Company;</p> <p>(6) reports showing the aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose;</p> <p>(7) a copy of the latest annual review report, which shall be submitted to the State Administration for Industry and Commerce of the PRC or other authorities for inspection; and</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
	<p>(8) Minutes of shareholders' general meetings.</p> <p>The Company shall lodge documents (1) to (8) excluding (2) aforementioned and any other applicable documents with the Company's Hong Kong address under the requirements of the listing rules, for the purpose of inspection by the public and holders of overseas listed foreign shares free of charge ((8) aforementioned is for shareholders' inspection only);</p> <p>(6) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;</p> <p>(7) request for the Company to repurchase the shareholdings of shareholders who objects to resolutions of mergers and demergers approved in shareholders' general meetings; and</p> <p>(8) other rights conferred by laws, administrative regulations and the Articles of Association.</p> <p><u>The preference shareholders of the Company shall be entitled to the following rights:</u></p> <p>(1) <u>To receive the dividend in accordance with the terms and proportion of their preference shares held;</u></p>	<p>(8) Minutes of shareholders' general meetings.</p> <p>The Company shall lodge documents (1) to (8) excluding (2) aforementioned and any other applicable documents with the Company's Hong Kong address under the requirements of the listing rules, for the purpose of inspection by the public and holders of overseas listed foreign shares free of charge ((8) aforementioned is for shareholders' inspection only);</p> <p>(6) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;</p> <p>(7) request for the Company to repurchase the shareholdings of shareholders who objects to resolutions of mergers and demergers approved in shareholders' general meetings; and</p> <p>(8) other rights conferred by laws, administrative regulations and the Articles of Association.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
	<p>(2) <u>In any of the following circumstances, the notice of a shareholders' general meeting shall be delivered to the preference shareholders prior to convening of such meeting by the Company. The Company shall also comply with the required notice procedure for ordinary shareholders as set out in the Company Law and the Articles of Association. The preference shareholders are entitled to attend the shareholders' general meetings and vote on the following matters separately from the ordinary shareholders. In this case, each preference share shall have one vote, but the preference shares held by the Company shall have no voting right:</u></p> <ol style="list-style-type: none"> 1. <u>any amendment to the provisions of the Articles of Association regarding the preference shares;</u> 2. <u>any reduction of the registered capital of the Company by more than 10%, whether on an individual or cumulative basis;</u> 3. <u>any merger, division, dissolution or change of organizational form of the Company;</u> 4. <u>any issuance of preference shares;</u> 5. <u>any other circumstances prescribed by the Articles of Association.</u> 	

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
	<p>(3) <u>inspect the following documents of the Company, namely the Articles of Association, the register of shareholders, the record of bondholders, records of shareholders' general meetings, resolutions of board meetings, resolutions of meetings of the Supervisory Committee and financial reports;</u></p> <p>(4) <u>If the Company fails to pay dividends in respect of the preference shares as agreed for three accounting years in aggregate or two consecutive accounting years, the preference shareholders shall have the same rights to attend and vote at shareholders' general meetings with ordinary shareholders from the date immediately following the date when a shareholders' general meeting has approved not to pay the dividends in respect of the preference shares for the year as agreed, i.e. voting right will be restored, until the Company pay the dividends in full in the current year;</u></p> <p>(5) <u>transfer, bestow, pledge the shares of the Company held by them in accordance with the requirements of laws, regulations and the Articles, but the relevant share transferee are qualified investors stipulated by relevant laws and regulations;</u></p> <p>(6) <u>in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the type, terms and number of shares held.</u></p>	

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 7.04	<p>Shareholders have the right to apply to the civil courts for contents of resolutions of shareholders' general meetings and the Board of Directors meeting that is in violation of laws and administrative regulations to be found invalid.</p> <p>In the event that the convening and voting procedures of shareholders' general meetings and Board of Directors meetings that are in violation of laws, administrative regulations, or the Articles of Association, or the contents of resolutions are in violation of the Articles of Association, shareholders have the right to apply to the civil courts for revocation within 60 days of the date of resolutions.</p> <p><u>Preference shareholders shall only have the right to apply to the civil courts to invalid or withdraw the contents and procedures of shareholders' general meetings and Board meetings that are in violation of laws, administrative regulations or the Articles of Association and at which they are entitled to participate in consideration.</u></p>	<p>Shareholders have the right to apply to the civil courts for contents of resolutions of shareholders' general meetings and the Board of Directors meeting that is in violation of laws and administrative regulations to be found invalid.</p> <p>In the event that the convening and voting procedures of shareholders' general meetings and Board of Directors meetings are in violation of laws, administrative regulations, or the Articles of Association, or the contents of resolutions are in violation of the Articles of Association, shareholders have the right to apply to the civil courts for revocation within 60 days of the date of resolutions.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 7.07	<p>Shareholders of the Company shall have the following obligations:</p> <ol style="list-style-type: none"> (1) Abide by laws, administrative regulations, and the Articles of Association; (2) To pay subscription fees on the basis of the shares subscribed by them and the method of capital injection; (3) Shall not give up their shares other than in circumstances stipulated by laws or regulations; (4) Shall not abuse shareholder rights to damage the interests of the Company or other shareholders; Shall not abuse the independent position and limited liability of the corporate judicial person to damage the interests of the debtors of the Company; Shareholders that abuse their shareholder rights and cause losses for the Company or other shareholders shall be held responsible for compensation in accordance with laws. Shareholders that abuse the independent position and limited liability of the corporate judicial person and evade debts, resulting in serious damages to the interests of debtors of the Company, shall be held responsible for all associated responsibilities of Company debts; (5) Other obligations imposed by laws, administrative regulations, and the Articles of Association. <p>Shareholders shall not bear any further liabilities to the share capital other than the conditions agreed to by the subscriber of the relevant shares upon subscription.</p>	<p>The ordinary shareholders of the Company shall have the following obligations:</p> <ol style="list-style-type: none"> (1) Abide by laws, administrative regulations, and the Articles of Association; (2) To pay subscription fees on the basis of the shares subscribed by them and the method of capital injection; (3) Shall not give up their shares other than in circumstances stipulated by laws or regulations; (4) Shall not abuse shareholder rights to damage the interests of the Company or other shareholders; shall not abuse the independent position and limited liability of the corporate judicial person to damage the interests of the debtors of the Company; shareholders that abuse their shareholder rights and cause losses for the Company or other shareholders shall be held responsible for compensation in accordance with laws. Shareholders that abuse the independent position and limited liability of the corporate judicial person and evade debts, resulting in serious damages to the interests of debtors of the Company, shall be held responsible for all associated responsibilities of Company debts; (5) Other obligations imposed by laws, administrative regulations, and the Articles of Association. <p>Shareholders shall not bear any further liabilities to the share capital other than the conditions agreed to by the subscriber of the relevant shares upon subscription.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 8.02	(7) deliberate and approve the Company's plans for profit distribution <u>(including profit distribution plans for ordinary shareholders and preference shareholders)</u> and making up losses;	(7) deliberate and approve the Company's plans for profit distribution and making up losses;
Article 8.05	(3) shareholders holding 10% (including 10%, excluding voting proxy) or more of the Company's issued and outstanding voting shares, request to convene an extraordinary general meetings in writing;	(3) shareholders, <u>individually or jointly</u> , holding 10% (including 10%, excluding voting proxy) or more of the Company's issued and outstanding voting shares, request to convene an extraordinary general meetings in writing;
Article 8.14	<p>Notices and supplementary notices of a shareholders' general meeting shall fully and completely disclose all detailed contents of all proposals. For matters to be discussed that require opinions from the independent directors, the opinions of the independent directors and reasons thereof shall be simultaneously disclosed with the notice or supplementary notice of the shareholders' general meeting.</p> <p>For the shareholders' general meetings that utilize website services, the voting time and procedures for such method shall be clearly stated in the notice of the shareholders' general meeting.</p> <p>The interval between share record date of shareholders of <u>non-overseas-listed-foreign shares</u> and the date of meeting shall no more than 7 business days. It is unchangeable once the share record date has been confirmed.</p>	<p>Notices and supplementary notices of a shareholders' general meeting shall fully and completely disclose all detailed contents of all proposals. For matters to be discussed that require opinions from the independent directors, the opinions of the independent directors and reasons thereof shall be simultaneously disclosed with the notice or supplementary notice of the shareholders' general meeting.</p> <p>For the shareholders' general meetings that utilize website services, the voting time and procedures for such method shall be clearly stated in the notice of the shareholders' general meeting.</p> <p>The interval between share record date of shareholders of <u>domestic legal person's shares and domestically-listed-foreign shares</u> and the date of meeting shall be no more than 7 business days. It is unchangeable once the share record date has been confirmed.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 8.36	<p>The proxy form shall be deposited at the address of the Company or another place specified in the notice of the meeting not less than 24 hours prior to the time appointed for the holding of the meeting or 24 hours prior to the time appointed for voting. Where the proxy form is signed by an attorney authorized by the principal, the power of attorney or other authorization instruments shall be notarized. The notarized power of attorney and other authorization instruments, together with the proxy form, shall be lodged at the address of the Company or such other place as specified in the notice to the meeting.</p> <p>If the general shareholders' meeting is held virtually, all holders of shares with voting rights attached thereto who appear on the register of members as of the record date shall have the rights to vote through the general shareholders' meeting network voting system, but only one of the means including onsite at the venue, virtual access or any other means shall be selected to the same share. When the general shareholders' meeting is held virtually, it is deemed as the shareholder exercises his voting rights personally no matter the voting has been acted personally by the shareholder or his proxy.</p> <p><u>Where a shareholders' general meeting is convened by the Company in relation to issuance of preference shares, the network voting shall be made available while the Company may provide convenience for shareholders to participate in the meeting by using other means recognized by CSRC.</u></p>	<p>The proxy form shall be deposited at the address of the Company or another place specified in the notice of the meeting not less than 24 hours prior to the time appointed for the holding of the meeting or 24 hours prior to the time appointed for voting. Where the proxy form is signed by an attorney authorized by the principal, the power of attorney or other authorization instruments shall be notarized. The notarized power of attorney and other authorization instruments, together with the proxy form, shall be lodged at the address of the Company or such other place as specified in the notice to the meeting.</p> <p>If the shareholders' general meeting is held virtually, all holders of shares with voting rights attached thereto who appear on the register of members as of the record date shall have the rights to vote through the shareholders' general meeting network voting system, but only one of the means including onsite at the venue, virtual access or any other means shall be selected to the same share. When the shareholders' general meeting is held virtually, it is deemed as the shareholder exercises his voting rights personally no matter the voting has been acted personally by the shareholder or his proxy.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 8.45	<p>In voting at shareholders' general meetings, shareholders (including their proxies) shall exercise their voting rights in accordance with the number of their voting shares. Each share held by ordinary shareholders shall have one vote.</p> <p><u>Each preference share held by preference shareholders shall have one vote when such shareholders vote on matters provided in Article 7.02(3)(ii) of the Articles of Association.</u></p> <p><u>Where the Company fails to pay dividends in respect of the preference shares as agreed for three accounting years in aggregate or two consecutive accounting years, the preference shareholders shall have the same rights to attend and vote at general meetings with ordinary shareholders from the day immediately following the day when a general meeting has approved not to pay the dividends in respect of the preference shares or following the payment date on which such dividends of preference shares for the year fail to be paid as agreed. When the preference shareholders exercise their voting rights under the condition of voting right restoration, the voting rights of each preference share shall be exercised at the ratio prescribed in the terms of preference shares.</u></p>	<p>In voting at shareholders' general meetings, shareholders (including their proxies) shall exercise their voting rights in accordance with the number of their voting shares. Each share held by ordinary shareholders shall have one vote.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
	<p><u>Upon the restoration of voting rights, if the Company has fully paid the current dividends payable in respect of preference shares, such voting rights granted to preference shareholders pursuant to the terms of voting rights restoration shall be terminated from the date when such payment is made in full. Where the terms of voting rights are triggered subsequently, the voting rights of preference shareholders can be restored again.</u></p> <p>When considering the material matters affecting the interests of minority investors at the general meeting, the votes by minority shareholders shall be counted separately, the result of which shall be publicly disclosed in a timely manner.</p> <p>The shares of the Company held by itself has no voting rights, and the above shares shall be excluded from the total voting votes at shareholders' general meetings. The Board of Directors, independent directors and shareholders who meet the relevant requirements may solicit the voting rights at general meetings from other shareholders without any payment. And the detailed information shall be fully disclosed to shareholders. It is prohibited to solicit voting rights from shareholders by offering consideration or consideration in disguised form. The Company shall not impose any limit on the minimum shareholding in respect of the soliciting voting rights.</p> <p>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.</p>	<p>When considering the material matters affecting the interests of minority investors at the general meeting, the votes by minority shareholders shall be counted separately, the result of which shall be publicly disclosed in a timely manner.</p> <p>The shares of the Company held by itself has no voting rights, and the above shares shall be excluded from the total voting votes at shareholders' general meetings. The Board of Directors, independent directors and shareholders who meet the relevant requirements may solicit the voting rights at general meetings from other shareholders without any payment. And the detailed information shall be fully disclosed to shareholders. It is prohibited to solicit voting rights from shareholders by offering consideration or consideration in disguised form. The Company shall not impose any limit on the minimum shareholding in respect of the soliciting voting rights.</p> <p>Where any shareholder is, under the applicable laws and regulations and the listing rules of the stock exchange(s) where 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.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 8.51	<p>When a voting is made on the election of directors or supervisors at a shareholders' general meeting, the cumulative voting system may be adopted to reflect the opinions of minority shareholders.</p> <p>The "cumulative voting system" as mentioned in the preceding paragraphs means that, where there are two or more candidates for the election of a director or supervisor at a general meeting, each of the ordinary shares held by the shareholders (including their proxies) shall have the same number of votes as the number of candidates. <u>For each of the preference shares that have their voting rights restored, the number of votes represents such voting rights calculated based on the ratio agreed in their respective issuance terms multiplying the number of elected directors (including independent directors) and supervisors as stipulated in the Articles of Association.</u> The voting rights can be concentrated on electing one person, or be separated on electing several persons. The director or supervisor shall be elected according to the number of votes. The "cumulative voting system" could also be used for election of independent directors.</p>	<p>When a voting is made on the election of directors or supervisors at a shareholders' general meeting, the cumulative voting system may be adopted to reflect the opinions of minority shareholders.</p> <p>The "cumulative voting system" as mentioned in the preceding paragraphs means that, where there are two or more candidates for the election of a director or supervisor at a general meeting, each of the ordinary shares held by the shareholders (including their proxies) shall have the same number of votes as the number of candidates. The voting rights can be concentrated on electing one person, or be separated on electing several persons. The director or supervisor shall be elected according to the number of votes. The "cumulative voting system" could also be used for election of independent directors.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
	<p>The implementing rules of the cumulative voting system on the election of directors or supervisors are as follows:</p> <ol style="list-style-type: none"> (1) the promoters propose the candidates of the first Board of Directors and the board of supervisors at the establishment meeting of the company; (2) the term of office for the candidates of the directors and the supervisors per year according to the nomination of the last term of office of the directors and the supervisors; (3) the shareholders' assembly resolves to the list for the candidates of the directors and the supervisors by way of proposal. The Board of Directors and the board of supervisors shall provide the resume and the key facts about the candidate of the directors and the supervisors; (4) the candidate of the directors and the supervisors shall be have a written promise preceding the shareholders' assembly by the board. They agree to the proposal and ensure the information disclosed publicly is true and complete and pledge to exercise their responsibilities since they are elected; (5) the shareholders' assembly should vote for each candidates of the director and supervisor when going through the proposal; 	<p>The implementing rules of the cumulative voting system on the election of directors or supervisors are as follows:</p> <ol style="list-style-type: none"> (1) the promoters propose the candidates of the first Board of Directors and the board of supervisors at the establishment meeting of the company; (2) the term of office for the candidates of the directors and the supervisors per year according to the nomination of the last term of office of the directors and the supervisors; (3) the shareholders' assembly resolves to the list for the candidates of the directors and the supervisors by way of proposal. The Board of Directors and the board of supervisors shall provide the resume and the key facts about the candidate of the directors and the supervisors; (4) the candidate of the directors and the supervisors shall be have a written promise preceding the shareholders' assembly by the board. They agree to the proposal and ensure the information disclosed publicly is true and complete and pledge to exercise their responsibilities since they are elected; (5) the shareholders' assembly should vote for each candidates of the director and supervisor when going through the proposal;

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
	<p>(6) the shares representing the voting rights has the voting rights equal to the total number of the elected directors and supervisors specified in the Articles of Association, shareholders can either vote to any of the candidates or disperse to several candidates or all the candidates (for example, a shareholder own 100 shares of stock, the company prepare to elect 11 directors, the shareholder's voting rights accumulated to $100 \times 11 = 1100$ votes);</p> <p>(7) to guide the shareholders entitled to vote by providing the written instructions regarding the cumulative voting system and its operation in details before electing the directors and supervisors;</p> <p>(8) Where the motion of re-electing the directors and supervisors has been approved, the newly appointed directors and supervisors shall hold the post immediately after the shareholders' general meeting.</p>	<p>(6) the shares representing the voting rights have the voting rights equal to the total number of the elected directors and supervisors specified in the Articles of Association; shareholders can either vote to any of the candidates or disperse to several candidates or all the candidates (for example, a shareholder owns 100 shares of stock, and the company prepares to elect 11 directors, the shareholder's voting rights accumulated to $100 \times 11 = 1100$ votes);</p> <p>(7) to guide the shareholders entitled to vote by providing the written instructions regarding the cumulative voting system and its operation in details before electing the directors and supervisors;</p> <p>(8) Where the motion of re-electing the directors and supervisors has been approved, the newly appointed directors and supervisors shall hold the post immediately after the shareholders' general meeting.</p>
Article 8.59	<p>The following matters shall be resolved by a special resolution at a general meeting:</p> <p>(1) increase or reduction in registered capital;</p> <p>(2) the issue of debentures of the Company;</p> <p>(3) division, merger, dissolution, liquidation or change of corporate form;</p> <p>(4) amendments to the Articles of Association;</p> <p>(5) repurchase of shares;</p>	<p>The following matters shall be resolved by a special resolution at a general meeting:</p> <p>(1) increase or reduction in registered capital;</p> <p>(2) the issue of debentures of the Company;</p> <p>(3) division, merger, dissolution, liquidation or change of corporate form;</p> <p>(4) amendments to the Articles of Association;</p> <p>(5) repurchase of shares;</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
	<p>(6) the prices or amount of the transactions cumulated within 12 continuous months in relation to purchase or sale of the Company's assets that reach 30% of the total assets shown in the latest audit;</p> <p>(7) the equity incentive plan of the Company;</p> <p>(8) any other matters set out in the listing rules of the stock exchange where the Company's shares listed, the Articles of Association and considered by the shareholders' general meeting by way of an ordinary resolution that may have a material impact on the Company and should be adopted by a special resolution.</p> <p>In reviewing and considering matters relevant to connected transactions at a shareholders' general meeting, the resolutions could be passed with more than half of favorable votes representing non-connected shareholders present in the meeting. However, when connected transactions matters adopted as special resolution, the resolutions could be passed with more than more than 2/3 of favorable votes representing non-connected shareholders present in the meeting.</p>	<p>(6) the prices or amount of the transactions cumulated within 12 continuous months in relation to purchase or sale of the Company's assets that reach 30% of the total assets shown in the latest audit;</p> <p>(7) the equity incentive plan of the Company;</p> <p>(8) any other matters set out in the listing rules of the stock exchange where the Company's shares listed, the Articles of Association and considered by the shareholders' general meeting by way of an ordinary resolution that may have a material impact on the Company and should be adopted by a special resolution.</p> <p>In reviewing and considering matters relevant to connected transactions at a shareholders' general meeting, the resolutions could be passed with more than half of favorable votes representing non-connected shareholders present in the meeting. However, when connected transactions matters adopted as special resolution, the resolutions could be passed with more than more than 2/3 of favorable votes representing non-connected shareholders present in the meeting.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
	<p><u>In considering matters that preference shareholders are entitled to participate in as prescribed in the Article 7.02(3)(ii) of the Articles of Association, the voting of preference shareholders and ordinary shareholders shall be carried out respectively according to the class of shares. Preference shareholders shall have one vote for each of preference shares held by them. Other than more than 2/3 of favorable votes cast by ordinary shareholders who attend the meeting (including preference shareholders with voting rights restored), the resolution on relevant matters shall be passed with 2/3 of favorable votes cast by preference shareholders who attend the meeting (excluding preference shareholders with voting rights restored).</u></p> <p>Save as otherwise specified in this Article and the Articles of Association, matters (motions) to be considered at the shareholders' general meeting should be adopted as ordinary resolutions.</p>	<p>Save as otherwise specified in this Article and the Articles of Association, matters (motions) to be considered at the shareholders' general meeting should be adopted as ordinary resolutions.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 8.60	<p>In reviewing and considering matters relevant to connected transactions at a shareholders' general meeting, if required by the listing rules of the stock exchange on which the Company's shares are listed, the connected shareholders shall not attend in voting and shall disclose the interest, and abstain from voting at the shareholders' general meeting and the number of voting shares represented by them shall be excluded from the total effective votes. The meeting record or resolutions at the shareholders' general meeting shall make clear reasons that shareholders didn't vote. The announcement of resolutions passed at the shareholders' general meeting shall contain a complete disclosure of the voting of non-connected shareholders. If connected shareholders can not abstain from voting due to special situation, company shall vote according to the regular procedure after soliciting the approval of authority and make detailed explanation in the announcement in relation to the resolutions at the shareholders' general meeting.</p> <p><u>If the resolution can not be reached due to abstention, the connected transaction should be deemed to be invalid.</u></p>	<p>In reviewing and considering matters relevant to connected transactions at a shareholders' general meeting, if required by the listing rules of the stock exchange where the Company's shares are listed, the connected shareholders shall not attend in voting and shall disclose the interest, and abstain from voting at the shareholders' general meeting and the number of voting shares represented by them shall be excluded from the total effective votes. The meeting record or resolutions at the shareholders' general meeting shall make clear reasons that shareholders didn't vote. The announcement of resolutions passed at the shareholders' general meeting shall contain a complete disclosure of the voting of non-connected shareholders. If connected shareholders can not abstain from voting due to special situation, company shall vote according to the regular procedure after soliciting the approval of authority and make detailed explanation in the announcement in relation to the resolutions at the shareholders' general meeting.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 9.08	<p>Except other classes of shareholders, the holders of non overseas listed foreign shares (including domestic shares and B shares) shall be regarded as a different class of shareholders from the holders of overseas listed foreign shares.</p> <p>The special voting procedure at a meeting for a certain class of shareholders shall not be applicable for the following cases:</p> <p>(1) upon the approval of the shareholders' general meeting with special resolutions, the Company independently or simultaneously issuing domestic shares and overseas listed foreign shares at intervals of twelve months, of which the number of the domestic shares and overseas listed foreign shares intended to be issued is not more than 20% of the issued and outstanding shares of the respective class;</p> <p>(2) the Company's plan on issuing domestic shares and overseas listed foreign shares at the time of incorporation, which is completed within 15 months upon approval of the China securities regulatory authority; or</p> <p>(3) upon the approval of the China securities regulatory authority, any domestic shares of the Company being transferred by the relevant holder to any overseas investor and listed and traded overseas.</p>	<p><u>The holders of domestically listed foreign shares and the holders of domestic legal person's shares of the Company are of the same class.</u></p> <p><u>The holders of domestically listed foreign shares of the Company shall be regarded as a different class of shareholders from the holders of overseas listed foreign shares.</u></p> <p><u>The special voting procedure at a meeting for a certain class of shareholders shall not be applicable for the following cases:</u></p> <p><u>(1) upon the approval of the shareholders' general meeting with special resolutions, the Company issuing overseas listed foreign shares at intervals of 12 months, of which the number of the overseas listed foreign shares intended to be issued is not more than 20% of the issued and outstanding shares of the class;</u></p> <p>(2) the Company's plan on issuing domestic shares and overseas listed foreign shares at the time of incorporation, which is completed within 15 months upon approval of the China securities regulatory authority; or</p> <p>(3) upon the approval of the China securities regulatory authority, any domestic shares of the Company being transferred by the relevant holder to any overseas investor and listed and traded overseas.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 10.05	<p>Upon the effective date of resignation or the expiration of the term of office of a director, he should complete all hand-over procedures with the Board of Directors and his duty of loyalty towards the Company and shareholders shall not discharged necessarily and will survive in a reasonable period <u>specified herein</u>. His obligation to keep the secrets of the Company confidential shall survive the expiration of his term of office until such secrets go into public domain. The survival period of any other duty shall be determined based on the principle of fairness.</p> <p>If a director leaves his post without permission prior to the effective date of his resignation or the expiration of his term of office, or fails to perform his duty of loyalty in accordance with the provisions of laws, regulations, rules and the Articles of Association after the effective date of his resignation or the expiration of his term of office, resulting in any loss to the Company, he shall be held liable for such loss.</p>	<p>Upon the effective date of resignation or the expiration of the term of office of a director, he should complete all hand-over procedures with the Board of Directors and his duty of loyalty towards the Company and shareholders shall not discharged necessarily and will survive in a reasonable period. His obligation to keep the secrets of the Company confidential shall survive the expiration of his term of office until such secrets go into public domain. The survival period of any other duty shall be determined based on the principle of fairness.</p> <p>If a director leaves his post without permission prior to the effective date of his resignation or the expiration of his term of office, or fails to perform his duty of loyalty in accordance with the provisions of laws, regulations, rules and the Articles of Association after the effective date of his resignation or the expiration of his term of office, resulting in any loss to the Company, he shall be held liable for such loss.</p>
Article 10.09	A directors shall comply with laws, regulations and the Articles of Association and have the following <u>duties of care</u> towards the Company:	A directors shall comply with laws, regulations and the Articles of Association and have the following <u>duty of loyalty</u> towards the Company:
Article 10.11(20), (21) and (22)	<p><u>(20) to adjust the dividend payment date of preference shares pursuant to the requirements under Article 16.15 hereof with actual circumstances taken into account;</u></p> <p>(21) to determine the facility for the capital required for the daily operation and project construction of the Company;</p> <p>(22) such other functions and powers as are stipulated by laws, regulations, rules, the listing rules of the exchange where the shares of the Company are listed or the Articles of Association and delegated by the shareholders' general meeting.</p>	<p>(20) to determine the facility for the capital required for the daily operation and project construction of the Company;</p> <p>(21) such other functions and powers as are stipulated by laws, regulations, rules, the listing rules of the exchange where the shares of the Company are listed or the Articles of Association and delegated by the shareholders' general meeting.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 11.04(6)	An independent director may resign prior to the expiration of his term of office by submitting a written resignation report to the Board of Directors and make an explanation of any circumstance which he thinks has something to do with his resignation or should attract the attention of the shareholders or creditors of the Company. If the resignation of any independent director results in the number of independent directors or directors being less than the quorum legally prescribed or stipulated by the Articles of Association, such independent director shall still perform his duties in accordance with the provisions of laws, regulations and the Articles of Association before a newly-elected independent director takes office. <u>The Board of Directors shall convene the shareholders' general meeting for such new election within two months. If the shareholders' general meeting is not so convened, the independent director may no longer perform his duties.</u>	An independent director may resign prior to the expiration of his term of office by submitting a written resignation report to the Board of Directors and make an explanation of any circumstance which he thinks has something to do with his resignation or should attract the attention of the shareholders or creditors of the Company. If the resignation of any independent director results in the number of independent directors or directors being less than the quorum legally prescribed or stipulated by the Articles of Association, such independent director shall still perform his duties in accordance with the provisions of laws, regulations and the Articles of Association before a newly-elected independent director takes office.
Article 11.07(9) and (10)	<p><u>(9) the impact of issuance of preference shares on the interest of all classes of shareholders of the Company;</u></p> <p>(10) other matters stipulated in the Articles of Association or the listing rules of the Stock Exchange of Hong Kong.</p>	(9) other matters stipulated in the Articles of Association or the listing rules of the Stock Exchange of Hong Kong.
Article 12.08	Based on the principle of improving the operating efficiency of the Company, under the premise of Article 12.04 and in compliance with the listing rules of the stock exchange where the Company's shares listed, the office meeting of the manager may decide on matters related to the operating process of the Company.	Based on the principle of improving the operating efficiency of the Company, under the premise of Article 12.04 and in compliance with the listing rules of the stock exchange where the Company's shares listed, the office meeting of the manager may decide on matters which are related to the operating process of the Company, <u>including but not limited to credit line, bank loans, and opening a letter of credit, bank acceptance, and bank guarantee etc.</u>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 14.01	<p>The Company shall have a Supervisory Committee.</p> <p>The Supervisory Committee shall consist of seven supervisors. The supervisors shall serve for a term of 3 years and may serve consecutive terms if re-elected.</p> <p>The Supervisory Committee shall have one chairman, whose appointment and removal shall be subject to affirmative votes by <u>two-thirds or more of supervisors.</u></p>	<p>The Company shall have a Supervisory Committee.</p> <p>The Supervisory Committee shall consist of seven supervisors. The supervisors shall serve for a term of 3 years and may serve consecutive terms if re-elected.</p> <p>The Supervisory Committee shall have one chairman, whose appointment and removal shall be subject to affirmative votes by <u>half or more of all the supervisors.</u></p>
Article 14.17	<p>The Supervisory Committee shall vote on its resolutions by show of hands or any other means of voting acceptable to it. Each supervisor shall have one vote.</p> <p>Resolutions of the Supervisory Committee shall be passed by <u>more than two thirds of the Supervisory Committee.</u></p>	<p>The Supervisory Committee shall vote on its resolutions by show of hands or any other means of voting acceptable to it. Each supervisor shall have one vote.</p> <p>Resolutions of the Supervisory Committee shall be passed by <u>half or more of all the supervisors.</u></p>
Article 16.10	<p>When distributing each year's after-tax profits, the Company shall set aside 10% of its after-tax profits for the Company's statutory reserve fund. When the aggregate balance in the statutory reserve fund has reached 50% or more of the Company's registered capital, the Company needs not make any further allocations to that fund.</p>	<p>When distributing each year's after-tax profits, the Company shall set aside 10% of its after-tax profits for the Company's statutory reserve fund. When the aggregate balance in the statutory reserve fund has reached 50% or more of the Company's registered capital, the Company needs not make any further allocations to that fund.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
	<p>Where the Company's statutory reserve fund is not enough to make up losses of the Company for the preceding year, the current year's profits shall be applied firstly to make up the losses before being allocated to the statutory reserve in accordance with the preceding provision. Subject to a resolution passed at a shareholders' general meeting, after allocation has been made to the Company's statutory reserve fund from its after-tax profits, the Company may set aside funds for the discretionary reserve fund.</p> <p>The Company shall not distribute its profits to shareholders before making up losses and making allocations to the statutory reserve fund.</p> <p>Where the shareholders' general meeting distributes its profits before recovery of losses and appropriation of statutory reserve funds to the shareholders in breach of the provisions of the preceding provision, the shareholders must refund to the Company the profits distributed in violation of the provisions.</p> <p><u>Except for those not distributed in proportion as prescribed in the Articles of Association, the remaining after-tax profit, after recovery of losses and appropriation of statutory reserve funds shall be distributed to shareholders according to their class in proportion to their shareholdings. No profit shall be distributed to ordinary shareholders before the agreed dividends were fully paid by the Company to preference shareholders.</u></p> <p>No profit shall be distributed in respect of the shares of the Company which are held by the Company.</p>	<p>Where the Company's statutory reserve fund is not enough to make up losses of the Company for the preceding year, the current year's profits shall be applied firstly to make up the losses before being allocated to the statutory reserve in accordance with the preceding provision. Subject to a resolution passed at a shareholders' general meeting, after allocation has been made to the Company's statutory reserve fund from its after-tax profits, the Company may set aside funds for the discretionary reserve fund.</p> <p>The Company shall not distribute its profits to shareholders before making up losses and making allocations to the statutory reserve fund.</p> <p><u>Except for those not distributed in proportion as prescribed in the Articles of Association, the remaining after-tax profit, after recovery of losses and appropriation of statutory reserve funds shall be distributed to shareholders in proportion to their shareholdings.</u></p> <p>Where the shareholders' general meeting distributes its profits before recovery of losses and appropriation of statutory reserve funds to the shareholders in breach of the provisions of the preceding provision, the shareholders must refund to the Company the profits distributed in violation of the provisions.</p> <p>No profit shall be distributed in respect of the shares of the Company which are held by the Company.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 16.15	<p>Profit distribution policies of the Company are specified as follows:</p> <ol style="list-style-type: none"> (1) Subject to conditions, interim profit distribution may be made by the Company; (2) Specific conditions and ratios for distributing cash dividend by the Company: <p>If the Company's profit for the year and its total unappropriated profit are positive, the Company may distribute dividend in cash and the profit to be distributed in cash. The Company may distribute dividend in cash per annum not less than 10% of distributable profit for the year, and profit distributed cumulatively in cash in the last three years should not less than 30% of average distributable profit in the recent three years. Taking into account features of the industries where the Company operates, its development stage, business model, profit level and whether it has significant capital expenditure plans, the Company shall make sure that Cash dividends to be distributed represent at least 40% of the profit distribution;</p>	<p>Profit distribution policies of the Company are specified as follows:</p> <ol style="list-style-type: none"> (1) Subject to conditions, interim profit distribution may be made by the Company; (2) Specific conditions and ratios for distributing cash dividend by the Company: <p>If the Company's profit for the year and its total unappropriated profit are positive, the Company may distribute dividend in cash and the profit to be distributed in cash. The Company may distribute dividend in cash per annum not less than 10% of distributable profit for the year, and profit distributed cumulatively in cash in the last three years should not less than 30% of average distributable profit in the recent three years. Taking into account features of the industries where the Company operates, its development stage, business model, profit level and whether it has significant capital expenditure plans, the Company shall make sure that Cash dividends to be distributed represent at least 40% of the profit distribution;</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
	<p>(3) Specific conditions for distributing dividends in shares by the Company:</p> <p>Where the Company's business is in a sound condition, and the Board considers that the stock price of the Company does not reflect its share capital size and distributing dividend in shares will be favorable to all shareholders of the Company as a whole, provided that the above conditions of cash dividend are fully met, the Company may propose dividend distribution in shares;</p> <p>(4) Profit shall be distributed in cash at least one time for every 3 consecutive years. When the company distributes profits, cash dividends is in preference to the share dividend.</p> <p>The dividends paid by the Company shall be declared in RMB, and shall be paid to holders of <u>domestic shares and preference shares</u> in RMB, paid to holders of domestically-listed foreign shares in US dollar, and paid to holders of H shares in Hong Kong dollar. The applicable exchange rate shall be the average closing rate for the US dollar and RMB and the average closing rate for the Hong Kong dollar and RMB announced by the People's Bank of China at the first business day on which the relevant resolution is passed at the shareholders' general meeting.</p> <p>Any amount paid upon any shares before a call is made shall bear interest thereon. However, the shareholder is not entitled to any dividends of such pre-paid share capital declared subsequently.</p>	<p>(3) Specific conditions for distributing dividends in shares by the Company:</p> <p>Where the Company's business is in a sound condition, and the Board considers that the stock price of the Company does not reflect its share capital size and distributing dividend in shares will be favorable to all shareholders of the Company as a whole, provided that the above conditions of cash dividend are fully met, the Company may propose dividend distribution in shares;</p> <p>(4) Profit shall be distributed in cash at least one time for every 3 consecutive years. When the company distributes profits, cash dividends is in preference to the share dividend.</p> <p>The dividends paid by the Company shall be declared in RMB, and shall be <u>paid to holders of domestic legal person's shares in RMB</u>, paid to holders of domestically-listed foreign shares in US dollar, and paid to holders of H shares in Hong Kong dollar. The applicable exchange rate shall be the average closing rate for the US dollar and RMB and the average closing rate for the Hong Kong dollar and RMB announced by the People's Bank of China at the first business day on which the relevant resolution is passed at the shareholders' general meeting.</p> <p>Any amount paid upon any shares before a call is made shall bear interest thereon. However, the shareholder is not entitled to any dividends of such pre-paid share capital declared subsequently.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
	<p><u>The preference shares of the Company bear fixed dividend rate with the arrangement of single step-up in dividend rate. The dividend yield ratio is calculated pursuant to the requirements of issuance terms.</u></p> <p><u>The dividend rate on par value of each tranche of preference shares issued by the Company shall not be higher than the weighted average annual return on net assets of the Company for the latest two accounting years (calculated based on the requirement of the Rules on the Preparation and Report of Information Disclosed by Companies that Offer Securities to the Public No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings Per Share (Revision 2010)), and the dividend rate on par value after set-up adjustment shall not be higher than the weighted average annual return on net assets for the two accounting years immediately before the adjustment; in the event that the dividend rate on par value at the time of such adjustment is already higher than the weighted average annual return on net assets for the two accounting years immediately before the adjustment, no adjustment shall be made on dividend rate; if the adjusted dividend rate on par value will be higher than the weighted average annual return on net assets for the two accounting years immediately before the adjustment, the adjusted dividend rate on par value shall be the weighted average return on net assets for the two accounting years immediately prior to the adjustment.</u></p>	

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
	<u>The Company may distribute dividends to the preference shareholders if there are distributable profits after recovery of losses and appropriation of statutory reserve funds in compliance with relevant laws and regulations. The preference shares issued in different tranches will have equal priority to dividend distribution. The preference shareholders shall take precedence over ordinary shareholders in distribution of dividends. The Company will not distribute any profit to ordinary shareholders unless the agreed dividend on preference shares has been fully distributed.</u>	

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
	<p><u>The distribution of dividends on preference shares shall be subject to consideration at the shareholders' general meeting of the Company each year. Unless otherwise determined by the general meeting, the dividends on the preference shares shall be distributed on the dividend payment date. The dividend payment date shall be the anniversary date of the last day for payment for the issuance of preference shares (If any dividend payment date falls on a statutory holiday or weekend, it shall be deferred to the next business day and the interest of the payable dividends shall not be accrued during such deferring period. Such anniversary dates or any of their deferring dates will be hereafter referred to as "Anniversary Dates for Dividend Distributions") or any other date within 180 days after the Anniversary Dates for Dividend Distribution as otherwise determined by the board of directors of the Company. If the shareholders' general meeting resolves to cancel part or all of the current dividends on preference shares, the Company shall notify the preference shareholders at least 10 business days prior to the dividend payment date in accordance with the requirements of competent authority.</u></p> <p><u>The shareholders' general meeting of the Company authorizes the Board to pay dividends to preference shareholders pursuant to the agreement in the issuance scheme. Unless any compulsory payment event takes place, the shareholders' general meeting of the Company shall have the right to determine not to pay part or all of the current dividends on preference shares, which shall not be deemed a default of the Company.</u></p>	

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
	<p><u>Compulsory payment event means the occurrence of any of the following events within 12 months prior to the dividend payment date: (i) the payment of dividend to ordinary shareholders before preference shareholders by the Company (including cash, shares, a combination of both cash and shares and other methods in compliance with the laws and regulations); or (ii) the reduction of registered share capital (except for the redemption and cancellation of shares due to share incentive plan or the redemption and cancellation of ordinary shares with the proceeds from issuing preference shares).</u></p> <p><u>Dividends on the preference shares shall be paid by the Company in cash. The balance of the dividends payment not being made in full to preference shareholders in the previous year shall not carry forward to the following year.</u></p> <p><u>Once the preference shareholders have received dividends at the agreed dividend rate, they shall not be entitled to the distribution of the remaining profit together with ordinary shareholders.</u></p>	
<p>Article 19.06</p>	<p>After the liquidation committee has thoroughly examined the Company's property and prepared a balance sheet and property list, it shall formulate a liquidation plan and submit such plan to the shareholders' general meeting or the competent authorities for confirmation.</p>	<p>After the liquidation committee has thoroughly examined the Company's property and prepared a balance sheet and property list, it shall formulate a liquidation plan and submit such plan to the shareholders' general meeting or the competent authorities for confirmation.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
	<p>The property of the Company shall be used for settlement in the following order:</p> <ol style="list-style-type: none"> (1) pays off the liquidation expenses; (2) pays off the wages of its staff, the social insurance premiums and the statutory compensations; (3) pays its tax arrears; and (4) clears up its debts. <p>Where the Company paid off its debts in accordance with the preceding provision, <u>its remaining property shall be distributed to the shareholders according to the following order and ways:</u></p> <ol style="list-style-type: none"> (1) <u>the sum of current dividends determined but yet to be paid plus the issue price shall be paid to preference shareholders. In the event that the remaining property is not sufficient to cover such payment, the payment shall be made according to the proportion of shareholdings of each holder of preference shares to the total preference shares;</u> (2) <u>to be distributed to shareholders of the Company according to the kinds and proportion of shares they hold.</u> <p>During liquidation, the Company shall not engage in any new business activities. The property of the Company shall not be distributed to its shareholders before the Company has made the payments as specified in the provisions of the preceding provision.</p>	<p>The property of the Company shall be used for settlement in the following order:</p> <ol style="list-style-type: none"> (1) pays off the liquidation expenses; (2) pays off the wages of its staff, the social insurance premiums and the statutory compensations; (3) pays its tax arrears; and (4) clears up its debts. <p>Where the Company paid off its debts in accordance with the preceding provision, <u>its remaining property shall be distributed to shareholders of the Company according to the class and proportion of shares they hold.</u></p> <p>During liquidation, the Company shall not engage in any new business activities. The property of the Company shall not be distributed to its shareholders before the Company has made the payments as specified in the provisions of the preceding provision.</p>

LETTER FROM THE BOARD

Articles	Before Amendment	After Amendment
Article 21.01(1)	(1) Whenever any disputes or claims arise between: holders of the overseas-listed foreign shares and the Company; holders of the overseas-listed foreign shares and the Company's directors, supervisors, managers or any other member of the senior management; or holders of the overseas-listed foreign shares and holders of non-overseas listed shares, in respect of any rights or obligations under the Articles of Association, the Company Law, and other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be submitted by the relevant parties to arbitration.	(1) Whenever any disputes or claims arise between: holders of the overseas-listed foreign shares and the Company; holders of the overseas-listed foreign shares and the Company's directors, supervisors, managers or any other member of the senior management or <u>holders of the overseas-listed foreign shares and holders of domestically listed foreign shares as well as domestic shares</u> , in respect of any rights or obligations under the Articles of Association, the Company Law, and other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be submitted by the relevant parties to arbitration.
Article 23.03	<p>“Securities Law” The Securities Law of the PRC which was adopted at the 18th Meeting of the Standing Committee of the Tenth National People’s Congress of PRC on October 27, 2005, came into effect as of January 1, 2006 and was amended June 29, 2013</p> <p>“Guidelines for the Articles of Association” Guidelines for the Articles of Association of Listed Companies (2014 Revision) which was printed and distributed by China Securities Regulatory Commission on <u>May 28, 2014</u>.</p>	<p>“Securities Law” <u>The Securities Law of the PRC</u> which was adopted at the 18th Meeting of the Standing Committee of the Tenth National People’s Congress of PRC on October 27, 2005, came into effect as of January 1, 2006 and <u>was amended on June 29, 2013 and August 31, 2014</u>.</p> <p>“Guidelines for the Articles of Association” Guidelines for the Articles of Association of Listed Companies (2014 Revision) which was printed and distributed by China Securities Regulatory Commission on <u>October 20, 2014</u>.</p>

LETTER FROM THE BOARD

EGM

The EGM will be held by the Company for the purpose of, among others, (1) considering and approving by the Shareholders, by way of ordinary resolutions, the proposed appointment of Mr. Huang Sujian as an independent non-executive director of the Company and member of the Board committees, the proposed amendments to the Rules of Procedure of the General Meeting of Shareholders, the proposed amendments to the Rules of Procedure of the Board of Directors, the proposed amendments to the Rules of Procedure of the Supervisory Committee, the proposed amendments to Policy on the Management of the External Guarantee; and (2) considering and approving by the Shareholders, by way of a special resolution, the proposed amendments to the Articles of Association.

Votes at the EGM for all resolutions shall be taken by way of poll. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the connected persons of the Company, Shareholders and their respective associates has a material interest in the resolutions to be proposed, considered and approved at the EGM and required to abstain from voting at the EGM.

The EGM will be held by the Company at Room 1, Conference Center, Building of Inner Mongolia Yitai Coal Co., Ltd., Ordos, Inner Mongolia, the PRC on Tuesday, 29 November 2016 at 2:30 p.m., the notice of which is set out on pages 73 to 74 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the H share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event no later than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

CLOSURE OF REGISTER FOR MEMBERS OF H SHARES

The register of members of H shares of the Company will be closed from Saturday, 29 October 2016 to Tuesday, 29 November 2016 (both days inclusive). In order to qualify for attending and voting at the EGM, all transfer documents must be lodged by holders of H shares to the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before Friday, 28 October 2016 at 4:30 p.m.

RECOMMENDATIONS

Based on the relevant information disclosed herein, the Directors, including all the independent non-executive Directors, believe that the resolutions: (1) the proposed appointment of Mr. Huang Sujian as an independent non-executive director of the Company and member of the Board committees, (2) the proposed amendments to the Rules of Procedure of the General Meeting of Shareholders, (3) the proposed amendments to the Rules of Procedure of the Board of Directors, (4) the proposed amendments to Rules of

LETTER FROM THE BOARD

Procedure of the Supervisory Committee, (5) the proposed amendments to Policy on the Management of the External Guarantee and (6) the proposed amendments to the Articles of Association are in the interest of the Company and its Shareholders as a whole.

Accordingly, the Board recommends that the Shareholders vote in favor of and approve the resolutions to be proposed at the EGM, namely, on the proposed appointment of independent non-executive Director and member of the Board committees, the proposed amendments to Rules of Procedure of the General Meeting of Shareholders, the proposed amendments to Rules of Procedure of the Board of Directors, the proposed amendments to Rules of Procedure of the Supervisory Committee, the proposed amendments to Policy on the Management of the External Guarantee and the proposed amendments to the Articles of Association.

By order of the Board
Inner Mongolia Yitai Coal Co., Ltd.
Zhang Donghai
Chairman

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.



内蒙古伊泰煤炭股份有限公司
INNER MONGOLIA YITAI COAL CO., LTD.*

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

(Stock Code: 3948)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the first extraordinary general meeting (“EGM”) of Inner Mongolia Yitai Coal Co., Ltd. (the “**Company**”) in 2016 will be held at Room 1, Conference Center, Building of Inner Mongolia Yitai Coal Co., Ltd., Ordos, Inner Mongolia, the People’s Republic of China (the “**PRC**”) on Tuesday, 29 November 2016 at 2:30 p.m. for the purpose of considering, and if thought fit, passing the following resolutions. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the circular of the Company dated 30 September 2016.

AS ORDINARY RESOLUTIONS

1. To consider and approve the proposed appointment of independent non-executive Director and member of the Board committees
2. To consider and approve the proposed amendments to Rules of Procedure of the General Meeting of Shareholders
3. To consider and approve the proposed amendments to Rules of Procedure of the Board of Directors
4. To consider and approve the proposed amendments to Rules of Procedure of the Supervisory Committee
5. To consider and approve the proposed amendments to Policy on the Management of the External Guarantee

* For identification purposes only

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

AS SPECIAL RESOLUTION

6. To consider and approve the proposed amendments to the Articles of Association

By order of the Board
Inner Mongolia Yitai Coal Co., Ltd.
Zhang Donghai
Chairman

Inner Mongolia, the PRC, 30 September 2016

As at the date of this notice, the executive directors of the Company are Mr. Zhang Donghai, Mr. Liu Chunlin, Mr. Ge Yaoyong, Mr. Zhang Dongsheng, Mr. Zhang Jingquan, Mr. Lv Guiliang and Mr. Song Zhanyou; and the independent non-executive directors of the Company are Mr. Yu Youguang, Mr. Qi Yongxing, Mr. Zhang Zhiming and Mr. Tam Kwok Ming, Banny.

Notes:

1. The register of members of H shares of the Company will be closed from Saturday, 29 October 2016 to Tuesday, 29 November 2016 (both days inclusive). Holders of H shares of the Company whose names appear on the register of members of H shares of the Company maintained at Computershare Hong Kong Investor Services Limited on Tuesday, 29 November 2016 are entitled to attend and vote at the EGM upon completion of the registration procedures. In order to qualify for attending and voting at the EGM, all transfer documents of H shares of the Company, accompanied by the relevant share certificates, must be lodged by Shareholders with the Company's H share registrar before Friday, 28 October 2016 at 4:30 p.m. The address of the H share registrar of the Company is as follows:

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong
2. Holders of H shares intending to attend the EGM shall complete the reply slip for attending the EGM and serve the same by hand, by facsimile or by post to the H share registrar of the Company in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before Tuesday, 8 November 2016.
3. Any holder of H shares entitled to attend and vote at the EGM may, by the form of proxy of the Company, appoint one or more person(s) as his proxy(ies) to attend and vote at the EGM on his behalf. A proxy needs not be a shareholder of the Company.
4. A proxy shall be appointed by a shareholder by a written instrument signed by the appointor or his attorney duly authorized in writing. If the shareholder is a corporation, the same must be either under its common seal or under hand of its legal representative(s) or duly authorized attorney(s). If the written instrument is signed by an attorney of the appointor, the power of attorney or other authority of such attorney shall be notarially certified.
5. To be valid, the form of proxy and the relevant notarially certified power of attorney (if any) and other relevant authority (if any) as mentioned in Note 4 above must be served to the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later 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 form of proxy will not preclude a shareholder from attending and voting in person at the meeting should he so wishes.
6. A shareholder or his proxy should produce proof of identity when attending the EGM. Where a shareholder is a legal person, the legal representative(s) of such shareholder or the person authorized by its board of directors or other governing body shall produce a copy of the resolution of the board of directors or other governing body of such legal person shareholder appointing such person to attend the meeting.
7. The EGM is expected to last for half a day. The travelling and accommodation expenses shall be at the own cost of the shareholders attending the EGM.