

# **Sichuan Energy Investment Development Co., Ltd.**

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

## **Articles of Association**

(Listing)

Amended by a special resolution passed at the Annual General Meeting  
held on 17 June 2020

## CONTENTS

<b>CHAPTER 1</b>	<b>GENERAL PROVISIONS</b> .....	<b>2</b>
<b>CHAPTER 2</b>	<b>PURPOSES AND SCOPE OF BUSINESS</b> .....	<b>5</b>
<b>CHAPTER 3</b>	<b>SHARES AND REGISTERED CAPITAL</b> .....	<b>6</b>
<b>CHAPTER 4</b>	<b>INCREASE AND DECREASE IN CAPITAL AND REPURCHASE OF SHARES</b> .....	<b>9</b>
<b>CHAPTER 5</b>	<b>FINANCIAL ASSISTANCE FOR THE PURCHASE OF SHARES IN THE COMPANY</b> .....	<b>13</b>
<b>CHAPTER 6</b>	<b>SHARE CERTIFICATES AND REGISTER OF MEMBERS</b> .....	<b>15</b>
<b>CHAPTER 7</b>	<b>SHAREHOLDERS' RIGHTS AND OBLIGATIONS</b> .....	<b>22</b>
<b>CHAPTER 8</b>	<b>SHAREHOLDERS' GENERAL MEETING</b> .....	<b>25</b>
<b>CHAPTER 9</b>	<b>SPECIAL PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS</b> .....	<b>38</b>
<b>CHAPTER 10</b>	<b>DIRECTORS AND BOARD OF DIRECTORS</b> .....	<b>41</b>
SECTION 1	DIRECTORS .....	41
SECTION 2	BOARD OF DIRECTORS .....	43
SECTION 3	SPECIAL COMMITTEES UNDER THE BOARD .....	51
<b>CHAPTER 11</b>	<b>SECRETARY OF THE BOARD OF THE COMPANY</b> .....	<b>51</b>
<b>CHAPTER 12</b>	<b>THE GENERAL MANAGER AND OTHER SENIOR MANAGEMENT MEMBERS</b> .....	<b>53</b>
<b>CHAPTER 13</b>	<b>BOARD OF SUPERVISORS</b> .....	<b>54</b>
<b>CHAPTER 14</b>	<b>QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS OF THE COMPANY</b> .....	<b>57</b>
<b>CHAPTER 15</b>	<b>PARTY ORGANIZATION</b> .....	<b>65</b>
<b>CHAPTER 16</b>	<b>MASS ORGANIZATION</b> .....	<b>67</b>
<b>CHAPTER 17</b>	<b>FINANCIAL AND ACCOUNTING SYSTEM AND PROFIT DISTRIBUTION</b> .....	<b>67</b>
<b>CHAPTER 18</b>	<b>PROFIT DISTRIBUTION</b> .....	<b>69</b>
<b>CHAPTER 19</b>	<b>APPOINTMENT OF ACCOUNTING FIRM</b> .....	<b>71</b>
<b>CHAPTER 20</b>	<b>NOTICES</b> .....	<b>74</b>
<b>CHAPTER 21</b>	<b>MERGER AND DIVISION OF THE COMPANY</b> .....	<b>75</b>
<b>CHAPTER 22</b>	<b>DISSOLUTION AND LIQUIDATION OF THE COMPANY</b> .....	<b>76</b>
<b>CHAPTER 23</b>	<b>AMENDMENT TO THE ARTICLES OF ASSOCIATION</b> ..	<b>79</b>
<b>CHAPTER 24</b>	<b>SETTLEMENT OF DISPUTES</b> .....	<b>80</b>
<b>CHAPTER 25</b>	<b>SUPPLEMENTARY PROVISIONS</b> .....	<b>81</b>

# Articles of Association (Listing) of Sichuan Energy Investment Development Co., Ltd.

## CHAPTER 1 GENERAL PROVISIONS

**Article 1** Sichuan Energy Investment Development Co., Ltd. (the “Company”) is a joint stock company with limited liability established in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) (the “Special Regulations”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》) (the “AOA Mandatory Provisions”), the Letter of Opinions on Supplemental Amendment to the Articles of Association of Companies Listed in Hong Kong (《關於到香港上市公司對公司章程作補充修改的意見的函》) (the “AOA Supplemental Amendment Letter”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Main Board Listing Rules”) and other laws and administrative regulations of the PRC.

With the approval from the State-owned Assets Supervision and Administration Commission of Sichuan Province (the “Sichuan SASAC”) by issuing the Approval on Proposed Promotion and Establishment of Joint Stock Company by Sichuan Province Hydropower Investment and Management Group Co., Ltd. (Sichuan State-owned Assets Reform [2010] No.32) (《關於同意四川省水電投資經營集團有限公司發起設立股份公司的立項批覆》(川國資改革[2010]32號)) and the Approval on Proposal of Promotion and Establishment of Joint Stock Company by Sichuan Province Hydropower Investment and Management Group Co., Ltd. (Sichuan State-owned Assets Reform [2011] No.38) (《關於同意四川省水電投資經營集團有限公司發起設立股份公司方案的批覆》(川國資改革[2011]38號)), the Company was established by way of promotion in September 29, 2011, and was registered with Chengdu Wenjiang Administration for Industry and Commerce and obtained the business license (No. 510123000044802) on September 29, 2011. The Company maintains the Business License (Registration No./Unified Social Credit Code: 91510115582624410F) issued by Chengdu Administration of Industry and Commerce.

The promoters of the Company are Sichuan Province Hydropower Investment and Management Group Co., Ltd., Sichuan Development (Holding) Co., Ltd., Sichuan Industry Promotion and Development Investment Fund Co., Ltd., Yibin City State-owned Assets Operation Co., Ltd., Gao County State-owned Assets Operation and Management Co., Ltd., Xingwen County Urban Construction Investment Co., Ltd. and Junlian County State-owned Assets Operation Co., Ltd.

According to the Constitution of the Communist Party of China, the Company has established the Party organization to carry out Party activities. The Party organization of the Company functions as an integrated part of the Company's corporate governance. The Company shall ensure the synchronization between corporate reform and development and Party construction, between Party organization setting and operation branch structuring, between appointment of Party organization leaders and deployment of Party workforce, and shall ensure simultaneous implementation of Party activities. The Articles of Association are formulated in accordance with the Company Law of the People's Republic of China (the "Company Law"), the Securities Law of the People's Republic of China (the "Securities Law"), the Special Regulations, the AOA Mandatory Provisions, the AOA Supplemental Amendment Letter, the Main Board Listing Rules, the Constitution of the Communist Party of China (the "Party Constitution") and other relevant regulations for the purpose of safeguarding the legitimate rights and interest of the Company, its shareholders and creditors, regulating the organization and activities of the Company and giving full play to the function of the Party committee as the core of leadership and politics.

**Article 2** The registered name of the Company:

Full name in Chinese: 四川能投發展股份有限公司

Full name in English: Sichuan Energy Investment Development Co., Ltd.

**Article 3** Domicile of the Company: No. 789, Renhe Road, Wenjiang District, Chengdu City, Sichuan Province

Postal code: 611130

Tel: 86-028-86299666

Fax: 86-028-86299666

**Article 4** The legal representative of the Company shall be the chairman of the board of directors.

**Article 5** The Company is a joint stock limited company in perpetual existence as an independent legal entity. The Company is liable for its debts to the extent of its entire assets; and the shareholders shall assume liability based on their shares subscribed.

**Article 6** The Articles of Association are the code of conducts of the Company which shall come into effect from the date on which the Company's overseas listed foreign shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") upon approval by shareholders at the general meeting of the Company to replace the original one filed with the industrial and commercial administration authorities. From the effective date onwards, the Articles of Association shall become a legally-binding document which regulates the Company's organization and acts, the rights and obligations between the Company and shareholders and amongst the shareholders. The Company shall comply with the requirements of the Company Law, the Securities Law, the Special Regulations, the Main Board Listing Rules and the Articles of Association.

**Article 7** The Articles of Association shall be binding on the Company and its shareholders, directors, supervisors, and senior management, with such personnel being entitled to claim for rights on matters relating to the Company in accordance with the Articles of Association.

Pursuant to the Articles of Association, a shareholder may take legal actions against the Company; the Company may take legal action against its shareholders; the shareholders may take legal actions against other shareholders; and a shareholder may take legal actions against the directors, supervisors and senior management of the Company.

The legal actions referred to in the preceding paragraph shall include the initiation of proceedings in a court or application to an arbitration institution for arbitration.

**Article 8** The Company may invest in other limited liability companies and joint stock companies with limited liabilities, and liabilities in such investees are limited to the amount of its capital contribution. The Company shall not become a capital contributor that shall bear joint liabilities for the debts of the investees, unless otherwise provided for by law.

**Article 9** The term "senior management" in the Articles of Association refers to the general manager, deputy general manager, financial controller (chief accountant), chief engineer, chief economist and secretary to the Board of the Company.

## CHAPTER 2 PURPOSES AND SCOPE OF BUSINESS

**Article 10** The business purpose of the Company is to enhance the operational management of the Company through the corporate form of joint stock company, maximize the economic benefit of the Company, strive to develop into a modern power service enterprise, create reasonable return on investment for all shareholders, and provide solid and reliable power supply and quality service to support the economic and social development of local areas.

**Article 11** The business scope of the Company is:

Development, construction and operation management of power projects; development, construction and operation management of power distribution network and power plants; production and sale of power products; new energy technology research, development and advisory services; installation, commissioning and repair of power facilities and inspection of electrical equipment, sale of material (excluding commodities subject to state-run trade management, and for commodities subject to quota and permit management, application shall be made in accordance with relevant national regulations).

The business scope above shall be consistent with the business scope registered with the registration authority of the Company.

The Company may, based on any changes in domestic and international markets, business development and its own capability, adjust its business scope, amend the Articles of Association according to relevant procedures, and handle relevant formalities of industry and commerce administration registration for such adjustment according to relevant provisions.

### CHAPTER 3 SHARES AND REGISTERED CAPITAL

**Article 12** The Company shall have ordinary shares at all times. The Company may, according to its needs and subject to the approval by company approving department authorized by the State Council, create other classes of shares.

**Article 13** The Company's shares shall be in the form of share certificates.

All shares issued by the Company shall have a par value of RMB1 per share.

**Article 14** The shares of the Company shall be issued in accordance with the principles of openness, fairness and impartiality, and same right is attached to each share of the same class.

Shares of the same class issued at the same time shall share same terms and price, and any institution or individual shall pay the same price for each share subscribed.

**Article 15** Subject to approval of competent securities regulatory authorities of the State Council, the Company may issue shares to domestic investors and overseas investors.

“Overseas investors” referred to in the preceding paragraph means investors located in foreign countries, Hong Kong, Macau and Taiwan, who subscribe shares issued by the Company. “Domestic investors” means investors located in the PRC, excluding the regions mentioned above, who subscribe for shares issued by the Company.

**Article 16** Shares issued by the Company to domestic investors for subscription in RMB are referred to as domestic shares. Shares issued by the Company to overseas investors for subscription in foreign currencies are referred to as foreign shares. Foreign shares listed in foreign countries and territories are referred to as overseas listed foreign shares.

**Article 17** Foreign shares issued by the Company and listed in Hong Kong are referred to as H shares. H shares refer to the shares approved to be listed on the Hong Kong Stock Exchange, the par value of which are denominated in RMB, and are subscribed for and traded in Hong Kong dollars.

**Article 18** The Company issued 805,557,700 ordinary shares to its promoters upon its establishment. All these shares were subscribed for and paid up by promoters of the Company in agreed way of capital contribution before September 29, 2012. Details of promoters' shareholding in the Company upon its establishment are as follows:

<b>Promotor</b>	<b>Number of shares subscribed</b> <i>(ten thousand)</i>	<b>Paid-up capital</b> <i>(ten thousand)</i>	<b>Shareholding</b> <i>(%)</i>	<b>Way of capital contribution</b>	<b>Date of capital contribution</b> <b>(YYYY/MM/DD)</b>
Sichuan Province Hydropower Investment and Management Group Co., Ltd.	39,439.84	39,439.84	48.96	Equity interest	2011/12/9
Sichuan Industry Promotion and Development Investment Fund Co., Ltd.	19,607.84	19,607.84	24.34	Cash	2011/9/27
Sichuan Development (Holding) Co., Ltd.	2,493.76	2,493.76	3.10	Cash	2012/9/29
Yibin City State-owned Assets Operation Co., Ltd.	6,535.95	6,535.95	8.11	Cash	2011/9/27
Gao County State-owned Assets Operation and Management Co., Ltd.	9,240.60	9,240.60	11.47	Equity interest	2011/12/9
Xingwen County Urban Construction Investment Co., Ltd.	2,518.83	2,518.83	3.13	Equity interest	2011/12/5
Junlian County State-owned Assets Operation Co., Ltd.	718.95	718.95	0.89	Cash	2012/9/29
<b>Total</b>	<b>80,555.77</b>	<b>80,555.77</b>	<b>100.00</b>	<b>-</b>	<b>-</b>

**Article 19** Upon the approval from the competent securities regulatory authorities of the State Council, the Company may issue 268,800,000 H shares. Based on the market condition, the Company may exercise over-allotment option to issue up to 309,120,000 overseas listed foreign shares.

Upon the completion of the issuance above (assuming no exercise of the over-allotment option), the shareholding structure of the Company is as follows:

<b>No.</b>	<b>Name of shareholder</b>	<b>Number of shares held (share)</b>	<b>Shareholding (%)</b>
1	Sichuan Province Hydropower Investment and Management Group Co., Ltd.	394,398,400	36.71%
2	Three Gorges Capital Holdings Company Limited	98,039,200	9.13%
3	China Power International Development Limited	98,039,200	9.13%
4	Sichuan Development (Holding) Co., Ltd.	24,937,600	2.32%
5	Gao County State-owned Assets Operation and Management Co., Ltd.	92,406,000	8.60%
6	Xingwen County Development Investment Group Co., Ltd.	25,188,300	2.34%
7	Yibin City State-owned Assets Operation Co., Ltd.	65,359,500	6.08%
8	Junlian County State-owned Assets Operation Co., Ltd.	7,189,500	0.67%
9	Public float	268,800,000	25.02%
	<b>Total</b>	<b>1,074,357,700</b>	<b>100</b>

**Article 20** The Company's proposal for the issuance of overseas listed foreign shares and domestic shares, upon approval by competent securities regulatory authorities of the State Council, may be implemented by the Board of the Company through separate offerings.

The Company may implement its proposal for issuance of overseas listed foreign shares and domestic shares separately pursuant to the preceding paragraph within 15 months from the date of approval by competent securities regulatory authorities of the State Council.

**Article 21** Where the Company issues overseas listed foreign shares and domestic shares respectively within the total number of shares stated in the issuance proposal, such shares shall be fully subscribed at one time respectively. If the shares cannot be fully subscribed at one time under special circumstances, the shares may be issued in separate offerings subject to the approval of competent securities regulatory authorities of the State Council.

**Article 22** The registered capital of the Company prior to the issue is RMB805,557,700. If the over-allotment option is not exercised, the registered capital of the Company shall be RMB1,074,357,700. If the over-allotment option is exercised, the registered capital of the Company shall be RMB1,114,677,700.

**Article 23** Unless otherwise provided by laws and administrative regulations, shares of the Company are freely transferable according to laws and are not subject to any lien.

#### **CHAPTER 4 INCREASE AND DECREASE IN CAPITAL AND REPURCHASE OF SHARES**

**Article 24** The Company may, based on its requirements for operation and development and in accordance with the relevant provisions of the laws, regulations and the Articles of Association, by special resolution(s) at the shareholder's general meeting, increase its capital by way of:

- (1) offering new shares to non-designated investors for subscription;
- (2) placing new shares to its existing shareholders;
- (3) distributing new shares to its existing shareholders;
- (4) issuance of new shares to particular investors;
- (5) transfer of capital reserve fund into share capital; and
- (6) any other means approved by laws, administrative regulations and relevant regulatory authorities.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated by relevant laws and administrative regulations.

**Article 25** The Company is entitled to sell the shares of a shareholder who is untraceable and retain the proceeds therefrom if:

- (1) during a period of 12 years at least three times dividends in respect of the shares in question have become payable and no dividend during that period has been received by shareholders;
- (2) on expiry of the 12 years, the Company shall give notice of its intention to sell the shares by way of an advertisement in newspapers upon approval from the competent securities regulatory authority of the State Council, and notify such authority and relevant overseas stock exchanges and securities regulatory authorities in such places where the Company's shares may be listed of such intention.

**Article 26** In accordance with the provisions of the Articles of Association, the Company may reduce its registered share capital. The reduction of registered capital shall be made in accordance with the Company Law and other relevant requirements as well as procedures stipulated in the Articles of Association.

**Article 27** When the Company reduces its registered capital, it must draw up a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days from the date of the Company's resolution for reduction of registered capital and shall publish a notice in a newspaper for three times within 30 days from the date of such resolution. A creditor has the right within 30 days from the date of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within 45 days from the date of the notice, to demand the Company to repay its debts or provide a corresponding guarantee for repayment of such debt.

The Company's registered capital after reduction shall not be less than the statutory minimum amount.

**Article 28** The Company may, according to provisions of laws, administrative regulations, Main Board Listing Rules the Articles of Association and subject to the approval of the relevant governing authority of the PRC, repurchase its issued shares under the following circumstances:

- (1) cancellation of shares for the reduction of its registered capital;
- (2) merging with another company that holds shares in the Company;

- (3) granting shares as an incentive to its employees;
- (4) a shareholder who objects to a resolution on the merger or division of the Company adopted at a shareholders' general meeting requests the Company to purchase that shareholder's shares;
- (5) other circumstances permitted by laws and administrative regulations.

**Article 29** The Company may, with the approval of the relevant governing authority of the PRC for repurchasing its shares, conduct the repurchase in one of the following ways:

- (1) making a pro rata general offer of repurchase to all of its shareholders;
- (2) repurchase shares through public dealing on a stock exchange;
- (3) repurchase by an off-market agreement; or
- (4) any other circumstances permitted by the laws and administrative regulations and approved by the governing authorities.

**Article 30** Where the Company repurchases its shares for any reason mentioned in (1) to (3) of Article 28 above of the Articles of Association or by an off-market agreement, the prior approval of shareholders at a general meeting shall be obtained in accordance with the Articles of Association. The Company may release, vary or waive its rights under a contract so entered into by the Company with the prior approval of shareholders at a general meeting obtained in the same manner.

“Contract to repurchase shares” referred to in the preceding paragraph includes (but not limited to) an agreement to become obliged to repurchase or an acquisition of the right to repurchase shares of the Company.

The Company shall not assign a contract to repurchase its shares or any of its right thereunder.

**Article 31** For the purpose of the redeemable shares which the Company has the right to repurchase, their prices shall be limited to a certain maximum price if they are not repurchased through the market or by tender. In case of repurchase by tender, tenders shall be offered to all shareholders on equal conditions. The Company shall not assign a contract to repurchase its shares or any of its right thereunder.

**Article 32** Where shares are repurchased lawfully pursuant to sub-paragraph (1) of Article 28 of the Articles of Association, such shares shall be cancelled within 10 days from the date of repurchase; in case of repurchase pursuant to sub-paragraphs (2) and (4) of Article 28 of the Articles of Association, such shares shall be transferred or cancelled within 6 months thereafter; in case of repurchase pursuant to sub-paragraph (3) of Article 28 of the Articles of Association, such shares shall not be more than 5% of the total issued share capital of the Company; funds used for repurchase shall be financed out of profits after tax of the Company; repurchased shares shall be transferred to the employees within one year.

After cancelling repurchased shares according to the laws, the Company shall apply to the original companies registration authority for registration of the change of its registered capital and issue relevant announcement.

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

**Article 33** The Company shall not accept any shares of the Company as subject of pledge.

**Article 34** Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to repurchase of its issued shares:

- (1) where the Company repurchases shares at par, payment shall be made out of book surplus of distributable profits of the Company or out of the proceeds of a fresh issue of shares made for that purpose;
- (2) where the Company repurchases shares at a premium to par value, payment up to the par value shall be made out of the book surplus of distributable profits of the Company or out of the proceeds of a fresh issue of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:
  1. if the shares being repurchased were issued at par value, payment shall be made out of the book surplus of distributable profits of the Company; or
  2. if the shares being repurchased were issued at a premium to par value, payment shall be made out of the book surplus of distributable profits of the Company and out of the proceeds of a fresh issue of shares made for that purpose, provided that the amount paid out of the proceeds of the fresh issue shall not exceed the aggregate premiums received on the issue of the shares repurchased, or the amount of the Company's share premium account (or capital reserve fund account, including the premiums on the fresh issue);

- (3) payment by the Company in consideration of the following shall be made out of the Company's distributable profits:
  1. acquisition of rights to repurchase shares of the Company;
  2. variation of any contract to repurchase shares of the Company; and
  3. release of any of the Company's obligation under any contract to repurchase shares of the Company.
- (4) after the Company's registered capital being reduced by the total par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits for payment of the par value portion of the shares repurchased shall be transferred to the Company's share premium account (or capital reserve fund account).

## **CHAPTER 5 FINANCIAL ASSISTANCE FOR THE PURCHASE OF SHARES IN THE COMPANY**

**Article 35** The Company and its subsidiaries shall not, by any means at any time, provide any kind of financial assistance to a person who is acquiring or is proposing to acquire shares of the Company. The said acquirer of shares includes a person who directly or indirectly assumes any obligations due to the acquisition of shares of the Company.

The Company or its subsidiaries shall not, by any means at any time, provide financial assistance to the said obligor for the purpose of reducing or discharging the obligations assumed by that person.

This Article shall not apply to the circumstances referred to in Article 37 in the Articles of Association.

**Article 36** "Financial assistance" referred to in this chapter includes (but not limited to) the following:

- (1) gift;
- (2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation in respect of the Company's own default), release, or waiver of any rights;

- (3) provision of loan or any other contract under which the obligations of the Company are to be fulfilled before the obligations of another party, and a change in the parties to, or the assignment of rights arising under, such loan or contract; and
- (4) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

“Assuming any obligations” referred to in this chapter includes the assumption of obligations by the changing of the obligor’s financial position by way of contract or the making of an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or by any other means.

**Article 37** The following activities shall not be deemed to be prohibited by Article 35 of the Articles of Association:

- (1) the provision of relevant financial assistance by the Company is given in good faith in the interest of the Company, and the principal purpose in giving the financial assistance is not for the acquisition of shares, or the giving of the financial assistance is an incidental part of some master plan of the Company;
- (2) the lawful distribution of the Company’s assets by way of dividend;
- (3) the allotment of bonus shares as dividends;
- (4) among others, reduction of registered capital, repurchase of shares or reorganization of shareholding structure of the Company effected in accordance with the Articles of Association;
- (5) the lending of money by the Company within its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that they are thereby reduced, the financial assistance is provided out of distributable profits); and
- (6) the provision of money by the Company for contributions to employee stock ownership plans (provided that the net assets of the Company are not thereby reduced or that, to the extent that they are thereby reduced, the financial assistance is provided out of distributable profits).

## CHAPTER 6 SHARE CERTIFICATES AND REGISTER OF MEMBERS

**Article 38** The share certificates of the Company shall be in registered form.

In addition to those provided in the Company Law, the share certificates of the Company shall contain other items required to be specified by the stock exchange on which the shares of the Company are listed.

During the period when H shares are listed on the Hong Kong Stock Exchange, the Company must ensure that the following statements are included in all title documents (including H shares certificates) relating to its securities listed on the Hong Kong Stock Exchange:

- (1) The share purchasers and the Company and each of the shareholders, and the Company and each of the shareholders shall agree to observe and comply with the requirements of the Company Law, the Special Regulations and other relevant laws, administrative regulations and the Articles of Association;
- (2) The share purchasers and the Company, each of the shareholders, directors, supervisors, general manager and other senior management members of the Company shall agree, and the Company acting on its own behalf and for the benefit of each director, supervisor, general manager and other senior management member shall agree with each shareholder, that all disputes or claims incurred as a result of rights or obligations provided by the Articles of Association or the Company Law or other relevant law or administrative regulations or in relation to the affairs of the Company shall be submitted to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearing in open session and to publish its award. Such arbitration shall be final and conclusive;
- (3) The share purchasers and the Company and each of the shareholders agree that the shares of the Company may be freely transferred by the holder thereof;
- (4) The share purchasers authorize the Company to enter into a contract on their behalf with each of the directors, general manager and other senior management members. Pursuant to the contract, the directors, general manager and other senior management members undertake to observe and fulfil their responsibilities to the shareholders under the Articles of Association.

The Company shall instruct and cause each of its share registrar not to register the subscription, purchase or transfer of any of its shares in the name of any individual holder unless and until such holder delivers to such share registrar a completed and signed form in respect of such shares bearing the aforesaid statements.

**Article 39** The shares of the Company may be transferred, donated, inherited and pledged in accordance with the relevant laws, administrative regulations and the Articles of Association. Transfer of shares must be registered by the share registrar entrusted by the Company.

**Article 40** The share certificates shall be signed by the Chairman. Where the regulatory authorities or stock exchanges of the place where the shares of the Company are listed requires the share certificates to be signed by other senior management members of the Company, such share certificates shall also be signed by other relevant senior management members. The share certificates shall be effective after being affixed or printed with the seal of the Company. The share certificates shall only be affixed or printed with the company seal with the authorization of the Board. The signatures of the Chairman or other relevant senior management members on the share certificates may also be in printed form.

**Article 41** The Company shall keep a register of members containing the following particulars:

- (1) the name, address (place of domicile), occupation or nature of business of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the amount paid-up or payable in respect of shares held by each shareholder;
- (4) the share certificate numbers of the shares held by each shareholder;
- (5) the date on which each shareholder was registered as a shareholder;
- (6) the date on which any shareholder ceased to be a shareholder.

Unless there is evidence to the contrary, the register of members shall be the sufficient evidence of the shareholders' shareholding in the Company.

**Article 42** Subject to compliance with the Articles of Association and other applicable requirements and upon transfer of the Company's shares, the transferees of the shares will become the holders of such shares with their names being entered in the register of shareholders.

All acts or transfer of overseas listed foreign shares will be record in the register of shareholders of overseas listed foreign shares which is kept in the place where such shares are listed pursuant to Article 43 of the Articles of Association.

Where two or more persons are registered as joint shareholders of any share, they shall be deemed to be joint holders of such shares and subject to constraints of the following terms:

- (1) the Company shall not need to register more than four persons as joint holders for any shares;
- (2) all the joint holders of any share shall jointly or severally assume the liability to pay for all amounts payable for the relevant shares;
- (3) in case one of the joint holders has deceased, only the surviving joint holders shall be deemed by the Company to be such persons as having the ownership of the relevant shares. But the Board shall have the right, for the purpose of making amendments to the register of shareholders, to demand a death certificate of such shareholder where it deems it appropriate to do so; and
- (4) for joint holders of any shares, only the joint holder whose name appears first in the register of shareholders has the rights to receive the certificate of relevant shares and notice from the Company. The notice which is serviced on the above-mentioned person should be deemed to be serviced on all of the joint shareholders of relevant shares. Any joint holder is entitled to sign the proxy form provided that if more than one joint holder attends any general meeting in person or by proxy, the vote casted by the senior joint holder, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority will be determined by the order in which the names stand in the register of shareholders of the Company in respect of the joint shareholding.

**Article 43** The Company may, in accordance with the mutual understanding and agreements made between the competent securities regulatory authorities of the State Council and overseas securities regulatory authorities, keep its original register of holders of overseas listed foreign shares outside of the PRC and appoint overseas agent(s) to manage such register. The original register of holders of overseas listed foreign shares listed in Hong Kong shall be maintained in Hong Kong. The Company shall maintain a duplicate of the register of holders of overseas listed foreign shares at its place of domicile. The appointed overseas agent(s) shall ensure consistency between the original version and the duplicate register of holders of overseas listed foreign shares at all times.

If there is any inconsistency between the original and the duplicate register of holders of overseas listed foreign shares, the original version shall prevail.

**Article 44** The Company shall maintain a complete register of members. The register of members shall include the following parts:

- (1) the register of members which is maintained at the Company's place of domicile (other than those share registers which are described in paragraphs (2) and (3) of this Article);
- (2) the register of members in respect of the holders of overseas listed foreign shares of the Company which is maintained at the place where the overseas stock exchange on which the shares are listed is located;
- (3) the register of members which is maintained in such other place as the Board may consider necessary for the purpose of listing of the Company's shares.

**Article 45** Different parts of the register of members shall not overlap with one another. No transfer of the shares registered in any part of the register shall, during the existence of share registration, be registered in any other parts of the register of members.

Alteration or rectification of each part of the register of members shall be made in accordance with the laws of the place where that part of the register of members is maintained.

**Article 46** All transfers of overseas listed foreign shares shall adopt written transfer documents of ordinary or common forms or any other forms acceptable to the Board of Directors, which documents may be executed in manuscript without seal. If the transferor or transferee of any shares in the Company is a recognized clearing house ("Recognized Clearing House") (or its nominee) within the meaning of the laws of Hong Kong, it may use machine imprinted signatures on written transfer documents.

All fully paid-up share capital of overseas listed foreign shares listed in Hong Kong is freely transferable pursuant to the Articles of Association subject to other restrictions of the Hong Kong Stock Exchange. The Board may refuse to recognize any instrument of transfer without explanation, unless such transfer is in compliance with the following conditions:

- (1) a fee (for each instrument of transfer) of HK\$2.5 or any higher fee as agreed by the Board has been paid to the Company to register the instrument of transfer of shares and other documents relating to or which may affect the ownership of such shares, provided that it shall not exceed such highest fees as required from time to time in the Main Board Listing Rules;

- (2) the instrument of transfer solely involves the overseas listed foreign shares listed in Hong Kong;
- (3) the stamp duty payable on the instrument of transfer has been paid;
- (4) the relevant share certificates and other evidences reasonably required by the Board showing that the transferor has the right to transfer such shares have been furnished;
- (5) if the shares are intended to be transferred to joint holders, the number of such joint holders shall not exceed 4;
- (6) the Company has not created any lien over the relevant shares.

If the Company refuses to register any transfer of shares, the Company shall, within two (2) months from formal application for the transfer, provide the transferor and transferee with a notice of refusal to register such transfer.

**Article 47** Shares held by promoters of the Company may not be transferred within one year after the Company's establishment. The shares issued before the Company's public offering shall not be transferred within one year from the date on which the listing and trading of shares of the Company in a stock exchange commence.

The directors, supervisors and senior management members of the Company shall report to the Company the number of shares held by them in the Company and the subsequent changes in their shareholdings. The number of shares which such persons may transfer every year during their terms of office shall not exceed 25% of the total number of the Company's shares in his or her possession. The shares of the Company held by the aforesaid persons shall not be transferred within one year from the date on which the listing and trading of shares of the Company in a stock exchange commence. Such person shall not transfer the Company's shares in their possession within half year after termination of their employment with the Company.

**Article 48** Upon obtaining approval from the securities regulatory authorities of the State Council, shareholders of domestic shares can transfer their shares to foreign investors, and trade in foreign markets. When transferred shares are listed and traded on a foreign stock exchange, the shares are subject to the supervision procedures, regulations and requirements of the foreign stock exchange. The Company does not need to convene a class meeting to vote for the transferred shares listed and traded in foreign stock exchange.

**Article 49** No changes in the shareholders' register due to the transfer of shares may be made within 30 days before the date of a general meeting or within 5 days before the record date for the Company's distribution of dividends.

**Article 50** When the Company convenes a general meeting, distributes dividends, enters into liquidation and engages in other activities that involve confirmation of equity interests, the Board shall determine a specific day for confirmation of equity interests. Shareholders named in the register of members by the end of the date of confirmation of equity interests shall be the shareholders of the Company.

**Article 51** Any person who objects to the register of members and requests to have his name included in or removed from the register of members may apply to the court of relevant jurisdiction to amend the register of members.

**Article 52** Any shareholder who is registered in, or any person requests to include his/her name entered into, the register of members may, if his/her share certificate (the “Original Certificate”) is lost, apply to the Company for a replacement share certificate in respect of such shares (the “Relevant Shares”).

If a holder of domestic shares loses his/her share certificate and applies for a replacement share certificate, it shall be dealt with in accordance with the requirement of Article 143 of the Company Law.

If a holder of overseas listed foreign shares loses his/her share certificate and applies for a replacement share certificate, it may be dealt with in accordance with the relevant laws, the rules of the stock exchange and other relevant regulations of the place where the original register of holders of overseas listed foreign shares is maintained.

If a holder of H shares loses his/her share certificate and applies for a replacement share certificate, such share certificate shall be issued in compliance with the following requirements:

- (1) the applicant shall submit an application to the Company in the standard form prescribed by the Company accompanied by a notarially certified certificate or statutory declaration containing the grounds upon which the application is made by the applicant and the circumstances and evidence of the loss of the share certificate as well as declaring that no other person is entitled to request to be registered as the shareholder of the Relevant Shares.
- (2) before the Company decides to issue the replacement share certificate, no statement is made by a person other than the applicant requesting that he/she shall be registered as the shareholder in respect of such Relevant Shares.
- (3) the Company shall, if it decides to issue a replacement share certificate to the applicant, make an announcement of its intention to issue the replacement share certificate in such newspapers designated by the Board; the announcement shall be made at least once every 30 days for a period of 90 days. The newspapers designated by the Board shall be at least one Chinese and English newspaper recognized by Hong Kong Stock Exchange.

- (4) Prior to the publication of its intention to issue a replacement share certificate, the Company shall have delivered to the Hong Kong Stock Exchange a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from the Hong Kong Stock Exchange that the announcement has been displayed at the premises of the Hong Kong Stock Exchange. The announcement shall be displayed at the premises of the Hong Kong Stock Exchange for a period of 90 days. In case an application to issue a replacement share certificate has been 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.
- (5) If, upon expiration of the 90-day period of announcement and display referred to in paragraphs (3) and (4) of this Article, the Company has not received from any person any objection to such application, the Company may issue a replacement share certificate to the applicant accordingly.
- (6) where the Company issues a replacement share certificate in accordance with this Article, it shall forthwith cancel the Original Certificate and record the cancellation and replacement matters in the register of members accordingly.
- (7) all expenses relating to the cancellation of an Original Certificate and the issuance of a replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant.

**Article 53** After the Company issues a replacement share certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new share certificate or a shareholder who thereafter registers as the owner of such shares (in the case where he/she is a bona fide purchaser) shall not be deleted from the register of members.

**Article 54** The Company shall not have any obligation to indemnify any person for any damages suffered thereby arising out of the cancellation of the Original Certificate or the issuance of a replacement share certificate, unless such person concerned can prove that the Company has committed a fraudulent act.

In the case of bearer warrant, no new warrant shall be issued to replace the lost warrant unless the Company is convinced that the original warrant has been destroyed beyond reasonable doubt.

## CHAPTER 7 SHAREHOLDERS' RIGHTS AND OBLIGATIONS

**Article 55** A shareholder of the Company is a person who lawfully holds shares of the Company and has his/her name (title) recorded in the register of members.

A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and number of shares he/she holds. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

All classes of shareholders of the Company shall have equal rights in any profit distribution in the form of a dividend or any other form.

Where legal persons become shareholders of the Company, their legal representatives or nominees of their legal representatives shall exercise relevant rights on their behalf.

The Company shall not exercise its rights to freeze or otherwise prejudice its rights attached to the shares merely based on the ground that any person has not disclosed to the Company the rights and interests he/she holds directly or indirectly.

**Article 56** The ordinary shareholders of the Company shall enjoy the following rights:

- (1) the right to receive dividends and other distributions in proportion to the number of shares held;
- (2) the right to request, convene, chair, attend and vote in person or appoint a proxy to attend and vote on his behalf at shareholders meeting in proportion to the number of shares held in accordance with the law;
- (3) the right of supervisory management over the Company's business operations, and the rights to present proposals or to raise enquiries;
- (4) the right to transfer, give or pledge the shares he/she holds in accordance with laws, administrative regulations and provisions of the Articles of Association;
- (5) the right to obtain information in accordance with the provisions of the Articles of Association, including:
  1. the right to obtain a copy of the Articles of Association, subject to payment of cost;

2. the right to inspect and copy, subject to payment of a reasonable charge:
  - (i) a copy of all parts of the share register;
  - (ii) personal particulars of each of the Company's directors, supervisors, general manager and other senior management members as follows:
    - a. present name and alias and any former name and alias;
    - b. principal address (residence);
    - c. nationality;
    - d. full-time and all other part-time occupation and duties; and
    - e. identification document and its number.
  - (iii) the status of the Company's share capital;
  - (iv) reports showing the aggregate par value, quantity, maximum and minimum prices paid in respect of each class of Shares repurchased by the Company since the end of the last financial year and the aggregate amount incurred by the Company for this purpose (with a breakdown between domestic shares and foreign shares);
  - (v) minutes of shareholders' general meetings, special resolutions of shareholders' general meetings, resolutions of Board meetings and resolutions of meetings of Board of Supervisors;
  - (vi) corporate bond counterfoils;
  - (vii) the latest audited financial report of the Company, and the reports of directors, auditors and supervisors; and
  - (viii) a copy of the latest Annual Inspection Form that has been filed with the PRC administration for industry and commerce or other competent authorities.

Documents mentioned above (other than the documents under clause 2(2) above) shall be made available by the Company at the Company's place of domicile and its place of business in Hong Kong, for inspection by the public and shareholders.

- (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;
- (7) with respect to shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or division of the Company, the right to demand the Company to acquire the shares held by them;
- (8) shareholders individually or jointly holding more than 3% of the Company's shares can make a provisional motion in writing to the Board 10 days before the date of shareholders' general meeting;
- (9) other rights conferred by laws, administrative regulations, departmental rules or the Articles of Association.

**Article 57** The ordinary shareholders of the Company shall assume the following obligations:

- (1) to abide by laws, administrative regulations and the Articles of Association;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) to fulfill its responsibility to the Company to the extent of shares held by each;
- (4) not to withdraw their fund contribution after approval and registration by the Company, except as provided in laws and administrative regulations;
- (5) other obligations imposed by laws, administrative regulations and the Articles of Association.

Unless otherwise specified, shareholders are not liable to make any further contribution to the share capital other than as agreed by the subscriber of the relevant shares on subscription.

**Article 58** In addition to obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which the shares of the Company are listed, a controlling shareholder shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of the shareholders as a whole or of some part of the shareholders of the Company:

- (1) to relieve a director or supervisor of his duty to act honestly in the best interests of the Company;

- (2) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person), in any guise, of the Company's assets, including (without limitation to) opportunities beneficial to the Company; or
- (3) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (without limitation) rights to distributions and voting rights save pursuant to a restructuring submitted to shareholders for approval in accordance with the Articles of Association.

**Article 59** "Controlling shareholder" referred to in the Articles of Association means a shareholder who satisfies any one of the following conditions:

- (1) he/she alone, or acting in concert with others, has the power to elect more than half of the Board;
- (2) he/she alone, or acting in concert with others, has the power to exercise or to control the exercise of 30% or more of the voting rights in the Company;
- (3) he/she alone, or acting in concert with others, holds 30% or more of the issued and outstanding shares of the Company;
- (4) he/she alone, or acting in concert with others, in any other manner has de facto control over the Company.

The phrase "acting in concert" referred to in this Article means two or more persons by way of agreement (whether oral or written) reaching a consensus, through one person acquiring voting rights of the Company, with an aim to obtain or consolidate control of the Company.

## **CHAPTER 8 SHAREHOLDERS' GENERAL MEETING**

**Article 60** The shareholders' general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with law.

**Article 61** The general meeting shall have the following functions and powers:

- (1) to decide on the Company's business policies and investment plans;
- (2) to elect and replace directors and supervisors that are not staff representatives and decide on matters relating to their remuneration;

- (3) to consider and approve the reports of the Board;
- (4) to consider and approve the reports of the Board of Supervisors;
- (5) to consider and approve the Company's proposed annual financial budgets and final account plans;
- (6) to consider and approve the Company's profit distribution plans and loss recovery plans;
- (7) to resolve on the increase or reduction of the Company's registered capital;
- (8) to resolve on the issuance of debentures, any kind of securities, warrants or other similar securities by the Company;
- (9) to resolve on matters such as the merger, division, dissolution, liquidation or change of the corporate form of the company;
- (10) to amend the Articles of Association;
- (11) to consider the motions raised by shareholders who represent 3% or more of the total number of voting shares of the Company;
- (12) to resolve on the engagement, re-appointment or termination of engagement of the accounting firms of the Company;
- (13) to resolve on the guarantees specified in Article 62 of the Articles of Association;
- (14) to consider the acquisition or disposal of significant assets within one year which account for more than 30% of the latest audited total assets of the Company;
- (15) to consider and approve the share incentive scheme;
- (16) to resolve the repurchase of the Company's Shares;
- (17) to consider other matters which, according to the laws, administrative regulations and the Articles of Association, should be resolved by the shareholders at general meetings;
- (18) to consider other matters as required by the listing rules of the stock exchange on which the Company's shares are listed.

The shareholders' general meeting may authorize or delegate the Board to deal with matters as authorized and delegated at the general meeting provided that the laws, regulations and the mandatory provisions of relevant laws and regulations of the place of listing are observed.

**Article 62** The following external guarantees to be provided by the Company shall be considered and approved by the shareholders' general meeting:

- (1) any provision of guarantee, where the total amount of external guarantees provided by the Company and its controlled subsidiaries reaches or exceeds 50% of the latest audited net assets;
- (2) any provision of guarantee, where the total amount of external guarantees provided by the Company reaches or exceeds 30% of the latest audited total assets;
- (3) provision of guarantee to anyone whose debt to asset ratio exceeds 70%;
- (4) provision of a single guarantee the amount of which exceeds 10% of the latest audited net assets;
- (5) provision of guarantee to third parties other than the Company and its controlled subsidiaries;
- (6) provision of guarantee to shareholders, de facto controllers and their connected parties.

The external guarantees above to be approved at shareholders' general meeting shall be considered and approved by the Board of Directors before submission to the shareholders' general meeting for approval.

When the shareholders' general meeting is considering a proposal to provide guarantee for any shareholder, de facto controller or related party, the said shareholder or the shareholders controlled by the said de facto controller shall abstain from voting on the proposal, and the proposal shall be subject to approval by more than half of the voting rights of the other shareholders attending the meeting. The public announcement on the voting results of the general meeting shall fully disclose the voting results of the non-related shareholders.

**Article 63** The Company shall not, without the prior approval of shareholders by way of special resolution at shareholder's general meeting, enter into any contract with any person other than a director, a supervisor and the senior management members whereby the management of the whole or any substantial part of the business of the Company is to be handed over to such person except for special circumstances such as the Company is in a crisis.

**Article 64** General meetings comprise annual general meetings and extraordinary general meetings. The annual general meetings shall be held once every year within six months after the conclusion of the previous accounting year.

Extraordinary general meetings shall be convened as and when necessary. Under any of the following circumstances, the Board shall convene an extraordinary general meeting within 2 months from the occurrence thereof:

- (1) when the number of directors is less than the number of directors required by the Company Law or two-thirds of the number of directors specified in the Articles of Association;
- (2) when the un-recovered losses of the Company amount to one third of the total amount of its paid-in share capital;
- (3) when shareholder(s) individually or jointly holding 10% or more of the Company's shares request(s) in writing the convening of an extraordinary general meeting;
- (4) when the Board considers necessary or upon the request of the Board of Supervisors;
- (5) when more than two independent non-executive directors so request; and
- (6) other situations stipulated by laws, administrative regulations, departmental rules, the listing rules of the stock exchange on which the shares of the Company are listed or the Articles of Association.

In any of the circumstances referred to in (3) and (4) above, the matter for consideration proposed by the requisitioner shall be included in the agenda of such meeting.

**Article 65** Convening of an extraordinary general meeting or a class meeting requested by shareholder shall be proceeded in accordance with the procedures set forth below:

- (1) two or more shareholders holding a total of 10% or more of the shares carrying the right to vote at the meeting sought to be held may sign one or more written requests of identical form and substance requesting the Board to convene an extraordinary general meeting or a class meeting and stating the subject of the meeting. The Board shall convene an extraordinary general meeting or a class meeting as soon as possible after having received the above-mentioned written request. The shareholding referred to above shall be calculated as of the day on which the written request is made.

- (2) if the Board fails to issue a notice of convening of such meeting within 30 days after receipt of the abovementioned written notice, the shareholders who made such request may themselves convene the meeting within four months after the Board received the request. The procedures to convene such meeting by such shareholders shall, to the extent possible, be identical to the procedures to convene general meetings by the Board.

Where shareholders convene and hold a meeting because the Board failed to hold such meeting pursuant to a request as mentioned above, the reasonable expenses incurred by such meetings shall be borne by the Company and shall be deducted from the sums owed by the Company to the negligent directors.

**Article 66** When the Company convenes an annual general meeting, shareholders holding 3% or more of the total voting shares of the Company shall be entitled to propose a provisional motion in writing to the Company and submit the same to the Board 10 days before the date of general meeting. The Board shall issue a supplemental notice of shareholders' general meeting within 2 days after the receipt of such motion and submit such provisional motion to the shareholders' general meeting for consideration and approval. The contents of a provisional motion shall fall within the duty of the shareholders' general meeting with specific topics for discussion and matters to be resolved.

**Article 67** To convene an annual general meeting, the Company shall give notices 20 business days before the date of the meeting, informing all shareholders of the matters proposed to be considered at the meeting and the date and the place of meeting; to convene an extraordinary general meeting, the Company shall give notices to all Shareholders 15 days (or 10 business days, whichever is longer) before the date of the meeting. Shareholders who will attend the annual general meeting shall return the written replies of attendance to the Company 10 days before the date of the meeting. Shareholders who will attend the extraordinary general meeting shall return the written replies of attendance to the Company 8 days before the date of the meeting. When calculating the starting date, the date of issuing the written notice of meeting and the date of the meeting shall be excluded;

The notice of a general meeting shall be served on the shareholders (whether or not entitled to vote at the meeting), by delivery or prepaid airmail to their addresses as shown in the register of shareholders. For the holders of domestic shares, notice of the meeting may be issued by way of public notice.

The abovementioned notices of general meetings shall be published in one or more newspapers designated by the securities governing authority of the State Council within 20 business days to 25 business days before the date of the annual general meeting, or 15 days (or 10 business days, whichever is longer) before the date of the extraordinary general meeting. Upon the publication of such notice, all holders of domestic shares shall be deemed to have received notice of the relevant shareholders' meeting.

The notice, materials or written announcement of the shareholders' general meeting should be delivered to the shareholders of overseas listed foreign shares in any of the following manners, 20 business days prior to the holding of such annual general meeting, or 15 days (or 10 business days, whichever is longer) before the date of the such extraordinary general meeting:

- (I) Such notice, material or announcement should be delivered to every shareholder of overseas listed foreign shares by person or by mail to the registered address of the shareholders, and the notice to shareholder of overseas listed foreign shares shall be sent from Hong Kong to the best effort of the Company;
- (II) Publish the announcement at the website of the Company or websites designated by the local stock exchange where shares of the Company are listed in accordance with applicable laws, regulations and relevant Main Board Listing Rules;
- (III) Other manners required by the local stock exchange where shares of the Company are listed and the listing rules into force unless they are signed by independent non-executive directors.

**Article 68** *Intentionally deleted.*

**Article 69** A notice of general meetings:

- (1) shall be in writing;
- (2) shall specify the time, place and date of the meeting;
- (3) shall state the matters to be discussed at the meeting;
- (4) shall provide such information and explanation as are necessary for the shareholders to exercise an informed judgment on the proposals before them, including (but not limited to) where a proposal is made to amalgamate the Company with another company, to repurchase shares of the Company, to reorganize the share capital or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the reasons for and consequences of such proposal must be seriously explained;

- (5) shall contain a disclosure of the nature and extent, if any, of material interests of any director, supervisor, or other senior management members in the transaction proposed and the effect of the proposed transaction on them in their capacity as shareholders in so far as it is different from the effect on the interests of other shareholders of the same class;
- (6) shall contain the text of any special resolution proposed to be passed at the meeting;
- (7) shall expressly state that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not be a shareholder;
- (8) shall specify the time and place for lodging proxy forms for the relevant meeting.

**Article 70** The accidental omission to give the notice of general meeting to, or the non-receipt of the notice of general meeting by, any persons entitled to receive such notice shall not invalidate the meeting and the resolutions at that meeting.

**Article 71** Any shareholder entitled to attend and vote at a general meeting shall be entitled to appoint one or more persons (whether or not a shareholder) as his proxy to attend and vote on his behalf. A proxy so appointed shall be entitled to exercise the following rights in accordance with the authorization from that shareholder:

- (1) the shareholder's right to speak at the meeting;
- (2) the right to demand, whether on his own or together with others, a poll;
- (3) unless otherwise provided in the applicable listing rules or other securities laws and regulations, the right to vote may be exercised either by a show of hands or by poll. However, if a shareholder has appointed more than one proxy, such proxies may only exercise their voting rights by poll.

**Article 72** Shareholders shall entrust their proxies by written instruments, which shall be made under the hand of the appointer or his agent entrusted in writing. Where the appointer is a legal person, the instrument shall be made additionally under the seal of a legal person or under the hand of its director or duly authorized agent.

**Article 73** The proxy form shall be deposited at the address of the Company or such other place specified in the notice of the meeting not less than 24 hours prior to the meeting at which the proxy is authorized to vote, or not less than 24 hours prior to the time appointed for voting. Where the proxy form is signed by a person authorized by the appointer, the power of attorney or other authorization instruments shall be notarized. The notarized power of attorney or 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 of the meeting.

Where the appointer is a legal person, its legal representative or other persons authorized by the resolutions of the board of directors or other decision-making body shall be entitled to attend the shareholders' general meeting of the Company as a representative of the appointer.

The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a legal person, either under seal or under the hand of a director or attorney duly authorised.

Where such shareholder is a recognised clearing house defined from time to time in the relevant clauses of Hong Kong laws (or its nominee), it may authorize one or more persons as it deems fit to act as its representative(s) at any shareholders' general meeting or any class meeting, provided that, if more than one person is so authorized, the power of attorney shall specify the number and class of shares in respect to which person is so authorized, and shall be signed by an authorised personnel of the recognised clearing house. Such duly authorized persons may represent the recognized clearing house (or its nominees) to attend the meeting (without showing share certificates, notarized authorization and/or further evidence of duly authorization) exercise the same powers as if he is an individual shareholder of the Company.

**Article 74** Any form issued to a shareholder by the Board of Directors of the Company for appointing a proxy of shareholder shall allow the shareholder to freely instruct the proxy to cast vote and to give separate instructions on each matter to be voted at the meeting. Such a form shall contain a statement that the proxy may vote as he deems fit in the absence of the shareholder's instruction.

Save as provided above, the aforesaid proxy form shall also contain the following: number of shares represented by, and name of, the proxy; whether voting power is granted to the proxy; whether the proxy is entitled to votes for the interim proposals that may be included in the agenda of the shareholders' general meeting; specific instruction of voting if voting power is granted; date of appointing a proxy and the effective period for such appointment. Where a shareholder appoints more than one proxy, he shall specify the number of shares represented by each proxy in the proxy form.

Where the shareholders' general meeting is attended by proxy, he shall produce his identification proof and letter of authorization signed by the appointor or its legal representative which stipulates the date of appointment. Where a corporate shareholder appoints its legal representative to attend the meeting, the legal representative shall produce his identification proof and the notarized copy of the resolution appointing the said legal representative of the board of directors or other authority of the legal person or other certified copy permitted by the Company.

**Article 75** Where the appointer has died, became incapacitated to act, withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to voting, a vote given by the proxy in accordance with the power of attorney shall remain valid until written notice of such event has been received by the Company.

**Article 76** A shareholders' general meeting shall be convened and presided by the chairman of the Board of Directors. When the Chairman of the Board is unable or fails to fulfill his duties, the general meeting shall be presided by the Vice Chairman of the Board. When the Vice Chairman of the Board is unable or fails to fulfill his duties, the Board of Directors may designate a director of the Company to convene and preside over the meeting. If no chairman of the meeting has been so designated, the attending shareholders may elect one person to chair the meeting. If for any reason the shareholders fail to elect a meeting chairman, the shareholder (including proxy) attending the meeting and holding the largest number of shares with voting rights shall chair the meeting.

A shareholders' general meeting convened by the Supervisory Committee itself shall be presided over by the chairman of the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to perform his duties, one supervisor shall be elected jointly by half or more of the supervisors to preside over the meeting.

The shareholders' general meeting convened by shareholder(s) itself/themselves shall be presided over by a representative elected by the convener.

When a shareholders' general meeting is held and the chairman of the meeting violates the rules of procedure in a way that makes it impossible for the shareholders' general meeting to continue, a person may be elected at the shareholders' general meeting to act as the chairman so as to carry on with the meeting, subject to the approval of more than half of the attending shareholders holding voting rights. If for any reason the shareholders fail to elect a chairman of the meeting, the shareholder (including proxy) attending the meeting and holding the largest number of shares with voting rights shall be the meeting chairman.

**Article 77** Resolutions of shareholders' general meetings are classified as ordinary resolutions and special resolutions.

Ordinary resolutions of the shareholders' general meeting shall be passed by more than one half of the voting rights represented by the shareholders (including proxies) present at the meeting.

Special resolutions of the shareholders' general meeting shall be passed by more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting.

Shareholders (including proxies) attending the meeting shall vote in favour of or against each matter which has been put to vote at the meeting. If a shareholder or his proxy casts abstention vote or abstains from voting, his vote shall not be counted in the voting results of the Company.

**Article 78** Shareholders (including proxies), when voting at a general meeting, may exercise their voting rights in accordance with the number of shares carrying voting rights and each share shall have one vote. However, the shares held by the Company carry no voting right and shall not be counted into the total number of shares carrying voting rights held by the shareholders attending the general meeting.

Under applicable laws and regulations and the Listing Rules of the Main Board, if any shareholder is required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, the votes cast by such shareholders (or their proxies) in contravention of such requirements or restrictions shall not be counted.

**Article 79** Unless under the requirement of laws, administrative regulations, relevant regulatory authorities or listing rules of the stock exchange where the shares of the Company are listed, or a poll is demanded before or after any vote by show of hands by the following persons, a resolution shall be decided on a show of hands at any general meeting:

- (1) the chairman of the meeting;
- (2) at least two shareholders entitled to vote in person or by proxy;
- (3) one or several shareholders (including proxies) representing, either calculated separately or in aggregate, 10% or more (10% included) of all shares carrying the right to vote at the meeting.

Unless some people require to vote by ballot, the meeting chairman shall announce the voting results of the proposals based on the results of voting by show of hands, and record the results in the minutes as the final basis, and he/she does not need to certify the number or proportion of votes in favor or against the resolutions at the meeting.

Resolutions passed at the general meeting shall be announced timely in accordance with the laws, regulations, department rules, normative documents, provisions of the securities regulatory authorities at the place where the shares of the Company are listed, or the provisions of the Articles of Association. The announcement should list the number of shareholders or their proxies attending the meeting, the total number of voting shares of such shareholders or proxies, the ratio of such voting shares to total voting shares at the Company, the means by which votes were cast, the voting result for each proposal, and the detailed contents of each resolution passed.

The demand for a vote by poll may be withdrawn by the person who makes such demand.

**Article 80** A poll demanded on such matters as the election of chairman or the adjournment of the meeting shall be taken immediately. A poll demanded on any other matter shall be taken at such time as the chairman deems appropriate, and the meeting may proceed to discuss other matters. The results of the poll to be taken shall still be deemed to be a resolution passed at that meeting.

**Article 81** On a poll taken at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all of his/her votes in the same way.

**Article 82** In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall have a casting vote.

**Article 83** The following matters shall be resolved by way of ordinary resolutions at a shareholders' general meeting:

- (1) Work reports of the Board of Directors and the Supervisory Committee;
- (2) Plans for profit distribution and recovery of losses drafted by the Board of Directors;
- (3) Appointment or removal of members of the Board of Directors and the Supervisory Committee (except for staff representative supervisors), and their remuneration and method of payment thereof;
- (4) The Company's annual financial budgets and final accounts, balance sheets, income statements and other financial statements;
- (5) Any matters other than those required by the laws, administrative regulations or the Articles of Association to be approved by special resolution.

**Article 84** The following matters shall be approved by special resolutions at a shareholders' general meeting:

- (1) Increase or reduction of the share capital, and issue of any class of shares, warrants and other similar securities of the Company;
- (2) Issuance of debentures of the Company;
- (3) Demerger, merger, dissolution and liquidation of the Company;
- (4) Change of corporate form of the Company;

- (5) Purchase or disposal of material assets or provision of guarantee by the Company within a year of a value exceeding 30% of the Company's latest audited total assets;
- (6) Amendment to the Articles of Association;
- (7) Share incentive plans to be considered and approved;
- (8) Any other matters prescribed by the laws, administrative regulations or the Articles of Association, and those matters approved by ordinary resolution at a shareholders' general meeting as having a material impact on the Company and are required to be approved by a special resolution;
- (9) Any other matters required by the Listing Rules of the Main Board to be approved by special resolution.

**Article 85** All directors, supervisors and other senior management officers shall attend the shareholders' general meeting as non-voting participants if requested. The directors, supervisors and other senior management officers who attend the meeting or attend the meeting as non-voting participants shall make replies or explanations in respect to enquiries of shareholders at the shareholders' general meeting, except for those matters in relation to commercial secrets of the Company which cannot be made public.

**Article 86** The meeting chair shall determine based on the voting result whether a resolution at a shareholders' general meeting has been passed. His decision, which is final and conclusive, shall be announced at the meeting and recorded in the minutes of the meeting.

**Article 87** At a shareholders' general meeting, the approach and procedures for nomination of directors and supervisors are as follows:

- (1) Shareholders individually or jointly holding 3% or more of the total outstanding voting shares of the Company may, by way of a written proposal, put forward to the shareholders' general meeting about the candidates for directors and supervisors (not being staff representatives). However, the number of candidates proposed shall comply with the provisions of the Articles of Association, and shall not exceed the number to be elected. The aforesaid proposal put forward by shareholders to the Company shall be delivered to the Company at least 14 days before the convening of the shareholders' general meeting.

- (2) Within the number of members as specified in the Articles of Association and based on the number to be elected, directors and supervisors may propose a list of recommended candidates for director and supervisor positions, which shall be submitted to the Board of Directors and Supervisory Committee for approval. After the list of candidates for directors and supervisors is determined upon approval by the Board of Directors and Supervisory Committee and adoption of a resolution, it should be proposed in writing at a shareholders' general meeting.
- (3) The written notices of the intention to nominate a candidate for election as a director or a supervisor (not being staff representative), the acceptance of nomination by such potential candidate, and the relevant written materials of the nominated candidate, shall be given to the Company no less than 7 days prior to the date of convening the shareholders' general meeting. The Board of Directors and Supervisory Committee shall provide shareholders with biographical details and basic information about the candidates for directors and supervisors.
- (4) The period for nominators and nominees to provide the aforesaid notice and documents shall be no less than 7 days (such period shall commence from the day following the date of serving the notice of convening the shareholders' general meeting).
- (5) At the shareholders' general meeting, voting for each candidate for a director and supervisor shall be handled as separate matters.
- (6) In the case of ad hoc addition or replacement of any director or supervisor, the Board of Directors and Supervisory Committee shall put forward a proposal to the shareholders' general meeting for such election or replacement.

**Article 88** If the meeting chair has any doubt as to the result of any resolution put to the vote, he may have the votes counted. If the meeting chair does not count the votes counted, any attending shareholder or proxy who objects to the result announced by the meeting chair may demand that the votes be counted immediately after the declaration of the voting result, and the meeting chair shall have the votes counted immediately.

**Article 89** If votes are counted at the shareholders' general meeting, the counting result shall be recorded in the minutes of the meeting. The minutes of the meeting signed by the attending directors and the meeting chair, together with the attendance records signed by the attending shareholders and proxy forms shall be kept at the domicile of the Company.

**Article 90** Copies of the minutes of the meeting shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder demands from the Company a copy of such minutes, the Company shall send a copy to him within 7 days following the verification of his identity and receipt of reasonable fees.

## **CHAPTER 9 SPECIAL PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS**

**Article 91** Shareholders holding different classes of shares are referred to as class shareholders.

A class shareholder shall enjoy rights and assume obligations in accordance with the laws, administrative regulations and the Articles of Association.

Where the share capital of the Company includes shares that do not carry voting rights, the words “non-voting” must appear on the name of such shares.

Where the share capital includes shares with different voting rights, the name of each class of shares, other than those with the most favourable voting rights, must include the words “restricted voting” or “limited voting”.

**Article 92** Rights conferred to class shareholders may not be varied or abrogated unless approved by way of a special resolution at a shareholders’ general meeting and by the affected class shareholders at a separate shareholders’ meeting convened in accordance with Articles 94 to 98 hereof.

No approval by a shareholders’ general meeting or a class meeting is required for variation or abrogation of rights of class shareholders resulting from any change in domestic and foreign laws and administrative regulations and listing rules where the Company’s shares are listed, and the decisions made by domestic and foreign regulatory authorities in accordance with the laws.

The transfer of domestic shares as noted in Article 16 of these Articles of Association held by domestic shareholders to overseas investors for listing and trading overseas shall not be considered as the Company’s intention to vary or abrogate the rights of class shareholders.

**Article 93** The following circumstances shall be deemed to be a variation or abrogation of the rights of shareholders of a particular class:

- (1) To increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to the shares of such class;
- (2) To effect a change of all or part of the shares of such class into those of another class or to effect an exchange or create a right of exchange of all or part of the shares of another class into those of such class;
- (3) To remove or reduce the rights in respect to accrued dividends or the cumulative dividends attached to shares of such class;

- (4) To reduce or remove the preferential rights attached to shares of such class to receive dividends or to the distribution of assets in the event that the Company is liquidated;
- (5) To add, remove or reduce the share conversion rights, options, voting rights, transfer rights, pre-emptive rights or rights to acquire securities of the Company attached to shares of such class;
- (6) To remove or reduce the rights to receive payables from the Company in a particular currency attached to shares of such class;
- (7) To create a new class of shares with voting right, distribution right or other privileges equal or superior to those of the shares of such class;
- (8) To restrict the transfer or ownership of shares of such class or to impose additional restrictions thereto;
- (9) To grant the right to subscribe for, or convert into, shares of such or another class;
- (10) To increase the rights and privileges of shares of another class;
- (11) To make a restructuring scheme which will result in the holders of different classes of shares bearing a disproportionate burden of obligations under such restructuring; and
- (12) To vary or abrogate any provision of this Chapter.

**Article 94** Shareholders of the affected class, whether or not otherwise entitled to vote at the shareholders' general meetings, shall nevertheless be entitled to vote at class meetings in respect to matters concerning sub-paragraphs (2) to (8), (11) and (12) of Article 93 hereof, but the interested shareholder(s) shall not be entitled to vote at class meetings.

“Interested shareholder(s)”, as such term is mentioned in the preceding paragraph, means:

- (1) In the case of a repurchase of shares by the Company by pro rata offers to all shareholders or by way of on-market dealing on Hong Kong Stock Exchange under Article 29 hereof, a “controlling shareholder” as defined in Article 59 hereof;
- (2) In the case of a repurchase of shares by the Company outside the Hong Kong Stock Exchange by way of agreement under Article 29 hereof, a shareholder who is related to the agreement;

- (3) In the case of a restructuring of the Company, a shareholder within a class who bears less than a proportionate liability than other shareholders of such class or who has an interest different from those of other shareholders of such class.

**Article 95** Resolutions of a class meeting shall be passed by shareholders present at the meeting representing two-thirds or more of the voting rights in accordance with Article 94 hereof.

**Article 96** In the event that the Company convenes a class meeting, a written notice shall be issued to shareholders whose names appear on the register of shareholders of such class 20 business days before the class meeting, specifying the matters proposed to be considered and the date and place of the meeting. The shareholders who intend to attend the meeting shall serve the written replies to the Company 10 days prior to the date of the meeting. The quorum for a class meeting (other than an adjourned meeting) to consider a variation of the rights of any class of shares shall be the number of holders of at least one third of the issued shares of that class.

The Company may convene the class meeting when the number of shares carrying rights to vote at the meeting held by the shareholders intending to attend the meeting reaches half or more of the total number of shares of such class carrying rights to vote at the meeting. If it does not reach that proportion, the Company shall within 5 days notify the shareholders again, by way of public announcement, of the matters to be considered, and the place and date of the meeting. Upon the publication of the announcement, the Company may convene the class meeting.

**Article 97** The notice of the class meeting shall only be served to shareholders entitled to vote thereat.

A class meeting shall be held under procedures as similar as possible to a shareholders' general meeting. The provisions of the Articles of Associations which relate to the convening of shareholders' general meetings shall apply to class meetings.

**Article 98** In addition to holders of other classes of shares, holders of domestic shares and overseas-listed foreign shares are deemed to be different classes of shareholders. The special voting procedures for class meetings shall not apply to the following circumstances:

- (1) Where the Company issues, upon approval by a special resolution of its shareholders in a general meeting, either separately or concurrently every 12 months, not more than 20% of each of the existing issued domestic shares and overseas-listed foreign shares;
- (2) Where the Company's plan to issue domestic shares and overseas-listed foreign shares at the time of its establishment is implemented within 15 months from the date of approval by the securities regulatory authority of the State Council;

- (3) Where holders of domestic shares of the Company transfer the shares held by them to overseas investors, and such transferred shares are listed or traded on an overseas stock exchange, upon the approval by the securities regulatory authority of the State Council.

## **CHAPTER 10 DIRECTORS AND BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 99** Directors shall be elected or replaced at the shareholders' general meetings for a term of 3 years. Upon maturity of the term of office, a director shall be eligible for re-election and re-appointment.

Any person appointed by the board of directors to fill a casual vacancy or as an addition to the board of directors shall hold office only until the next following annual general meeting and be eligible for re-election at that time.

Subject to the relevant laws and administrative regulations, a director may be removed by an ordinary resolution in a shareholders' general meeting, before the expiration of his term of office (but without prejudice to any claim which such director may here for damages under any contract).

A written notice of the intention to propose a person for election as a Director and a written notice showing such person is willing to be elected shall be given to the Company after the publication of general meeting notice, and at least 7 days before the date of the general meeting (such 7-day period shall commence no earlier than the second day after the issue of the notice of the meeting at which the election shall be conducted and no later than 7 days prior to the shareholders' general meeting).

**Article 100** A director may resign before expiration of his term of office. The resigning director shall submit a written resignation to the Board of Directors.

In the event that the resignation of any director results in the number of members of the Board of Directors to be less than the statutory minimum requirement, the said director shall continue to perform duties as director pursuant to the laws, administrative regulations, departmental rules and the Articles of Association until a new director is elected and assumes his/her office.

Save for the circumstances referenced in the preceding paragraph, the resignation of a director shall become effective upon submission of his resignation to the Board of Directors.

**Article 101** When a director's resignation becomes effective or his term of office expires, he shall duly carry out all handover procedures with the Board of Directors. His fiduciary obligations to the Company and shareholders shall not necessarily terminate from the end of his term of office, and shall remain effective within a reasonable period as specified in the Articles of Association. The Director's obligation to maintain the confidentiality of the Company's trade secrets shall survive the end of his/her term, until such secrets enter the public domain.

**Article 102** If any director fails to attend in person or appoint other directors as his/her representative to attend meetings of the Board of Directors for two consecutive times, such director shall be deemed to have failed to perform his duties, and the Board of Directors shall propose to replace such director at the shareholders' general meeting.

**Article 103** The Company shall have independent non-executive directors. Except as otherwise provided by this section, the provisions relating to the qualifications and obligations of directors in Chapter 14 of the Articles of Association shall apply to independent non-executive directors. The independent non-executive directors shall possess the independence as specified in the listing rules of the stock exchange where the shares of the Company are listed.

**Article 104** Prior to the expiration of his term of office, any director who has withdrawn from his office without permission, or who violates any laws, administrative regulations, departmental rules or the Articles of Association or during the course of performing his duties, and Company suffers only loss, such director shall be liable for compensation of such loss.

**Article 105** No director shall act on behalf of the Company or the Board of Directors in his personal capacity, unless specified under the Articles of Association or legally authorized by the Board of Directors. In the event that a director is acting in his personal capacity, but may be reasonably deemed to be acting on the behalf of the Company or the Board of Directors by a third party, such director shall state his stance and capacity in advance.

## Section 2 Board of Directors

**Article 106** The Company shall establish a Board of Directors, which shall comprise 11 directors, including 4 independent non-executive directors. The number of independent directors shall represent one third or above of the Board of Directors, at least one independent director shall be an accounting professional (refers a person with a senior title or qualification as a certified public accountant). Independent non-executive directors shall perform their duties independently and free from any influence of the substantial shareholders or de facto controllers or other stakeholders of the Company and any entity or individual who has interests in its substantial shareholders or de facto controllers. Independent directors shall perform their duties honestly and faithfully, safeguard the Company's interest and in particular, preventing encroachment of the lawful rights and interests of public shareholders. Independent non-executive directors may report directly to the shareholders' general meeting, the securities regulatory authorities of the State Council and other relevant departments.

The general manager or other senior management officers may concurrently serve as a director, provided that the aggregate number of the directors who concurrently serve as general manager or other senior management officers shall not exceed one half of the total number of directors of the Company.

The Board of Directors shall have one chairman and one vice chairman. The chairman and the vice chairman of the Board of Directors shall be elected or removed by more than one half of all directors. The term of office of the chairman and the vice chairman shall be 3 years and is renewable upon re-election.

A director is not required to hold any shares of the Company.

**Article 107** The Board of Directors is responsible for the shareholders' general meeting and shall exercise the following functions and powers:

- (I) to convene the shareholders' general meeting, submit relevant matters to the shareholders' general meeting for passing and report to the shareholders' general meeting;
- (II) to implement the resolutions adopted at shareholders' general meetings;
- (III) to decide on the Company's business plans and investment plans;
- (IV) to formulate the Company's annual financial budgets and accounts;
- (V) to formulate the Company's proposals on profit distribution and plan for recovery of losses;

- (VI) to formulate proposals for increases or reductions of the Company's registered capital and proposals for the issue and listing of corporate debentures or other securities;
- (VII) to formulate plans for material asset acquisition or disposal, repurchase of the Company's shares, or merger, demerger, dissolution and change of corporate formation of the Company;
- (VIII) to decide on the establishment of the Company's internal management structure;
- (IX) to appoint or dismiss the Company's general manager; and to appoint or dismiss other senior management officers of the Company pursuant to the nomination of the general manager; and to decide on the matters relating to the remuneration of the aforesaid senior management officers;
- (X) to decide on the wages, welfare and reward and punishment system of employees of the Company;
- (XI) ***Intentionally deleted***
- (XII) to formulate the Company's basic management system;
- (XIII) to formulate proposals for amendment to the Articles of Association;
- (XIV) to determine the establishment of the Company's domestic and overseas branch offices;
- (XV) to decide on the matters such as merger, division, reorganization or dissolution of the Company's wholly- owned subsidiaries and associated companies;
- (XVI) to decide on the establishment of special committees under the Board and to appoint or remove its person-in- charge;
- (XVII) to propose at general meetings a resolution in respect of candidates for independent non-executive directors and replacement of independent non-executive directors;
- (XVIII) to propose at shareholders' general meetings for the appointment, renewal or removal of accountants' firm conducting auditing for the Company;
- (XIX) to hear the work report and inspect the work of the general manager;
- (XX) to manage information disclosure of the Company;

- (XXI) to formulate the equity incentives plan;
- (XXII) save as otherwise required to be decided by the general meetings under laws and regulations and the Articles of Association, the Board exercises its power to make decisions on external investments (including capital increase and equity transfer of the invested enterprises), financing, risk management and trust management, external guarantees, etc.;
- (XXIII) to formulate and review the corporate governance policy and practices of the Company;
- (XXIV) to review and supervise the training and continuing professional development of directors, supervisors and senior management;
- (XXV) to review and supervise the policies and practices of the Company in compliance with legal and regulatory requirements;
- (XXVI) to formulate, review and supervise the code of conduct and compliance manual (if any) applicable to employees and directors;
- (XXVII) to review the Company's compliance with the Code on Corporate Governance Practices and disclosure in the Corporate Governance Report as set out in the Listing Rules of the Main Board;
- (XXVIII) to decide on other major affairs of the Company, save for matters required to be resolved at shareholders' general meetings as specified under the Company Law and the Articles of Association;
- (XXIX) to exercise other functions and powers conferred by the Articles of Association or the shareholders' general meetings;
- (XXX) other matters as required by the PRC laws and regulations.

With the exception of matters specified in sub-paragraphs (VI), (VII) and (XIII) which shall be passed by two-thirds or more of the directors, the resolutions of the Board of Directors in respect to any other aforesaid matters may be passed by more than half of all directors.

Resolutions made by the Board of Directors with respect to connected transactions shall not come into force unless they are signed by independent non-executive directors.

**Article 108** The independent non-executive directors shall attend the board meeting in a timely manner; understand the Company's business situation and operations; actively investigate and access to information and data needed to make decisions; submit the annual report of all independent non-executive directors to the Company's annual general meeting and explain the situation of duty fulfillment.

**Article 109** The Company shall establish the working system of independent non-executive directors. The secretary to the board shall actively cooperate with the independent non-executive directors to perform his/her duties. The Company should guarantee that the independent non-executive directors shall enjoy the same right to know as other directors; provide relevant materials and information to the independent non-executive directors in a timely manner; regularly report the situation of company operation and organize the independent non-executive directors for field investigation when necessary.

**Article 110** The independent non-executive directors shall also exercise the following special powers in addition to the functions and power as prescribed in the Company Law, other relevant laws, administrative regulations and as granted in the Articles of Association:

- (I) All major related transaction (determined in accordance with the effective rules released by the Company's stock exchange from time to time) approved by the Board or general meeting shall be submitted to the Board for discussion after approval by the independent non-executive directors. When the Board makes any resolution on the Company's related transactions, such resolution shall enter into force upon signature by the independent non-executive directors. Prior to judgment by the independent non-executive directors, it is to appoint intermediary institution to issue independent financial consultant report as the basis for judgment;
- (II) To propose appointment or dismissal accounting firm to the Board;
- (III) To submit an application to the board of directors for holding an interim shareholders' meeting;
- (IV) To propose the convening of board meeting;
- (V) To independently appoint external auditors and advisory bodies;
- (VI) To solicit voting right from shareholders in a public manner prior to convening the shareholders' general meeting;
- (VII) When the independent non-executive directors exercise the functions and powers as prescribed in paragraph (I) and (II) of this Article, the case shall be only submitted to the Board for discussion upon consent by half of the independent non-executive directors; for paragraph (III), (IV) and (VI), it shall be approved by more than half of the independent non-executive directors; for paragraph (V), it shall be approved by all independent non-executive directors. All fees arising from exercising the aforesaid functions and powers by the independent non-executive directors shall be borne by the Company. If the abovementioned proposals are refused or the functions and powers are unable to be exercised, the Company shall disclose the information concerned.

(VIII) The Board of Directors consists with compensation, examination and approval and nomination committees. The proportion of independent non-executive directors shall be more than half of the members of the committee.

**Article 111** In addition to the functions and powers as above mentioned, the independent non-executive directors shall issue their independent opinions to the Board of Directors or the shareholder's meeting with respect to the matters as below:

- (I) To nominate, appoint, or remove directors;
- (II) To appoint or dismissal senior management;
- (III) To determine on the remuneration of the Company's directors and senior management;
- (IV) The total amount (determined subject to the effective rules released by the Company's stock exchange form time to time) of the existing or new loan or other account currents between the Company's shareholders, actual controller or other related enterprises is equal to the amount that must be approved by the Board of Directors or shareholder's meeting, and whether or not effective measures have been taken by the Company to have those debts reclaimed;
- (V) Matters that might cause losses to minority shareholders deemed by independent directors;

The independent non-executive directors shall present one of the following comments on the aforesaid issues in writing:

- (1) Consent;
- (2) Reservation and reasons thereof;
- (3) Objections and reasons thereof;
- (4) Inability to make comments and reasons thereof.

If some of the issues are to-be disclosed, the Company shall announce the opinions of independent non-executive directors. Where such opinions are disagreed from the each other and no unanimous opinion can be reached, the Company shall disclose opinion of each director respectively.

**Article 112** The Board shall not dispose of or agree to dispose of any fixed assets without approval by the general meeting if the sum of the expected value of the fixed assets to be disposed of and the value derived from the disposal of fixed assets within four months before such proposal to dispose of the fixed assets exceeds 33% of the value of the fixed assets as shown on the latest audited balance sheet considered and approved by the general meeting.

Disposals of the fixed assets mentioned herein include transfer of certain asset interests, but do not include guarantee provided by pledge of fixed assets.

The effectiveness of the Company's disposal of the fixed assets shall not be affected by any breach of the foregoing provisions in Paragraph 1 herein.

Before making decisions on market development, mergers and acquisitions, and investment in new fields, etc., for projects involving investment or acquisition or merger amounting to more than 10% of total assets of the Company, an independent consulting agency shall be engaged to provide professional opinions, which shall be regarded as an important basis for the Board to make decision.

**Article 113** The chairman of the Board shall exercise the following functions and powers:

- (I) To preside over general meetings and to convene and preside over board meetings;
- (II) To supervise and examine the implementation of the resolutions of the Board;
- (III) To sign the share certificates, corporate bonds and other marketable securities issued by the Company;
- (IV) To sign the significant documents of the Board and other documents required to be signed by the legal representative of the Company, and to exercise the powers of the legal representative of the Company;
- (V) To organize the formulation of relevant systems and to coordinate the operation of the Board;
- (VI) To sign documents and contracts on behalf of the Company;
- (VII) To represent the Company in major decisions and participation in external activities;
- (VIII) To exercise special powers of disposal regarding the Company's affairs in compliance with the laws and regulations and in the interests of the Company in the event of force majeure and material emergency circumstances, and to report to the Board after exercising such powers;
- (IX) To receive the regular or extraordinary work reports of the senior management of the Company and to advise on the implementation of resolutions of the Board;
- (X) To nominate the general manager and secretary of the Board of the Company;

- (XI) To supervise and examine the work of the special committee under the Board;
- (XII) To exercise other functions and powers conferred by the laws, regulations, these articles and the Board.

Should the chairman of the Board is unable to perform his/her duties, such duties shall be performed by the vice chairman; should the vice chairman of the Board is unable to perform his/her duties, such duties shall be performed by a director who is nominated and elected by more than half of the directors.

**Article 114** At least four regular meetings of the Board shall be held each year. Meetings of the Board shall be convened by the chairman of the Board.

Under the following circumstances, an extraordinary meeting of the Board may be held within 14 days by the chairman of the Board upon proposal:

- (I) Proposed by shareholders representing more than one-tenths of the voting rights;
- (II) Jointly proposed by more than one-third of directors;
- (III) Deemed necessary by when the chairman of the Board;
- (IV) Jointly proposed by more than two independent non-executive directors;
- (V) Proposed by the Board of Supervisors;
- (VI) Proposed by the general manager to hold an interim board meeting.

**Article 115** Notice of regular board meetings shall be given to all directors and supervisors 14 days prior to the meetings, and 5 days prior to interim board meetings. The Board office or other departments designated by the Board shall give notice in writing to all the directors and supervisors by hand, fax, e-mail or other means.

Where an interim board meeting needs to be convened in emergency, the notice of meeting may be sent by telephone or by other verbal means, but the convener shall make explanations at the meeting. With the written consent of all directors presented at the meeting, the above time limit shall not be applied.

**Article 116** The meeting notice shall be deemed to be delivered to such director if he/she presents at the meeting and does not raise the issue of the non-receipt of such notice prior to his/her arrival at the meeting or the commencement of the meeting.

The regular or interim meetings of the Board can be held by conference call or other similar communication equipment, the interim meetings of the Board can be held by e-mail circulation or other written resolution for so long as the attending directors are able to fully express their views and learn about the subject and related information of the meeting. All attending directors shall be considered as being present at the meetings.

**Article 117** The Board meetings shall be held only if more than half of the directors are present.

Each director shall have one vote. Unless otherwise provided by the laws, administrative regulations and the Articles of Association, resolutions of the Board shall be passed by more than half of all directors.

The chairman has the right to make one more vote when the affirmative vote is equal to the dissenting vote.

A director shall also not vote (or be counted in the quorum at a meeting) on any resolution relating to any contract or arrangement or other proposal in which he/she or any of his/her associates has an interest and, if he/she purports to do so, his/her vote shall not be counted, unless permitted by the laws, administrative regulations, the rules or regulations of the relevant regulatory bodies.

**Article 118** Directors shall attend board meetings in person. In the event that a director is unable to attend a meeting for any reason, he/she may appoint another director by a written power of attorney to attend the meeting on his/her behalf. The authorization letter shall specify the scope of authorization.

The director attending the meeting as proxy shall exercise such director's right within the scope of authorization. Where a director is unable to attend the board meeting in person and fails to authorize a proxy to act on his/her behalf, the said director shall be deemed to abstain from voting at such meeting.

**Article 119** Any material matters to be decided by the Board must be proceeded strictly as specified procedure. A notice shall be given to all directors at the time required by the Articles of Association and sufficient information shall be given at the same time. The directors may request additional information. When more than a quarter of directors or two or more of independent non-executive directors consider that the information of the matters is not sufficient or for other grounds for an informed decision, they may jointly propose to postpone the meeting or delay the discussion of certain resolved matters in the board meeting, and the Board shall adopt the relevant proposal.

**Article 120** In addition to general meetings of the Board, the Board may approve the written resolutions in lieu of convening meetings of the Board, but the draft of such resolutions shall be delivered to each director through personal delivery, post, telegraph, facsimile or e-mail. Such resolution will be passed as a resolution of the Board, only after it has been delivered to all directors by the Board, signed and approved by the required quorum of the directors and delivered to the secretary to the Board by one of the aforesaid means, and then the board meeting shall not be convened.

**Article 121** The Board shall prepare the minutes to record the decisions made concerning the matters considered at the board meetings, which shall be signed by the attending directors and the recorder and shall be kept by the secretary of the Board. The directors shall be responsible for the resolutions passed at the board meetings. Any director who votes for a board resolution which contravenes the laws, administrative regulations or the Articles of Association and which result in the Company suffering from material losses, shall be responsible for the liabilities of compensation. A director who votes against such resolution and has been proved as having expressed dissenting opinions on such resolution and such opinions are recorded in the minutes of the meeting can be exempt from liability.

### **Section 3 Special Committees under the Board**

**Article 122** The Board shall establish special committees such as compliance committee, audit committee, remuneration committee and nomination committee and risk control committee in accordance with the needs and the requirements of the relevant laws and regulations and listing rules. The composition, terms of reference and rules of procedure of the special committees under the Board shall be otherwise agreed by the Board. A special committee is the special body under the Board and is responsible for providing advice or recommendations in respect of material decisions to the Board or exercises its decision-making rights under authority of the Board.

## **CHAPTER 11 SECRETARY OF THE BOARD OF THE COMPANY**

**Article 123** The Company shall have one secretary of the Board, who is a senior officer of the Company.

**Article 124** The secretary of the Board shall be a natural person who has the requisite professional knowledge and experience, and shall be nominated by the chairman, appointed or removed by the Board. His/her major duties shall be:

- (I) To ensure that the Company has complete organizational documents and records; to keep and manage shareholder's materials; to assist the directors in addressing the routine tasks of the Board, keep the directors informed and alerted about any regulation, policy and other requirements of domestic and foreign regulators and ensure that the directors and the general manager observe domestic and foreign laws and regulations as well as the Articles of Association and other related regulations when performing their duties and responsibilities;

- (II) To organize and arrange for the meetings of the Board and general meetings, prepare meeting materials, handle relevant meeting affairs, be responsible for keeping minutes of the meetings and ensure their accuracy, keep meeting documents and minutes and take initiative to keep abreast of the implementation of relevant resolutions. Any important issues occurring during the implementation shall be reported and relevant proposals shall be put forward to the Board;
- (III) To ensure the material matters decided by the Board of the Company to be carried out strictly in accordance with the procedures as stipulated; at request of the Board, to participate in the organization of consultation on and analysis of the matters to be decided by the Board and offer relevant opinions and suggestions; to handle the day-to-day affairs of the Board and the its committees as authorized;
- (IV) To be the contact person of the Company with the securities regulatory authorities, and responsible for organizing the preparation for prompt submission of the documents required by the regulatory authorities, and for accepting and organizing the implementation of any assignment from the regulatory authorities;
- (V) To be responsible for coordinating and organizing the Company's disclosure of information, to establish and improve the information disclosure system, to participate in all of the Company's meetings involving the disclosure of information, and to keep informed of the Company's material operation decisions and related information in a timely manner;
- (VI) To be responsible for keeping the Company's price-sensitive information confidential and working out effective and practical confidentiality systems and measures; where there is any disclosure of the Company's price-sensitive information due to any reason, necessary remedial measures shall be taken, timely explanation and clarification shall be made, and relevant reports shall be submitted to the stock exchange of the place where the shares of the Company are listed and the CSRC;
- (VII) To be responsible for coordinating reception of visitors, keeping in touch with news media, coordinating replies to inquiries from the public, handling the relationships with intermediaries, regulatory authorities, media and organizing the reporting of the related matters to the CSRC;
- (VIII) To ensure the proper maintenance of the Company's share register, so as to ensure the persons who are entitled to obtain the relevant records and documents of the Company are able to obtain the same on a timely basis;

- (IX) To assist Directors and the general manager in duly implementing the domestic and foreign laws, regulations, the Articles of Association and other provisions in the course of discharging their duties, and upon becoming aware that the Company has passed or may pass resolutions which may breach the relevant regulations, to have a duty to immediately remind the Board, and is entitled to report such facts to the CSRC and other regulatory authorities;
- (X) To co-ordinate the provision of relevant information necessary for the Company's Board of Supervisors and other auditing authorities to discharge their duties; and to assist in carrying out investigation on the performance of the chief financial officer, Directors and the general manager of the Company of their fiduciary duties;
- (XI) To exercise other functions and powers as conferred by the Board, as well as other functions and powers as required by the stock exchanges on which the Company's shares are listed.

**Article 125** Directors or senior officers of the Company may act as the secretary of the Board, provided that he/she must devote sufficient efforts and time to perform the duties of the secretary of the Board. An accountant of the accounting firm engaged by the Company and management personnel of the controlling shareholders of the Company shall not act as the secretary of the Board.

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

## **CHAPTER 12 THE GENERAL MANAGER AND OTHER SENIOR OFFICERS**

**Article 126** The Company shall have one general manager, who shall be nominated by the chairman of the Board and engaged or dismissed by the Board; The Company shall have four deputy general managers, one chief financial officer (chief accountant), one chief engineer and one chief economist, who shall be nominated by the general manager and engaged or dismissed by the Board. A director may serve concurrently as the general manager or other senior officers.

**Article 127** The general manager shall be accountable to the board of directors and shall exercise the following functions and powers:

- (I) To be in charge of the production, operation and management of the company, and to report to the Board, or to report to the chairman of the Board during the intersessional period of the Board;
- (II) To organize the implementation of the resolutions of the Board, the annual business plans and investment plans of the company;

- (III) To draft the plan of the Company's annual finance budgets and final accounts, and propose to the Board;
- (IV) To draft the basic management system of the Company and the plan for the establishment of the Company's internal management organization;
- (V) To formulate the specific rules and regulations of the Company;
- (VI) To request the Board to employ or dismiss other senior officers;
- (VII) To decide on the employment or dismissal of management personnel other than those to be employed or dismissed by the Board;
- (VIII) To propose to convene extraordinary board meetings in case of emergence;
- (IX) To implement the matters of the Company such as investment, financing, contracts and transactions to the extent of powers delegated by the Board;
- (X) Other functions and powers delegated by the Articles of Association and the Board.

**Article 128** The general manager shall be present at the meetings of the Board. The general manager shall have no voting right at a meeting of the Board unless he/she is also a director.

**Article 129** In exercising his/her functions and powers, the general manager shall fulfill his/her obligation of honesty and diligence in accordance with laws, administrative regulations and the Articles of Association.

### **CHAPTER 13 BOARD OF SUPERVISORS**

**Article 130** The Company shall have a Board of Supervisors. The Board of Supervisors shall exercise supervision function in accordance with laws, administrative regulations and the Articles of Association.

**Article 131** The Board of Supervisors shall be composed of six members, one of whom shall be the chairman of the Board of Supervisors. The terms of office of Supervisors shall be three years, renewable upon re-election.

The appointment and dismissal of the chairman of the Board of Supervisors shall be passed by two-thirds or more of the members of the Board of Supervisors.

**Article 132** The members of the Board of Supervisors shall comprise four representatives of shareholders and two representatives of staff and workers. The election and dismissal of the representatives of shareholders shall be decided by shareholders in the general meeting of shareholders, while the representative of staff and workers shall be elected by the staff and workers of the Company in the staff and workers' congress, the assembly of staff and workers or other democratic ways.

**Article 133** The directors and the senior officers of the Company (including financial officers) shall not act concurrently as supervisors.

**Article 134** The Board of Supervisors shall be accountable to the general meeting of shareholders and exercise the following functions and powers:

- (I) To supervise the directors and senior officers in their performance of duties and to propose the dismissal of directors and senior officers who have contravened any law, administrative regulations, these Articles of Association or shareholders' resolutions;
- (II) To demand any directors and senior officers of the Company who acts in a manner which is harmful to the Company's interests to rectify such behavior;
- (III) To examine the Company's financial affairs;
- (IV) To propose the convening of the extraordinary general meeting of shareholders; and to convene and preside over general meetings in case the Board of Directors fails to fulfill the obligations to convene and preside over the general meetings as prescribed in the Company Law;
- (V) To examine financial information such as financial reports, business reports and profit distribution plans as proposed by the Board to the general meeting, and if there are any queries, to engage certified public accountants or practicing auditors in the name of the Company to assist in the examination;
- (VI) To propose resolutions at a shareholders' general meeting;
- (VII) To propose the convening of an extraordinary meeting of the Board of Directors;
- (VIII) To institute a suit to the directors or senior officers of the Company according to Article 151 of the Company Law;

- (IX) Other functions and powers conferred by the laws and administrative regulations and the Articles of Association.

The supervisors shall be present at the meetings of the Board.

**Article 135** Meetings of the Board of Supervisors shall be held at least once every six months and shall be convened by the chairman of the Board of Supervisors. Where the chairman of the Board of Supervisors is incapable of performing or fails to perform his/her duties, a supervisor shall be elected by not less than half of the supervisors to convene and preside over the meetings of the Board of Supervisors.

A supervisor may propose the convening of the extraordinary meeting of the Board of Directors.

The staff member of the Board of Supervisors shall give a written notice of the meeting affixed with the seal of the Board of Supervisors 10 days (for general meeting) or 5 days (for extraordinary meeting) before the meeting date respectively. The notice of meeting shall be given to all the supervisors by hand delivery, facsimile transmission, electronic mail or other means. If the notice is not given by hand delivery, a subsequent telephone call shall be made for confirmation and corresponding records shall be made.

In case of emergency and an extraordinary meeting of the Board of Supervisors is required to be convened as soon as possible, the notice of such meeting shall be given by telephone communication or other verbal means at any time provided that the convener of the meeting shall make relevant explanation at the meeting.

**Article 136** The method for conducting business for the Board of Supervisors: resolutions of the Board of Supervisors shall be made by way of voting with one vote of each supervisor, conducted by way of casting written votes with the identity of the voter stated on the voting papers.

The voting procedure: a supervisor may cast a vote as affirm, object or abstain. Each attending supervisor shall indicate his/her voting intention by choosing one of the above. The chairman of the meeting shall request each supervisor who fails to choose any of the above or have chosen two or more of the above to vote again. Refusal to do so shall be regarded as having abstained from voting. Any supervisor who leaves the meeting and does not return and has not voted by choosing any of the above shall be regarded as having abstained from voting.

Decisions of the Board of Supervisors shall be made by the affirmative vote of two-thirds or more of the members of the Board of Supervisors.

The Board of Supervisors shall record the decision of the matters discussed as the minutes of the meeting, supervisors who attended the meeting shall sign on the minutes of the meeting. The supervisor is entitled to request for making some descriptive record with regard to his/her speech in the meeting. The minutes of the meeting of the Board of Supervisors shall be kept in the domicile of the Company.

**Article 137** The Board of Supervisors may conduct investigation in the event that any abnormal cases of the operation of the Company was found; and may engage professionals such as lawyers and accountant firms to assist if necessary. All reasonable fees so incurred shall be borne by the Company.

**Article 138** All supervisors shall perform their supervisory responsibility honestly in accordance with law, administrative regulations and the Articles of Association.

#### **CHAPTER 14 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS AND SENIOR OFFICERS OF THE COMPANY**

**Article 139** Any of the following circumstances occurs, a person shall not serve as a Director, Supervisor, the general manager, or other senior officers of the Company:

- (I) An individual who has no civil capacity or has restricted civil capacity;
- (II) Persons who have committed the offences of corruption, bribery, trespass of property, misappropriation of property or damaging the social economic order, and have been penalized due to the above offences, where less than five years have elapsed since the date of the completion of implementation of the penalty or persons who have committed crimes and have been deprived of their political rights due to such crimes, where less than five years have elapsed since the date of the completion of the implementation of such deprivation;
- (III) Persons who were the directors, factory chiefs or managers of a company or enterprise which has become insolvent and has been liquidated and were personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;
- (IV) Persons who were legal representatives of a company or enterprise which had its business license revoked due to a violation of the law and were ordered to close down and who were personally liable to such company or enterprise, where less than three years have elapsed since the date of such company or enterprise was ordered to close down;
- (V) Persons with a comparatively large amount of personal debts due and unsettled;
- (VI) Persons who have committed criminal offences and are still under investigation by law administration authorities;

- (VII) Persons who were not allowed to be heads of enterprises as stipulated by laws, administrative regulations;
- (VIII) Persons who were not natural persons;
- (IX) Persons who have been convicted of offences of violating provisions of the relevant securities regulations or offences of fraud or acting in bad faith by the relevant competent authorities, where less than five years have lapsed since the date of conviction;
- (X) Other situations stipulated by the laws and regulations of where the company's shares are listed.

**Article 140** The validity of the conduct of directors, the general manager, or other senior officers of the Company who have acted on behalf of the Company with respect to third parties who have acted in good faith shall not be affected due to any irregularity in the employment, election or qualification of such directors, the general manager, or other senior officers.

**Article 141** In addition to obligations imposed by relevant laws, administrative regulations or the listing rules of the securities exchange on which the Company's shares are listed, directors, supervisors, the general manager, and other senior officers in the exercise of their powers and the discharge of their duties shall owe the following obligations to the shareholders:

- (I) Not to cause the Company to go beyond the business scope specified by its business license;
- (II) To act honestly in what they consider to be the best interest of the Company;
- (III) Not to deprive in any way the Company of its assets, including (but not limited to) opportunities beneficial to the Company;
- (IV) Not to deprive shareholders of their personal rights and interests, including (but not limited to) rights to distributions and to vote, except for the Company reorganization submitted for approval at a shareholders' general meetings in accordance with the provisions of the Articles of Association.

**Article 142** Each of the directors, supervisors and other senior officers of the Company owes a duty, in the exercise of his/her powers and discharge of his/her duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise under the similar circumstances.

**Article 143** Each director, supervisor and other senior officer of the Company should abide by his/her fiduciary principles in the discharge of his/her duties, and not to place him/herself in a position where his/her duty and his/her own interests may conflict. Such principles include (but are not limited to) the performance of the following obligations:

- (I) To act honestly in what he/she considers to be in the best interest of the Company;
- (II) To exercise his/her powers within the scope specified and not to act ultra vires;
- (III) To exercise the discretion vested in him/her personally and not allow him/herself to act under the direction of another; unless and to the extent permitted by law, administrative regulations or by the shareholders, having been informed of the relevant facts, at a general meeting, not to delegate the exercise of his/her discretion;
- (IV) To treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (V) Except in accordance with the Articles of Association or with the informed consent of shareholders in general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (VI) Not without the approval of the shareholders, having been informed of the relevant facts, at a general meeting, to use the Company's assets for his personal benefit in any manner;
- (VII) Not to use his position to accept bribes or other illegal income and not to expropriate the Company's assets in any manner, including (without limitation) opportunities beneficial to the Company;
- (VIII) Not without the informed consent of shareholders in general meeting, to accept commissions in connection with the Company's transactions;
- (IX) To abide by the Articles of Association, faithfully perform his duties and protect the interests of the Company, and not to use his position and powers in the Company to seek personal gain;
- (X) Not to compete with the Company in any way except with the informed consent of shareholders given in general meeting;

- (XI) Not to misappropriate the Company's funds, not to open any bank account in his own name or others' name for the deposit of the Company's assets or funds, and not to violate the provision of the Articles of Association to lend the Company's funds to others or provide security of the Company's assets for debts of shareholders of the Company or other individuals without the approval of shareholders' general meeting or the Board of Directors;
- (XII) Without the informed consent of shareholders in general meeting, not to disclose confidential information of the Company acquired while in office and not to use such information other than in furtherance of the interests of the Company, save and except that disclosure of information to a court or a relevant governmental authority is permitted where:
1. the disclosure is made under compulsion of law;
  2. there is a duty to the public to disclose;
  3. the personal interests of the Director, Supervisor, the general manager and other senior officers require disclosure.

Incomes derived from the violation by above-mentioned persons who violate the provision of this Article shall belong to the Company; anyone who has caused any loss to the Company shall be liable for compensation.

**Article 144** A director, supervisor or other senior officer of the Company shall not direct the following persons or agencies ("Related Parties") to do what the director, supervisor, the general manager, or other senior officer of the Company is not permitted to do:

- (I) The spouse or minor child of such director, supervisor, the general manager and other senior officer;
- (II) A trustee for such director, supervisor, the general manager and other senior officer or any person referred to in (I) above;
- (III) A partner of such director, supervisor, the general manager and other senior officer or of any person referred to in (I) and (II);
- (IV) A company in which that a director, supervisor, the general manager and other senior officer, alone or jointly with one or more persons referred to in above (I), (II) and (III) or with any of other directors, supervisors, the general manager and other senior officers of the Company, have de facto control; and
- (V) The director, supervisor, the general manager and other senior officer of a company referred to in (IV) above.

**Article 145** The fiduciary duties of a director, supervisor, the general manager, and other senior officer of the Company do not necessarily cease with the termination of his tenure. The duty of confidentiality in relation to trade secrets of the Company survives the termination of his term of office. Other duties may continue for such period as fairness may require depending on the time lapse between the termination of his term of office and the occurrence of the matter in question and the circumstances and the terms under which the relationships between him and the Company are terminated.

**Article 146** Except in circumstances referred to in Article 58 of the Articles of Association, liabilities of a director, supervisor, the general manager and other senior officers arising from the violation of a specified duty may be released by informed shareholders in general meeting.

**Article 147** Where a director, supervisor and senior management officer of the Company has significant relationship in any way, directly or indirectly, in an established or proposed contract, transaction or arrangement entered into by and with the Company, (other than the service contract entered into by and between a director, supervisor, general manager and other senior management officers of the Company and the Company), he/his shall disclose the nature and extent of his interests to the Board promptly whether or not such contract, transaction or arrangement is subject to the approval of the Board under normal circumstances.

Subject to the exceptions allowed by the Main Board Listing Rules or the Hong Kong Stock Exchange, a director shall not vote on any resolution approving the contract, transaction, or arrangement or any other related proposals in which he or any of his close associates (as defined in the applicable Main Board Listing Rules effective from time to time) has a material interest nor shall he be counted in the quorum present at the meeting.

Unless the interested director, supervisor or senior management officer of the Company has disclosed such interest to the Board as required under the first paragraph of this Article and the matter has been approved by the Board at a meeting where he was not counted in the quorum and had refrained from voting, the Company shall have the right to revoke the contract, transaction or arrangement, except where the other party is a bona fide party acting without knowledge of the breach of obligation by the director, supervisor or senior management officer concerned.

A director, supervisor or senior management officer of the Company shall be deemed to have some interest in a certain contract, transaction or arrangement in which a Connected Person of such director, supervisor or senior management officer has some interest.

**Article 148** In the event that a director, supervisor and senior management officer of the Company gives a written notice to the Board before the Company considers to establish the contract, transaction or arrangement for the first time, stating that due to the contents of the notice, such director, supervisor or senior management officer of the Company has an interest in the contract, transaction or arrangement that may subsequently be made by the Company, such director, supervisor and other senior management officers shall be deemed, for the purposes of the preceding Article of this Chapter, to have declared his/her interest, insofar as attributable to the scope stated in the notice.

**Article 149** The Company may not, in any manner, pay tax for or on behalf of its directors, supervisors or senior management.

**Article 150** The Company may not directly or indirectly provide a loan or loan security for a director, supervisor or senior management officer of the Company and of its parent company, or Connected Persons of the foregoing.

The provisions of the preceding paragraph shall not apply to the following circumstances:

- (I) the Company provides a loan to its subsidiary or the Company provides a loan security for its subsidiary;
- (II) the Company provides a loan, loan security or other funds to a director, supervisor manager and senior management officer of the Company pursuant to an appointment contract approved by the general meeting, so as to enable such director, supervisor and senior management officer of the Company to pay the expenses incurred for the purposes of the Company or for performing his/her duties of the Company; and
- (III) In the event that the normal business scope of the Company includes the provision of loans and loan security, the Company can provide loans and loan security to a relevant director, supervisor and other senior management officers of the Company or to a Connected Person thereof, and provided that the conditions for the provision of loans and loan security shall be normal business conditions.

**Article 151** As for such loan provided by the Company in violation of the preceding Article, the recipient of such loan shall immediately repay such loan regardless of the terms of the loan.

**Article 152** As for such loan guarantee provided by the Company in breach of paragraph 1 of Article 147, no enforcement shall be imposed upon the Company, except for the following conditions:

- (I) when the loan is provided to a Connected Person of a director, supervisor and senior management officer of the Company or its parent company, the loan provider is not aware of the circumstance;
- (II) the collateral provided by the Company has been lawfully sold by the loan provider to a bona fide purchaser.

**Article 153** For the purposes of the preceding Articles of this Chapter, the term “security” shall include an act whereby a guarantor assumes its liability or provides property to guarantee in order to secure the performance of obligations by an obligor.

**Article 154** When a director, supervisor and senior management officer of the Company is in breach of his/her duties to the Company, the Company shall have the right to adopt the following measures in addition to various rights and remedies as provided in laws and administrative regulations:

- (I) to demand the relevant director, supervisor and senior management to compensate for the losses suffered by the Company as a consequence of his/her dereliction of duty;
- (II) to revoke any contract or transaction concluded by the Company with the relevant director, supervisor and senior management or contracts with a third party (where such third party is aware of or should be aware of that the director, supervisor, general manager and other senior management officers representing the Company is in breach of his/her obligations to the Company);
- (III) to demand the relevant director, supervisor and senior management officer to surrender the gains derived from the breach of his obligations;
- (IV) to recover any funds which are received by the relevant director, supervisor, and senior management officer and shall have been collected for the Company, including (but not limited to) commissions;
- (V) to demand the relevant director, supervisor and senior management officer to return the interest earned or possibly earned on the funds that shall have been given to the Company; and
- (VI) to recover any property obtained by the director, supervisor and senior management convicted of the breach of his duties by legal proceedings.

**Article 155** The Company shall enter into a contract in writing with a director, supervisor and senior management officer of the Company. The written contract shall include at least the following provisions:

- (I) The promise made by a director, supervisor or senior management officer to the Company that he/she shall comply with and observe, the requirements stipulated under the Company Law, the Special Regulations, the Articles of Association, the Code on Takeovers, Mergers and Share Repurchases, Main Board Listing Rules and other rules stipulated by Hong Kong Stock Exchange, and agree that the Company entitles the remedial measures under the Articles of Association, where the contract and his/her position shall not be transferred;
- (II) The promise made by a director, supervisor or senior management officer to the Company that he/she shall comply with and perform his/her obligations set out in the Articles of Association to shareholders; and
- (III) The relevant arbitration clause in the listing rules.

**Article 156** The Company shall enter into written contracts with the directors and supervisors in respect of the remuneration issues, subject to approval by shareholders' general meeting in advance. The remuneration referred to above shall include:

- (I) the remuneration in respect of his service as a director, supervisor or senior management officer of the Company;
- (II) the remuneration in respect of his service as a director, supervisor or senior management officers of a subsidiary of the Company;
- (III) the remuneration for provision of other services in connection with the management of the affairs of the Company and its subsidiaries; and
- (IV) the payment by way of compensation for loss of office of the director or the supervisor or as consideration for or in connection with his/her retirement.

Save pursuant to the contract aforesaid, no legal proceedings may be brought by a Director or Supervisor against the Company in respect of the benefits ought to be received by him by reasons of the matters stipulated above.

The Company shall regularly disclose the remuneration received by a director, supervisor or senior management officer from the Company to the shareholders.

**Article 157** In the contract for emoluments entered into by the Company with a director or supervisor of the Company: when the Company is acquired, provisions shall be made for the right of the director or supervisor of the Company to receive, after obtaining the prior consent of shareholders in general meeting, payments or other amounts by way of compensation for loss of office or for his retirement from office. A takeover of the Company referred to above means:

- (I) an offer made by anyone to all shareholders;
- (II) an offer is made by anyone such that the offeror will become the Controlling Shareholder (as defined in the Articles of Association).

If the relevant director or supervisor does not comply with the provisions of this Article, any sum received by the director or supervisor on account of the payment shall belong to those persons who have sold their shares as a result of the aforesaid offer, and the expenses incurred by the director or supervisor in distributing that sum pro rata among those persons shall be borne by him and not deducted from the sum distributed.

## **CHAPTER 15 PARTY ORGANIZATION**

**Article 158** The Company has established a Party committee (hereinafter referred to as the “Party Committee”) and a discipline inspection commission (hereinafter referred to as the “Discipline Inspection Commission”). The Party Committee of the Company consists of nine members, including one secretary and two deputy secretaries. The secretary and the chairman of the Party Committee are usually served by one person, and earnestly performs the duty as the first responsible person for Party building. The Discipline Inspection Committee of the Company consists of three members, including one secretary.

The secretary and deputy secretaries to the Party Committee as well as the secretary to the Discipline Inspection Commission shall be appointed or dismissed pursuant to the cadre management authority or elected in accordance with relevant requirements and procedures through single-candidate election. Members of the Party Committee and the discipline inspection commission shall be appointed or dismissed pursuant to the cadre management authority or elected in accordance with relevant requirements and procedures through multi-candidate election. The Party Committee and Disciplinary Inspection Committee of the Company will be renewed on a four-year basis.

**Article 159** The Party Committee of the Company gives full play to the role of the Party organization as the leadership and political core, in order to ensure the implementation of Party supervision and national policies across the Company, and the high consistency with the central committee of the Party in such aspects as thought, political ideology and action; participates in the research on the “Three Important and One great” issues for enterprises, and provides opinions and advices on material issues capable of affecting the stability of the Company’s reform and development; puts into practice the principles of letting the Party to manage the cadres and the talents, and plays the leading and inspecting roles of the Party organization for talent selection and utilization; tightens the supervision on the leaders and earnestly discharges the main responsibility for building the style of work of the Party and upholding Party integrity; leads the ideological and political work as well as such mass organizations as the trade union and Communist Youth League of the Company, provides support for the work of the congresses of staff representatives, and insists on guiding the Company’s cultural construction with core socialist values; and enhances the team building of the Party organization and Party members at the primary level, and gives full play to the role of the primary Party organization as the militant bastions and the exemplary and vanguard role of Party members.

**Article 160** The relationship between the Party Committee of the Company and other governance entities shall be clarified to unify the Party’s leadership and improve corporate governance, clarify the boundaries of rights and responsibilities, and achieve seamless integration, forming a corporate governance mechanism under which each of them performs its own duties and take its own responsibilities, with coordinated operations and effective checks and balances. The board of directors of the Company shall seek opinions from the Party Committee before making decisions on the material issues of the Company. Where material issues relating to operation management fall within the scope of decision-making by the Party Committee in respect of material issues, the board of directors or the management shall listen to the opinions of the party committee’s research and discussion in advance.

**Article 161** The Party Committee of the Company has established an organizing department under it, which, acting as the working body for the implementation of Party building work, is responsible for various work, such as Party organization and building, team building for Party members, selection and appointment, education and cultivation, as well as management and supervision of the middle management personnel and above. Strong full-time staff shall be equipped to deal with Party affairs as required.

**Article 162** The Company provides necessary conditions for the carry-out of Party activities, and guarantees the premises for and finances the activities of the Party organization. The Company provides for the funds needed for the activities of the Party organization in the annual budget at an amount no less than 0.5% of the total staff salaries of the Company for the whole year.

## **CHAPTER 16 MASS ORGANIZATION**

**Article 163** The Company shall establish a trade union in accordance with the “Trade Union Law of the People’s Republic of China”, and provide conditions which are prerequisite for the activities of the trade union and protect the legitimate rights and interests of its staff according to law.

**Article 164** The Company shall establish the Communist Youth League and other mass organizations in accordance with the relevant regulations of the People’s Republic of China and constitutions of other relevant mass organizations. Such mass organizations shall independently carry out activities under the leadership of the Party Committee in accordance with their respective constitutions.

## **CHAPTER 17 FINANCIAL AND ACCOUNTING SYSTEM AND PROFIT DISTRIBUTION**

**Article 165** The Company shall formulate its financial and accounting system in accordance with laws, administrative regulations and the requirements established by relevant state authorities

**Article 166** The Company shall adopt the Gregorian calendar year as its accounting year, which shall commence on 1 January and end on 31 December of the same Gregorian calendar year.

The Company shall prepare financial reports at the end of each accounting year. Such reports shall be reviewed and verified according to law.

In addition to the PRC accounting standards and regulations, the financial statements of the Company shall also be prepared in accordance with the international accounting standards or the accounting standards of the place outside the PRC where the shares of the Company are listed. Any material discrepancy between the financial statements prepared in accordance with two different accounting standards shall be explained in the notes to the financial statements.

Distribution of profits after tax of the relevant financial year shall be based on the lower of the profits after tax shown in the two financial statements mentioned above.

**Article 167** The board of directors of the Company shall, at each annual general meeting, submit to the shareholders such financial reports as required by the relevant laws, administrative regulations and regulatory documents published by local governments and competent authorities to be prepared by the Company.

**Article 168** The Company will not keep account books other than the statutory account books. The Company may not deposit its assets in accounts opened in the name of any individual.

**Article 169** The financial reports of the Company shall be made available for inspection by shareholders 20 days prior to an annual general meeting to be convened. Each shareholder of the Company shall have the right to obtain a copy of the financial reports referred herein this Chapter.

A copy of either the aforementioned financial report or the Directors' report, accompanied by the balance sheet (including every document required by law to be annexed thereto) and profit and loss account or income and expenditure account, or the summary financial report shall, at least 21 days before the date of the general meeting, be sent by prepaid post to the address of the shareholder as registered in the register of members. In compliance with the laws and regulations in the jurisdiction in which the Company's shares are listed and the Main Board Listing Rules, the Company may deliver or send the same to the shareholders by posting the same on the websites of the stock exchange and the Company's website or by electronic means, and the Company may not be required to deliver or send the same through the means stated in this Article.

**Article 170** The Company shall publish two financial reports each accounting year, i.e. an interim financial report to be published within 60 days after the end of the first six months of the accounting year and the annual financial report to be published within 120 days after the end of the accounting year.

Interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations as well as international accounting standards or the accounting standards of the place outside the PRC where shares of the Company are listed.

## CHAPTER 18 PROFIT DISTRIBUTION

**Article 171** When distributing the after-tax profits of the current year, the Company shall allocate 10% of its profits into its statutory common reserve fund. When the cumulated amount of the statutory common reserve fund of the Company has reached 50% or more of its registered capital, no further allocations is required.

Where the statutory common reserve fund of the Company is insufficient to make up for the losses of the Company incurred during the previous years, before making allocation to the statutory common reserve fund in accordance with the preceding paragraph, the profits generated during the current year shall be used to make up for such losses.

After making allocation to the statutory common reserve fund of the Company from its after-tax profits, the Company may, subject to resolutions adopted at a general meeting, also allocate funds from the after-tax profits to the discretionary common reserve fund.

After making up for the losses and making contributions to the common reserve fund, any remaining profits shall be distributed by the Company to the shareholders in proportion to their respective shareholdings according to the resolutions adopted at a general meeting.

If the shareholders' general meeting has, in violation of the provisions of the preceding paragraphs, distributed profits to the shareholders before the Company has made up for its losses and made allocations to the statutory common reserve fund, the shareholders must return the profits distributed in violation of the provision to the company.

No profits shall be distributed in respect of the Company's shares held by the Company.

**Article 172** The capital reserve shall include the following items:

- (I) the premium gained from shares issuance in excess of the par value;
- (II) other incomes that shall be included into the capital reserve as required by the competent financial authority of the State Council.

**Article 173** The reserve of the Company shall be applied for making up for losses of the Company, and expansion of the Company's production and operation or conversion to capital increment of the Company, but the capital reserve shall not be applied for making up for losses of the Company.

Where the statutory reserve is converted into capital, the balance of such reserve shall not fall below 25% of the Company's registered capital prior to such conversions.

**Article 174** The Company may distribute dividends in each or both of the following ways:

- (1) cash;
- (2) share certificate.

**Article 175** Any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.

**Article 176** The Company shall appoint receiving agents on behalf of shareholders holding overseas listed Foreign Shares. The receiving agents shall on behalf of such shareholders receive dividends distributed by the Company in respect of the overseas listed Foreign Shares and other proceeds, and proceeds from which shall be managed by the receiving agents on such shareholders' behalf to be paid to them.

The receiving agents appointed by the Company shall comply with the relevant requirements of the law of the place and relevant regulations of the stock exchange where the Company's shares are listed.

The receiving agents appointed on behalf of holders of overseas listed Foreign Shares listed in the Hong Kong Stock Exchange shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

Subject to compliance with the relevant laws and regulations of the PRC, the Company may exercise its right to confiscate the dividends which are not claimed by anyone but such right can only be exercised in or after the sixth year after the date of declaring dividends.

The Company may exercise power to cease sending dividend warrants by post to a holder of foreign shares listed overseas when such warrants have not been cashed twice in a row. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

The Company shall have the power to sell, in such manner as the Board of Directors thinks fit, any shares of a Shareholder of overseas-listed foreign-invested shares who is untraceable, but is subject to the following conditions:

- (I) the Company has distributed dividends for at least 3 times in respect of such shares within 12 years, but none of such dividends was claimed;
- (II) the Company, after the expiration of a period of 12 years, made an advertisement on one or more newspapers of the place which the Company is listed, stating its intention to sell such shares, and notified the Hong Kong Stock Exchange.

**Article 177** Cash dividends and other payments payable by the Company to holders of Domestic Shares shall be declared in Renminbi. Cash dividends and other payments payable by the Company to holders of overseas listed Foreign Shares shall be denominated and declared in Renminbi and paid in Hong Kong dollars. The Company shall arrange the foreign currency for payment of cash dividends and other payments payable to holders of overseas listed Foreign Shares in accordance with foreign exchange management related regulations of the State.

**Article 178** Unless provided otherwise in any laws or administrative regulations, the Company shall adopt the average of the median exchange rates for HKD to RMB as quoted by the China Foreign Exchange Trading Center for the Gregorian calendar week immediately before the date on which the dividends and other sums were declared as the exchange rate to calculate the dividends and other sums which are payable in HK dollars.

## **CHAPTER 19 APPOINTMENT OF ACCOUNTING FIRM**

**Article 179** The Company shall appoint an independent accounting firm under the relevant regulations of the State to audit the Company's annual financial statements and review the Company's other financial reports.

The first accounting firm of the Company may be appointed by the inaugural meeting prior to the first annual general meeting and the accounting firm so appointed shall hold office until the conclusion of the first annual general meeting.

If the inaugural general meeting does not exercise its power under the preceding paragraph, the board of directors shall exercise such power.

**Article 180** The term of appointment of the accounting firm shall commence from the conclusion of the current annual general meeting and end at the conclusion of the next annual general meeting.

**Article 181** The accounting firm appointed by the Company shall have the following rights and powers:

- (1) To review the Company's books of accounts, records or vouchers, and has the right to require the directors, general manager or other senior management personnel of the Company to provide related information and descriptions;
- (2) To require the Company to adopt all reasonable measures to obtain any information and descriptions from its subsidiaries that are required by the accounting firm to perform its duties;

- (3) To attend general meetings, and to have equal access to notification of shareholder's meetings or any information related to the meetings as available to all other shareholders, and speak at any general meeting on matters involving its appointment as the Company's accounting firm.

The Company shall provide accurate and complete accounting documents, books of accounts, financial and accounting report and other accounting information to the appointed accountant firm, the Company shall not refuse to provide such information, conceal and misrepresent any facts.

**Article 182** Should there be a vacancy for the post of accounting firm, the Board may appoint an accounting firm to fill the vacancy before a shareholders' general meeting. Any other accounting firm which is still in service may continue to act as the accounting firm during the period the vacancy remains unfilled.

**Article 183** Notwithstanding any terms stipulated in the appointment contract signed between the accounting firm and the Company, a shareholders' general meeting can, before the expiry of the tenure of the accounting firm, pass an ordinary resolution to dismiss the accounting firm. The accounting firm's right to claim for compensation from the Company for such dismissal, if any, shall remain unaffected.

**Article 184** The remuneration of an accounting firm and the determination thereof shall be decided upon by the general meeting. The remuneration of an accounting firm engaged by the board of directors shall be determined by the board of directors.

**Article 185** The decision on engaging, dismissing or not renewing the engagement of an accounting firm shall be made by the general meeting of shareholders, and reported to the securities regulatory authority of the State Council for filing.

If the general meeting of shareholders plans, by passing resolutions, to recruit a non-incumbent accounting firm to fill up any vacancy of the post of accounting firm, or renew the engagement of an accounting firm appointed by the board of directors to fill up the vacancy, or dismiss an accounting firm before the expiration of its term of office, the following provisions shall be satisfied:

- (I) The relevant proposal on engagement or dismissal shall be sent to the accounting firm proposed to be engaged or proposing to leave the post or the firm which has left the post in the relevant accounting year before the issuance of the notice of general meeting of shareholders.

Leaving herein shall include leaving by dismissal, resignation and retirement.

- (II) If the accounting firm which is about to leave the post makes a written statement, and requires the Company to inform the shareholders of its statement, unless the time of receiving such written statement is too late, the Company shall adopt the following measures:
1. state in the notice of meeting issued for making resolutions that the accounting firm which is about to leave the post has made a statement; and
  2. send a duplicate copy of such statement as the annex of the notice to shareholders by the ways stipulated in the Articles of Association.
- (III) If the Company fails to send the statement of the relevant accounting firm according to the above provisions of item (II), the accounting firm may ask the statement be read at the general meeting of shareholders and make further appeal.
- (IV) An accounting firm about to leave the post shall have the right to attend the following meetings:
1. general meeting of shareholders at which its tenure shall expire;
  2. general meeting of shareholders at which the vacancy due to its dismissal is to be filled up; and
  3. general meeting of shareholders convened due to its resignation from its post

The accounting firm about to leave the post shall have the right to receive all notices of the aforesaid meetings or other information in relation to the meetings and give speeches at the aforesaid meetings with regard to matters involving its duties as the previous accounting firm appointed by the Company.

**Article 186** Prior notice shall be given to the accounting firm if the Company decides to remove such accounting firm or not to renew the appointment thereof. Such accounting firm shall have the right to make representations at the general meeting of shareholders. Where the accounting firm resigns its post, it shall make clear to the shareholders' general meeting whether there is any impropriety on the part of the Company

- (I) The accounting firm may resign its office by depositing at the Company's legal address a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following:
1. a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or

2. a statement of any such circumstances.
- (II) Where a notice is deposited under Clause (I) of this Article, the Company shall within 14 days send a copy of the notice to the relevant governing authority. If the notice contains a statement under Clause (I) 2 of this Article, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every holder of overseas listed foreign shares at the address registered in the register of shareholders, or the Company may publish its report on the website of the Hong Kong Stock Exchange or in one or more newspapers specified by it within foregoing deadline. Once an announcement is made, all shareholders are deemed to have received the aforementioned copies.
  - (III) If the resignation notice of an accounting firm contains any statement mentioned in Clause (I) 2 of this Article, the accounting firm may require the Board to convene an extraordinary general meeting to listen to its explanation on relevant matters about its resignation.

## **CHAPTER 20 NOTICES**

**Article 187** Notices of the Company can be issued via the following methods:

- (I) by courier;
- (II) by mail;
- (III) by facsimile or email;
- (IV) by publishing on the websites designated by the Company and the Hong Kong Stock Exchange in accordance with laws, administrative regulations and the listing rules of the stock exchange where the Company's shares are listed;
- (V) by an announcement;
- (VI) by any other methods as agreed between the Company and the addressee or as accepted by the addressee after the notice is received; or
- (VII) any other methods approved by the relevant regulatory bodies of the place of listing of the Company's shares or required by the Articles of Association.

Unless otherwise stated, the “announcement” referred to in the Articles of Association shall mean, as to the announcements published to the holder of Domestic Shares or the announcements required to be published in the PRC according to the relevant requirements and the Articles of Association, an announcement published on any newspaper in the PRC as stipulated under the laws and administrative regulations or designated by the securities authority of the State Council; in respect of announcements made to the holders of overseas listed foreign shares or announcements that are required to be made within Hong Kong in accordance with relevant regulations and the Articles of Association, such announcements must be published and issued on the website of the Hong Kong Stock Exchange as stipulated under the Main Board Listing Rules. These Articles shall not prohibit the Company to deliver notice to shareholders whose registered addresses are outside Hong Kong.

**Article 188** Unless otherwise stated in the Articles of Association, the various types of corporate communication in the preceding clause shall apply to the meeting notices of the general meeting, board meetings and the meetings of the board of supervisors convened by the Company.

**Article 189** If the listing rules of the stock exchange where the Company’s shares are listed stipulate that the Company send, post, distribute, announce or otherwise provide relevant documents of the Company in English and Chinese, if the Company has made appropriate arrangement to confirm whether the shareholders hope to receive only the English version or the Chinese version, the Company may (as per the intent stated by the shareholders) send only the English version or the Chinese version to the related shareholders within the range allowed by the applicable laws and regulations and pursuant to the applicable laws and regulations.

## **CHAPTER 21 MERGER AND DIVISION OF THE COMPANY**

**Article 190** For a merger or division of the Company, the Board shall put forward a proposal, and the formalities for approval shall be handled according to laws after the proposal has been adopted according to procedures specified in the Articles of Association. Shareholders who oppose the Company’s merger or division plans shall have the right to ask the Company or the shareholders who approve the merger or division plans to purchase their shares at a fair price. The content of the resolution on the merger or division of the Company shall be made into special document, which shall be available for shareholders to inspect.

With regard to holders of overseas listed foreign-invested shares, the aforesaid documents shall also be sent out by mail.

**Article 191** The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

In the case of a merger of the Company, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company's merger resolution which is passed and shall publish a public notice in newspaper within 30 days of the date of the Company's division resolution.

After the merger of the Company, the claims and debts of the parties to the merger shall be assumed by the surviving company or the newly established company.

**Article 192** In the case of a division of the Company, its assets shall be divided accordingly.

In the case of a division of the Company, the parties to the division shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company's division resolution which is passed and shall publish a public notice in newspaper within 30 days of the date of the Company's merger resolution.

Debts of the Company prior to the division shall be assumed by the companies which exist after the division, except otherwise agreed in the written agreement in respect of debt service reached between the Company and the creditor prior to the division.

**Article 193** Where a merger or division of the Company involves changes in registered items, such changes shall be registered according to laws with the company registration authority; if the Company is dissolved, its deregistration shall be carried out according to laws; where a new company is incorporated, the registration of the incorporation of the company shall be carried out according to laws.

## **CHAPTER 22 DISSOLUTION AND LIQUIDATION OF THE COMPANY**

**Article 194** The Company shall be dissolved and liquidated according to the laws upon the occurrence of the following events:

- (I) the term of business operation expires;
- (II) special resolution on dissolution is passed by Shareholders at a general meeting;
- (III) dissolution is necessary due to a merger or division of the Company;
- (IV) the Company's business license is revoked or it is ordered to close down or it is cancelled according to law;
- (V) the Company is legally declared insolvent due to its failure to repay due debts;

- (VI) the Company is ordered to close down according to laws due to it violates the laws and administrative regulations;
- (VII) where the Company gets into serious trouble in operations and management and its continuation may cause substantial loss to the interests of its shareholders, and no solution can be found through any other channel, shareholders representing 10% or more of the total voting rights of the Company may request the people's court to dissolve the Company.

**Article 195** Where the Company is dissolved by virtue of the reasons set out in item (I), (II), (IV) and (VII) of Article 194 of the Articles of Association, the Company shall establish a liquidation group, the members of which shall be determined by way of ordinary resolution at the general meeting, within 15 days commencing from the date on which the events being the grounds for dissolution has been occurred to start liquidation process. The members of the liquidation group shall be composed of persons selected by Directors or decided at shareholders' general meeting. If no liquidation group has been established to conduct liquidation within the time limit, the creditors may request the People's Court to designate the relevant personnel to form a liquidation group to conduct liquidation.

If the Company is dissolved pursuant to (V) above, the People's Court shall order a liquidation committee which is established by the shareholders, relevant bodies and professionals pursuant to the requirements of the relevant laws to perform the liquidation.

If the Company is dissolved pursuant to (VI) above, the relevant competent authorities shall order a liquidation committee which is established by the shareholders, relevant bodies and professionals to perform the liquidation.

**Article 196** Where the Board decides to liquidate the Company due to causes other than where the Company has declared that it is insolvent, the Board shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company will be able to pay all its debts in full within 12 months from the commencement of the liquidation.

Upon the passing of the resolution for the liquidation of the Company, all functions and powers of the Board shall cease.

The liquidation group shall act in accordance with the instructions of the shareholders' general meeting to make a report at least once every year to the shareholders' general meeting on the group's receipts and payments, the business of the Company and the progress of the liquidation, and to present a final report to the shareholders general meeting on completion of the liquidation.

**Article 197** During the liquidation period, the liquidation group shall exercise the following functions and powers:

- (I) to sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (II) to notify all creditors by notice or public announcements;
- (III) to dispose of and liquidate any relevant unfinished business matters of the Company;
- (IV) to pay all outstanding taxes and taxes occurred during liquidation process;
- (V) to settle claims and debts;
- (VI) to deal with assets remaining after the Company's debts having been paid in full;
- (VII) to represent the Company in any civil proceedings.

**Article 198** The liquidation group shall within ten days of its establishment send a notice to creditors, and within 60 days of its establishment make a public announcement in a newspaper. The creditors shall report their claims to the liquidation group within thirty days of the receipt of the notification, or in the event that no such notification is received, within forty-five days of the date of the first published announcement.

When the creditors report their claims, they shall explain clearly relevant matters regarding the claims and provide supporting evidence. The liquidation group shall register the claims.

The liquidation group may not reimburse any such creditor during the period of such creditor's claim.

**Article 199** The liquidation group shall, after examining the Company's assets, preparing the balance sheets and an inventory of assets, formulate a liquidation plan and present it to the general meeting or the relevant governing authority for confirmation.

The assets of the Company shall be distributed in the following order: the liquidation expenses, paying wages, social insurance contributions and statutory compensation of the Company's employees; taxes owed by the Company; the debts of the Company.

After the assets are applied by the Company to settle debts in accordance with the above provisions, the remaining assets shall be distributed to the shareholders according to the class of shares held by them and the proportion of their shareholdings.

During the liquidation period, the Company shall not engage in any new business activities.

**Article 200** If the liquidation group, having examined the Company's assets and having prepared a balance sheet and assets list, discovers that the Company's assets are insufficient to pay its debts in full, it shall immediately apply to the People's Court for a declaration of insolvency.

After the People's Court has declared the Company insolvent, the company's liquidation group shall turn over any matters regarding the liquidation to the People's Court.

**Article 201** Following the completion of liquidation, the liquidation group shall prepare a report on liquidation and a statement of the receipts and payments and financial books during the period of liquidation, which shall be examined and verified by the PRC certified public accountants and submitted to the shareholders' general meeting or the People's Court for confirmation. The liquidation group shall also within 30 days after such confirmation, submit the preceding documents to the company registration authority and apply for cancellation of registration of the Company, and publish an announcement relating to the termination of the Company.

## **CHAPTER 23 AMENDMENT TO THE ARTICLES OF ASSOCIATION**

**Article 202** The Company may, in accordance with provisions contained in relevant laws, administrative regulations and the Articles of Association, amend its Articles of Association.

**Article 203** The Articles of Association shall be amended according to the following procedures:

- (I) the Board shall approve a resolution to amend the Articles of Association, and prepare the proposed amendments;
- (II) the Board shall convene a general meeting to vote on the amendments to the Articles of Association in general meeting;
- (III) The amendments to the Articles of Association are passed by way of a special resolution approved by the general meeting;
- (IV) The Company shall submit the revised articles of association to the company registration authority for filing.

**Article 204** Where the amendments to the Articles of Association involving the contents of the “Mandatory Provisions for the Articles of Association of the Companies to be Listed Overseas” (“Mandatory Provisions”) shall become effective upon approvals by the company approval authorities of the State Council and the securities commission of the State Council. If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with law.

## **CHAPTER 24 SETTLEMENT OF DISPUTES**

**Article 205** The Company shall observe the following rules to settle disputes:

- (I) If any dispute or claim on the affairs of the Company in performing the rights and obligations provided for in the Articles of Association, the Company Law or other relevant laws and administrative regulations arises between a holder of overseas listed foreign shares and the Company, between a holder of overseas listed foreign shares and a director, supervisor or senior management officers of the Company or between a holder of overseas listed foreign shares and a holder of domestic shares, the parties concerned shall submit the dispute or claim to arbitration.

Where a dispute or claim involves the above parties, the entire claim or dispute must be referred to arbitration and all persons (being the Company or shareholders, directors, supervisors or senior management officers of the Company), who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall abide by arbitration.

Disputes regarding definition of shareholders and registration of members may be resolved other than by way of arbitration.

- (II) The claimant may refer the arbitration to either the China International Economic Centre in accordance with its arbitration rules, and may also refer the arbitration to the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

If the claimant refers the arbitration to the Hong Kong International Arbitration Centre, either party may request the arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.

- (III) Unless otherwise provided in the laws and administrative regulations, any disputes or claims arising out of item (I) above shall be resolved in accordance with the laws of the People's Republic of China (excluding the Special Administrative Region of Hong Kong, the Special Administrative Region of Macau and Taiwan).
- (IV) The decision made by the arbitral body shall be final and conclusive, and shall be binding on the parties.

## CHAPTER 25 SUPPLEMENTARY PROVISIONS

**Article 206** Reference to the term “Certified Public Accountants Firm” herein shall have the same meaning as ascribed to the term “Auditors”.

A “de facto controller” referred to in the Articles of Association refers to a person who is not a shareholder of the Company, but may actually affect the actions of the Company through investment relationship, agreements or other arrangements.

“The above”, “within”, “the following” as referred to in the Articles of Association are inclusive of the stated figure, while “over”, “other than” are not inclusive of the stated figure.

**Article 207** The Articles of Association is prepared in Chinese, the Chinese shall prevail in case of any discrepancies between the Chinese version and any other language version of the Articles of Association.

**Article 208** The Articles of Association shall be interpreted by the Board of the Company.

**Article 209** Appendixes to the Articles of Association include the rules and procedures of shareholders' general meetings, the rules and procedures of Board meetings and the rules and procedures of the supervisory committee.

**Article 210** Upon approval at general meeting, the Articles of Association will become effective from the date on which listing and trading of overseas-listed foreign-invested shares (H shares) issued by the Company commences on the Hong Kong Stock Exchange. If these Articles are not consistent with, contravene or in conflict with any applicable laws, regulations or the Main Board Listing Rules, the provisions of relevant laws and regulations and the Main Board Listing Rules shall prevail and these Articles shall be amended in due course.