

*If there is any discrepancy between the English text and the Chinese text in respect of these Articles of Association, the Chinese text shall prevail.*

遼寧港口股份有限公司

**Liaoning Port Co., Ltd.**  
**ARTICLES OF ASSOCIATION**

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**Articles of Association**  
**of**  
**遼寧港口股份有限公司**  
**Liaoning Port Co., Ltd.**

**CHAPTER I GENERAL PROVISIONS**

**Article 1** The Articles of Association are formulated in accordance with 「The Company Law of the People's Republic of China」 (hereinafter referred to as the 「Company Law」), 「The Securities Law of the People's Republic of China」 (hereinafter referred to as the 「Securities Law」), 「The Mandatory Provisions for the Articles of Association of Companies Listed Overseas」 (hereinafter referred to as the 「Mandatory Provisions」), 「Special Regulations of the State Council on the Overseas Share Offering and Listing by Joint-stock Limited Liability Companies」, 「The Reply of the State Council on the Adjustment of the Provisions Applicable to the Notice Period of Convening General Meetings of shareholders and Other Matters Applicable to the Companies Listed Abroad」, 「Letter of Opinions on Supplements and Amendments to Articles of Association of Companies to be Listed in Hong Kong」 (hereinafter referred to as the 「Letter of Opinions」), 「Guidelines to Articles of Association of Listed Companies」 (hereinafter referred to as the 「Guidelines to Articles of Association」), 「Guidance on Establishment of Independent Director System for Listed Companies」 (hereinafter referred to as the 「Guidance on Independent Director」), 「Notice on the Standardization of the Security provided to third parties of Listed Companies」 (hereinafter referred to as the 「Security provided to third parties」), 「Code of Corporate Governance for Listed Companies」 and other relevant provisions, with an aim to safeguard the lawful rights and interests of the Liaoning Port Co., Ltd. (hereinafter referred to as the 「Company」) and its shareholders and creditors, and to standardize the organization and activities of the Company.

**Article 2** The Company is a Sino-foreign joint stock limited company established in the People's Republic of China (「the PRC」) in accordance with the Company Law, the 「State Council's Special Regulations Regarding the Offering and Listing of Shares Overseas by Joint Stock Limited Companies」, the 「Provisional Regulations in relation to Certain Issues for Establishment of Foreign-invested Joint Stock Limited Company」 and other relevant laws and administrative regulations of the State.

The Company was incorporated by way of promotion on 9 November 2005 with the approval by Da Zheng No. [2005] 153 「Approval of the People's Government of Dalian on the incorporation of Dalian Port (PDA) Company Limited」 issued by the People's Government of Dalian City. It was registered with the Administration Bureau of Industry and Commerce of Dalian on 16 November 2005. The Company's business license number is Qi Gu Liao Da Zong Zi No. 015478.

The promoters of the Company are 大連港集團有限公司(Dalian Port Corporation Limited), 大連融達投資有限責任公司(Dalian Rongda Investment Company Limited), 大連海泰控股有限公司(Dalian Haitai Holdings Company Limited), 大連德泰控股有限公司(Dalian Detai Holdings Company Limited), and 大連保稅正通有限公司(Dalian Bonded Zhengtong Company Limited).

**Article 3** On 21 March 2006, upon approval by the China Securities Regulatory Commission (the 「CSRC」), the Company initially issued to the public 966,000,000 overseas listed foreign shares (including the over-allotted shares), which were listed on The Stock Exchange of Hong Kong Limited (the 「SEHK」) on 28 April 2006. On 11 November 2010, upon approval by the CSRC, the Company initially issued 761,820,000 RMB-denominated ordinary shares to the public and conducted a private placement of 738,180,000 RMB-denominated ordinary shares to 大連港集團有限公司(Dalian Port Corporation Limited), which were listed on Shanghai Stock Exchange on 6 December 2010. Upon the approval by the CSRC on 8 October 2015, the Company issued 1,180,320,000 overseas listed foreign shares by way of private placement, which were listed on the SEHK on 1 February 2016.

**Article 4** The registered name of the Company is:

In Chinese: 遼寧港口股份有限公司

In English: Liaoning Port Co., Ltd.

**Article 5** The place of domicile of the Company: Xingang Commercial Building,

Dayao Bay, Dalian Free Trade Zone

Postal code: 116001

Phone number: 86 411 87598729

Fax number: 86 411 87599854

**Article 6** The Chairman of the Board is the legal representative of the Company.

**Article 7** The Company is a Sino-foreign joint stock limited company of permanent existence. The nature of the Company is a Sino-foreign joint stock limited company.

The Company is an independent legal person under the jurisdiction and protection of the laws, regulations and other relevant stipulations of the PRC.

All capital of the Company shall be divided into shares of equal amount and the rights and liability of a shareholder of the Company shall be limited to the proportion of shareholding held by him. The Company shall undertake its liabilities with all of its assets.

**Article 8** The Articles of Association shall come into effect commencing from the date of the establishment of the Company.

From the date on which the Articles of Association come into effect, the Articles of Association shall constitute a legally binding document regulating the Company's organisation and activities, and the rights and obligations between the Company and each shareholder and among the shareholders.

**Article 9** The Articles of Association shall have binding effect on the Company and its shareholders, directors, supervisors, general manager, deputy general manager and other senior management members; the aforementioned person(s) may assert claims in respect of the Company's affairs pursuant to the Articles of Association.

Shareholders may institute legal proceedings against the Company and shareholders, directors, supervisors, general manager, deputy general manager and other senior management members of the Company pursuant to the Articles of Association, and the Company may institute legal proceedings against the shareholders, directors, supervisors, general manager, deputy general manager and other senior management members pursuant to the Articles of Association.

The term 「legal proceedings」 referred to in the preceding paragraph includes any legal action brought before a court and any arbitration application submitted to an arbitration institution.

The term 「other senior management members」 referred to in the preceding paragraph includes the financial controller of the Company and the secretary to the Board.

**Article 10** The Company may invest in other limited liability companies and joint stock limited companies and undertake liabilities for the invested companies as limited to the capital contribution made by it provided that, unless otherwise provided by law and administrative regulations, the Company shall not become an investor that is jointly and severally liable for the liabilities owed by the invested companies, nor shall it become a shareholder of unlimited liabilities of other profit-making organizations.

With the approval by the examining and approving authorities delegated by the State Council, the Company may operate in accordance with the relevant provisions on holding company in the Companies Law as and when required for operation and management purposes.

**Article 11** Subject to compliance with the laws and administrative regulations of the PRC, the Company has the rights to raise and borrow funds. The Company's rights to raise funds include but not limited to the issue of debentures, the charge or mortgage of part or whole of the ownership and right to use of the Company's assets and other rights permitted by the PRC laws and administrative regulations. However, the exercise of such rights by the Company shall not be prejudicial or causing revocation to the rights of shareholders of any class.

## **CHAPTER II OBJECTIVES AND SCOPE OF BUSINESS**

**Article 12** The business objectives of the Company are as follows: to provide top quality, highly efficient, secured and environmental-friendly comprehensive port services that facilitate convenient and smooth transportation; to develop itself into a comprehensive port logistics operator that is capable of competing at the international level; and consequently to realise maximisation of the Company's value.

**Article 13** The Company's scope of business shall be consistent with the scope of operation approved by the authority responsible for the Company's registration.

The Company's major scope of business includes: provision of loading and discharging, transportation, trans-shipment, storage and other port and logistics services at international and domestic levels; provision of facilities and services for passengers in respect of vessel waiting, going aboard and disembarking; provision of terminal services for passenger vessels (cruises) of domestic routes and international routes; provision of storage services for crude oil (operated subject to the competent approvals) and refined oil within port area; import and export of goods and technology; (the items which are prohibited by laws and regulations are not allowed to be operated and the items which are limited by laws and regulations shall be operated subject to the competent approvals).

The Company also engages in the following ancillary businesses: tallying labors for international and domestic routes vessels; tugging business, port logistics and port information technology consultancy services; real estate business; financial business.

**Article 14** By referring to any changes in the domestic and overseas markets and the development of its business and capability, the Company may adjust its scope and methods of business in due time upon passing a resolution in the general meeting and upon submission to the relevant government authority-in-charge for approval, and may set up subsidiaries, subsidiaries and branch offices within and outside the PRC, as well as Hong Kong, Macau and Taiwan.

### CHAPTER III SHARES AND REGISTERED CAPITAL

**Article 15** The Company shall have ordinary shares at all times. The Company may, according to its needs and subject to the approval by the companies' approval authority authorised by the State Council, create other classes of shares.

**Article 16** Shares of the Company shall be in the form of share certificates. All shares issued by the Company shall have a par value of RMB1 per share.

The term 「RMB」 referred to in the preceding paragraph means the lawful currency of the PRC.

**Article 17** Shares of the Company shall be issued in accordance with the principles of openness, fairness and justice so that each of the shares of the same class shall carry the same rights.

Each of the shares of the same class shall be issued under the same conditions and at the same price in each issuance. The same price shall be paid for each of the shares subscribed by any entity or individual.

**Article 18** Subject to approval of the competent securities authorities of the State Council, the Company may issue shares to domestic investors and overseas investors.

The term 「overseas investors」 referred to in the preceding paragraph means investors located in foreign countries, regions of Hong Kong, Macau and Taiwan, who subscribe shares issued by the Company. The term 「domestic investors」 means investors located in the PRC, excluding the regions mentioned above, who subscribe shares issued by the Company.

**Article 19** Shares issued by the Company to domestic investors for subscription in RMB are referred to as domestic shares. Domestic shares listed in the PRC are referred to as domestically listed domestic shares or in short, 「A Shares」. Shares issued by the Company to overseas investors for subscription in foreign currencies are referred to as foreign invested shares. Overseas listed foreign invested shares are referred to as overseas listed foreign invested shares.

Foreign invested shares issued by the Company and listed in Hong Kong shall be referred to as 「H Shares」. H Shares are shares which have been admitted for listing on the SEHK with a par value denominated in RMB and are subscribed and traded in Hong Kong dollars. H Shares may also be listed in a stock exchange within the United States in the form of American Depository Receipts.

Upon obtaining an approval from the competent securities authorities of the State Council, domestic shareholders of the Company may transfer the Company's shares held by them to overseas investors and have such shares listed and traded publicly in overseas. Shares transferred and listed on an overseas stock exchange shall also be subject to the regulatory procedures, regulations and requirements of the overseas stock exchange.

Unless otherwise required by an overseas stock exchange, the listing and trading on such overseas stock exchange of shares so transferred do not need approval by voting in any meetings of class shareholders.

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

**Article 20** Upon approval by the companies' approval authority authorised by the State Council, the total number of ordinary shares issued prior to the initial offering of H Shares of the Company was 1,960,000,000 shares, the entire of which were subscribed by the promoters, among which:

大連港集團有限公司(Dalian Port Corporation Limited) subscribed 1,911,000,000 shares, representing 97.5% of the total number of ordinary shares that may be issued at the time of the establishment of the Company;

大連融達投資有限責任公司(Dalian Rongda Investment Company Limited) subscribed 19,600,000 shares, representing 1% of the total number of ordinary shares that may be issued at the time of the establishment of the Company;

大連海泰控股有限公司(Dalian Haitai Holdings Company Limited) subscribed 9,800,000 shares, representing 0.5% of the total number of ordinary shares that may be issued at the time of the establishment of the Company;

大連德泰控股有限公司(Dalian Detai Holdings Company Limited) subscribed 9,800,000 shares, representing 0.5% of the total number of ordinary shares that may be issued at the time of the establishment of the Company;

大連保稅正通有限公司(Dalian Bonded Zhengtong Company Limited) subscribed for 9,800,000 shares, representing 0.5% of the total number of ordinary shares that may be issued at the time of the establishment of the Company.

**Article 21** Upon approval by the competent securities authorities of the State Council, the Company has initially issued 966,000,000 H shares (including the over-allotted shares) subsequent to its establishment, representing 33.01% of the total number of ordinary shares that may be issued by the Company.

The structure of the Company's share capital was as follow: 2,926,000,000 ordinary shares, in which an aggregate of 1,863,400,000 shares were held by the promoters of the Company, namely 大連港集團有限公司(Dalian Port Corporation Limited), 大連融達投資有限責任公司(Dalian Rongda Investment Company Limited), 大連海泰控股有限公司(Dalian Haitai Holdings Company Limited), 大連德泰控股有限公司(Dalian Detai Holdings Company Limited) and 大連保稅正通有限公司(Dalian Bonded Zhengtong Company Limited), representing 63.68% of the total number of issued ordinary shares of the Company; and 1,062,600,000 shares were held by holders of the overseas listed foreign invested shares, representing 36.32% of the total number of issued ordinary shares of the Company.

Upon approval by the competent securities authorities of the State Council, the Company, subsequent to its establishment, issued initially 1,500,000,000 domestically listed domestic shares, representing 33.89% of the total number of ordinary shares that may be issued by the Company. Upon entire 1,863,400,000 outstanding domestic shares' (not yet listed or traded) being approved for listing and trading on Shanghai Stock Exchange, the structure of the Company's share capital is as follow: 4,426,000,000 ordinary shares, in which an aggregate of 2,451,580,000 restricted A shares are held by the promoters of the Company, namely 大連港集團有限公司(Dalian Port Corporation Limited), 大連融達投資有限責任公司(Dalian Rongda Investment Company Limited), 大連海泰控股有限公司(Dalian Haitai Holdings Company Limited), 大連德泰控股有限公司(Dalian Detai Holdings Company Limited) and 大連保稅正通有限公司(Dalian Bonded Zhengtong Company Limited), representing 55.39% of the total number of issued ordinary shares of the Company; 492,820,000 restricted A shares and 419,000,000 unrestricted A shares are held by holders, other than the promoters, of the domestically listed domestic shares, representing 20.60% of the total number of issued ordinary shares of the Company; and 1,062,600,000 H Shares are held by holders of the overseas listed foreign invested shares, representing 24.01% of the total number of issued ordinary shares of the Company.

Upon the approval of the securities regulatory authority under the State Council, the Company issued 1,180,320,000 ordinary shares by way of private placement in 2016, all of which are overseas listed foreign invested shares.

Upon the private placement of H Shares of the Company (first tranche placing) as stated in the preceding paragraph, the shareholding structure of the Company shall be as follows: 5,606,320,000 ordinary shares, of which 3,363,400,000 A Shares held by domestic shareholders, representing 59.99% of the total ordinary shares of the Company in issue; and 2,242,920,000 H Shares held by overseas listed foreign shareholders, representing 40.01% of the total ordinary shares of the Company in issue.



Upon the approval by the shareholders at the 2015 annual general meeting, based on the initial share capital of a total of 5,606,320,000 shares in 2015, the Company further made a dividend bonus issue of new shares on the basis of three (3) bonus shares (including tax) per ten

(10) existing shares. At the same time, the Company also made another bonus issue of new shares by way of conversion of capital reserve of the Company into share capital on the basis of ten (10) shares for every ten (10) existing shares; after such dividend bonus issue and the issue of new shares by way of conversion of capital reserve into share capital, the structure of the Company's share capital was as follow: 12,894,535,999 ordinary shares, including 7,735,820,000 A Shares of which 5,369,367,462 A Shares were held by the promoters of the Company, namely 大連港集團有限公司(Dalian Port Corporation Limited), 大連海泰控股有限公司(Dalian Haitai Holdings Company Limited), 大連德泰控股有限公司(Dalian Detai Holdings Company Limited) and 大連保稅正通有限公司(Dalian Bonded Zhengtong Company Limited), representing 41.64% of the total number of issued ordinary shares of the Company, and such shares are unrestricted A Shares; among which apart from the unrestricted A Shares held by the promoters, 2,366,452,538 unrestricted A shares were held by holders of the domestically listed domestic shares, representing 18.35% of the total number of issued ordinary shares of the Company; 5,158,715,999 H shares were held by holders of the overseas listed foreign invested shares, representing 40.01% of the total number of issued ordinary shares of the Company; among which 2,714,736,000 H Shares are restricted shares, representing 21.05% of the total number of issued ordinary shares of the Company; and 2,443,979,999 H Shares are unrestricted shares, representing 18.95% of the total number of issued ordinary shares of the Company.

The restricted A Shares, unrestricted A Shares and H Shares as mentioned above shall rank pari passu in respect of entitlements to dividends and other forms of distributions without priority or seniority.

**Article 22** The domestic shares issued by the Company shall be centralised and held in custody by the China Securities Depository & Clearing Corporation Limited. The Hong Kong-listed foreign invested shares of the Company shall be held principally by Hong Kong Securities Clearing Company Limited.

**Article 23** The Company's proposal for the issuance of overseas listed foreign invested shares and domestic shares, upon approval by the competent securities authorities of the State Council, may be implemented by the Board through separate offerings.

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

**Article 24** Where the Company issues overseas listed foreign invested shares and domestic shares separately within the total number of shares stated in the Company's proposal for the issuance of shares, such shares shall be fully subscribed at one time respectively. If the shares cannot be fully subscribed at one time in special circumstances, the shares may be issued in separate offerings subject to the approval of the competent securities authorities of the State Council.

**Article 25** The registered capital of the Company shall be RMB12,894,535,999.

**Article 26** The Company may, according to its operation and development needs, approve an increase of its registered capital in accordance with the relevant provisions of the Articles of Association, subject to requirements of the laws and regulations and a relevant resolution being passed in a general meeting.

The Company may increase its capital in the following ways:

- (1) public share offering;
- (2) non-public share offering;
- (3) allotting bonus shares to its existing shareholders;
- (4) capital increase by conversion from common reserve funds;
- (5) any other means permitted by the laws and administrative regulations as well as upon approval of the CSRC.

The Company's increase of share capital through issuance of new shares, after approval is obtained in accordance with the provisions of the Articles of Association, shall be implemented in accordance with the procedures set out in the relevant laws and administrative regulations of the PRC.

**Article 27** Unless otherwise provided for by the laws and administrative regulations, shares of the Company are freely transferable and are not subject to any lien.

**Article 28** The Company does not accept pledges created over the Company's shares.

**Article 29** Shares held by promoters shall not be transferred within one year from the date of establishment of the Company. Shares previously issued by the Company prior to the initial public offering shall not be transferred within one year from the first day listing and trading of the Company's shares on a stock exchange.

During their terms of office, directors, supervisors and other senior management members of the Company shall report to the Company their shareholdings in the Company and changes therein and shall not transfer in a given year during their terms of office more than 25% of the total number of shares of the Company which they hold; the shares of the Company held by them shall not be transferred within one year from the first day on which the shares of the Company are listed and traded. The aforesaid persons shall not transfer the shares of the Company held by them within six months from the date of their leaving the Company.

**Article 30** Any gains from any sale of shares or other equity securities of the Company by any director, supervisor, senior management member or shareholder of the Company holding 5% or more of the shares of the Company within six months after the date of purchase of the same, and any gains from any purchase of shares or other equity securities of the Company by any of the aforesaid parties within six months after the date of sale of the same shall be disgorged and paid to the Company, and the Board shall recover such gains from the abovementioned parties.

The shares or other equity securities held by directors, supervisors, senior management members and natural person shareholders referred to in the preceding paragraph include shares or other equity securities held by their spouses, parents and children in their own account and others' account.

If the Board fails to comply with the requirements in accordance with the first paragraph, a shareholder shall have the right to request the Board to effect the same within 30 days. If the Board fails to do so within the said time limit, a shareholder shall have the right to initiate proceedings in the Court directly in his own name for the interests of the Company.

If the Board fails to comply with the requirements in accordance with the first paragraph, the responsible director or directors shall assume joint and several liabilities in accordance with the law.

**Article 31** Subject to compliance with the provisions in the Articles of Association and other applicable requirements, upon a transfer of share(s) of the Company, the name(s) of the transferee(s) shall be recorded in the register of members as the holder(s) of such share(s).

**Article 32** All issues or transfers of overseas listed foreign invested shares will be registered in the register of members of overseas listed foreign invested shares at the place of listing in accordance with the requirements set out in Article 48 of the Articles of Association.

**Article 33** The Company shall ensure that the following statements are included in the share certificates of all overseas listed foreign invested shares and shall direct and procure its share registrar to reject registration of any person as the holder of the shares of the Company which have been subscribed or purchased by or transferred to that person, unless and until such person has presented to the registrar a duly signed instrument in respect of such shares indicating the following statements:

(1) the purchaser of the shares agrees with the Company and each of the shareholders, and the Company agrees with each of the shareholders that, they will observe and comply with the Company Law, the requirements of relevant laws and administrative regulations and the Articles of Association;

(2) the purchaser of the shares agrees with each of the shareholders, directors, supervisors, general manager, deputy general manager and senior management members of the Company, and the Company, acting on behalf of itself and each of directors, supervisors, general manager, deputy general manager and senior management members of the Company, agrees with each of the shareholders that, they will refer to arbitration for settlement all disputes and claims arising from the Articles of Association, or disputes and claims of rights in relation to the Company's affairs arising from any rights or obligations under the Company Law or other relevant laws and administrative regulations in accordance with the provisions of the Articles of Association, and that any referral to arbitration shall be deemed as an authorisation to an arbitral court to hold a public hearing and announce its arbitration award to the public. Such award shall be final and conclusive;

(3) the purchaser of the shares agrees with the Company and all of the shareholders of the Company that the shares of the Company may be freely transferable;

(4) the purchaser of the shares authorises the Company to act on its behalf to enter into a contract with each of directors and management personnel of the Company, whereby each of the directors and management personnel undertakes to observe and comply with the provisions of the Articles of Association in respect of their responsibility to the shareholders.

## CHAPTER IV CAPITAL REDUCTION AND REPURCHASE OF SHARES

**Article 34** The Company may reduce its registered capital pursuant to the provisions of the Articles of Association. Where the Company reduces its registered capital, procedures shall be made in accordance with the Company Law and other relevant requirements and the Articles of Association.

**Article 35** Where the Company reduces its registered capital, it must prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within ten days of the date of the Company's resolution for reduction of registered capital and shall issue a public announcement for at least 3 times in newspapers within thirty days from the date of such resolution. A creditor of the Company shall be entitled, within thirty days from the date of receipt of the notice from the Company or, in case of a creditor who has not received such notice, within ninety days from the date of the first public announcement, to require the Company to repay its debts or provide a corresponding guarantee for such debt.

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

**Article 36** The Company may repurchase its own outstanding shares in accordance with the laws, administrative regulations, departmental rules and regulations as well as the Articles of Association and with the approval of the relevant organizations of the State under the following circumstances:

- (1) to cancel shares for the purpose of reducing the capital of the Company;
- (2) to merge with other companies that hold shares in the Company;
- (3) to use shares in employee stock ownership plans or equity incentives;
- (4) to acquire the shares of shareholders (upon their request) who vote against to any resolution adopted at any general meetings on the merger or division of the Company;
- (5) to use the shares for converting debentures of the Company convertible into stocks issued by a listing company;
- (6) as necessary for the Company to maintain its value and shareholders' interests.

The Company shall not acquire the Company's shares save and except for the aforesaid circumstances.

**Article 37** Upon approval by the relevant State authorities of the repurchase of its own shares of the Company, it may proceed to any of the following manners:

- (1) to make a repurchase offer in proportion to respective shareholdings of all shareholders;
- (2) to repurchase through open transactions on a stock exchange;
- (3) to repurchase by an agreement outside a stock exchange;
- (4) such other means which are permitted by the competent securities authorities.

If the Company repurchases its shares due to the circumstances as stipulated in Sub-paragraphs (3), (5) and (6) of sub-clause 1 of Article 36 of the Articles of Association, it shall be conducted by way of public and centralized trading.

**Article 38** The Company must obtain prior approval of the shareholders at a general meeting in accordance with the Articles of Association before it can repurchase shares by means of an off-market agreement. The Company may, upon prior approval of the shareholders at a general meeting, release or vary any contract which has been entered into by the Company in the manner set forth above, or waive any of its rights thereunder.

The agreement for the repurchase of shares referred to in the preceding paragraph includes (but not limited to) an agreement to assume the obligations of repurchasing shares or acquire the rights of repurchasing shares.

The Company may not assign an agreement for the repurchase of its shares or any right contained in such agreement.

Where the Company has the right to repurchase redeemable shares which are not made through the market or by tender, such repurchase shall be limited to a maximum price, and if such repurchase is made by tender, tenders shall be offered to all Shareholders alike.

**Article 39** If the Company repurchases its own shares for the circumstances as stipulated in Sub-paragraphs (1) and (2) of sub-clause 1 of Article 36 hereof, resolutions related thereto shall be adopted at a general meeting; If the Company acquires its shares in the circumstances as stipulated in Sub-paragraphs (3), (5) and (6) of sub-clause 1 of Article 36 of the Articles of Association, it shall be resolved by the board meeting attended by more than two-thirds of the Directors in accordance with the provisions of the Articles of Association or the authorization of the general meeting.

If the Company repurchases its own shares in accordance with sub-clause 1 of Article 36 of the Articles of Association under the circumstances set forth in Sub-paragraph (1), the shares so repurchased shall be cancelled within ten days from the date of repurchase. In the event of the circumstances set forth in Sub-paragraphs (2) and (4), the shares so repurchased shall be transferred or cancelled within six months. In the event of the circumstances set forth in Sub-paragraphs (3), (5) and (6), the total number of the Company's shares held by the Company shall not exceed 10% of the total issued shares of the Company and shall be transferred or cancelled within 3 years.

Shares which have been legally repurchased by the Company shall be cancelled within the period prescribed by the laws and administrative regulations, and the Company shall apply to the Company's original registration authorities for registration of the change in its registered capital.

The aggregate par value of the cancelled shares shall be deducted from the Company's registered capital.

**Article 40** Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to repurchasing its issued and outstanding shares:

(1) where the Company repurchases shares at par value, payment shall be made out of surplus distributable profits of the Company or out of the proceeds from new shares issued for such purpose;

(2) where the Company repurchases shares at a premium to the par value, payment up to the par value may be made out of the book surplus distributable profits of the Company or out of the proceeds from new shares issued 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 distributable profits of the Company;

2. if the shares being repurchased were issued at a premium to the par value, payment shall be made out of the book surplus distributable profits of the Company or out of the proceeds from new shares issued for that purpose, provided that the amount paid out of such proceeds shall not exceed the aggregate of the premiums received by the Company on the issue of the shares repurchased nor shall it exceed the book value of the Company's premium account (or capital common reserve fund) (including the premiums on the new issue) at the time of the repurchase;

(3) The Company shall make payments for the following applications out of the Company's distributable profits:

1. acquisition of the right to repurchase its own shares;
2. variation of any contract for the repurchase of its shares;
3. release of its obligation(s) under any contract for repurchasing its shares.

(4) After the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant regulations, the amount deducted from the distributable profits of the Company for payment of the par value of the repurchased shares shall be transferred to the Company's premium account (or capital common reserve fund).

## **CHAPTER V FINANCIAL ASSISTANCE FOR ACQUISITION OF COMPANY SHARES**

**Article 41** The Company and its subsidiaries (including the subordinated enterprise of the Company) shall not, by way of a gift or by granting an advance, guarantee, compensation, loan or otherwise at any time, provide any form of financial assistance to a person who purchases or intends to purchase shares in the Company. The person who purchases shares in the Company set forth above includes any person who directly or indirectly assumes any obligations as a result of the acquisition of shares in the Company.

Neither the Company nor its subsidiaries (including the subordinated enterprise of the Company) shall, by any means at any time, provide financial assistance to such person for the purposes of reducing or discharging the obligations assumed by such person.

This Article shall not apply to the circumstances referred to in Article 43 in this Chapter.

**Article 42** For the purposes of this Chapter, the term 「financial assistance」 shall include (but not limited to):

- (1) gifts;

(2) guarantee (including the assumption of liability 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) or release or waiver of any rights;

(3) provision of a loan or entering into any other agreement under which the obligations of the Company are to be fulfilled prior to the fulfillment of obligations of another party to the agreement, or a change in the parties to, or the assignment of rights under, such loan or agreement;

(4) any other form of financial assistance given by the Company when the Company is insolvent or has no net asset or when its net assets would thereby be reduced to a material extent.

For the purposes of this Chapter, the 「assumption of obligations」 means the assumption of obligations by the obligor by way of contract or by way of arrangement (irrespective of whether such contract or arrangement is enforceable or not, and irrespective of whether such obligations are to be borne by the obligor solely or jointly with other persons), or by any other means which results in a change in the Company's financial position.

**Article 43** The following activities shall not be treated as activities prohibited under Article 41 of this Chapter:

(1) the provision of financial assistance by the Company where the financial assistance is provided in good faith in the interests of the Company and the principal purpose of which is not for the acquisition of shares in the Company, or where the provision of financial assistance is an incidental part of certain overall plan of the Company;

(2) the lawful distribution of the Company's properties by way of dividends;

(3) the allotment of bonus shares as dividends;

(4) a reduction of registered capital, repurchase of shares of the Company or adjustment of the share capital structure of the Company effected in accordance with the Articles of Association;

(5) loans extended 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 the assets are thereby reduced, the financial assistance is provided out of its distributable profits);

(6) the monetary contribution by the Company to the employee share option schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of its distributable profits).

## **CHAPTER VI SHARE CERTIFICATES AND REGISTER OF MEMBERS**

**Article 44** A share certificate issued by the Company is the evidence of the share(s) held by a shareholder. The Company shall issue its share certificates either by way of book entries, or by issuing physical share certificates, or otherwise in accordance with requirements of the competent securities authorities of the State Council according to the relevant government or authority at the place of issue or listing of shares.

**Article 45** The share certificates of the Company shall be in registered form.

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

**Article 46** The share certificates shall be signed by the Chairman of the Board. Where the stock exchange on which the shares of the Company are listed requires the share certificates to be signed by other senior management members, the share certificates shall also be signed by such senior management members. The share certificates shall take effect after being affixed or printed with the seal of the Company. The share certificates shall only be affixed with the company seal with the authorization of the Board. The signatures of the Chairman of the Board or other relevant senior management members of the Company on the share certificates may also be in printed form.

**Article 47** The Company shall keep a register of members based on the evidence provided by the share registrar. The register of members shall contain the following particulars:

- (1) the surname and name (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 in the register 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 48** The Company may, in accordance with the mutual understanding and agreements made between the competent securities authorities of the State Council and overseas securities regulatory authorities, keep its register of holders of overseas listed foreign invested shares outside of China and appoint overseas agent(s) to manage such register. The original register of holders of overseas listed foreign invested 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 invested 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 invested shares at all times.

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



**Article 49** 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 invested 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 50** Different parts of the register of members shall not overlap one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part 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 51** All fully paid-up H Shares are freely transferable pursuant to the Articles of Association. The Board may refuse to recognize any instrument of transfer without explanation unless such transfer is in compliance with the following conditions:

(1) payment of HK\$2.50 or such higher fees as agreed by the SEHK 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;

(2) the instrument of transfer involves only the overseas listed foreign invested shares listed in Hong Kong;

(3) the stamp duty payable on the instrument of transfer has been paid;

(4) the relevant share certificates and evidence reasonably required by the Board showing that the transferor has the right to transfer such shares;

(5) if the shares are 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;

(7) no share shall be transferred to a minor or an individual with unsound mind or individual of incapacity.

If the Company refuses to register a share transfer, the Company shall send the transferor and the transferee a notice of refusal to register the said share transfer within 2 months after the application for transfer is submitted.

**Article 52** All transfers of H Shares shall be effected by a written instrument of transfer in an ordinary or usual form or any other form acceptable to the Board (including the standard transfer format or form of transfer specified by SEHK from time to time). The instrument of transfer may be signed under hand or by an imprint only, or (where the transferor or transferee is a corporation) by the company's seal. Where the transferor or transferee is a recognized clearing house (as defined by relevant regulations in Hong Kong law effective from time to time) or its nominee, it may be signed in a machine-imprinted format.

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

**Article 53** If there are provisions provided by laws, regulations and the securities regulatory authorities in the place(s) in which the shares of the Company are listed on the period of closure of the register of members before convening of a general meeting or prior to the reference date on which the Company decides to distribute dividends, such provisions shall prevail.

**Article 54** When the Company intends to convene a general meeting, distribute dividends, enter into liquidation and engage in other activities that involve confirmation of interests, the convener of the Board meeting or general meeting shall determine a specific day for confirmation of interests (date of registration of interests). Shareholders named in the register of members by the end of the date of confirmation of interests (date of registration of interests) shall be the shareholders of the Company.

**Article 55** 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 correct the register of members.

**Article 56** Any shareholder who is registered in, or any person requests to have his name entered into, the register of members may, if his 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 the domestic shares loses his share certificate and applies for a replacement share certificate, it shall be dealt with in accordance with the provisions of the Company Law and the relevant laws and regulations.

If a holder of overseas listed foreign invested shares loses his 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 invested shares is maintained.

If a holder of overseas listed foreign investor shares of a company listed in Hong Kong loses his 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 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 made by a person other than the applicant requesting that he shall be registered as the shareholder in respect of the Relevant Shares has been received.

(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.

(4) the Company shall have, prior to the publication of its intention to issue a replacement share certificate, delivered to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been displayed at the premises of the stock exchange. The announcement shall be displayed at the premises of the 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, display referred to in paragraphs (3) and (4) of the Articles of Association, 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 these Articles, 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 for such expenses.

**Article 57** 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 is a bona fide purchaser) shall not be deleted from the register of members.

**Article 58** 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.

## CHAPTER VII SHAREHOLDERS' RIGHTS AND OBLIGATIONS

**Article 59** A shareholder of the Company is a person who lawfully holds shares of the Company and has his 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 holds. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

**Article 60** When two or more persons are registered as joint holders of any shares, they shall be deemed to be joint owners of such shares and subject to constraints of the following terms:

(1) the Company does not need to register more than 4 persons as joint holders for any shares;

(2) the joint holders of any shares shall jointly or severally assume the liability to pay for all amounts of fee 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 members, to demand a death certificate of such shareholder where it deems appropriate to do so.

(4) for joint holding of any shares, only the joint holder whose name appears first in the register of members is entitled to receive the certificate for the Relevant Shares, receive the Company's notices, and to attend and exercise all voting rights of the Relevant Shares in the general meetings of the Company. Any notice serviced to the above persons shall be deemed to be serviced to all joint holders of the Relevant Shares.

If any one of the joint holders sends to the Company a receipt of any dividend, bonus or capital return payable to such joint holders, the receipt shall be deemed as a valid receipt sent by such joint holders to the Company.

**Article 61** Holders of the ordinary shares of the Company shall enjoy the following rights:

(1) the right to dividends and other profit distributions in proportion to the number of shares held;

(2) the right to propose, convene and preside over, to attend or appoint a proxy to attend the general meetings and to exercise the corresponding voting right thereat in accordance with the law;

(3) the right to supervise and manage, present proposals or raise enquiries about the Company's business operations;

(4) the right to transfer, give as a gift or pledge the shares in their possession in accordance with the laws, administrative regulations and provisions of the Articles of Association;

(5) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:

1. the right to obtain a copy of the Articles of Association, subject to payment of relevant costs;
  2. the right to inspect and copy the following, subject to a payment of a reasonable fee:
    - (i) all parts of the register of members;
    - (ii) personal particulars of each of the Company's directors, supervisors, general manager, and other senior management members, including:
      - (a) present and former name or alias;
      - (b) principal address (place of domicile);
      - (c) nationality;
      - (d) primary and all other part-time occupations and duties;
      - (e) identification document and its number.
    - (iii) reports on the status of the Company's share capital;
    - (iv) reports showing the aggregate par value, quantity, highest and lowest prices in respect of each class of shares repurchased by the Company since the end of the last accounting year, and the aggregate amount paid by the Company for this purpose;
    - (v) minutes of the general meetings, and resolutions of board meetings and Supervisory Committee meetings;
    - (vi) corporate bond certificates and financial accounting reports.
- Documents of items (i) and (iii) to (vi) mentioned above and any other applicable documents shall be made available by the Company, according to the requirements of the Listing Rules, at the Company's address in Hong Kong, for the public and overseas listed foreign-invested shareholders to inspect free of charge.
- (6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the 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 general meeting on the merger or division of the Company, the right to demand the Company to acquire the shares held by them;
  - (8) such other rights conferred by the laws, administrative regulations, departmental rules and regulations and the Articles of Association.

The Company shall not exercise its rights to freeze or harm in any other forms the rights attaching to any shares held in the event that any person has not disclosed the rights and interests they hold directly or indirectly.

**Article 62** Shareholders demanding inspection of the relevant information or copies of the materials mentioned in the preceding provision shall provide to the Company written documents evidencing the class and number of shares of the Company they hold. After confirmation of the shareholder's identity, the Company shall provide such information at the shareholder's request.

**Article 63** If a resolution of the Company's general meeting or board meeting violates the laws or administrative regulations, the shareholders shall have the right to submit a petition to the people's court to render the same as invalid.

If the procedures for convening a meeting of, or the method of voting at, a general meeting or board meeting violate the laws, administrative regulations or the Articles of Association, or the contents of a resolution violates the Articles of Association, shareholders shall be entitled to submit a petition to the people's court to rescind such resolutions within 60 days from the date on which such resolution is adopted.

**Article 64** Where the Company incurs losses as a result of directors' and senior management members' violation of the laws, administrative regulations or the Articles of Association in the course of performing their duties with the Company, shareholders severally or jointly holding 1% or more of the Company's shares for more than 180 consecutive days shall be entitled to request in writing the Supervisory Committee to initiate proceedings in the court; where the Company incurs losses as a result of the Supervisory Committee's violation of any provision of law, administrative regulation or the Articles of Association in the course of performing its duties with the Company, such shareholders shall be entitled to request in writing to the Board to initiate proceedings in the court.

In the event that the Supervisory Committee or the Board refuses to initiate proceedings after receiving the written request of shareholders stated in the foregoing paragraph, or fails to initiate such proceedings within 30 days from the date on which such request is received, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company's interests, shareholders described in the preceding paragraph shall have the right to initiate proceedings in the court directly in their own names in the interest of the Company.

Shareholders described in the first paragraph of this Article may also initiate proceedings in the people's court in accordance with the preceding two paragraphs in the event that the lawful interests of the Company are infringed upon by any third parties.

**Article 65** Shareholders may initiate proceedings in the people's court in the event that a director or a senior management member has violated the laws, administrative regulations or the Articles of Association, thereby infringing the interests of shareholders.

**Article 66** Holders of the ordinary shares of the Company shall have the following obligations:

(1) to abide by the laws, administrative regulations and the Articles of Association;

(2) to pay the share subscription price based on the shares subscribed and the method of subscription;

(3) not to withdraw their shares unless required by the laws and regulations;

(4) not to abuse their shareholders' rights to harm the interests of the Company or other shareholders, and not to abuse the independent legal person status of the Company and the limited liability of shareholders to harm the interest of any creditor.

If a shareholder of the Company abuses its shareholder's rights and thereby causes loss on the Company or other shareholders, such shareholder shall be liable for indemnity in accordance with the law.

If a shareholder of the Company abuses the Company's independent legal person status and the limited liability of shareholders for the purposes of avoiding debts, thereby materially impairing the interests of the creditors of the Company, such shareholder shall be jointly and severally liable for the debts owed by the Company.

(5) to assume other obligations required by the laws, administrative regulations and the Articles of Association.

Shareholders shall not be liable to make any further contributions to the share capital other than according to the terms agreed by the subscribers at the time of share subscription.

**Article 67** Where a shareholder holding 5% or more voting shares of the Company pledges any domestic shares in his possession, he shall report the same to the Company in writing on the day on which he pledges his shares.

**Article 68** The controlling shareholder of the Company and persons who exercise de facto control over the Company shall not take advantage of their connected relationship to act in detriment to the Company's interests. If they have violated the provision and caused damage to the Company, they are liable for such damages.

The controlling shareholder of the Company and persons exercising de facto control over the Company shall have a fiduciary duty towards the Company and its public shareholders. The controlling shareholder shall execute its rights as an investor in strict compliance with the law. The controlling shareholder shall not adversely affect the lawful interests of the Company and its public shareholders through profit distribution, asset restructuring, foreign investment, possession of capital, lending guarantees and shall not make use of its controlling status against the interests of the Company and public shareholders.

In addition to obligations imposed by the laws, administrative regulations or required by 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 all or part of the shareholders of the Company:

(1) to waive a director or supervisor of his responsibility to act honestly in the best interests of the Company;

(2) to approve the expropriation by a director or supervisor (for his own benefits or for the benefits of another person), in any way, of the Company's properties, including (but not limited to) any opportunities beneficial to the Company;

(3) to approve the expropriation by a director or supervisor (for his own benefits or for the benefits of another person) of personal rights of other shareholders, including (but not limited to) rights to distributions and voting rights save pursuant to a restructuring submitted to shareholders for approval at a general meeting in accordance with the Articles of Association.

**Article 69** The term 「controlling shareholder」 referred to in the preceding provision means a person who satisfies any one of the following conditions:

(1) he severally or jointly, acting in concert with others, is entitled to elect more than half of the Board;

(2) he severally or jointly, acting in concert with others, is entitled to exercise or to control the exercise of more than 30% of the voting rights of the Company;

(3) he severally or jointly, acting in concert with others, holds more than 30% of the outstanding issued shares of the Company;

(4) he severally or jointly, acting in concert with others, has de facto control over the Company in any other manner(s).

For the purposes hereof, the term 「persons exercising de facto control over the Company」 means the persons, not being shareholders of the Company, who are able to exercise actual control over the acts of the Company through an investment relationship, agreement or other arrangements.

For the purposes hereof, the term 「connected relationship」 means the relationship between the controlling shareholders, persons exercising de facto control over the Company, directors, supervisors or senior management members of the Company and the enterprise directly or indirectly controlled by them and any other relationship that may lead to the transfer of any interest of the Company. However, enterprises controlled by the State do not have a connected relationship with one another simply because they are under the control of the State.

## CHAPTER VIII GENERAL MEETING

**Article 70** The general meeting is the Company's authoritative organ which shall exercise its functions and powers in accordance with the laws.

**Article 71** The general meeting shall have the following functions and powers:

(1) to decide on the Company's operational policies and investment plans;

(2) to elect and replace directors who are not appointed from the employees' representatives and decide on matters relating to their remuneration;

(3) to elect and replace supervisors who are appointed from the shareholders' representatives and decide on matters relating to their remuneration;

(4) to consider and approve the reports of the Board;

(5) to consider and approve the reports of the Supervisory Committee;

(6) to consider and approve the Company's preliminary annual budgets and final accounts;

(7) to consider and approve the Company's profit distribution plans and loss recovery plans;

(8) to decide on the increase or reduction of the Company's registered capital and the acquisition of the Company's shares;



(9) to decide on matters such as merger, division, dissolution, liquidation and change in the form of the Company;

(10) to decide on the issue of debentures by the Company;

(11) to decide on the appointment, dismissal and non-reappointment of the accountants of the Company;

(12) to amend the Articles of Association;

(13) to consider the motions raised by shareholders who represent more than 3% of the total number of voting shares of the Company;

(14) to consider and approve the provision of guarantees under Article 72 of the Articles of Association;

(15) to consider the Company's significant acquisition or disposal of material assets with a value exceeding 30% of the latest audited total assets of the Company within one year;

(16) to consider and approve changes in the use of proceeds raised;

(17) to consider the share incentive schemes;

(18) to consider other matters which, according to the laws, administrative regulations, departmental rules and regulations and the Articles of Association, should be resolved by the shareholders at general meetings.

The aforesaid functions and powers of general meetings shall not be exercised by the Board or by other organizations and individuals on behalf of shareholders through authorization. General meetings may authorize or appoint the Board to deal with such other matters besides the aforesaid powers and functions.

**Article 72** The following security provided to third parties provided by the Company shall be subject to consideration and approval at general meetings:

(1) a guarantee which is given after the total amount of the security provided to third parties provided by the Company and its controlling subsidiaries exceeds 50% of its latest audited net assets of the Company;

(2) a guarantee which is given after the total amount of security provided to third parties given by the Company which is equal to or exceed 30% of the latest audited total assets of the Company;

(3) a guarantee which is provided in favour of an object which has an asset to liability ratio of over 70%;

(4) a guarantee of which the single guarantee amount exceeds 10% of the latest audited net assets of the Company;

(5) based on the principle of aggregating the total amount of guarantees for 12 consecutive months, any guarantee exceeding 30% of the Company's latest audited total assets;

(6) based on the principle of aggregating the total amount of guarantees for 12 consecutive months, any guarantee exceeding 50% of the Company's latest audited net assets and with an absolute amount of more than 50 million;

(7) a guarantee which is provided to shareholders, persons exercising de facto control over the Company and their respective connected parties;

(8) such other guarantees as required by the stock exchange on which the shares of the Company are listed or by the Articles of Association.

Security provided to third parties which shall be approved at a general meeting shall be considered and approved by the Board before submission to the general meeting for approval. When the general meeting is considering a proposal to provide security for any shareholder, persons exercising de facto control over the Company or their respective connected parties, the said shareholder or the shareholders controlled by the said persons exercising de facto control over the Company shall be abstained from voting on the proposal, and the approval of such proposal shall be subject to more than half of the voting rights of the other attending shareholders.

Save and except for the aforesaid circumstances, the Board shall be authorized to consider and approve other security provided to third parties. However, such security must be approved by adopting a resolution by more than two thirds of the attending directors.

**Article 73** The Company shall not, without prior approval of shareholders at general meetings, enter into any contract with any person other than a director, supervisor, general manager, deputy general manager or other senior management member whereby the administration of the whole or any substantial part of the business of the Company is to be handed over to such person.

**Article 74** General meetings are divided into annual general meetings and extraordinary general meetings. General meetings shall be convened by the Board. Annual general meetings are held once a year and within six months from the end of the preceding financial year.

Under any of the following circumstances, the Board shall convene an extraordinary general meeting within two months:

(1) the number of directors is less than that is required by the Company Law or two thirds of the number of directors specified in the Articles of Association;

(2) the accrued losses of the Company amount to one third of the total amount of its share capital;

(3) shareholder(s) holding 10% or more of the Company's outstanding issued shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting;

(4) it is deemed necessary by the Board or requested by the Supervisory Committee to convene an extraordinary general meeting;

(5) more than 2 of the independent directors propose to convene the meeting;

(6) such other circumstance specified in the laws, administrative regulations, departmental rules or the Articles of Association.

In the event of Sub-clauses (3), (4) and (5) above, the agenda shall include the topics proposed by the meeting conveners.

**Article 75** The venue for convening the general meeting shall be the domicile of the Company or other specific places notified by the general meeting conveners.

The general meeting shall have a meeting venue set and be convened by ways of on-site meetings. The Company will also provide online or other means of transmission for the convenience of participation by shareholders. Shareholders who attend general meetings in the aforesaid manners shall be deemed as present.

**Article 76** The Company shall engage lawyers to attend general meetings and advise on the following issues with announcements made thereon:

(1) whether the convening of the general meeting and its procedures are in compliance with the laws, administrative regulations and the Articles of Association;

(2) whether the attendees are eligible and whether the eligibility of the convener is lawful and valid or not;

(3) whether the procedures of voting and the voting results of the meeting are lawful and valid or not;

(4) legal opinions on other related matters at the request of the Company.

**Article 77** Independent directors shall be entitled to propose to the Board the convening of an extraordinary general meeting. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within ten days upon receipt of such proposal of convening an extraordinary general meeting by independent directors.

If the Board agrees to convene an extraordinary general meeting, a notice of meeting shall be issued within five days after adopting the relevant resolution by the Board. If the Board does not agree to convene an extraordinary general meeting, reasons for such disagreement shall be given by way of announcement.

**Article 78** The Supervisory Committee shall be entitled to propose to the Board the convening of an extraordinary general meeting, provided that such proposal shall be made in writing. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of an extraordinary general meeting within ten days upon receipt of such proposal.

If the Board agrees to convene an extraordinary general meeting, a notice of meeting shall be issued within five days after adopting the relevant resolution by the Board. Any change to the original proposal made in the notice shall require the approval of the Supervisory Committee.

If the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within ten days after receiving such proposal, the Board shall be deemed to be incapable of or failure in performing the duty of convening a general meeting, in which case the Supervisory Committee may convene and preside over such meeting on an unilateral basis.

**Article 79** Shareholders severally or jointly holding 10% or more of the Company's shares shall be entitled to request the Board to convene extraordinary general meetings, provided that such request shall be made in writing. The Board shall, in accordance with provisions of the laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of an extraordinary general meeting within ten days after receiving such proposal of the same.

If the Board agrees to convene an extraordinary general meeting, the notice of general meeting shall be issued within five days after adopting the relevant resolution of the Board. Any changes to the original request made in the notice shall be subject to prior approval of the shareholders concerned.

If the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within ten days after receiving such proposal, shareholders severally or jointly holding 10% or more of the Company's shares shall be entitled to propose to the Supervisory Committee the convening of extraordinary general meeting, provided that such proposal shall be made in writing.

If the Supervisory Committee agrees to convene an extraordinary general meeting, the notice of convening the general meeting shall be issued within five days after receiving such request. Any changes to the original request made in the notice shall require prior approval of the shareholders concerned.

Failure of the Supervisory Committee to issue a notice of general meeting within the stipulated period shall be deemed as the failure of the Supervisory Committee to convene and preside over a general meeting, and shareholders severally or jointly holding 10% or more of the Company's shares for more than ninety consecutive days shall be entitled to convene and preside over the meeting on an unilateral basis.

**Article 80** Where the shareholders require the holding of a class meeting, it shall be performed in accordance with the following procedures:

Two or more shareholders holding in aggregate more than 10% of the shares carrying the right to vote at the meeting to be held shall sign one or more counterpart requisitions stating the objectives of the meeting and requiring the Board to convene a shareholders' extraordinary general meeting or a class meeting. For such proposal, the Board shall, in accordance with laws, administrative regulations and these Articles of Association, make a written response as to whether or not it agrees to convene an extraordinary general meeting of shareholders, within 10 days upon receipt of such proposal.

If the Board agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within 5 days after the resolution of the Board is passed. Changes made to the original proposal in the notice shall be approved by the relevant shareholder.

If the Board does not agree to convene the extraordinary general meeting, or fails to give a relevant notice within 10 days after the receipt of the request, shareholders, individually or jointly, holding more than 10% of the Company's shares may request the Supervisory Committee to convene an extraordinary general meeting of shareholders, and such proposals shall be made to the Supervisory Committee in writing.

If the Supervisory Committee agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within 5 days after the receipt of the request. Changes made to the original proposal in the notice shall be approved by the relevant shareholder.

If the Supervisory Committee fails to give a relevant notice within the designated period, it shall be deemed that the Supervisory Committee fails to convene and preside over the shareholders' general meeting. The shareholder(s) continuously holding for 90 days individually or collectively more than 10% of the shares of the Company may convene and preside over the meeting by himself/themselves.

Any reasonable expenses incurred by shareholders' convening and presiding over a meeting by reason of the failure of the Board and the Supervisory Committee to duly convene a meeting as requested above shall be borne by the Company and shall be set off against sums owed by the Company to the directors and the supervisors in default.

**Article 81** If the Supervisory Committee or shareholders determine to convene a general meeting on their own, they shall give a written notice to the Board and file the same with the local office of the CSRC and the stock exchange at the place where the Company is located for the record.

The shareholding proportion of the convening shareholders shall not be lower than 10% prior to the announcement of the resolutions of the general meeting.

The convening shareholders shall submit relevant evidence to the local office of the CSRC and the stock exchange at the place where the Company is located upon issuance of the notice of general meeting and the announcement of the resolutions of the general meeting.

**Article 82** The Board and the secretary to the Board shall cooperate with respect to matters relating to a general meeting convened by the Supervisory Committee or the shareholders on their own. The Board shall provide the shareholder registers as of the date of equity registration. If the Board fails to provide the register of members, the convener may apply to the securities registration and clearing institution for such register on the strength of the relevant announcement on the convening of the general meeting. The register of members obtained by the convener shall not be used for any purpose other than the convening of the general meeting.

**Article 83** If a general meeting is convened by the Supervisory Committee or the shareholders on their own, all necessary expenses arising therefrom shall be borne by the Company.

**Article 84** When the Company convenes an annual general meeting, written notice of the meeting shall be given twenty days before the date of the meeting, and when the Company convenes an extraordinary general meeting, written notice of the meeting shall be given fifteen days before the date of the meeting to notify all shareholders whose names appear in the register of members of the matters to be considered at and the date and place of the meeting.

In determining the commencement date of the period, the Company shall not include the date on which the meeting is held.

**Article 85** Whenever the Company convenes a general meeting, the Board, the Supervisory Committee and shareholder(s) severally or jointly holding more than 3% of the total number of the Company's shares shall have the right to propose motions to the Company.

Shareholder(s) severally or jointly holding more than 3% of the total number of the Company's shares shall have the right to propose an ex tempore motion ten days prior to the general meeting by submitting the same to the convener in writing. The convener shall issue a supplemental notice of general meeting within two days after receiving the proposed motion to announce the contents of the ex tempore motion.

Save as provided above, the convener shall not amend motions stated in or add new motions to the notice of general meeting after the same has been issued and announced.

No voting or resolution shall be effected or adopted at the general meeting for motions that have not been stated in the notice of general meeting or that do not comply with Article 86 of the Articles of Association.

**Article 86** A motion proposed at general meetings shall be subject to and conditional upon:

(1) the substance of the motion proposed shall not be in conflict with the laws, administrative regulations and the requirements set forth in the Articles of Association, and shall fall within the scope of business of the Company and the functions of general meetings;

(2) there is a clear subject matter of discussion and a specific resolution;

(3) the motion shall be submitted or served to the Board in writing.

**Article 87** The Company shall, based on the written replies received within the period specified in Article 84 of the Articles of Association, calculate the number of voting shares represented by the shareholders who intend to attend the meeting.

**Article 88** A notice of a general meeting shall be subject to and conditional upon:

(1) being served in writing;

(2) specifying the place, the date and time of the meeting;

(3) stating the issues to be considered at the meeting;

(4) specifying the registration date of the shareholders entitled to attend the general meeting;

(5) providing such information and explanation as necessary for the shareholders to make an informed decision on the proposals put before them. Without limiting the generality of the foregoing, where a proposal is made (including but limited to) upon an merger of the Company, share repurchases, share capital reorganisation, reconstruction of the Company in any other way, the specific terms of the proposed transaction must be provided in details together with copies of the proposed agreement (if any), and the cause and effect of such proposal must be properly explained;

(6) containing a disclosure of the nature and extent, if any, of the material interests of a director, supervisor, general manager, deputy general manager and other senior management member in the proposed transaction; and if the effect of the proposed transaction on the director, supervisor, general manager, deputy general manager and other senior management member in their capacity as shareholders in so far as is different from the effect on the interests of the shareholders of the same class, the difference shall be illustrated;

(7) containing the full text of a special resolution to be proposed at the meeting;

(8) containing a conspicuous statement that a shareholder entitled to attend and vote may appoint one or more proxies to attend and vote instead of him and such proxy is not necessarily be a shareholder;

(9) specifying the time and place for service of voting proxy forms for the relevant meeting;

(10) specifying the name and telephone number of the contact person of the meeting.

For issues to be discussed requiring the opinions of independent directors, the notice of general meeting or the supplementary notice shall disclose both the opinions and the reasons of independent directors.

Where the Company convenes the general meeting online or by other means, the notice of meeting shall specify the time and procedures of online voting or other means of voting. Online or other means of voting for general meeting shall start no earlier than 3:00 p.m. on the day before the convening of the on-site general meeting and no later than 9:30 a.m. on the day of convening of the on-site general meeting, and shall end no earlier than 3:00 p.m. on the day when the on-site general meeting is concluded.

The interval between the registration date and the date of the meeting shall not be more than 7 working days. No changes may be made once the registration date is confirmed.

**Article 89** Where the general meeting intends to deliberate the election of directors or supervisors, the notice of meeting shall fully disclose the detailed information on the candidates of directors or supervisors, at least in the following aspects:

(1) personal information such as educational background, working experience and other engagements;

(2) whether such candidate has any affiliation with the Company or its controlling shareholders or persons exercising de facto control over the Company;

(3) the number of shares of the Company such candidate holds;

(4) whether such candidate has been penalised by the CSRC or any other relevant authorities and the stock exchange.

Save and except for directors or supervisors who are elected by way of cumulative voting system, a single proposal shall be put forward for each candidate of directors or supervisors.

**Article 90** Notice of general meeting shall be served on the shareholders (whether or not they are entitled to vote at the meeting), by hand or by prepaid mail at their addresses as shown in the register of members. For the holders of Domestic Shares, notice of meetings may be issued by way of announcement.

The announcement referred to in the preceding paragraph shall be published on the website of the stock exchange and the media that meet the requirements prescribed by the CSRC and other regulatory authorities (for domestic shareholders only); after the publication of the announcement, the holders of Domestic Shares shall be deemed to have received the notice of the relevant general meeting.

The Company should, when serving the notice convening the general meeting to shareholders, ensure the holders of foreign invested shares with their registered address in Hong Kong would have sufficient time to exercise their rights or act in accordance with the terms of the notice.

**Article 91** Upon serving the notice convening the general meeting to the shareholders, the general meeting shall not be postponed or canceled without any justified cause, and the proposals set out in the notice convening the general meeting should not be canceled. Should there be any postponement or cancellation, the convener shall make an announcement at least two working days before the convening of the meeting and explain the reasons thereof.

**Article 92** The Board and other conveners shall take necessary measures to ensure the good order of the general meeting, take measures to deter any act disturbing the meeting, picking quarrels and provoking troubles or infringing the lawful rights and interests of any shareholder, and shall report in a timely manner such act to the relevant department for investigation and penalisation.

**Article 93** All the shareholders or their proxies recorded in the register of members on the registration date are entitled to attend the general meeting, and shall exercise their voting rights pursuant to the laws, regulations and the Articles of Association.

Shareholders may attend the meeting in person, or they may appoint proxies to attend the meeting on their behalf.

**Article 94** An individual shareholder who attends the general meeting in person shall produce his identification card or other valid credentials or evidence, his stock account card which can prove his identity. Where a proxy is appointed to attend the meeting, the proxy shall produce his own valid identification documents and the instrument for appointing a proxy.

A legal person shareholder shall attend the meeting by its legal representative or the attorney as appointed by such legal representative. A legal representative who attends the general meeting shall produce his identification card and valid documents which can prove his being qualified as. Where an attorney is appointed to attend the meeting, the attorney shall produce his own identification card and the relevant power of attorney executed by such legal representative pursuant to the laws.

**Article 95** Any shareholder entitled to attend and vote at a meeting of the Company shall be entitled to appoint one or more other persons (whether a shareholder or not) as his proxy (proxies) to attend and vote on his behalf. A proxy so appointed shall be entitled to exercise the following rights pursuant to the authorisation from that shareholder:

(1) the shareholder's right to speak at the meeting;

(2) the right to demand or join in demanding a poll;

(3) the right to vote on a show of hands or on a poll, unless otherwise stipulated by the applicable securities listing rules or other securities laws and regulations, but for a shareholder who has appointed more than one proxy, such proxies may only vote on a poll.



**Article 96** Proxy forms issued by shareholders appointing other proxies to attend general meetings should include the following information:

(1) name of the proxy;

(2) whether or not having voting right;

(3) instructions on voting for, against or abstention on each of the matters to be considered and specified in the agenda of the general meeting;

(4) date of issue of the proxy form and its valid term;

(5) signature (or seal) of the appointer. If the appointer is a legal person shareholder, it should be affixed with the seal of the legal person entity.

**Article 97** The proxy form should specify whether the proxy is entitled to vote at his own discretion in the absence of specific instruction from the shareholder.

**Article 98** 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 entity, either under seal or under the hand of a director or attorney duly authorised. Such power of attorney shall contain the number of shares represented by a proxy; if several persons are appointed as proxies, the number of shares represented by each proxy should be specified.

**Article 99** An instrument appointing a proxy for voting shall be deposited at the domicile of the Company or any other addresses specified in the notice convening the meeting 24 hours before the time for convening the meeting or the time for voting. If an instrument appointing a proxy is signed by an attorney authorised by an appointer, the relevant power of attorney or any other authority shall be notarized. The power of attorney or other authority so notarized together with the instrument appointing a proxy shall be deposited at the domicile of the Company or any other addresses specified in the notice convening the meeting.

If an appointer is a legal person, its legal representative or any other person authorized by its Board of Directors or by other decision-making authorities may attend a general meeting on behalf of such appointer.

Where such shareholder is a recognised clearing house within the meaning of the relevant ordinances formulated in Hong Kong from time to time (hereinafter referred to as 「Recognised Clearing House」) (or its nominees), the shareholder may authorize a person or persons as he thinks fit to act as his representative (or representatives) at any general meeting or any meeting of any class of shareholders, provided that if more than one person is so authorised, the authorisation must specify the number and class of shares in respect of which each such person is so authorised. The person so authorised is entitled to exercise the rights on behalf of the Recognised Clearing House (or its nominees) as if he was an individual shareholder of the Company.

**Article 100** Any instrument issued to a shareholder by the Board of the Company for use in appointing a proxy shall be in such format as to enable the shareholder to instruct the proxy to vote in favour of or against the motions according to his free will, and instructions shall be given in respect of each individual matter to be voted on at the meeting. The instrument of proxy shall contain a statement that in the absence of instructions by the shareholder the proxy may vote as it thinks fit.

Proxies should, when attending the general meeting on behalf of the shareholders, present their identification proof and the power of attorney signed by the appointer or signed by a legal representative of the appointer or a duly appointed nominee. The power of attorney should specify the date of issuance.

If a legal person shareholder (other than the Recognized Clearing House or its nominees) delegates its legal representative to attend the meeting, the Company shall have the right to request such legal representative to provide a proof of its identity and a valid proof of its legal representative qualification.

**Article 101** A vote given by a proxy in accordance with the terms of an instrument of proxy shall remain valid notwithstanding the death or loss of capacity of the appointer or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that no notice in writing of such aforesaid issues shall have been received by the Company before the commencement of the meeting.

**Article 102** The register of attendees of the meeting shall be prepared by the Company. Such register of the meeting shall specify such information as the name, identity card number, residential address of, number of voting shares held or represented by the persons (or units) attending the meeting, name of the persons (or units) the proxy represent(s).

**Article 103** In connection with the convening of the general meeting, the convener and the legal counsel retained by the Company shall jointly verify the qualifications of shareholders according to the register of members provided by the securities depository and clearing authority, and shall register the name of the shareholders and the number of their voting shares. Such registration shall be concluded prior to the announcement by the chairman of the general meeting of the number of shareholders and their proxies attending the meeting and the total number of their voting shares.

**Article 104** All directors and supervisors and the board secretary shall attend the general meeting, whereas the general manager, deputy general manager and other senior management members shall be present at the meeting.

**Article 105** Resolutions of general meeting are divided into ordinary resolutions and special resolutions.

To adopt an ordinary resolution at a general meeting, votes representing more than one half of the voting rights represented by the shareholders (including the proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.

To adopt a special resolution at a general meeting, votes representing more than two thirds of the voting rights represented by the shareholders (including the proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.

**Article 106** In the case of voting at general meetings, shareholders (including their proxies) may exercise their voting rights in accordance with the number of their voting shares. Save and except for Article 110 hereof, each share shall have one vote. Shares of the Company are without voting rights and such shares shall not be taken in the total number of voting shares represented at the meeting.

Where material issues affecting the interests of small and medium investors are being considered at the general meeting, the votes by small and medium investors shall be counted separately. The separate counting results shall be publicly disclosed in a timely manner.

The review and consideration of the connected transactions or continuing connected transactions at the general meeting shall be subject to laws, administrative regulations and regulatory requirements of the place(s) where the Company's shares are listed, including the Listing Rules amended from time to time by SEHK. If required by the listing rules of the stock exchange on which the Company's shares are listed, the shareholders associated with such transactions should abstain from voting and the number of voting shares represented by them shall not be taken in the total number of valid voting. The announcement on the resolutions at the general meeting should contain a complete disclosure of the voting details of non-associated shareholders.

The Board, independent directors, shareholders holding more than 1% of voting shares or investor protection agencies established in accordance with laws, administrative regulations or the provisions of the CSRC may, as the caller, by themselves or entrusting securities company, securities service agency, publicly request the shareholders of the Company to entrust them to attend the general meeting and to exercise the shareholders' rights such as proposal right and voting rights on their behalf.

Where it solicits for rights of Shareholders in accordance with the preceding paragraph, the caller shall disclose the soliciting documents and the Company shall cooperate. No payment or other form of de facto payment shall be made to the shareholders for such public solicitation. The Company shall not impose any limitation related to minimum shareholding on the collection of voting rights. Where the public soliciting of shareholders' rights is in violation of laws, administrative regulations or relevant rules of the CSRC and causes damages to the Company or its shareholders, it shall assume liability for compensation in accordance with the laws.

**Article 107** Unless otherwise stipulated by the applicable securities listing rules or other securities laws and regulations, or a poll is demanded before or after any vote by show of hands by the following persons, at any general meeting, a resolution shall be decided on a show of hands:

(1) by the presider of the meeting;

(2) by at least two shareholders entitled to vote in person or by proxy;

(3) by a shareholder or certain shareholders (including their proxies) present in person or by proxy and representing more than 10% of all shares carrying the rights to vote at the meeting.

Unless a poll be so demanded, a declaration by the chairman on the voting on a resolution by a show of hands, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

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

**Article 108** A poll demanded on the election of the chairman of the meeting, or on adjournment of the meeting, shall be taken forthwith. A poll demanded on any other issues shall be taken at such time as the chairman of the meeting directs, and any matter other than that upon which a poll has been demanded may proceed with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

**Article 109** On a poll taken at a meeting, a shareholder (including his proxies) entitled to two or more votes need not cast all his votes in the same way.

**Article 110** In the case of equal pros and cons votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a casting vote.

**Article 111** The following matters shall be resolved by an ordinary resolution at a general meeting:

- (1) working reports of the Board and the Supervisory Committee;
- (2) plans formulated by the Board for distribution of profits and for making up losses;
- (3) removal of any members of the Board and members of the Supervisory Committee, and determination of their remuneration and method of payment;
- (4) annual preliminary and final budget, balance sheet, profit and loss account and other financial statements of the Company;
- (5) annual reports of the Company;
- (6) such other matters other than those specified by the laws, administrative regulations or the Articles of Association to be resolved by special resolutions.

**Article 112** The following matters shall be resolved by a special resolution at a general meeting:

- (1) the increase or decrease in share capital, repurchase of shares of the Company and the issue of shares of any class, warrants and other similar securities of the Company;
- (2) the issue of debentures of the Company;
- (3) the division, merger, dissolution, liquidation and change of the form of the Company;
- (4) amendments to the Articles of Association;
- (5) the plans of the Company to purchase or sell major assets or provides a guarantee, within a year, the amount of which exceeds 30% of the Company's latest audited total assets;
- (6) share incentive scheme;
- (7) such other matters provided by the laws, administrative regulations or the Articles of Association and be considered by the general meeting by way of an ordinary resolution to be of a nature which may have a material impact on the Company and shall be adopted by a special resolution.

**Article 113** A general meeting shall be presided over and chaired by the Chairman of the Board. If the Chairman is unable or fails to perform such duties, the two Vice Chairmen shall negotiate and determine any one of them to preside over and chair the meeting. If the two Vice Chairmen are unable to reach an unanimous agreement, one of two Vice Chairmen to be elected by more than one half of the directors shall preside over and chair the meeting; if the two Vice Chairmen are unable or fail to perform such duties, a director to be elected by more than one half of the directors shall preside over and chair the meeting on behalf of the Vice Chairmen; if no chairman of the meeting has been designated or is able to be elected by more than one half of the directors, shareholders so present at the meeting shall elect one director to preside over and chair the meeting. Where the shareholders fail to elect a chairman for any reasons, the shareholders (including his proxy) present in person or by proxy who holds the greatest number of shares carrying the voting rights thereat shall be the chairman of the meeting. General meeting convened by the Supervisory Committee 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, a supervisor elected by more than half of supervisors shall preside over the meeting.

A general meeting convened by the shareholders themselves shall be presided over by a representative nominated by the convening shareholders.

When a general meeting is held and the chairman of the meeting violates the rules of procedures such that the general meeting cannot proceed, a person may be elected to preside over the meeting, subject to approval of shareholders entitled to more than half of the voting rights present at the meeting.

**Article 114** The Company shall formulate rules of procedures of the general meeting to specify in details the convention and voting procedures of the meeting, including notice, registration, deliberation of proposals, votes, vote counting, announcement of voting results, form of resolutions, minutes and the signatures thereon, announcements, as well as the principles of authorisation by the general meeting to the Board, the contents of such authorisation shall be expressly specified. The rules of proceedings of the general meeting shall be an appendix to the Articles of Association, and shall be drafted by the Board and approved by the general meeting.

**Article 115** At the annual general meeting, the Board and the Supervisory Committee shall report their respective work of the previous year to the general meeting, and each independent director shall also make his duty report correspondingly.

**Article 116** Directors, supervisors and senior management member shall give explanation and description to the inquiries and suggestions raised by the shareholders at the general meeting.

**Article 117** Chairman of the meeting should announce the number of shareholders and proxies present at the meeting and the total number of voting shares held by them before voting. The record of the meeting which states the number of shareholders and proxies present at the meeting and the total number of voting shares held by them shall prevail.

**Article 118** The secretary to the Board shall be responsible for preparing minutes of general meetings, which shall contain:

(1) the time, venue, agendas of the meeting, and the name of the convener;

(2) the names of the chairman of the meeting, the directors, supervisors, manager and other senior management members attending the meeting;

(3) the number of shareholders and proxies attending the meeting, the total number of their voting shares and their respective proportions to the total number of shares of the Company;

(4) the process of deliberation of each proposal, the main points of speeches and the voting results;

(5) the inquiries or suggestions of the shareholders and the corresponding replies or explanations;

(6) the names of legal counsel, vote counters, and scrutineer;

(7) such other contents which should be contained in the minutes of the meeting as prescribed by the Articles of Association.

**Article 119** The convener of meeting shall guarantee the truthfulness, accuracy and completeness of the minutes of the meetings. Directors, supervisors, the secretary to the Board, convener or their representatives, chairman of the meeting shall sign on the minutes of the meetings. The minutes of meetings shall be kept together with the valid information such as the attendance register of the attending shareholders and the power of attorney of their proxies, the votes cast by way of internet and by other means shall be kept at the premises of the Company for a period fifteen years.

**Article 120** The convener shall ensure that the continuity of the general meeting until the final resolution is formed. Where the general meeting is suspended or no resolution can be made due to force majeure or any other special causes, necessary measures shall be taken to resume as soon as possible or directly terminate the general meeting, and an announcement shall be made in a timely manner. Meanwhile, the convener shall submit a report to the agency of the CSRC or the stock exchange on which the Company's shares are listed.

**Article 121** The chairman of the meeting shall be responsible for deciding whether a resolution has been adopted. His decision shall be final and shall be announced at the meeting and recorded in the minutes of meeting.

**Article 122** The list of candidates for directors and supervisors shall be submitted to shareholders for voting by way of a proposal.

The election of directors or supervisors shall fully reflect the opinions of minority shareholders. When a voting is made on the election of directors or supervisors at a general meeting, the cumulative voting system may be adopted in accordance with the provisions of the Articles of Association or the resolutions of the general meeting. Where a single shareholder and parties acting in concert with him hold equity interests of 30% or above, the cumulative voting system shall be adopted.

The [cumulative voting system] as mentioned in the preceding paragraph means that each share has the voting right for the number of directors or supervisors to be elected, and the voting right owned by the shareholders may be cumulatively used when the directors or supervisors are elected at the general meeting. The Board shall simultaneously provide shareholders with the bibliographical details and basic information about the candidates for directors and supervisors.

**Article 123** The approach and procedures for nomination of candidates for directors and supervisors are as follows:

(1) shareholder(s) severally or jointly holding more than 3% of the total outstanding issued voting shares of the Company may, by way of a written proposal, put forward to the 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 be more than the number to be elected. The aforesaid proposal put forward by shareholders to the Company should be served to the Company at least 10 days before the convening of the general meeting.

(2) within the number of head count as specified by the Articles of Association and based on the proposed number of candidates to be elected, the Board and the Supervisory Committee may propose a list of candidates for directors and supervisors, which shall be submitted to the Board and the Supervisory Committee for examination. After the list of candidates for directors and supervisors is determined according to the examination by the Board and the Supervisory Committee and the adoption of a resolution, it should be proposed at a general meeting by way of a written proposal.

(3) the nomination of independent directors should be made in accordance with the provisions of Article 157 hereof.

(4) the written notice of the intention to propose a candidate for election as a director or a supervisor, the acceptance of such candidate of his willingness to be nominated and the details and written materials of the nominated candidate shall be given to the Company no less than seven days prior to the date of holding the general meeting. The Board shall provide shareholders with bibliographical details and basic information of the candidates for directors and supervisors.

(5) the period given by the Company to the relevant nominees and nominated candidates for providing the aforesaid notice and documents shall be no less than seven days (such period shall commence from the day following the date of serving the notice of convening of the general meeting).

(6) at the general meeting, voting for each candidate for a director and supervisor shall be taken on a one-by-one basis.

(7) in the case of any need of addition to or change in any director or supervisor, the Board or the Supervisory Committee shall be responsible for putting forward a proposal to the general meeting for the selection or change of a director or supervisor.

**Article 124** Save and except for the accumulative voting system, the general meeting shall vote on all motions item by item, and shall vote on the motions in time sequence when various proposals are put forward for a single matter. Unless the general meeting is suspended or no resolution can be passed due to force majeure or any other special reasons, the general meeting shall not set aside or cast no vote on the motions.

**Article 125** The following matters shall not be implemented or applied for unless they are in compliance with the provisions of the laws, administrative regulations and the Articles of Association, and have been approved by all the shareholders at a general meeting and passed by more than half of the public shareholders with voting rights present at the general meeting:

(1) any issue of new shares by the Company to the public (including issue of overseas listed foreign invested shares or shares of other natures), issue of convertible debentures, placing of shares to existing shareholders (except in such placing where the controlling shareholders have provided an undertaking to fully subscribe the shares in cash before the general meeting is convened);

(2) major asset restructuring in which the assets will be acquired at a total price which is 20% (or more) higher than the audited net book value of such assets;

(3) repayment of debts due to the Company by any shareholder with his shares in the Company;

(4) overseas listing of any significant subsidiary of the Company;

(5) such other relevant issues which may have a material impact on the interests of the public shareholders in the development of the Company.

Upon servicing notice convening of a general meeting by the Company, such general meeting notice should be published again within three days after the registration date. Where the Company makes an announcement on the resolutions of the general meeting, the announcement shall set out the number of the public shareholders voting at the general meeting, the total number of shares they held and its percentage in the total number of shares held by the public shareholders of the Company, as well as disclose the voting result and shareholdings of the ten largest public shareholders taking part in the vote and the results of their votes.

**Article 126** When a motion is put forward for discussion at the general meeting, no modification of the motion shall be made, or the relevant change shall be deemed as a new motion which shall not be voted at the meeting.

**Article 127** The voting right of the same shares shall be exercised only by one of the ways of on-site voting, online voting or other means of voting. In the case of repeated voting for the same shares, only the first vote is valid.

**Article 128** The voting at the general meeting shall be conducted in the form of open ballot. Before a resolution is voted on at a general meeting, two representatives of the shareholders shall be elected as vote counters and scrutinisers. Any shareholder who is interested in the matter to be received and considered and proxies of such shareholder shall not participate in vote counting or scrutinising.

When the shareholders are voting on the motions, lawyers, shareholder representatives and supervisory representatives shall count and scrutinize the votes jointly, and the voting result will be announced forthwith. Voting on the resolutions will be recorded in the minutes of meeting.

Shareholders or their proxies that vote online or by other means shall have the right to check and inspect their voting results through the relevant voting system.

**Article 129** The on-site general meeting shall not end earlier than the online means or other means. The chairman of the meeting shall announce the voting and results of each of the motions, and announce whether or not they are approved according to the results.



Before the results are officially announced, all the on-site related parties such as the companies, vote counters, vote scrutinisers, substantial shareholders and network labour providers involved are obliged to keep the result confidential.

**Article 130** Shareholders present at the general meeting should express their opinions on the motion put forward for voting in one of the following options: For, Against, or Abstain.

Any incomplete, incorrectly completed or illegible ballots of any voters shall be deemed to be forbidden voting rights, thus the voting result in respect of these shares shall be counted as [Abstain].

**Article 131** If the chairman of the meeting has any doubt as to the result of a resolution put to the vote of the meeting, he may have the votes counted. If the chairman of the meeting fails to have the votes counted, any shareholder who is present in person or by proxy and who objects to the result announced by the chairman of the meeting may demand that the votes be counted immediately after the declaration of the result, and the chairman of the meeting shall have the votes counted promptly.

**Article 132** If vote counting is carried out at the general meeting, the vote counting result should be recorded in the minutes of the meeting.

The minutes of the meeting together with the attendance register of the attending shareholders and the power of attorney of their proxies shall be kept at the premises of the Company.

**Article 133** Results of the resolution shall be announced timely, and the announcement shall contain the number of shareholders and proxies present, the total number of voting rights and the percentage of the voting rights to the total of voting shares of the Company, means of voting, the voting result for each motion and the details of each of the resolutions so passed.

**Article 134** If the motion is not passed, or if the resolutions of the previous general meeting have been changed by the present general meeting, a special highlight should be made in the announcement of the resolutions of the general meeting.

**Article 135** If a proposal relating to the election of directors or supervisors is adopted at a general meeting, the term of office for the newly elected directors or supervisors shall be commenced from date of adoption of the proposal relating to election at the general meeting.

**Article 136** When the general meeting has passed motions regarding cash distribution, bonus issue or conversion of capital common reserve into capital, the specific proposals will be implemented within two months after the close of the general meeting.

**Article 137** Copies of the minutes of meeting shall be available for inspection free of charge by shareholders during the business hours of the Company. If a shareholder requests the Company for a copy of such minutes, the Company shall send a copy of such minutes to him within seven days after having received reasonable charges.

**Article 138** Provided that any shareholder shall, according to the [Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited], have to abstain from voting or be limited to vote in favor of or against any designated resolution, any votes made by such shareholder or by the proxy of such shareholder in contravention of the aforesaid regulation or limitation shall not be counted in the total number of voting shares.

## CHAPTER IX SPECIAL PROCEDURES FOR VOTING BY A CLASS OF SHAREHOLDERS

**Article 139** Shareholders holding different classes of shares shall be class shareholders.

Class shareholders shall enjoy rights and assume obligations in accordance with the laws, administrative regulations and the Articles of Association.

**Article 140** Any variation or abrogation of the rights of any class of shareholders proposed by the Company may only come into effect upon adoption of a special resolution at a general meeting and approval by the affected shareholders of that class at a separate meeting convened in accordance with Articles 142 to 146.

**Article 141** The following acts shall be deemed to be a variation or abrogation of the rights attaching to a particular class of shares:

(1) to increase or decrease the number of shares of that class or increase or decrease the number of shares of a class having voting rights, rights to receive distributions or other privileges equal or superior to those of shares of that class;

(2) to exchange all or part of the shares of that class for shares of another class, or to exchange or grant a right to exchange all or part of the shares of another class for shares of that class;

(3) to remove or reduce rights to any accrued or cumulative dividends attaching to shares of that class;

(4) to reduce or remove the preference rights attaching to shares of that class to have priority in receiving dividends or in distribution of assets in the event that the Company is liquidated;

(5) to add, cancel or reduce the conversion privileges, options, voting rights, transfer or preemptive rights, or rights to acquire the Company's securities attached to shares of that class;

(6) to cancel or reduce the rights to receive payments payable by the Company in particular currencies attached to shares of that class;

(7) to create a new class of shares having voting rights or rights to receive distributions or other privileges equal or superior to those of the shares of that class;

(8) to restrict the transfer or ownership of shares of that class or to increase the types of restrictions attaching thereto;

(9) to issue rights to subscribe for, or convert into, shares in the Company of that class or another class;

(10) to increase the rights and privileges of shares of another class;

(11) to restructure the Company in such a way so as to result in a disproportionate distribution of obligations among various classes of shareholders;

(12) to vary or abrogate the provisions of this Chapter.

**Article 142** Shareholders of the affected class, whether having the right to vote in general meeting, shall be entitled to vote in class meetings in respect of matters concerning items (2) through (8), (11) and (12) of Article 141. However, interested shareholder(s) shall have no voting right at such class meetings.

For the purposes of those set forth, the term 「interested shareholder(s)」 means:

(1) in the event that the Company makes a repurchase offer to all shareholders in the same proportion or the Company repurchases its own shares by way of public dealings on a stock exchange pursuant to Article 37 hereof, a 「controlling shareholder」 within the meaning of Article 69 hereof;

(2) in the event that the Company repurchases its own shares by an off-market agreement pursuant to Article 38 hereof, a holder of the shares to which the proposed agreement relates;

(3) in the event of a restructuring of the Company, a shareholder within a class who assumes a relatively lower proportion of obligations than the obligations imposed on shareholders of that class or who has an interest in the proposed restructuring different from the general interests of the shareholders of that class.

**Article 143** Resolutions of a class meeting shall be passed by no less than two-thirds of the votes cast by class shareholders carrying voting rights and attending the class meeting in accordance with Article 142.

**Article 144** When the Company convenes a class meeting, it shall issue a written notice within the time limit for the notice of convening a general meeting under Article 84 of the Articles of Association to all class shareholders whose names appear in the share register. The notice shall contain the matters to be considered at such meeting and the date and place of the meeting.

**Article 145** Notice of the class meeting shall only be required to be served on the shareholders entitled to vote thereat.

The procedures of the class meeting shall resemble those of the general meeting to the fullest extent as possible. Provisions in the Articles of Association regarding the procedures for holding a general meeting shall be applicable to class meetings.

**Article 146** In addition to shareholders of other classes, holders of domestic shares and holders of overseas listed foreign invested shares shall be deemed to be holders of different classes of shares.

The special voting procedures of the class meeting shall not apply to the following circumstances:

(1) where the Company issues, upon approval by a special resolution of the general meeting, not more than 20% of each of its existing outstanding issued domestic shares and overseas listed foreign invested shares, either separately or concurrently once every twelve months;

(2) where the plan to issue domestic shares and overseas listed foreign invested shares at the time of establishment of the Company is completed within fifteen months from the date of approval given by the securities regulatory authorities of the State Council.

## CHAPTER X BOARD OF DIRECTORS

**Article 147** Directors shall be elected or changed at the shareholders meeting. The term of office shall be three years from the date of election. Directors may be re-appointed upon election. However, the first session of the Board shall be elected at the inaugural meeting and its term of office shall end at the close of the third annual general meeting. Directors shall retire by rotation.

The Company shall disclose the details of the candidate(s) for director(s) before the general meeting to facilitate the shareholders to have sufficient understanding of the candidate(s). Candidate(s) should make a written commitment before the announcement of the general meeting, agree to accept the nomination, promise that the publicly disclosed materials are true, accurate and complete, and guarantee to effectively perform the duties of directors after being elected.

The intention to propose a candidate for election as a director shall be served to the Company seven days prior to the date of convening the meeting.

The Chairman and Vice Chairman shall be elected and removed by more than one half of all the members of the Board. The term of their office shall be three years, and renewable upon re-election.

The general meeting may, by ordinary resolution, remove any director before the expiration of his term of office (but without prejudice to such director's right to claim damages based on any contract) on the condition that all the relevant laws and administrative regulations are fully complied with.

Any person appointed by the directors to fill a casual vacancy on or as an addition to the Board shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election.

The number of senior management member of the controlling shareholder (being the chairman and executive directors) holding concurrent office as the chairman and an executive director shall not be more than two.

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

**Article 148** A director failing to attend in person and not entrusting other directors to attend two consecutive board meetings shall be deemed to be unable to perform his duties. The Board shall propose to the general meeting to remove such director.

**Article 149** A director may resign before the expiration of his term. The resigning director shall submit to the Board a written notice of resignation. The Board shall disclose the relevant information within two days.

If the resignation of any director makes the number of directors constituting the Board fall below the quorum, before a new director is appointed, the original director shall perform his duties as a director according to the laws, administrative regulations and the relevant provisions of the Articles of Association.

Save and except for the circumstances specified above, the resignation of a director shall become effective upon notice of resignation is served to the Board.

**Article 150** Any director shall, upon effectiveness of his resignation or expiration of his term of office, complete all the transfer process with the Board. His commitment and duty of fiduciary towards the Company and the shareholders shall not be necessarily discharged upon conclusion of his term of labour, but shall remain in force within a reasonable period stipulated in the Articles of Association.

**Article 151** Without stipulation by the Articles of Association or lawful authorization by the Board, no director shall in his own name act for the Company or the Board. Provided that a director acts in his own name where a third party reasonably believes that such director is acting for the Company or the Board, such director shall declare his position and status in advance.

**Article 152** Where a director violates any the laws, administrative regulations, departmental rules or the provisions of the Articles of Association in the course of performing his duties and causes loss to the Company, such executive director shall be liable for compensation.

**Article 153** Independent directors of the Company are directors who do not hold any positions in the Company other than their directorship, do not maintain with the Company and its substantial shareholders (shareholders separately or jointly holding more than 5% voting shares of the Company) a connection which may possibly hamper their independent and objective judgments, and comply with the independence provision of the rules of the stock exchange on which the Company's shares are listed.

The term of office of independent directors is the same as other directors, and the term is renewable upon re-election when it expires, but the renewed term shall not exceed six years.

**Article 154** An independent director shall meet the following requirements:

(1) he shall be qualified as a director of a listed company according to the laws, administrative regulations, the listing rules of the stock exchange on which the Company's shares are listed and other relevant provisions;

(2) he shall have independence as required by the rules of the stock exchange on which the Company's shares are listed;

(3) he shall have the basic knowledge of operating a listed company, and is well acquainted with the relevant laws, administrative rules and other rules and regulations;

(4) he shall have at least five years of experience in the legal or economic field, or other experience necessary for the performance of his duties as an independent director;

(5) he shall ensure that he has sufficient time and energy to effectively discharge the duties as an independent director;

(6) such other conditions set forth in the Articles of Association.

**Article 155** The following persons shall not be independent directors of the Company:

(1) persons who are employed by the Company or its subsidiaries, or direct and close relatives thereof (direct relatives mean spouses, parents, and offspring, and close relatives include siblings, father-in-law and mother-in-law, daughter-in-law and son-in-law, brother-in-law and sister-in-law, and the siblings of the spouses);

(2) natural persons who hold directly or indirectly more than 1% of the Company's issued shares, or who are among the top ten shareholders of the Company, and direct relatives thereof;

(3) persons employed by Company which hold directly or indirectly more than 5% of the issued shares of the Company or are among the top five shareholders of the Company, and direct relatives thereof;

(4) persons who fall under any of the above three categories in the past one year;

(5) persons who provide financial, legal or consultation labours to the Company or any of its subsidiaries;

(6) such other persons specified in the Articles of Association;

(7) such other persons specified by the CSRC.

**Article 156** At least one third of the members of the Board shall be independent directors. The Company shall make up for the required number of independent directors in accordance with regulations if any independent director does not satisfy the requirements of independence or such director cannot perform his duties and functions as an independent director, resulting in insufficient number of independent directors as required by the Articles of Association.

The Company shall have at least one independent director with a habitual residence in Hong Kong.

**Article 157** Independent directors of the Company shall be elected by the following forms:

(1) the Board, the Supervisory Committee, and shareholder(s) who severally or jointly with other persons hold(s) more than 1% of the issued shares of the Company shall have the right to nominate candidates as independent directors, and the nominated candidates shall become independent directors by election at a general meeting;

(2) the nominator shall obtain approval of the proposed candidate for the nomination before making a nomination. The nominator shall have adequate knowledge of the profession, education, professional title and detailed work experience of the nominee as well as status of all his part-time jobs. The nominator shall also comment on the qualification and independence of the nominee as an independent director. The nominee shall make a public statement disclaiming any relationship between him and the Company that will affect his independent judgment;

(3) before the shareholders meeting for the election of independent directors, the Company's Board of Directors shall announce the above information in accordance with the relevant provisions;

(4) provided where RMB denominated ordinary shares are issued by the Company and are listed on the domestic stock exchange, before convening the general meeting for the election of independent directors, the Company shall submit the written opinion of the Board, and the relevant materials of all the nominees to the CSRC and its local office as well as the stock exchange on which the Company's shares are listed. Dissenting opinions of the Board with regard to the nominees shall also be submitted.

Nominees of independent directors objected by the CSRC may be candidates for the directors of the Company but not as candidates for independent directors of the Company.

At the general meeting for the election of independent directors, the Board shall make clear whether the nominees of independent directors are objected to by the CSRC.

**Article 158** An independent director who fails to attend at three consecutive board meetings in person shall be replaced upon proposal of the Board to the general meeting.

**Article 159** An independent director shall not be dismissed without a justified cause before the expiration of his term, unless under the above circumstances and any of the conditions specifying the disqualification of a director under the Company Law have occurred. When an independent director is dismissed before expiration of his term, the Company shall disclose the dismissal as a special disclosable issue.

Independent directors shall have the following special functions and powers, in addition to entitling to those powers vested to directors by the Company Law, other relevant laws and regulations and the listing rules of the stock exchange on which the Company's shares are listed:

(1) any major connected transactions (referring to a connected transaction to be entered into between the Company and a connected person, the aggregate value of which is in excess of RMB3 million or accounts for more than 5% of the Company's latest audited net asset value) shall be approved by independent directors before being submitted to the Board for discussion;

(2) proposing to the Board with respect to engaging or disengaging accounting firms;

(3) proposing to the Board with respect to the convening of an extraordinary general meeting;

(4) proposing the convening of board meetings;

(5) engaging external auditing firms or consultancy firms;

(6) openly soliciting and collecting proxies before the convening of a general meeting.

Independent directors shall obtain the consent of over half of all the independent directors in exercising any of the above functions and powers. If any of the above proposals have not been adopted or if any the above powers may not be exercised, the Company shall disclose the relevant information.

**Article 160** In addition to the above obligations, the independent directors shall provide their independent opinions to the Board or the general meeting on the following matters:

(1) nomination, appointment and removal of directors;

(2) appointment and dismissal of senior management;

(3) determination of remuneration of directors and senior management;

(4) existing or new loans and other financial transactions, the aggregate value of which is in excess of RMB3 million or accounts for more than 5% of the Company's latest audited net asset value, between the Company and its shareholders, persons exercising de facto control over the Company or their affiliates, and whether the Company has taken effective measures to collect the amounts due;

(5) matters which may harm the interests of the minority shareholders in the opinion of the independent directors;

(6) such other matters provided for by the Articles of Association.

Independent directors shall express one of the following opinions in respect of the aforesaid matters: consent opinion; qualified opinion and the reasons thereof; objection opinion and the reasons thereof; unable to express an opinion and the reasons thereof.

If the relevant matters are subject to disclosure, the Company shall make an announcement of the opinions of independent directors. If independent directors fail to reach a consensus, the Board shall disclose the opinion of each independent director separately.

**Article 161** The Company shall establish the Board, which shall be accountable to and report to the general meeting. The Board shall consist of nine directors, three of which are independent directors. The Board shall have one chairman and two vice chairmen. Independent directors shall include at least one accounting professional (an accounting professional is a person with a senior professional capacity or certified public accountant qualification).

**Article 162** The Board shall be responsible to the general meeting and shall exercise the following functions and powers:

(1) to be responsible for the convening of the general meeting and to report on its work to the general meeting;

(2) to implement the resolutions of the general meeting;

(3) to decide on the Company's business plans and investment plans;

(4) to formulate the Company's annual preliminary and financial budgets;

(5) to formulate the Company's profit distribution plan and plan for making up losses;

(6) to formulate proposals for increase or decrease in the registered capital and the issue of debentures of the Company;

(7) to draw up plans for the material acquisitions, share repurchases, merger, division, dissolution or change of the Company;

(8) to decide on matters relating to the Company's external investments, assets acquisitions and disposals, assets pledges, entrusted financial management and connected transactions within the authorisation of the general meeting;

(9) to decide on the establishment of the Company's internal management structure;



(10) to appoint or dismiss the Company's general manager, and pursuant to the general manager's nominations to appoint or dismiss the deputy general manager and other senior management of the Company and determine their remunerations;

(11) to establish the Company's basic management system;

(12) to formulate proposals for amendments to the Articles of Association;

(13) to determine the Company's wages and salaries, fringe benefits and incentive scheme subject to and conditional upon relevant national provisions;

(14) to make decisions on other material businesses and administrative matters of the Company, which are not provided for in the Articles of Association and to be determined by the general meeting;

(15) to formulate proposals for material acquisitions or disposals;

(16) to manage the information disclosure issue of the Company;

(17) to propose to the general meeting for the engagement or change of accounting firm for the audit work of the Company;

(18) to receive the work report and to check the work of the general manager of the Company;

(19) to decide compliance management objective of the Company to improve its compliance cultural construction and to urge the Company to address problems in the compliance management ;

(20) such other powers conferred by the laws, administrative regulations, departmental rules, shareholder's general meeting or the Articles of Association.

Save and except for the resolutions of the Board in respect of the matters specified in Sub-clauses (6), (7) and (12) of this Article which shall be passed by more than two-thirds of all directors, resolutions of the Board in respect of all other matters may be passed by more than one half of all directors.

**Article 163** The Board shall explain to the general meeting regarding the non-standard auditors' advice given by the chartered accountant in relation to the financial report of the Company.

**Article 164** The Board shall formulate the rules of procedures of board meetings to ensure the implementation by the Board of the resolutions of the general meeting, the enhancement of work efficiency, and the guarantee of scientific decision making. The procedural rules for business discussion of the Board provides for the convening and voting procedures for meetings of the Board, as an appendix of the Company's Articles of Association, which shall be prepared by the Board and shall be subject to approval of the general meeting.

**Article 165** The Board shall have the right to decide on the transactions, otherwise than those which shall be subject to approval by shareholders as required by Article 111 and Article 112, including but not limited to, external investments, assets acquisition and disposals, asset pledges, security to third parties, entrusted financial management and connected transactions. The Company should establish stringent examination and procedures; and specialists or professional personnel shall be organised to assess and examine any material investment projects, and such investment projects shall be submitted to the general meeting for approval.

**Article 166** The Board shall not, without prior approval of shareholders in a general meeting, dispose of or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of the consideration for the proposed disposal and the value of the consideration for any similar disposal of fixed assets in the four months immediately preceding the proposed disposal, exceeds 33% of the value of the Company's fixed assets as stated in the latest balance sheet placed before the general meeting.

A 「disposal of fixed assets」 as referred to in this Article includes an act involving the transfer of an interest in certain assets but does not include the provision of fixed assets by way of security.

Breach of sub-clause 1 of this Article shall not prejudice the validity of any transaction entered into by the Company in disposal of fixed assets.

**Article 167** The Chairman of the Board shall exercise the following functions and powers:

- (1) to preside over the general meeting, and to convene and preside over the meetings of the Board;
- (2) to supervise and check the implementation of board resolutions;
- (3) to sign the securities issued by the Company;
- (4) to exercise other powers vested by the Board.

The Vice Chairman of the Company shall assist the Chairman in his performing his duties. If the Chairman is unable or fails to perform his duties, the two Vice Chairmen shall negotiate and determine one of them to perform such duties. If the two Vice Chairmen are unable to reach an unanimous agreement, one of the two Vice Chairmen to be elected by more than one half of the directors shall perform duties of the Chairman; if the two Vice Chairmen are unable or fail to perform such duties, a director elected by more than one half of the directors shall perform such duties.

**Article 168** The Board shall establish several special committees.

The functions and duties of the special committees of the Board shall be determined according to the relevant State provisions and the resolutions of the Board.

**Article 169** Board meetings shall be held at least four times every year and shall be convened by the Chairman of the Board by serving a notice on all the directors and supervisors no later than fourteen days prior to the convening date of the meeting.

An extraordinary board meeting shall be convened by the Board upon occurrence of any of the following circumstances:

- (1) it is proposed by shareholders representing more than one tenth of voting rights;
- (2) it is proposed by more than one third of the directors;
- (3) it is proposed by the Supervisory Committee;
- (4) it is considered necessary by the Chairman of the Board;
- (5) it is proposed by more than half of the independent directors;
- (6) it is proposed by the general manager;
- (7) it is requested to be convened by the securities regulatory authorities;
- (8) such other situations prescribed by the Articles of Association.

The Chairman of the Board shall convene and preside over a board meeting within ten days after receiving such proposal. If the Chairman is unable or fails to perform his duties, the two Vice Chairmen shall negotiate and determine one of them to perform such duties. If the two Vice Chairmen are unable to reach an unanimous agreement, one of the two Vice Chairmen to be elected by more than one half of the directors shall perform duties of the Chairman; if the two Vice Chairmen are unable or fail to perform such duties, a director elected by more than one half of the directors shall convene and preside over the meeting. The reasonable costs incurred by the directors for attending board meetings shall be borne by the Company. Such costs include traveling expenses incurred by the directors for traveling from his place to the meeting venue (if a director's place is different from the meeting venue), food and board expenses during the meeting period, rental for the meeting venue and transport expenses for traveling to the meeting venue.

**Article 170** The time and place of a meeting of the Board may be prescribed in advance, and recorded in the minutes, which are distributed to all directors at least 10 days prior to the convening of the next board meeting. No further notice shall be required to be served to the directors in respect of the convening of the meeting.

In connection to the convening of a regular meeting and an extraordinary meeting of the Board, a notice shall be served 14 days and 5 days prior to the holding of the meeting. Notice of a meeting may be submitted to all the directors and supervisors as well as the general manager and board secretary by direct service, e-mail, telegram, telex, fax, express courier, registered mail or by other means.

Notice shall be in Chinese language, with an English version attached if necessary. Notice should include an agenda. Any director can renounce his right to be issued a notice of the board meeting or to receive a meeting notice within the above time limit. In an urgent situation when an extraordinary board meeting has to be convened with short notice as soon as practicable, the notice of the meeting may be served at any time by telephone or other verbal means will be issued notices of meetings, but the convener should provide reasons thereof in the meeting.

Directors who have attended the meeting will be deemed to have been issued a notice of board meeting if he had not raised any issues of not having received such notice before or during the board meeting.

A meeting or extraordinary board meeting may be convened by means of telephone conference or other similar communications equipment through which directors participating in the meeting can communicate with each other simultaneously and instantaneously and such participation shall constitute presence at a meeting as if those participating were present in person.

**Article 171** Notice of a board meeting shall contain at least the following information:

(1) the date and venue of the meeting;

(2) the method by which the meeting is held;

(3) the matters to be discussed (the agenda);

(4) the convener and the chairman of the meeting, the person who proposes the special board meeting and his written proposal;

(5) the request for the personal attendance of the directors or the attendance through the appointment of an alternate director;

(6) the contact person and the method of contact.

(7) the issue date of the notice.

Verbal notice shall at least include the details of item (1) and (2) and the reason for convening an urgent special board meeting with short notice.

**Article 172** Otherwise than the situations stipulated by Article 175 and Article 219 hereof, the board meetings shall be held only if more than half of the directors are present.

A show of hands is adopted for voting at any Board meetings, where each Director shall have one vote. Save for the exceptional circumstances set out in Articles 175 and 219, a simple majority of the votes of all Directors is required for passing of a Board resolution.

Where the number of votes cast for and against a resolution is equal, the Chairman of the Board shall have a casting vote.

In the case of any contradictory in terms of contents and meanings amongst different resolutions, the resolution made at the latest time shall prevail.

**Article 173** Directors shall attend any board meeting in person. Where a director is unable to attend for some reasons, he may authorise in writing another director to attend the board meeting in his stead. The instrument of proxy shall specify the scope of authorization.

The director attending the meeting for another director shall exercise the rights of the latter director within the scope of authorisation. Any director who is unable to attend a particular board meeting and has not authorised a proxy to attend in his stead shall be deemed as a waiver of the right to vote at that meeting.

**Article 174** A director shall vote for, against or abstain from a voting. Attending directors shall choose one among the above intentions. Shall a director make no choice, or choose more than two intentions, the chairman of the meeting shall require such director to choose again. Shall a director refuse to choose, he shall be deemed abstained.

**Article 175** Under any of the following circumstances, directors shall abstain from voting on the related resolutions:

(1) as required by the listing rules of the stock exchange on which the Company's shares are listed;

(2) as considered necessary by the director himself;

(3) such other circumstances as required by the Articles of Association of the Company, where connected relationships exist between the directors and the enterprises involved in the meeting proposals.

Where directors have abstained from voting, the related board meetings shall be attended by more than half of the unaffiliated directors, and the related resolutions shall be adopted by more than half of the unaffiliated directors. Shall the unaffiliated directors attending the meeting be less than three in number, such matter shall be submitted for review to a general meeting. The Board should, when making resolutions on connected transactions or continuing connected transactions, seek for opinions of the independent directors.

**Article 176** If more than half of the directors present at the meeting or more than two independent directors consider the proposal to be indefinite and unspecific, or where an informed determination cannot be made due to other reasons including inadequate meeting materials, they may jointly propose to postpone the board meeting or the discussion on part of matters at the meeting, and the Board shall accept their opinions.

Directors who propose the postponement of voting shall make clear requirements for re-consideration of the subject proposal.

**Article 177** The Board shall keep minutes of its decisions on the matters considered. Directors attending the meeting and the person taking the minutes shall sign the minutes of the meeting. Directors shall be responsible for the resolutions of the board meetings. Where a resolution of the board meetings violates the laws, administrative regulations or the Articles of Association and causes serious losses to the Company, the directors who took part in such a resolution shall be liable to compensate the Company. However, if a director can prove that he had expressed his opposition to such resolution when it was put to the vote, and such opposition is recorded in the minutes of the meeting, the director may be relieved of such liability.

The opinions expressed by the independent directors should be stated in the resolutions of the Board.

**Article 178** The minutes shall contain the following information:

(1) the session of the meeting, time, venue and form of the meeting;

(2) the particulars of issuing the notice of the meeting;

(3) the names of the convener and the chairman of the meeting;

(4) the directors attending in person or by proxy;

(5) the proposals reviewed in the meeting, the main points of speeches and major opinions by each director;

(6) the voting result of each proposal (specifying numbers of affirmative, opposing and abstention votes);

(7) such other matters to be recorded as the directors attending the meeting consider appropriate.

**Article 179** The Board may adopt resolution in writing to substitute for holding the board meeting, but the draft of such resolution must be sent by one of the means of by hand, mail, fax or email to each of the directors. If the relevant written resolution has been distributed to all directors, and the number of directors having signed on the draft or several copies of the draft (in the same form) indicating his consent amounted to the necessary quorum for the relevant decision and the same being returned to the board secretary in any of the aforesaid manners, such resolutions shall become the resolution of the Board and no board meeting is further required to be held.

**Article 180** The board meeting documents, including meeting notices and meeting materials, the power of attorney of appointing directors, meeting taping information, meeting minutes signed and confirmed by attending directors, meeting summaries (if any), resolution records (if any), resolutions, among others, shall be filed by the secretary to the Board.

The board meeting documents shall be filed for a period of at least fifteen years.

## **CHAPTER XI SECRETARY TO THE BOARD OF THE COMPANY**

**Article 181** The Company shall have a secretary to the Board, who is a senior management member of the Company.

An administrative officer of the controlling shareholder may not hold the office of the secretary to the Board concurrently.

**Article 182** The secretary to the Board of the Company shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the Board. The primary duties of the secretary to the Board are:

(1) to be responsible for the communication and liaison between the Company and the related parties and the stock exchange and other securities regulatory authorities, to guarantee the Company is legally entitled to prepare and submit required reports and documents to competent authorities;

(2) to be responsible for dealing with the disclosure of corporate information affairs, to urge the Company to develop and implement the management systems of information disclosure and the internal reporting system of material information in order to promote the Company and the related parties to carry out their information disclosure obligations according to the laws, and handle disclosure of the periodic reports and the interim reports to the stock exchange in accordance with the relevant provisions;

(3) to coordinate the relationship between the Company and its investors, to play host to investors' visits, to answer investors' enquiries, to provide investors with an access to information disclosure of the Company;

(4) to prepare a general meeting and a board meeting in accordance with the legal procedures, and to prepare and submit the documents and information for the relevant meetings;

(5) to participate in board meetings and produce minutes of meeting with signatures;

(6) to be responsible for the confidentiality of the corporate information disclosure, to draw up security measures, to procure the directors, supervisors, general manager, deputy general manager and other senior management members and the informed associated personnel to keep information in confidentiality prior to its disclosure, and take timely remedial measures upon divulging of insider information and report accordingly to the stock exchange;

(7) to be responsible for keeping the Company's register of members, roster of directors, as well as the information about the holding of shares of Company by the major shareholders, directors, supervisors, general manager, deputy general manager and other senior management members, and the documents and minutes of a general meeting and a board meeting and so on, to assure the Company of a complete organization of documents and records for ensuring that the relevant records and documents of the Company shall be obtained in a timely manner by those with the right of access to such relevant records and documents;

(8) to assist the directors, supervisors, general manager, deputy general manager and other senior management members to understand contents relating to their legal responsibilities in information disclosure related laws, regulations, rules, listing rules and other regulations of stock exchange, the Articles of Association, as well as listing agreement;

(9) to procure the Board to exercise their powers in pursuance of the laws; to remind the attending directors in case of any violation of the laws, rules, regulations, the Listing Rules of the stock exchange and other provisions or the Articles of Association by a board resolution intended to be made at a meeting of the Board, and seek for expression of views from the attending supervisors in this respect; if the aforesaid resolution is insisted by the Board, the secretary to the Board should record the views of supervisors and individuals in the minutes, and report to the stock exchange at the same time;

(10) to discharge such other duties as provided by the applicable laws, administrative regulations, departmental rules, the listing rules of the stock exchange on which the Company's shares are listed, other provisions and the Articles of Association.

**Article 183** Each director or other senior management members of the Company may concurrently hold the office of the secretary to the Board of the Company. The accountant(s) of the certified public accountant firm(s) engaged by the Company shall not act as the secretary to the Board of the Company.

Provided that where the office of the secretary to the Board of the Company is held concurrently by a director and an act is required to be done by a director and a board secretary separately, the person who holds the office of director and board secretary may not perform the act in dual capacity.

## CHAPTER XII GENERAL MANAGER AND DEPUTY GENERAL MANAGER OF THE COMPANY

**Article 184** The Company has one general manager and a certain number of deputy general managers, who shall be appointed or dismissed by the Board. The deputy general manager shall assist the general manager in his work, and shall be accountable to the general manager. In absence or incapability of the general manager in performing his duties, such duties shall be performed by the deputy general manager(s). The Board may decide upon whether a member of the Board shall concurrently act as the general manager.

A board member may assume the concurrent office of a general manager, deputy general manager and other senior management members as determined by the Board of the Company, but the number of directors holding the concurrent office of a general manager, deputy general manager and other senior management members shall not exceed by one half of the total number of directors of the Company.

Each general manager, deputy general manager and other senior management members shall have an every term of office of three years, and shall be renewable for re-election.

**Article 185** A personnel holding administrative positions other than directors and supervisors in the controlling shareholder over the Company shall not hold the office of a senior management member of the Company.

**Article 186** The general manager shall be accountable to the Board and exercise the following functions and powers:

(1) to be in charge of the Company's production, operation and management and to organise the implementation of the resolutions of the Board, and report the work to the Board;

(2) to organise the implementation of the Company's annual business plans and investment plans;

(3) to draft plans for the establishment of the Company's internal management structure;

(4) to draft the Company's basic management system;

(5) to formulate basic rules and regulations for the Company;

(6) to propose the appointment or dismissal of the Company's deputy general manager(s) and financial controller;

(7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board;

(8) to be responsible for the construction of legal and compliance management system of the Company;

(9) such other powers conferred by the Articles of Association and the Board.



**Article 187** The general manager may be present at a meeting of the Board. The general manager has no voting rights at the board meetings unless he is also a director.

**Article 188** The general manager shall prepare the rules of working procedures for approval by the Board before implementation.

**Article 189** The rules of working procedures of general manager contain the following information:

(1) requirements for the convening of, procedures for, and persons attending to the general manager meeting;

(2) respective duties and responsibilities and division of work of general manager and other senior management members;

(3) scope of power of using the funds and assets of the Company and entering into material contracts, and the system of reporting to the Board and the Supervisory Committee;

(4) such other matters deemed necessary by the Board.

**Article 190** Each general manager and deputy general manager shall not, in exercising his functions and powers, vary the resolutions of a general meeting and board meeting or exceed the scope of his authorities.

**Article 191** The general manager and deputy general manager of the Company, in exercising their functions and powers, shall act honestly and diligently in accordance with the laws, administrative regulations and the Articles of Association. In the event that general manager and deputy general manager have violated any provision of the laws, administrative regulations, departmental rules or the Articles of Association in exercising their functions and powers and thereby causing losses to the Company, they shall be liable for compensation.

**Article 192** Each general manager and deputy general manager may tender his resignation before expiration of their terms of his office. The specific procedures and measures of resignation of the general manager and deputy general manager shall be subject to related labour contract between the general manager and deputy general manager and the Company.

### **CHAPTER XIII SUPERVISORY COMMITTEE**

**Article 193** The Company shall have a Supervisory Committee. The Supervisory Committee is a standing supervisory agency of the Company which is responsible of the supervision of Board of Directors and its members and senior management members such as the general manager and deputy general manager so as to prevent them from the misuse of authority and infringing upon lawful rights of the shareholder, the Company and the Company's employees.

**Article 194** The Supervisory Committee shall consist of five supervisors, one of which shall be the chairman of the Supervisory Committee. The term of office of each supervisor shall be a period of three years and shall be eligible for re-election.

The chairman of the Supervisory Committee is subject to election or removal with the consent of two thirds or more of the members of the Supervisory Committee.

The supervisors of the first Supervisory Committee shall be elected at the inaugural meeting by the Company and shall have a term of office until the close of the third annual general meeting.

**Article 195** The Supervisory Committee shall consist of two shareholder representatives, two representatives of the staff and workers of the Company and one independent supervisor of the Company. The shareholder representatives and the independent supervisor shall be subject to election and removal at a general meeting. Supervisors representing the staff and workers shall be elected and removed by the staff and workers of the Company through democratic process.

The supervisors represented by the staff and workers of the Company co-opted or by-elected at a general meeting shall have a term of office commencing from the effective date of their election and expiring upon conclusion of the tenure of the Supervisory Committee.

**Article 196** Each director, general manager and other senior management member of the Company may not hold the office of a supervisor concurrently.

**Article 197** Where no re-election is made in time upon expiry of the term of a supervisor, or any supervisor's resign resulting in the number of members of the Supervisory Committee below the statutory number, the original supervisor shall, prior to a new supervisor entering on the office, continue to perform his duties as a supervisor in accordance with the laws, administrative regulations and the Articles of Association.

**Article 198** Supervisors shall ensure that the information disclosed by the Company is true, accurate and complete.

**Article 199** Supervisors may attend as non-voting members at a Board meeting and shall have the right to inquire or put forward suggestions on resolutions of Board of Directors.

**Article 200** Supervisors shall not exploit their Connected Relationship with the Company to the prejudice of the interests of the Company. Where they have violated such provision and thereby causing damages to the Company, they shall be liable for compensation.

**Article 201** Where a supervisor violates any the laws, administrative regulations, departmental rules or the provisions of the Articles of Association in the course of performing his duties and causes loss to the Company, such supervisor shall be liable for compensation.

**Article 202** A meeting of the Supervisory Committee shall be convened at least twice a year, and shall be held at least once every six months in each year.

Supervisors may propose to convene an extraordinary meeting of the Supervisory Committee. An extraordinary meeting should be convened within 10 days by the Supervisory Committee upon occurrence of any of the following circumstances:

(1) it is proposed by any supervisors;

(2) a resolution is in violation of any of the laws, regulations, rules, the provisions and requirements of the supervisory department, these Articles of Association, the resolutions of general meeting and other relevant resolutions as required at a general meeting or board meeting;

(3) any inappropriate behavior of any of the directors and the senior management members has incurred possible material damages to the Company or adverse impacts to the market;

(4) any of the Company, the directors, the supervisors or the senior management is sued by shareholders;

(5) any of the Company, the directors, the supervisors or the senior management members is subject to any penalisation by the securities regulatory authorities or condemnation by the stock exchange on which the Company's shares are listed;

(6) a request is made by the securities regulatory authorities;

(7) such other circumstances prescribed by the Articles of Association.

A meeting of the Supervisory Committee shall be convened and presided over by the chairman of the Supervisory Committee. When the chairman of Supervisory Committee is unable or fails to perform such duties, a supervisor shall be elected by half or more of the supervisors to convene and preside over a meeting of the Supervisory Committee. A resolution of the Supervisory Committee shall be passed by half or more of the supervisors.

**Article 203** The Supervisory Committee is accountable to the general meeting, and shall exercise the following functions and powers pursuant to the laws:

(1) to review and express its view in writing on securities issuance documents and regular reports prepared by the Board;

(2) to examine the finance of the Company;

(3) to monitor the performance of duties of directors and senior management members, and the proposing of dismissal of any directors and senior management members who have breached the laws, administrative regulations and the Articles of Association or resolutions of general meeting;

(4) to demand for rectification in the event of any damages to the interests of the Company caused by any of the directors, general manager or other senior management members;

(5) to inspect the financial reports, operation reports and profit appropriation proposals prepared by the Board to be submitted to general meeting. In the case of any doubts, the committee may appoint a registered accountant or practicing auditor to help in the review in the name of the Company;

(6) to propose the convening of an extraordinary general meeting, and convening and chairing of a general meeting in the event of the Board having failed to perform its duties;

(7) to propose motions to general meeting;

(8) to negotiate with any of the directors and senior management members, or instituting proceedings against any of the directors and senior management members;

(9) such other functions prescribed by the Articles of Association.

The supervisors attending a meeting of the Board shall raise questions and put forward recommendations on the issues relating to meetings of the Board.

**Article 204** The Supervisory Committee shall formulate the procedural rules for business discussion, and shall make a clear definition of the procedural rules for business discussion and voting procedures of the Supervisory Committee to ensure the efficiency and scientific decision-making of the Supervisory Committee. The procedural rules for business discussion of the Supervisory Committee provides for the convening and voting procedures of the Supervisory Committee, as an appendix of the Articles of Association of the Company, which is prepared by the Supervisory Committee and is subject to approval of a general meeting.

**Article 205** The notice convening a regular meeting or an extraordinary general meeting of the Supervisory Committee shall be subject to a notice period of 10 days and 5 days respectively, and shall be served to all supervisors by means of direct delivery, fax, e-mail or other means.

In an urgent situation when an extraordinary general meeting of the Board has to be convened as soon as practicable, notice of the meeting may at any time be served on the telephone or by other verbal means, but the convener shall elucidate the same at the meeting.

The written meeting notice shall include at least the following information:

- (1) the time and place of the meeting;
- (2) the mode of convening the meeting;
- (3) the issues to be considered (the agendas);
- (4) the person who convenes or presides over the meeting as well as the moderator of the extraordinary general meeting and its written proposal;
- (5) the request concerning whether a supervisors should be present in person or may attend the same by other supervisor instead of him as his proxy;
- (6) contact person and contact method;
- (7) the date of issue of the notice.

Verbal notice of meetings should at least include those contents mentioned in sub-clauses

(1) and (2) above, and shall elucidate the urgency of the situation when an extraordinary general meeting of the Board has to be convened as soon as practicable.

**Article 206** A meeting of the Supervisory Committee shall only be convened with the attendance of two thirds or more of the supervisors.

The vote at a meeting of the Supervisory Committee shall be taken by poll, and each supervisor shall have one vote.

A resolution of the Supervisory Committee shall be passed by over two thirds of the members of the Supervisory Committee.

A meeting of the Supervisory Committee shall be attended by the supervisors in person. Where any supervisor cannot attend the meeting for any reason, he may appoint another supervisor as his proxy to attend the meeting and vote in his stead, with the proxy form specifying the scope of authorization.

**Article 207** The minutes of the Supervisory Committee shall include the following information:

(1) the time, venue and form of the meeting session and meeting convened;

(2) dispatch of the notice of the meeting;

(3) the convener and presider of the meeting;

(4) the attendance of the meeting;

(5) the motions considered by the meeting, major comments and opinions of directors on the relevant issues;

(6) the voting result for each motion (the voting result shall set out the respective numbers of affirmative, opposing and abstention votes); and

(7) such other issues that should be recorded in the opinion of the attending supervisors.

**Article 208** Minutes shall be kept for meetings of the Supervisory Committee. The supervisors present at meetings and the person taking minutes shall sign on the minutes. The supervisors are entitled to request to record their statements at the meeting in the minutes. When necessary, a prompt report should be made to the regulatory authorities and a public statement may also be issued.

Provided where supervisors have neither signed for their confirmation, nor made any written record for their different opinions or made a report to the regulatory authorities or issued a public statement according to the preceding paragraph, they shall be considered to have fully agreed with the contents of the records of the meeting.

Minutes of a meeting of the Supervisory Committee shall be kept by the board secretary as a file of the Company. Minutes shall be kept for a period of 15 years.

**Article 209** All reasonable fees incurred in respect of the engagement of professionals such as lawyers, certified public accountants or practicing auditors by the Supervisory Committee in exercising its functions and powers shall be borne by the Company.

**Article 210** The supervisors shall faithfully discharge their supervisory responsibilities in accordance with the laws, administrative regulations and the Articles of Association, not to abuse their official powers to accept bribes or other unlawful income, and not to expropriate the Company's property.

## **CHAPTER XIV QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS, MANAGER AND OTHER SENIOR MANAGEMENT OF THE COMPANY**

**Article 211** A person shall be disqualified for being a director, a supervisor, a general manager, a deputy general manager or other senior management members of the Company in any of the following circumstances:

(1) the individual has no capacity to undertake civil liabilities or restricted capacity to undertake civil liabilities;

(2) a period of five years has not yet elapsed since the penalisation on conviction of corruption, bribery, unauthorised taking of property, misappropriation of property or disrupting social and economic order; or a period of five years has not yet elapsed since being deprived of political rights for commission of offences;

(3) a period of three years has not yet elapsed since the completion of the liquidation of any Company or enterprise which was insolvent due to unsound business operation and management and where the person acted as a director, factory manager or manager of such Company or enterprise and was personally liable for such insolvency;

(4) a period of three years has not yet elapsed since revocation of the business license of a company or enterprise due to illegal business operations where the person was the legal representative of such company or enterprise and for which he was personally liable;

(5) the person is personally liable for a substantial loan which is due for payment but remains unpaid;

(6) the person is currently being prohibited from participating in the securities market by the CSRC and such barring period has not elapsed;

(7) the person has been involved in a criminal offence which is subject to investigation by the judicial authority, and the case remains unsettled;

(8) the person is not eligible for acting in the leadership of a Company or an enterprise according to the laws or administrative regulations;

(9) the person is not a natural person;

(10) a period of five years has not yet elapsed since the person was adjudged by the relevant regulatory authorities to be guilty of contravention of provisions of securities regulations involving fraud or dishonesty;

(11) such other stipulations of the laws, administrative regulations rules, departmental rules or the provisions as prescribed by the securities regulatory authorities and the stock exchange on which the shares of the Company are listed.

In addition to the above conditions, a director of the Company should also meet the following criteria:

(1) over the past three years, he has not been subject to any administrative penalty by the CSRC;

(2) over the past three years, he has not been subject to any public condemnation or promulgated criticism for more than two times by the stock exchange on which the shares of the Company are listed;

(3) he has not been publicly identified as unsuitable for being a director of the Company during the period by the stock exchange on which the shares of the Company are listed (such period shall commence from the closing date of the meeting convened for the election and appointment of directors).

For any election and appointment of a director in contravention of the provisions prescribed by this Article, such election, appointment or employment shall be void and null. Provided where any of these circumstances occur in a director in his term of office, the director shall be dismissed of his duties.

**Article 212** The validity of an act of a director, general manager, deputy general manager and other senior management members on behalf of the Company is not, vis-a`-vis a bona fide third party, affected by any irregularity in his office, election or any defect in his qualification.

**Article 213** In addition to the obligations imposed by the laws, administrative regulations or required by the listing rules of the stock exchange on which shares of the Company are listed, each director, supervisor, general manager, deputy general manager and other senior management members of the Company shall, in the exercise of the functions and powers of the Company entrusted to him, be obliged to bear the following duties towards each shareholder:

(1) not to cause the Company to exceed the scope of business stipulated in its business license;

(2) to act honestly in the best interest of the Company;

(3) not to expropriate in any guise the Company's property, including but not limited to usurpation of opportunities advantageous to the Company;

(4) not to expropriate the individual rights of shareholders, including but not limited to rights to distribution and voting rights, save pursuant to a restructuring of the Company submitted to shareholders for approval in accordance with the Articles of Association.

**Article 214** Each director, supervisor, general manager, deputy general manager, and other senior management members of the Company shall, in the exercise of his powers and discharge of his obligations, be obliged to exercise the care, diligence and capability that a prudent person would reasonably exercise in comparable circumstances. Each of the Company's directors, supervisors, general manager, deputy general manager, and other senior management members shall perform their due diligence obligations towards the Company in pursuance of the laws, administrative regulations and the Articles of Association as follows:

(1) to exercise the rights accredited by the Company in a cautious, serious and due diligent manner so as to ensure the commercial behaviors of the Company shall be in compliance with the requirements of the State the laws, administrative regulations and the national economic policies in the PRC, and the commercial activities shall not exceed the scope of business stipulated in the business license;

(2) to treat all shareholders fairly;

(3) to keep informed of the operation and financial position of the Company on a timely basis;

(4) the directors, senior management members and supervisors shall sign on the Company's securities issuance documents and regular reports for written confirmation in order to ensure the timely and fair disclosure of information and the truthfulness, accuracy and completeness of the information disclosed by the Company within their duties; if it is impossible to guarantee the authenticity, accuracy, completeness or approval of the contents of the securities issuance documents and regular reports, the Company shall express its opinions and state the reasons in the written confirmation and disclose it. If the Company does not disclose it, the directors, supervisors and senior management members may disclose it directly;

(5) to provide true information and data to the Supervisory Committee, and not to interfere with the Supervisory Committee or supervisors in the exercise of their functions and powers;

(6) to perform other due diligence obligations imposed by the laws, administrative regulations, departmental rules and the Articles of Association.

**Article 215** Each director, supervisor, general manager, deputy general manager and any other senior management members of the Company shall exercise his powers or perform his duties in accordance with the principle of fiduciary; and shall not put himself in a position where there may be conflicts between his duties and his interests. Without limiting the generality of the foregoing, the following obligations (including but not limited to) shall be discharged:

(1) to act honestly in the best interests of the Company;

(2) to exercise powers within the scope of his powers and not to exceed those authorisations;

(3) to exercise the discretion vested in him personally and not to allow himself to act under the control of another and, unless and to the extent permitted by the laws, administrative regulations or with the consent of informed shareholders at a general meeting, not to delegate the exercise of his discretion;

(4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;

(5) except otherwise stipulated by the Articles of Association or otherwise consented by informed shareholders at a general meeting, not to enter into any contract, transaction or arrangement with the Company;

(6) without the consent of informed shareholders at a general meeting, not to use the Company's property for his own benefits;

(7) not to exploit his position to accept bribes or other illegal income or expropriate the Company's property by any means, including but not limited to opportunities advantageous to the Company;

(8) without the consent of informed shareholders at a general meeting, not to accept commissions in connection with any of the Company's transactions;

(9) to abide by the Articles of Association, perform his official duties faithfully and protect the Company's interests, and not to exploit his position and power in the Company to advance his own private benefits;



(10) not to compete with the Company in any way unless with the consent of informed shareholders at a general meeting;

(11) not to misappropriate the Company's funds or lend such funds to others, not to open accounts in his own name or other names for the deposit of the Company's assets and not to provide a guarantee for debts of a shareholder of the Company or other individual(s) with the Company's assets;

(12) unless otherwise permitted by informed shareholders at a general meeting, to keep information acquired by him in confidentiality in the course of and during his tenure and not to use the information other than in furtherance of the interests of the Company, save and except that disclosure of such information to the court or other governmental competent authorities is permitted if:

1. disclosure is made under compulsion of the laws;
2. the interests of the public require disclosure;
3. the interests of the relevant director, supervisor, general manager, deputy general manager and other senior management members require disclosure.

Where a director, supervisor, general manager, deputy general manager and other senior management member has violated the provisions prescribed in this Article, the revenue should be counted in the interest of the Company; and they shall be liable for reimbursement to the Company for any losses caused to the Company.

**Article 216** Each director, supervisor, general manager, deputy general manager and any other senior management members of the Company shall not cause the following persons or institutions (「associates」) to do what he is prohibited from doing:

(1) the spouse or minor children of that director, supervisor, general manager, deputy general manager and other senior management members;

(2) a person acting in the capacity of a trustee of that director, supervisor, general manager, deputy general manager and other senior management members or any person referred to in Sub-clause (1) of this Article;

(3) a person acting in the capacity of partner of that director, supervisor, general manager, deputy general manager and other senior management members or any person referred to in Sub-clauses (1) and (2) of this Article;

(4) a company in which that director, supervisor, general manager, deputy general manager and other senior management members, alone or jointly with one or more personnel referred to in sub-clauses (1), (2) and (3) of this Article and other directors, supervisors, general manager, deputy general manager and other senior management members having a de facto controlling interest;

(5) directors, supervisors, general manager and other senior management members of the controlled entities referred to in Sub-clause (4) of this Article.

**Article 217** The fiduciary duties of each director, supervisor, general manager, deputy general manager and other senior management members of the Company shall not be necessarily ceased with the termination of his tenure. The duty of confidentiality in relation to trade secrets of the Company shall survive upon termination of his tenure. Other duties may continue for such period as fairness may require depending on the time lapses between the termination and the act concerned and the circumstances and conditions under which the relationships between him and the Company are terminated.

**Article 218** Except as provided in Article 68 hereof, each director, supervisor, general manager, deputy general manager and any other senior management members of the Company may be relieved of liability for specific breaches of his duties by the consent of informed shareholders at a general meeting.

**Article 219** Where a director, supervisor, general manager, deputy general manager and any other senior management members of the Company is, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than an employment contract of each director, supervisor, general manager, deputy general manager and any other senior management members with the Company), he shall declare the nature and extent of his interests to the Board at the earliest opportunity, whether or not the relevant issues shall be otherwise subject to approval of the Board.

Unless the director, supervisor, general manager, deputy general manager and other senior management of the Company so interested have made a disclosure of such interest to the Board as required in the preceding paragraph of this Article and the Board has approved the same in a meeting in which such persons have not been counted in the quorum nor have such person voted at the meeting, the Company shall have the right to revoke such contract, transaction or arrangement unless the other party is a bona fide party without knowledge of the breach of the obligations of such director, supervisor, general manager, deputy general manager and other senior management.

Each director, supervisor, general manager, deputy general manager and other senior management of the Company shall be deemed to be interested in a contract, transaction or arrangement in which any associate of the director, supervisor, general manager, deputy general manager and other senior management members are interested.

**Article 220** Where a director, supervisor, general manager, deputy general manager and other senior management members of the Company gives a written notice to the Board before the Company's first consideration of formulation of any contract, transaction or arrangement, stating that due to the content of the notice, he is interested in such contracts, transactions or arrangements which may subsequently be made by the Company, the content stated in such notice shall be deemed for the purposes of the preceding Article of this Chapter to be a sufficient disclosure of the interests of the director, supervisor, general manager, deputy general manager and other senior management members.

**Article 221** The Company shall not in any manner pay taxes on behalf of its director, supervisor, general manager, deputy general manager and any other senior management members.

**Article 222** The Company shall neither directly or indirectly make a loan to or provide any loan guarantee to its director, supervisor, general manager, deputy general manager and other senior management members of the Company or of its parent company, nor make a loan to or provide any loan guarantee to any associate(s) of the above-mentioned persons.

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

(1) the provision by the Company of a loan or a loan guarantee to a Company which is a subsidiary of the Company;

(2) the provision by the Company of a loan or a loan guarantee or any other funds to a directors, supervisor, general manager, deputy general manager and other senior management members of the Company to meet expenditures incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to properly perform his duties, in accordance with the terms of a employment contract approved by shareholders at a general meeting;

(3) the Company may make a loan to or provide a loan guarantee to any of the relevant directors, supervisors, general manager, deputy general manager and other senior management members or their respective associates in the ordinary course of its business on normal commercial terms, provided that the ordinary course of business of the Company should include the lending of money or the giving of guarantees.

**Article 223** A loan made by the Company in breach of the preceding Article shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

**Article 224** A guarantee for repayment of loan provided by the Company in breach of sub-clause 1 of Article 222 shall not be enforceable against the Company, unless:

(1) the guarantee was provided in connection with a loan to an associate of any of the directors, supervisors, general manager and other senior management members of the Company or of the Company's parent company and the lender were not aware of the relevant circumstances at the time the loan was advanced; or

(2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

**Article 225** For the purpose of the foregoing paragraph of this Chapter, a [guarantee] shall include an undertaking or property provided to secure the performance of obligations by the obligor.

**Article 226** In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor, general manager, deputy general manager or other senior management members of the Company is in breach of his duties to the Company, the Company shall have a right to:

(1) claim damages from the director, supervisor, general manager, deputy general manager and other senior management members in compensation for losses sustained by the Company as a result of such breach;

(2) rescind any contract or transaction entered into by the Company with the director, supervisor, general manager, deputy general manager and other senior management members or with a third party (where such third party knows or should know that there is such a breach of obligations by such a director, supervisor, general manager, deputy general manager and other senior management members);

(3) demand an account of the profits made by the director, supervisor, general manager, deputy general manager and other senior management members in breach of his obligations;

(4) recover any monies received by the director, supervisor, general manager, deputy general manager and other senior management members which should otherwise have been received by the Company, including but not limited to commissions; and

(5) request such director, supervisor, general manager, deputy general manager and other senior management members to return the interests accrued or may be accrued on the monies which otherwise should have been paid to the Company.

**Article 227** The Company shall, with prior approval of shareholders at a general meeting, enter into a contract in writing with a director or supervisor wherein his emoluments are stipulated. The aforesaid emoluments shall include:

(1) the emoluments in respect of his labour as a director, supervisor or senior management members of the Company;

(2) the emoluments in respect of his labour as director, supervisor or senior management members of any subsidiary of the Company;

(3) the emoluments in respect of the provision of other labours in connection with the management of the affairs of the Company and any of its subsidiaries;

(4) the payment to such a director or supervisor by way of compensation for his loss of office, or as consideration for or in connection with his retirement from office.

Except under a contract entered into in accordance with the foregoing paragraph, no proceedings may be brought by a director or supervisor against the Company for any benefits due to him in respect of the matters mentioned in this Article.

**Article 228** The contract concerning the emoluments between the Company and its directors or supervisors should provide that in the event of a takeover of the Company, the Company's directors and supervisors shall, subject to prior approval of shareholders at a general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement. A takeover of the Company referred to of the preceding paragraph means any of the following circumstances:

(1) an offer made by any person to all the shareholders;

(2) an offer made by any person with a view to have the offerer becoming a [controlling shareholder] within the same defined meaning as ascribed to it in Article 69.

Where the relevant director or supervisor is in breach of this Article, any sum so received by him shall belong to those persons who have sold their shares as a result of the acceptance of the said offer. The expenses incurred in distributing that sum pro rata amongst those persons shall be borne by the relevant director or supervisor and shall not be deductible from that sum.

## **CHAPTER XV FINANCIAL AND ACCOUNTING SYSTEMS AND PROFIT DISTRIBUTION**

**Article 229** The Company shall establish its financial and accounting systems in accordance with the laws, administrative regulations and the PRC accounting standards formulated by the finance regulatory department of the State Council.

**Article 230** At the end of each fiscal year, the Company shall prepare a financial report, which shall be audited by an accounting firm as provided by the laws.

The Company's fiscal year shall be based on the Gregorian calendar, being that each of our fiscal years shall commence on 1 January and end upon 31 December each year. The recording currency of the Company's accounts is dominated in RMB.

Within four months from the date of the expiration of each fiscal year, an annual financial and accounting report shall be submitted to the CSRC and the stock exchange respectively. Within two months after the first six months of each fiscal year, a semi-annual financial and accounting report shall be submitted to the agency of the CSRC and the stock exchange respectively. Within one month after the first three and nine months of each fiscal year, a quarterly financial and accounting report shall be submitted to the agency of the CSRC and the stock exchange respectively.

**Article 231** The Board shall, at each annual general meeting, submit to shareholders the financial reports prepared by the Company in accordance with the provisions for normative documents which are promulgated by the relevant laws, administrative regulations and local governments and departmental authorities.

**Article 232** The Company's financial reports shall be made available for shareholders' inspection at the Company not later than twenty days before the date of each annual general meeting. Each shareholder shall be entitled to an access of a copy of the financial reports referred to in this Chapter.

The Company shall deliver to each shareholder of overseas listed foreign shares a copy of the report of the Board together with the balance sheet (including such documents as shall be attached to the balance sheet according to applicable laws and regulations) and profit and loss (including the financial report) not later than twenty-one days before the date of each annual general meeting by postage paid mail or other means permitted by the stock exchange on which the shares of the Company are listed at the address as shown in the register of members.

**Article 233** The financial statements of the Company shall be prepared in accordance with the PRC accounting standards.

**Article 234** Any results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations.

**Article 235** The Company shall publish two interim financial reports in each fiscal year, meaning that the interim reports shall be published within sixty days after the first six months of the fiscal year and the annual reports shall be published within 120 days after the ending of the fiscal year.

**Article 236** The Company shall not keep accounts other than those provided for by the laws. Assets of the Company shall not be deposited in any account under the name of an individual.

**Article 237** The Company shall allocate 10% of the profits after tax to its statutory surplus reserve in the distribution of profits. The Company is not required to make appropriation to its statutory surplus reserve when such reserve exceeds 50% of the registered capital of the Company.

If the statutory surplus reserve of the Company is insufficient to offset the losses of the previous year, the profits of the current year shall be used to offset such losses before allocating to its statutory surplus reserve in accordance with the preceding paragraph.

After allocation of its profits after tax to its statutory surplus reserve, the Company may allocate its profits after tax to its discretionary statutory reserve upon approval of the general meeting.

The remaining profits after tax after offsetting its losses and allocating to its reserves may be distributed to its shareholders pro rata to their respective shareholdings, except in the circumstances that non-pro rata distribution is provided in the Articles of Association.

If at a general meeting, the requirements stipulated in the preceding paragraph are breached by distributing profits to the shareholders before offsetting losses of the Company and allocating to its statutory surplus reserve, the profits so distributed are required to be returned to the Company.

The shares held by the Company are not entitled to any profits distribution.

**Article 238** Any amount paid up in advance of calls on any share may carry interest but shall not entitle the relevant shareholders to participate in respect thereof in a dividend subsequently declared.

**Article 239** Capital common reserve fund includes the following items:

(1) premium on shares served at a premium price;

(2) any other income designated for the capital common reserve fund by the regulations of the competent financial authority of the State Council.

**Article 240** The Company's capital reserve may be used to cover the Company's losses, expand the Company's production and operation or enlarge the Company's capital. However, capital reserve shall not be used for recovery of the Company's loss.

Where any statutory surplus reserve funds are converted into part of the capita, the balance of the statutory surplus reserve may not be less than 25% of the registered capital of the Company before such increase.

**Article 241** According to the provisions of the Articles of Association of the Company, the Board may, after fully considering the actual conditions together with the requests of shareholders (especially minority shareholders), and the opinions of independent directors, supervisors, propose the annual or interim profit distribution proposal for the Board's consideration and approval.

The profit distribution proposal shall be approved by a majority vote of all directors of the Board at the board meeting. The profit distribution proposal shall be approved by more than half of the voting rights held by shareholders attending the general meeting. Where a resolution regarding the issue of new shares by way of conversion of capital reserve is considered at the general meeting, it shall be approved by more than two-thirds of the voting rights held by shareholders attending the general meeting. Unless otherwise resolved by shareholders, the Board may be authorised to distribute an interim dividend at a general meeting.

**Article 242** The Company may distribute a dividend in the following forms:

- (1) cash;
- (2) shares.

In the above profit distribution method, the Company should first consider to pay the dividend in cash. The Company may make interim cash dividend.

Upon passing a profit distribution resolution at a general meeting, the Board of the Company shall complete the dividend (or shares) distribution within 2 months after the general meeting is convened.

The Company shall make a cash dividend distribution for at least once for every 3 consecutive years, and the concrete allocation ratio shall be determined by the Board according to the Company's operational conditions and the relevant provisions of the CSRC, and shall be reviewed and decided at a general meeting. Provided that no cash profit distribution has been made by the Company in the recent three years, no public issuance of new shares, issuance of convertible bonds or placement of shares to the existing shareholders shall be carried out.

The Company's profit allocation is aimed at rewarding our investors with a reasonable investment return. The Company's profit distribution policy shall be maintained at a certain degree of continuity and stability. Provided that the Company's profit and cash flows are sufficient to meet its normal operations and long-term development, the profit distribution for each financial year shall not be less than 40% of the Company's distributable profit of the year, and the profit distribution in form of cash accumulated over the recent three years shall not be less than 30% of the average annual distributable profit achieved over the recent three years.]

Where there are major changes in the external environment or the Company's own operating conditions, which require the adjustment of the profit distribution policy, the Company should fully consider and protect the interests of the minority shareholders. The amended profit distribution policy must not violate the relevant laws and regulations and the relevant provisions of regulatory documents. The resolution regarding the amendment to the profit distribution policy shall be submitted to the Board and the general meetings for consideration and approval. The resolution regarding the amendment to the profit distribution policy shall be approved by more than two-thirds of the Board at the board meeting, and independent directors should provide independent opinions. The resolution regarding the amendment to the profit distribution policy shall be approved by more than two-thirds of the voting rights held by shareholders attending the general meeting.

The Board should fully consider the opinions of shareholders (especially minority shareholders), independent directors and supervisors when considering and approving the amendment of profit distribution policy especially the distribution of cash dividends.

**Article 243** Dividends or other payments to be payable by the Company to holders of Domestic Shares shall be declared and calculated in RMB, and paid in RMB; and those payable to holders of overseas listed foreign shares shall be declared and calculated in RMB, and paid in the local currency at the place where such overseas listed foreign shares are listed (if there is more than one place of listing, then paid in the currency at the primary place of listing as determined by the Board).

**Article 244** Payments of dividends and other sums by the Company to holders of foreign shares shall be made in accordance with the relevant foreign exchange control regulations.

**Article 245** The Company shall, in accordance with the PRC tax laws, withhold and make payments on behalf of shareholders in respect of their tax payable on their dividends income.

**Article 246** The Company shall appoint on behalf of the holders of the overseas listed foreign shares receiving agents to receive on behalf of such shareholders dividends declared and all other monies owing by the Company in respect of such shares.

The receiving agents appointed by the Company shall satisfy the relevant requirements of the laws of the place and relevant regulations of the stock exchange on which the Company's shares are listed.

The receiving agents appointed on behalf of holders of H Shares shall be a Company registered as a trust Company under the Trustee Ordinance of Hong Kong.

**Article 247** Subject to relevant laws and regulations of the PRC, the Company may exercise its right of forfeiture over unclaimed dividends, provided that such right cannot be exercised prior to the expiration of the applicable statute of limitation.

The Company has the right to terminate the dispatch of dividend warrants to holders of overseas listed foreign shares by mail, provided that such right shall not be exercised until the dividend warrants have not been cashed for two consecutive occasions. However, where the dividend warrant fails to be served to the addressee and returned, the Company may also exercise such right.

In the case of exercising general mandate to issue warrants to holders, no new warrants shall be issued to replace the lost ones unless the Company confirms the destroy loss of the original warrants.

**Article 248** The Company has the right to sell, in such manner as the Board thinks fit, any shares of an overseas listed foreign shareholder who is untraceable, subject to and conditional upon:

(1) the Company has distributed dividends for at least 3 times for such shares within 12 years, but none of such dividends was claimed; and

(2) the Company, after the expiration of 12 years, made the public notice on the newspaper(s) at the jurisdiction where the Company is listed, stating its intention to sell such shares, and notified the stock exchange on which such shares are listed.

The foregoing penalisation paragraphs shall come into force provided that the relevant laws, administrative regulations and the mandatory provisions shall not be breached.



**Article 249** The Company shall implement an internal audit system, and shall retain exclusive auditors to conduct internal audit of its income and expenditure and financial activities.

**Article 250** The internal audit system and the terms of reference of the auditors are implemented under the approval of the Board. The auditors are required to report to the Board.

## **CHAPTER XVI APPOINTMENT OF ACCOUNTANT FIRM**

**Article 251** The Company shall appoint an independent accountant firm which is qualified under the relevant regulations of the State to audit the Company's annual report and review the Company's other financial reports.

The first accountant firm of the Company may be appointed by the inaugural meeting of the Company before the first annual general meeting. The accountant firm so appointed shall hold office until the close of the first annual general meeting.

If the inaugural meeting fails to exercise its powers under the preceding paragraph, those powers shall be exercised by the Board.

**Article 252** The accountant firm appointed by the Company shall hold office from the close of the annual general meeting until the conclusion of the next annual general meeting.

**Article 253** The accountant firm appointed by the Company shall have the following rights:

(1) a right to inspect the books, records and vouchers of the Company at any time, the right to require directors, general manager, deputy general manager or other senior management members of the Company to supply relevant information and explanation;

(2) a right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the purpose of discharging its duties;

(3) a right to attend general meeting and to receive all notices of, and other communications relating to, any general meeting which any shareholder is entitled to receive, and to speak at any general meeting in relation to matters concerning its role as the Company's accountant firm.

**Article 254** The Company shall provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accountant it engages without any refusal, withholding and false information.

**Article 255** If there is a vacancy in the position of the auditor of the Company, the Board may retain an accountant firm to fill such vacancy before the convening of the general meeting. Any other accountant firm which has been engaged by the Company may continue to act during the period of existence of such vacancy.

**Article 256** The employment of an accounting firm by the Company shall be decided at a general meeting. Otherwise than the circumstances prescribed under Article 255 hereof, the Board shall not decide the appointment of an accountant firm before the general meeting.

Notwithstanding the stipulations in the contract between the Company and the accountant firm, shareholders at a general meeting may, by ordinary resolution, remove an accountant firm before the expiration of its term of office, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.

**Article 257** The remuneration of an accountant firm or the manner in which such firm is to be remunerated shall be determined by shareholders at a general meeting. The remuneration of an accountant firm appointed by the Board shall be determined by the Board.

**Article 258** The Company's appointment, removal and non-reappointment of an accountant firm shall be resolved upon by shareholders in general meeting. The resolution of the general meeting shall be filed with the securities regulatory authorities of the State Council.

**Article 259** Where it is proposed that any resolution be passed at a general meeting concerning the appointment of an accountant firm which is not an incumbent firm to fill a casual vacancy in the office of the accountant firm, re-appointment of a retiring accountant firm which was appointed by the Board of the Company to fill a casual vacancy, or removal of the accountant firm before the expiration of its term of office, the following provisions shall apply:

(1) a copy of the proposal shall be sent before notice of meeting is given to the shareholders to the accountant firm proposed to be appointed or proposing to leave its post, or the accountant firm which has left its post in the relevant fiscal year. (Leaving from office includes leaving by removal, resignation and retirement.)

(2) if the accountant firm leaving its post makes representations in writing and requests the Company to notify such representations to the shareholders, the Company shall (unless the written representations are received too late):

1. state the fact of the representations having been made by the accountant firm leaving in any notice of the resolution given to shareholders,

2. deliver as prescribed by the Articles of Association a copy of the representations as attachment to the notice to the shareholders.

(3) the relevant accountant firm may (in addition to its right to be heard) require that the representations be read out at the meeting if the representations of the relevant accountant firm are not sent in accordance with this sub-clause (2).

(4) An accountant firm which is leaving its post shall be entitled to attend meetings as follows:

1. the general meeting at which its term of office would otherwise have expired;
2. any general meeting at which it is proposed to fill the vacancy caused by its removal;
3. any general meeting convened on its resignation.

An accountant firm which is leaving its post shall be entitled to receive all notices of, and other communications relating to, any such meetings, and to speak at any such meetings in relation to matters concerning its role as the former accountant firm of the Company.

**Article 260** Prior to the removal or the non-renewal of the appointment of the accountant firm, notice of such removal or non-renewal shall be given in advance to the accountant firm and such firm shall be entitled to make representation at the general meeting. Where the accountant firm resigns its post, it shall make clear to the general meeting whether there has been any impropriety on the part of the Company.

**Article 261** An accountant firm may resign its office by depositing at the Company's domicile a resignation notice in writing 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 information:

(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 which should be brought to notice.

Where a notice is deposited as mentioned of the preceding paragraph, the Company shall, within fourteen days, send a copy of the notice to the relevant competent authorities. If the notice contains a statement under sub-clause (2) of the preceding paragraph, a copy of such statement shall be placed at the domicile of the Company for the inspection of shareholders. The Company shall also send a copy of such statement by prepaid mail or by other means permitted by the stock exchange of the place where the Company's shares are listed, to each holder of overseas listed foreign shares at the address registered in the register of members.

Where the accountant firm's notice of resignation contains a statement of any circumstance which should be brought to the notice, it may require the Board to convene an extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

## **CHAPTER XVII INSURANCE**

**Article 262** All kinds of insurance of the Company shall be filed with the insurance companies that are registered in the PRC and are permitted by the PRC laws to provide insurance to Chinese companies.

**Article 263** Type of insurance, insured amount, insurance period and other insurance terms are determined after discussion by the Board of the Company in accordance with the practice of companies of the same sector in other countries, convention in the PRC, as well as legal requirements.

## **CHAPTER XVIII LABOUR MANAGEMENT SYSTEM**

**Article 264** The Company formulates its regulations regarding labor management, personnel affairs, wage and welfare and social insurance in accordance with the laws, administrative rules and regulations, and relevant regulations the PRC.

**Article 265** The Company implements the system of appointment for all levels of management personnel and a contract system for ordinary employees. The Company may decide by itself on personnel deployment, and is entitled to recruit by itself management personnel as well as workers and staff and dismiss them according to the laws and regulations in the contract.

**Article 266** The Company is entitled to decide by itself the wage income and welfare benefits of all levels of management personnel and other employees, depending on its own economic efficiency in the scope specified by relevant administrative regulations.

**Article 267** The Company arranges social insurance for its management personnel and other employees in accordance with relevant administrative regulations of the Chinese government and local government, as well as implements the laws, stipulations and relevant regulations regarding the labor insurance for retired and workers awaiting job assignment.

## CHAPTER XIX PARTY COMMITTEE

**Article 268** In accordance with the 「Constitution of the Communist Party of China」, the Company shall establish the organization of the Communist Party of China. The Party organizations shall play the core leadership and core political role of providing direction, managing the overall situation and ensuring the implementation. The Company shall also establish the working organs of the Party, which shall be equipped with sufficient staff to deal with Party affairs and provided with sufficient funds to operate the Party organizations.

**Article 269** The Company shall establish a Party Committee consisting of a secretary and several other committee members. Eligible members of the Party Committee are entitled to be admitted to the Board, the Supervisory Committee, and the management according to legal provisions and procedures and eligible Party members from the Board, the Supervisory Committee, and the management are entitled to be admitted to the Party Committee according to legal provisions and procedures. Meanwhile, the Commission for Discipline Inspection will be established in accordance with the regulations, including a secretary and several members.

**Article 270** The establishment of the Party organization and the staff arrangement shall be incorporated into the administrative organs and organization of the Company. A Party Committee work department shall be established, which shall be equipped with full-time party affairs staff at a proportion of not less than 1.5% of the total number of employees in service. The work funds of the Party organization shall be included in the enterprise management expenses, shall be drawn in proportion according to the relevant requirements, and shall be uniformly managed and used by the Party Committee.

**Article 271** The research and discussion of the Party Committee is the pre-procedure for the Board and management to study and decide on major issues such as 「major decision, major personnel appointment and removal, major project arrangements and significant funds utilization」.

**Article 272** The Party Committee shall discharge its following duties in accordance with the 「Constitution of the Communist Party of China」 as well as other intra-Party laws and regulations:

(1) to guarantee and supervise the implementation of policies and guidelines of the Party and the State in the Company, implement material strategic decisions of the Party Central Committee and the State Council and make arrangements for the relevant material works of the superior units and the Party organization.

(2) to insist on the combination of the principles of management of cadres by the Party and the selection of operation managers by the Board according to laws and execution of the right of employment by the operation managers. The Party Committee shall consider and propose opinions and suggestions on the candidates as nominated by the Board or general manager, or nominate candidates to the Board or general manager; conduct investigation on the candidates to be appointed and collective research to raise opinions and suggestions; manage and supervise the standards and procedures for the selection and employment of personnel; be responsible for the construction of the reserve cadre team of the Company.

(3) to study and discuss reform, development and stability, material operation and management issues and other material issues involving staff's immediate interests of the Company, and propose guiding opinions and suggestions thereon.

(4) to shoulder the main responsibility for the overall strictness in administering the Party, lead the Company in terms of ideological and political work, united front work, spiritual civilization construction, enterprise cultural construction and the work of labor union, the Communist Youth League and others, and lead the construction of the Party conduct and of an honest and clean government and support the Commission for Discipline Inspection in practical performance of oversight responsibility.

**Article 273** Members of the Party Committee who join the Board and management should fully express their opinions and suggestions on the research decisions of the Party Committee when making decisions, so that the research decisions can be reflected and implemented in legal decisions.

**Article 274** Work and construction of the Party organizations shall be carried out in accordance with the 「Constitution of the Communist Party of China」 as well as other relevant provisions.

## CHAPTER XX TRADE UNION

**Article 275** The Company's employees are entitled to organise a trade union and carry out its activities in accordance with the Trade Union Law of the People's Republic of China. The Company provides necessary funds and venues for normal trade union activities.

## CHAPTER XXI MERGER AND DIVISION OF THE COMPANY

**Article 276** For the Company's merger or separation, the Board of the Company should submit a proposal. After its adoption in the procedure specified in the Articles of Association, relevant procedures for examination and approval will be handled according to the laws. Shareholders against the proposal for the Company's merger or separation are entitled to request the Company or the shareholders that agree to such proposal to purchase its stock at a fair price. The contents of the Company's resolutions on the merger or separation should form a special document for inspection by the shareholders.

In respect of the holders of H Shares, the aforesaid document should also be dispatched to the shareholders by mail at the address as shown on the register of members.

**Article 277** The Company's merger may either be effected in the form of consolidation or new establishment.

For the Company's merger, the parties thereto shall sign an agreement on the merger and formulate a balance sheet and lists of property. The Company shall inform the creditors in 10 days after the date of making the resolution for such merger, and make at least 3 times of newspaper notices in 30 days as provided by the applicable laws, administrative regulations or the regulatory provisions of the place where the Company's shares are listed.

After the Company's merger, the claims and debts of all the parties thereto shall be carried on by the Company existing after such merger or the new Company.

**Article 278** Upon separation of the Company, its property shall be split correspondingly.

For the separation of the Company, all the parties involved in the separation should sign an agreement on the separation, and formulate a balance sheet and lists of property. The Company shall inform the creditors in 10 days after the date of making the resolution for such separation, and make at least 3 times of newspaper announcements in 30 days as provided for by the applicable laws, administrative regulations or the regulatory provisions of the place where the Company's shares are listed.

The companies after the separation shall assume the joint liability for the debts incurred by the Company before its separation except where the Company before the separation and its creditors have otherwise reached a written agreement on repayment of the debts.

**Article 279** Where registered items are changed on account of the Company's merger or separation, registration for such changes shall be completed with the Company's registration authorities. In the event of the Company's dissolution, the registration procedure for cancellation of the Company should be completed according to law. Where a new Company is established, the registration procedures for Company establishment should be completed according to law.

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

**Article 280** In one of the following cases, the Company shall be dissolved, and undergo liquidation according to law:

- (1) the general meeting makes a resolution on dissolution;
- (2) the Company has to be dissolved on account of its merger or separation;
- (3) the Company is declared as bankrupt according to law on account of its being unable to repay due debts;
- (4) the Company has been ordered to close down for violation of the laws or administrative regulations;
- (5) if the Company gets into serious trouble in operations and management and continuation may incur material losses of the interests of the shareholders, and no solution can be found through any other channel, the shareholders holding more than 10% of the total voting rights of the Company may request the people's court to dissolve the Company.

**Article 281** Where the Company is dissolved on account of the regulation in sub-clause (1) of the preceding Article, a clearing group shall be set up in 15 days, and its members shall be determined by the general meeting through an ordinary resolution.

Where the Company is dissolved on account of the regulation in sub-clause (2) of the preceding Article, the liquidation work shall be carried out by the parties to the merger or separation in accordance with the contract entered into at the time of such merger or separation.

Where the Company is dissolved on account of the regulation in sub-clauses (3) and (5) of the preceding Article, the people's court shall according to the relevant laws, organise the shareholders, the relevant authorities and the professionals to form a liquidation group for the liquidation work.

Where the Company is dissolved on account of the regulation in sub-clause (4) of the preceding Article, the relevant competent department shall organise the shareholders, the relevant authorities and the professionals to form a liquidation group for carrying out the liquidation work.

**Article 282** In the event that the Board makes a decision upon liquidation of the Company (save and except for a liquidation in the event of the Company being declared as bankrupt), it shall, in the notice on the general meeting to be held on this, state that the Board has made a comprehensive investigation of the Company's conditions, and hold that the Company can clear off all liabilities of the Company within 12 months from the commencement of liquidation.

Upon passing of the resolution on liquidation at the general meeting, the functions of the Board of the Company shall be immediately terminated.

The liquidation group shall follow the instructions from the general meeting, make at least one report each year to the general meeting on the income and expenditure of the liquidation group as well as Company's business and progress on the liquidation, and make the final report to the general meeting at the end of the liquidation.

**Article 283** The liquidation committee shall notify all creditors within 10 days after its establishment and shall make at least 3 newspaper announcements within 60 days. Creditors should, within 30 days from the date of receipt of notice, or (if no written notice is received in person) within 90 days from the date of the first notice, claim for their creditors' rights to the liquidation group. Any overdue unclaimed creditors' rights shall be deemed as a waiver of the same. Creditors, when filing their claims, should illustrate those claim-related issues and provide supporting documentation thereon. The liquidation group should register such claims. During the period when creditors declare their creditors' rights, the liquidation committee shall not pay off the debts to them.

**Article 284** During the period of liquidation, the liquidation group shall perform the following functions and powers:

- (1) clear up the Company's property and formulate the balance sheet and list of property;
- (2) send notifications or declarations to the creditors;
- (3) dispose of and clear up pending business of the Company;
- (4) pay due taxes and taxes accrued during the course of liquidation;
- (5) clear off claims and debts;
- (6) dispose of the Company's remaining property after the repayment of the debts;
- (7) participate in civil proceedings on behalf of the Company.

**Article 285** After clearing up Company's property and formulating the balance sheet and list of property, the liquidation group shall formulate the liquidation scheme and submit the same to the general meeting or the relevant competent authorities for confirmation.

The assets of the Company shall be liquidated in the following order of priority:

- (1) liquidation costs;
- (2) salaries and social insurance premiums owed to the employees of the Company;
- (3) outstanding taxes;
- (4) debts of the Company.

The remaining assets of the Company upon repayment as specified in the preceding paragraph shall be distributed to the shareholders as per the types of their shares and their shareholding percentages.

During the period of liquidation, the Company continues to exist, but it shall not carry out any business activities which are irrelevant with the liquidation. The Company's property shall not be allocated to the shareholders before repayment has been made according to the preceding paragraph.

**Article 286** In the event of Company's liquidation owing to dissolution, where the liquidation group finds out that Company's property are not sufficient for repayment of the debts after clearing up Company's property and formulating the balance sheet and lists of property, it shall immediately apply for declaration of bankruptcy with the people's court.

After the Company is declared as bankrupt through a verdict made by the people's court, the liquidation group shall prepare and hand over the liquidation matters to the people's court.

**Article 287** Upon completion of the Company's liquidation, the liquidation group shall prepare a liquidation report as well as an income/expenditure statement and financial books for the period of liquidation, which shall, after verification by certified public accountants in the PRC, be submitted at the general meeting or to the relevant competent authorities for confirmation.

The liquidation group shall submit the aforesaid documents to the Company registration authorities, apply for cancellation of the Company's registration, and announce the Company's dissolution within 30 days after confirmation at the general meeting or by the relevant competent authorities.

**Article 288** Members of the liquidation committee shall perform their duty honestly and discharge the obligation of liquidation in accordance with the laws.

Members of the liquidation committee shall not take personal advantage of their posts to take bribes, receive other illegal incomes, or misappropriate properties of the Company.

Members of the liquidation committee shall compensate the losses of the Company or the creditors made due to their intent or gross negligence.



## CHAPTER XXIII PROCEDURES FOR AMENDMENTS TO THE ARTICLES OF ASSOCIATION

**Article 289** The Company shall amend the Articles of Association on the occurrence of any of the following events:

(1) the provisions of the Articles of Association are in conflict with the amended Company Law or the relevant laws or administrative regulations;

(2) there is change in the Company which makes it inconsistent with the Articles of Association;

(3) the amendments to the Articles of Association have been approved by the shareholders at a general meeting.

**Article 290** Any amendments to the Articles of Association by the Company shall be made in the following manner:

(1) the Board shall pass a resolution to propose amendments to the Articles of Association and draw up a proposal for such amendments;

(2) the foregoing proposal shall be informed to the shareholders and a general meeting shall be convened for voting;

(3) subject to the relevant provisions of the Articles of Association, the amendments submitted to the general meeting for approval shall be approved by a special resolution.

**Article 291** The amendment to the Company's Articles of Association involving the Mandatory Provisions shall become effective upon approval by the company approving department authorised by 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.

**Article 292** The Board may amend the Articles of Association of the Company in accordance with the resolution on amendments to the Articles of Association of the Company passed at the general meeting and the examination opinions from the relevant authorities for amendments to the Articles of Association of the Company.

**Article 293** Any amendments to the Articles of Association of the Company shall be subject to disclosure as required by the laws and regulations.

## CHAPTER XXIV SETTLEMENT OF DISPUTES

**Article 294** The Company shall act according to following principles to settle disputes:

(1) Whenever any disputes or claims arising between holders of overseas listed foreign shares and the Company, between holders of overseas listed foreign shares and the Company's directors, supervisors, general manager or other senior management members, or between holders of overseas listed foreign shares and holders of Domestic Shares based on the Articles of Association or any rights or obligations conferred or imposed by the Company Law or any other relevant PRC laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

Where such dispute or claim of rights just mentioned is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all parties 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 the arbitration, provided that such parties shall be the Company or the Company's shareholder, director, supervisor, general manager or other senior management members.

Disputes in relation to the definition of shareholders and disputes in relation to the shareholders' register need not be resolved by arbitration.

(2) A claimant may elect arbitration at either the China International Economic and Trade Arbitration Commission in accordance with its Arbitration Rules or the Hong Kong International Arbitration Center 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 a claimant elects arbitration at Hong Kong International Arbitration Center, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Center.

(3) If any disputes or claims of rights are settled by way of arbitration in accordance with sub-clause (1), law of the People's Republic of China shall apply, save as otherwise provided by the laws and administrative regulations.

(4) The award of an arbitration body shall be final and conclusive and binding on all the parties.

## CHAPTER XXV NOTICES

**Article 295** A notice of the Company may be sent by:

- (1) hand;
- (2) mail;
- (3) public announcement;
- (4) such other methods provided for by the Articles of Association.

**Article 296** Unless otherwise provided for in the Articles of Association, any notices, information or written statements distributed to holders of H Shares by the Company shall be dispatched to each holder of H Shares at the address as shown in the register of members by hand or by mail or such other means permitted by the Listing Rules of the SEHK (including a public announcement or notice to be published at the website of the SEHK and the website of the Company, respectively).

All notices, information or written statements from the Company to holders of the Domestic Shares shall be served at the registered address of each holder of the Domestic Shares or by other contact methods as notified in writing to the Company by such holders of the Domestic Shares from time to time by means of e-mail, fax, mail, hand, and public announcement.

Once the Company has sent any notices, information or written statements by any of the aforesaid means, all shareholders shall be deemed to have received such notices, information or written statements.

**Article 297** Any notices, documents, information or written statements served by shareholders or directors to the Company shall be personally delivered or sent by registered mail to the legal address of the Company.

**Article 298** In order to prove that such notices, documents, information or written statements have been already sent, evidence should be provided to prove that the notices, documents, information or written statements have been served within the prescribed time in the way prescribed by Article 296 hereof; where a notice is served by hand, a confirmation of due receipt should be provided to the Company. Where a notice is served by a registered mail, evidence should be provided to prove that such notice should be sent by prepaid postage at the correct address of the Company.

**Article 299** Where a notice is served by the Company by way of public notice, after the publication of such public notice, all related parties shall be deemed to have received the relevant notice.

In relation to the term 「public announcement」 as referred to in the Articles of Association, unless the context otherwise requires, in respect of a notice issued to the holders of Domestic Shares or a notice required to be served within the PRC according to the relevant regulations and the Articles of Association, it shall mean the announcement and information disclosure through the websites of stock exchanges and media that meet the requirements prescribed by the CSRC and other regulatory authorities; in respect of an announcement issued to the holders of foreign investor shares or an announcement required to be made in Hong Kong according to the relevant regulations and the Articles of Association, it shall mean an announcement to be published at the related websites as requested by the relevant Listing Rules.

The Company may not disclose information through public media before such information is disclosed through designated websites and other designated media, and may not disclose information by way of press release or interview with reporters in lieu of the announcement.

The Board may change the websites and other media for information disclosure, but shall ensure that the designated websites and other media for information disclosure comply with the qualifications and conditions stipulated by CSRC, overseas regulatory authorities, domestic stock exchanges and other regulatory authorities.

Except as otherwise provided in the Articles of Association, where a notice from the Company to holders of overseas listed foreign shares is served by way of a public announcement, the public announcement should be issued at the website of the SEHK and the website of the Company respectively on the same day in accordance with the requirements of the local listing rules.

**Article 300** Except as otherwise provided in the Articles of Association, the various forms of serving a notice prescribed by the provisions of the preceding paragraph shall be applicable to the notices issued for the purpose of convening a general meeting, board meeting and supervisory meeting of the Company.

**Article 301** Where a notice of the Company is served by hand, the addressee shall be required to sign his name (or affix his chop) on the receipt, and the date on which the addressee signs the receipt shall be the date of service. Where a notice of the Company is sent by mail, the notice shall be deemed to be served after 24 hours from the date of delivery of the same to the post. Where a notice is served by way of public announcement, the date on which the public notice is first published shall be deemed as the date of serve.

**Article 302** In the event that a notice of meeting is accidentally omitted to be sent to a person who is entitled to receive the notice or where such person has not received the notice of meeting, the meeting and any resolutions made therein shall not become void accordingly.

## **CHAPTER XXVI INTERPRETATION OF THE ARTICLES OF ASSOCIATION**

**Article 303** The Board shall be responsible for the interpretation of the Articles of Association. Where there are matters not contained in the Articles of Association, such matters shall be passed by way of special resolutions at the general meetings as proposed by the Board.

**Article 304** Except for any resolutions of the Board and any resolutions of general meetings passed pursuant to Article 303 hereof, the resolutions of the Company's general meetings and the Board, as well as the rules and regulations of the Company established therein that are inconsistency with the Articles of Association shall be null and void.

**Article 305** The Articles of Association are written in Chinese. Where there is any ambiguity between any other languages or different versions and the Chinese version of the same, the Chinese version which has been approved and registered at the company registration authority at the latest time shall prevail.

**Article 306** References to 「above」, 「within」 and 「below」 in the Articles of Association are inclusive of the item itself whereas 「except」, 「outside」, 「less than」 and 「more than」 are exclusive of the item itself.

**Article 307** Reference to the term 「Accountant Firm」 shall have the same meaning as ascribed to the term 「Auditors」 according to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

**Article 308** Annex to the Articles of Association shall include the procedural rules for business discussion at a general meeting, the procedural rules for business discussion at a board meeting, the procedural rules for business discussion at a supervisory meeting and the system of the independent directors.