



**Chengdu Expressway Co., Ltd.**

**成都高速公路股份有限公司**

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

**(Stock Code: 01785)**

**ARTICLES OF ASSOCIATION**

**OF**

**CHENGDU EXPRESSWAY CO., LTD.**

Implemented on the date when the Company's H Shares are listed

## CONTENTS

<b>CHAPTER I</b>	<b>GENERAL PROVISIONS .....</b>	<b>4</b>
<b>CHAPTER II</b>	<b>PURPOSE AND SCOPE OF BUSINESS .....</b>	<b>6</b>
<b>CHAPTER III</b>	<b>SHARES .....</b>	<b>7</b>
<b>CHAPTER IV</b>	<b>REDUCTION OF CAPITAL AND REPURCHASE OF SHARES .....</b>	<b>10</b>
<b>CHAPTER V</b>	<b>FINANCIAL ASSISTANCE FOR ACQUISITION OF THE COMPANY'S SHARES .....</b>	<b>14</b>
<b>CHAPTER VI</b>	<b>SHARES AND REGISTER OF SHAREHOLDERS .....</b>	<b>15</b>
<b>CHAPTER VII</b>	<b>RIGHTS AND OBLIGATIONS OF SHAREHOLDERS .</b>	<b>23</b>
<b>CHAPTER VIII</b>	<b>GENERAL MEETINGS .....</b>	<b>28</b>
<b>CHAPTER IX</b>	<b>SPECIAL PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS .....</b>	<b>48</b>
<b>CHAPTER X</b>	<b>THE BOARD OF DIRECTORS .....</b>	<b>51</b>
<b>SECTION I</b>	<b>DIRECTORS .....</b>	<b>51</b>
<b>SECTION II</b>	<b>INDEPENDENT NON-EXECUTIVE DIRECTORS .....</b>	<b>53</b>
<b>SECTION III</b>	<b>BOARD OF DIRECTORS .....</b>	<b>56</b>
<b>SECTION IV</b>	<b>SPECIAL COMMITTEES OF THE BOARD OF DIRECTORS .....</b>	<b>61</b>
<b>CHAPTER XI</b>	<b>SECRETARY OF THE BOARD OF DIRECTORS OF THE COMPANY .....</b>	<b>62</b>
<b>CHAPTER XII</b>	<b>GENERAL MANAGER OF THE COMPANY .....</b>	<b>63</b>
<b>CHAPTER XIII</b>	<b>BOARD OF SUPERVISORS .....</b>	<b>64</b>
<b>CHAPTER XIV</b>	<b>QUALIFICATIONS AND DUTIES OF DIRECTORS, SUPERVISORS, GENERAL MANAGER AND OTHER SENIOR MANAGEMENT MEMBERS OF THE COMPANY .....</b>	<b>68</b>

<b>CHAPTER XV</b>	<b>FINANCIAL AND ACCOUNTING SYSTEMS AND PROFITS DISTRIBUTION .....</b>	<b>78</b>
<b>CHAPTER XVI</b>	<b>ENGAGEMENT OF ACCOUNTING FIRM .....</b>	<b>83</b>
<b>CHAPTER XVII</b>	<b>LABOR UNION .....</b>	<b>87</b>
<b>CHAPTER XVIII</b>	<b>MERGER, DIVISION, CAPITAL INCREASE AND CAPITAL REDUCTION OF THE COMPANY .....</b>	<b>88</b>
<b>CHAPTER XIX</b>	<b>DISSOLUTION AND LIQUIDATION OF THE COMPANY .....</b>	<b>89</b>
<b>CHAPTER XX</b>	<b>PROCEDURES FOR AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY ..</b>	<b>93</b>
<b>CHAPTER XXI</b>	<b>NOTICES .....</b>	<b>94</b>
<b>CHAPTER XXII</b>	<b>SETTLEMENT OF DISPUTES .....</b>	<b>96</b>
<b>CHAPTER XXIII</b>	<b>SUPPLEMENTARY PROVISIONS .....</b>	<b>97</b>

## CHAPTER I GENERAL PROVISIONS

**Article 1** To safeguard the legitimate rights and interests of Chengdu Expressway Co., Ltd. (the “**Company**”), its shareholders and creditors, and to regulate the organization and activities of the Company, these Articles of Association are hereby formulated, in accordance with the *Company Law of the People’s Republic of China* (the “**Company Law**”), the *Securities Law of the People’s Republic of China* (the “**Securities Law**”), the *Special Regulations of the State Council on Overseas Offering and Listing by Joint Stock Limited Companies* (the “**Special Regulations**”), the *Mandatory Provisions for Articles of Association of Companies to be Listed Overseas* (the “**Mandatory Provisions**”), the *Guidelines on Articles of Association of Listed Companies* (the “**Guidelines on Articles of Association**”), the *Letter of Opinion on the Supplementation and Amendment to Articles of Association of Companies Listing in Hong Kong* (the “**Letter of Opinion on Amendment**”), the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* (the “**HK Listing Rules**”) and other relevant regulations.

**Article 2** The Company is a joint stock company with limited liability incorporated pursuant to the *Company Law*, the *Special Regulations* and other relevant laws, administrative regulations and normative documents of China.

The Company was incorporated by means of promotion in accordance with the *Reply of the State-owned Assets Supervision and Administration Commission of Chengdu Municipal Government for Agreeing to the Shareholding System Reform Plan of Chengdu Chengguan Expressway Co., Ltd.* (C. G. Z. P. [2016] No. 90) issued by the State-owned Assets Supervision and Administration Commission of Chengdu Municipal Government. The Company registered with, and obtained the Business License from the Chengdu Administration for Industry and Commerce on December 21, 2016, with its uniform social credit code numbered 91510100709239553X.

The Company’s promoters are Chengdu Expressway Construction and Development Co., Ltd. and Chengdu Communications Investment Group Co., Ltd.

**Article 3** Registration name of the Company:  
Chinese Name: 成都高速公路股份有限公司  
English Name: Chengdu Expressway Co., Ltd.

- Article 4** Corporate Domicile: No. 1 Kexin Road, High-Tech Zone, Chengdu  
Postal Code: 611731  
Tel.: +86 028-87958038  
Fax: +86 028-87958168
- Article 5** The legal representative of the Company is the chairman of the Board of Directors of the Company.
- Article 6** The Company is a joint stock company with limited liability which exists in perpetuity.
- The Company is an independent corporate legal person, has independent corporate property, enjoys corporate property rights, has civil rights according to law, and bears civil liability.
- The total capital of the Company is divided into shares of equal value. The shareholders shall be liable to the Company to the extent of the shares they subscribed, and the Company shall be responsible for its debts with all its assets.
- Article 7** The Company shall establish a party organization and carry out party activities in accordance with the provisions of the *Constitution of the Communist Party of China*. The Company's party organization is an integral part of the Company's corporate governance structure.
- Article 8** These Articles of Association shall be passed by the shareholders' general meetings and become effective from the date of listing and commencement of dealings of overseas listed foreign shares (H Shares) issued by the Company on the Stock Exchange of Hong Kong Limited (the "SEHK"). From the date when these Articles of Association become effective, the original articles of association of the Company will automatically become invalid.
- These Articles of Association shall be a legally binding document that regulates the organization and activities of the Company as well as the rights and obligations between the Company and the shareholders and among the shareholders from the date when these Articles of Association become effective.
- Article 9** These Articles of Association shall be binding on the Company and its shareholders, directors, supervisors and senior management members. All the above persons may assert claims in connection with the Company's matters in accordance with these Articles of Association.

In accordance with these Articles of Association, shareholders may sue the Company; the Company may sue its shareholders, directors, supervisors, general manager and other senior management members of the Company; shareholders may sue other shareholders; shareholders may sue the directors, supervisors, general manager and other senior management members of the Company.

The term “sue” in the preceding paragraph shall include the initiation of proceedings in a court or the application of arbitration submitted to an arbitration organization.

The term “other senior management members” in the preceding paragraph shall include the deputy general manager(s), chief financial officer, secretary of the Board of Directors and chief engineer.

**Article 10**

The Company may invest in other companies with limited liability or joint stock companies with limited liabilities, and shall be responsible for the invested companies to the extent of its amount of investment.

Unless otherwise specified by laws, the Company shall not be an investor jointly and severally liable for the debts of the invested companies.

**CHAPTER II PURPOSE AND SCOPE OF BUSINESS**

**Article 11**

The Company’s business purpose: In accordance with national laws, regulations and relevant international practices, the Company adopts a standardized operation mode of joint stock companies, gives full play to the shareholding system and diversified business advantages on the basis of integrity and creditability, with the principle of lawful operation, continuously improves its operation and management, promotes its overall development, makes efforts to ensure the safety and value-added investment of all shareholders who may obtain satisfied returns, ensures the long-lasting career development of employees, and creates good social benefits.

**Article 12** The Company's scope of business registered pursuant to the law is: Design, construction, maintenance, operation, management, technical consultation and ancillary services for high-grade highways, bridges, tunnels, and other infrastructure; construction of service areas associated with high-grade highways, refueling gas stations; logistics services; design, produce, release, distribute various domestic advertisements; car rescue and cleaning; land consolidation; real estate development; landscaping (any projects that require approval as stipulated by laws should only be engaged in until all required approvals have been granted by the relevant authorities).

### **CHAPTER III SHARES**

**Article 13** The Company has ordinary shares at all times; it may have other types of shares subject to its needs and approval of the examination and approval authorities authorized by the State Council.

**Article 14** All the shares issued by the Company shall have a par value denominated in Renminbi which shall be RMB1.00 per share.

“Renminbi” referred to in the preceding paragraph means the lawful currency of the People's Republic of China.

**Article 15** Subject to the approval of the China Securities Regulatory Commission (the “CSRC”), the Company may issue its shares to domestic and foreign investors.

The term “foreign investors” referred to in the preceding paragraph shall mean the investors from foreign countries and from the regions of Hong Kong, Macau and Taiwan that subscribe for the shares issued by the Company, and the term “domestic investors” shall mean the investors within the territory of the People's Republic of China, excluding the abovementioned regions, that subscribe for the shares issued by the Company.

**Article 16** Shares issued by the Company to domestic investors to be subscribed for in Renminbi shall be referred to as domestic shares. Shares issued by the Company to foreign investors to be subscribed for in foreign currency shall be referred to as foreign shares. Foreign shares that are traded overseas shall be referred to as overseas listed foreign shares.

The term “foreign currency” referred to in the preceding paragraph shall mean the lawful currency of other countries or regions other than Renminbi that can be used to make payment to the Company, as approved by the foreign state exchange authority.

The foreign shares issued by the Company listed on the SEHK shall be referred to as H-shares. H-shares are the shares that are listed on the SEHK after approval, with the par value denominated in Renminbi, to be subscribed for and traded in Hong Kong Dollars.

Subject to the approval of the CSRC, domestic shares held by the shareholders of the Company may be transferred to foreign investors and can be listed and traded on the overseas stock exchange(s). The listing and trading of above shares in overseas stock exchange(s) shall comply with the regulatory procedures, provisions and requirements of overseas securities market(s). The listing and trading of the transferred shares on an overseas stock exchange does not require a class meeting to be held for voting.

The domestic shares issued by the Company shall be held in custody by China Securities Depository and Clearing Corporation Limited. The Company’s H-shares are mainly held in custody by Hong Kong Securities Clearing Company Limited.

**Article 17**

With the approval of the corporate examination and approval department authorized by the State Council and the state-owned assets supervision department, the total number of ordinary shares that the Company can issue is 1.2 billion at the time of incorporation, and all the above shares were issued to the promoters, namely Chengdu Expressway Construction and Development Co., Ltd. and Chengdu Communication Investment Group Co., Ltd., accounting for 100% of the total number of ordinary shares issued by the Company at that time.

**Article 18**

The Company issued overseas listed foreign shares to foreign investors for the first time upon the approval by the CSRC on September 30, 2018. Wherein, the Company issued 460,000,000 new shares. The Company was listed on the SEHK on January 15, 2019.



The Company issued a total of 456,102,000 overseas listed foreign shares. After the completion of the above mentioned overseas listed foreign shares issuance, the Company's share capital structure is: all are ordinary shares with a total number of 1,656,102,000 shares. Among them, Chengdu Expressway Construction and Development Co., Ltd., the promoter, holds 900,000,000 shares, accounting for 54.34% of the total number of issued ordinary shares of the Company; Chengdu Communications Investment Group Co., Ltd. holds 300,000,000 shares, accounting for 18.12% of the total number of issued ordinary shares of the Company; and the shareholders of overseas listed foreign shares hold 456,102,000 shares, accounting for 27.54% of the total number of issued ordinary shares of the Company.

**Article 19**

Upon approval of the securities regulatory authorities under the State Council for the plan for issuance of overseas listed foreign shares and domestic shares, the Board of Directors of the Company may make arrangements for implementation of the plan for separate issuance.

The Company's plan for separate issuance of overseas listed foreign shares and domestic shares pursuant to the preceding paragraph may be implemented separately within fifteen months from the date of approval by the securities regulatory authority of the State Council.

**Article 20**

Where the Company issues the overseas listed foreign shares and domestic listed domestic shares respectively within the total number of shares as stated in the issuance plan, each such share shall be subscribed for in full at one time respectively. Where there is special circumstance that makes it impossible to be subscribed for in full at one time, the shares may be issued in several times, subject to the approval of the securities regulatory authority of the State Council.

**Article 21** The registered share capital of the Company is RMB1,656,102,000.

**Article 22** The Company may approve capital increase depending on its business and development requirements in accordance with the relevant provisions of these Articles of Association.

The Company may increase its capital by following ways:

- (i) Offering new shares to non-specific investors;
- (ii) Placing new shares to its existing shareholders;
- (iii) Distributing new shares to its existing shareholders;
- (iv) By any other means permitted by laws, administrative regulations and approved by the securities regulatory authority of the State Council.

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

**Article 23** Unless otherwise provided by laws, administrative regulations and listing rules of the place where the shares of the Company are listed, the Company's shares are freely transferable without any lien. Any transfer of overseas listed foreign shares listed in the SEHK must be registered with the Hong Kong stock registration authority authorized by the Company.

#### **CHAPTER IV REDUCTION OF CAPITAL AND REPURCHASE OF SHARES**

**Article 24** The Company may reduce its registered capital in accordance with the provisions of these Articles of Association.

**Article 25** Where the Company reduces its registered capital, it must prepare a balance sheet and a list of its assets.

The Company shall notify its creditors within ten days of adoption of the resolution to reduce its registered share capital and shall publish announcement of such resolution on the newspapers at least three times within thirty days. Creditors have the right, within thirty days of receipt of the notice or within forty-five days of the date of the announcement in the case of failure of receipt of the notice, to require the Company to pay off its debts in full or to provide a corresponding guarantee for repayment.

The reduced registered capital of the Company may not be less than the statutory minimum limit.

#### **Article 26**

The Company may, repurchase its outstanding shares according to the procedures provided in these Articles of Association, after the submission to and approval by the relevant competent state authorities under the following circumstances:

- (i) Canceling shares in order to reduce the registered share capital of the Company;
- (ii) Merging with another company that holds shares of the Company;
- (iii) Granting shares to employees of the Company as incentives;
- (iv) Requiring the Company to acquire the shares held by shareholders who vote against any resolution proposed at general meetings concerning merger or division of the Company; and
- (v) Other circumstances as permitted by laws, administrative regulations, and regulatory rules of the place where the shares of the Company are listed.

#### **Article 27**

The Company may, after approval by the competent authorities of the state, conduct the share repurchase in any of the following manners:

- (i) Make an offer of repurchase in the same proportion to all of its shareholders;
- (ii) Repurchase shares through public trading on a stock exchange;
- (iii) Repurchase through agreements out of a stock exchange;

- (iv) Other circumstances as permitted by the laws, administrative regulations and approval authority authorized by the State Council.

## **Article 28**

Where the Company repurchases its shares through agreements, out of a stock exchange prior approval of the shareholders' general meetings shall be obtained in accordance with these Articles of Association. Upon prior approval of the shareholders' general meetings obtained in the same manner, the Company may rescind or change contracts concluded in the manner set forth above or waive any of its rights thereunder.

The agreement of share repurchase as referred to in the preceding paragraph includes (but not limited to), an agreement whereby the repurchase obligation is undertaken and repurchase right is acquired.

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

To the extent that the Company has redeemable shares that the Company has the right to repurchase, if they are not repurchased through market or by tender, the price of these shares shall not exceed the highest price limit; if they are repurchased by tender, the proposal for tender must be sent to all shareholders on equal conditions.

## **Article 29**

Any repurchase by the Company of its shares for the reasons as set out in items (i), (ii) and (iii) of Article 26 hereof shall be subject to adoption of a resolution by the general meetings.

For any shares repurchased by the Company pursuant to Article 26 hereof, the shares repurchased under item (i) shall be cancelled within ten days from the date of repurchase; the shares, falling under the circumstances as set out in items (ii) and (iv), shall be transferred or cancelled within six months.

Any share repurchased by the Company pursuant to item (iii) of Article 26 hereof shall not exceed 5% of the total number of shares issued by the Company; payment by the Company for repurchase shall be made out of the after-tax profit of the Company; and the shares repurchased shall be transferred to the employees within one year.

### **Article 30**

Unless the Company goes into liquidation, it must comply with the following provisions in respect of repurchase of its outstanding shares:

- (i) Where the Company repurchases its shares at par value, the amount thereof shall be deducted from the book balance of the distributable profits of the Company or from the proceeds of a new issuance of shares made to repurchase old shares;
- (ii) Where the Company repurchases its shares at a price higher than the par value, the amount corresponding to the par value shall be deducted from the book balance of distributable profits of the Company or from the proceeds of a new issuance of shares made to repurchase old shares. The portion in excess of the par value shall be handled as follows:
  1. Where the shares repurchased are issued at their par value, the amount shall be deducted from the book balance of the distributable profits of the Company;
  2. Where the shares repurchased are issued at a price higher than their par value, the amount shall be deducted from the book balance of the distributable profits of the Company or from the proceeds of a new issuance of shares made to repurchase old shares, provided that the amount deducted from the proceeds of the new issuance of shares shall not exceed the aggregate of premiums obtained at the time of issuance of the shares repurchased nor the amount in the Company's premium account (or capital reserve account) (including the premiums from the new issue of shares) at the time of such repurchase;
- (iii) Payment by the Company for the purposes set forth below shall be made out of the Company's distributable profits:
  1. Acquisition of rights to repurchase its shares;
  2. Variation of any contract for repurchase of its shares;
  3. Release of any of its obligations under any repurchase contract.

- (iv) After the Company's registered capital has been reduced by the total par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits for payment of the par value portion of the shares repurchased shall be transferred to the Company's share premium account (or capital reserve account).

## **CHAPTER V FINANCIAL ASSISTANCE FOR ACQUISITION OF THE COMPANY'S SHARES**

### **Article 31**

The Company or its subsidiaries shall not at any time provide any financial assistance in any form to purchasers or potential purchasers of the Company's shares. Purchasers of the Company's shares as referred to above include the persons that directly or indirectly assume any obligations for purchasing the Company's shares.

The Company or its subsidiaries shall not, by any means at any time, provide financial assistance to the above obligators in order to reduce or discharge their obligations.

The provisions in this Article shall not apply to the circumstances described in Article 33 of this Chapter.

### **Article 32**

The term "financial assistance" referred to in this Chapter shall include (but not limited to) the following forms:

- (i) Gifts;
- (ii) Guarantees (including the undertaking of liability or provision of property by the guarantor in order to secure the performance of obligations by the obligator), or indemnity (not including, however, indemnity arising from the Company's own fault) or release or waiver of any rights;
- (iii) Provision of a loan or conclusion of a contract under which the obligations of the company are to be fulfilled prior to the obligations of the other party to the contract, or a change in the party to such loan or contract, or the assignment of rights arising under such loan or contract; and
- (iv) Financial assistance in any other form when the Company is insolvent or has no net assets or when such assistance would lead to a material reduction in the net assets of the Company.

The term “undertake obligations” referred to in this Chapter shall include the undertaking of obligations by the obligator by concluding a contract or making an arrangement (whether or not such contract or arrangement is enforceable and whether or not such obligation is undertaken by the obligator individually or together with any other person) or by changing its financial position in any other way.

**Article 33**

The acts listed below shall not be deemed to be prohibited under Article 31:

- (i) The Company provides the relevant financial assistance truthfully for the interests of the Company, and the major purpose of the financial assistance is not to purchase shares of the Company, or the financial assistance is an incidental part of an overall plan of the Company;
- (ii) Lawful distribution of the Company’s property in the form of dividends;
- (iii) Distribution of dividends in the form of shares;
- (iv) Reduction of registered capital, repurchase of shares, adjustment of shareholding structure etc., in accordance with these Articles of Association;
- (v) Provision of a loan 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 reduced, the financial assistance is provided out of the distributable profits of the Company); and
- (vi) Provision of money by the Company for an employee shareholding scheme (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are reduced, the financial assistance is provided out of the distributable profits of the Company).

**CHAPTER VI SHARES AND REGISTER OF SHAREHOLDERS**

**Article 34**

The Company’s share certificates 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 *Special Regulations* and the stock exchange(s) on which the shares of the Company are listed.

The overseas listed foreign shares issued by the Company may be in the form of overseas depository receipts or other derivative forms of shares in accordance with the laws and practices for securities registration and depository of the place where the shares of the Company are listed.

**Article 35**

During the listing of the H-shares on the SEHK, the Company must ensure that it owns all ownership documents (including H-shares) in relation to all its securities listed on the SEHK include the following statement, and instruct and cause its share transfer registry to refuse to register the subscription, purchase or transfer of its shares under the name of any individual holder unless and until such individual holder submits the appropriately signed form for such shares to the share transfer registry, and the form must include the following statements:

- (i) The share purchaser and the Company and each of its shareholders, and the company and each shareholder all agree to comply with the *Company Law*, the *Special Regulations* and other relevant laws, administrative regulations and these Articles of Association.
- (ii) The share purchaser and the Company and each of its shareholders, directors, supervisors and senior management members agree, and the company acting on behalf of the Company itself and each of directors, supervisors and senior management members also agree with each shareholder, to submit to the arbitration organization for arbitration in accordance with these Articles of Association in respect of any disputes or claims arising from the rights or obligations provided for by these Articles of Association or the *Company Law* or other relevant laws or administrative regulations and in connection with the affairs of the Company, and any arbitration submitted shall be deemed to authorize the arbitral tribunal to conduct a public hearing and publish its award. The arbitral award shall be final and conclusive.
- (iii) The share purchaser and the Company and each of its shareholders agree that the shares of the Company could be freely transferred by its holders.
- (iv) The share purchaser authorizes the Company to, on his/her behalf, enter into any contract with each director and senior management member, whereby each director and senior management member shall undertake to comply with and perform the responsibilities to the shareholders as specified in these Articles of Association.



**Article 36**

The Company's shares may be transferred, donated, inherited and pledged in accordance with the relevant laws, administrative regulations, the regulatory rules of the place where the Company's shares are listed and these Articles of Association. The transfer documents and other documents concerning the ownership of shares shall be registered with the share registration agency entrusted by the Company.

**Article 37**

The share certificates shall be signed by the chairman of the Board of Directors. Where the signatures of other senior management members of the Company are required by the stock exchange on which the shares of the Company are listed, the share certificates shall also be signed by such other senior management members. The share certificates shall take effect after the Company's seal is affixed thereto or printed thereon. The share certificates shall only be affixed with the Company's seal under the authorization of the Board of Directors. The signatures of the chairman of the Board of Directors of the Company or other relevant senior management members on the share certificates may also be in printed form.

Under the condition that the shares of the Company are issued and traded without paper, the applicable provisions of the securities regulatory authority and stock exchanges where the Company's shares are listed shall apply additionally.

**Article 38**

Shares of the Company held by the promoters shall not be transferred within one year from the date of the establishment of the Company. Shares issued prior to the public offering of shares by the Company shall not be transferred within one year from the date the shares of the Company were listed on the stock exchange(s).

During their tenure, directors, supervisors and senior management members of the Company shall report to the Company their shareholdings in the Company and changes therein and shall not transfer more than twenty-five percent of the total number of shares held by them each year. The shares held by them shall not be transferred within one year from the date on which the shares of the Company are listed and traded on the stock exchange(s). The aforesaid person(s) shall not transfer the shares of the Company held by them within six months commencing from the termination of their service.

**Article 39**

Any gains from sale of shares of the Company by any directors, supervisors, senior management members or shareholders holding five percent or more of the shares of the Company within six months after their purchase of the same, and any gains from purchase of shares of the Company by any of the aforesaid parties within six months after sale of the same, shall be disgorged to the Company. The Company's Board of Directors shall forfeit such gains from the abovementioned parties. However, if a securities company holds five percent or more of shares by buying the remaining shares under an underwriting arrangement, the six-month limitation for selling the said shares shall not apply.

Should the Company's Board of Directors does not observe the preceding paragraph, shareholders shall be entitled to request the Company's Board of Directors to effect the same within thirty days. If the Company's Board of Directors fails to do so within the aforesaid time limit, the shareholders may directly initiate court proceedings in their own name for the interests of the Company.

Should the Company's Board of Directors fail to comply with the requirements set out in the first paragraph of this Article, the responsible director(s) shall assume joint and several liabilities under laws.

**Article 40**

The Company shall keep a register of shareholders, in which the following particulars shall be recorded:

- (i) The name, address (place of domicile), occupation or nature of each shareholder;
- (ii) The class and number of the shares held by each shareholder;
- (iii) The amount paid-up or payable in respect of the shares held by each shareholder;
- (iv) The serial numbers of the shares held by each shareholder;
- (v) The date on which a person registers as a shareholder;
- (vi) The date on which a person ceases to be a shareholder.

The register of shareholders shall be sufficient evidence to prove the holding of the shares of the Company by a shareholder, unless there is evidence to the contrary.

**Article 41**

The Company may, in accordance with an understanding and agreement between the CSRC and overseas securities regulatory authorities, keep outside of the People's Republic of China the original register of shareholders of overseas listed foreign shares and appoint overseas agent(s) for management. The original register of shareholders of overseas listed foreign shares listed on the SEHK shall be maintained in Hong Kong.

The Company shall maintain the duplicate of the register of shareholders of overseas listed foreign shares at the Company's domicile; the appointed overseas agent(s) shall ensure at all times the consistency between the original and the duplicate of the register of shareholders of overseas listed foreign shares.

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

**Article 42**

The Company shall keep a complete register of shareholders.

The register of shareholders shall include the following components:

- (i) The register of shareholders maintained at the Company's domicile other than those as described in items (ii) and (iii) of this Article;
- (ii) The register of shareholders of overseas listed foreign shares maintained at the place where the overseas stock exchange on which the shares are listed is located; and
- (iii) The register of shareholders maintained at such other place as the Board of Directors may consider necessary for the purpose of listing of the shares of the Company.

**Article 43**

Different parts of the register of shareholders shall not overlap with one another. No transfer of the shares registered in one part of the register shall, during the existence of registration of such shares, be registered in any other part of the register of shareholders.

Changes or corrections to each part of the register of shareholders shall be made in accordance with the laws of the places where each part of the register of shareholders is maintained.

#### **Article 44**

All overseas listed foreign shares that are fully paid up shall be freely transferable under these Articles of Association; however, unless the following conditions are satisfied, the Board of Directors may refuse to recognize any transfer documents and shall not be required to state any reasons:

- (i) Fees must be paid to the Company in accordance with the fee standards prescribed by the *HK Listing Rules*, but such fees shall not exceed the maximum amount stipulated by SEHK in the *HK Listing Rules* from time to time, and any transfer documents and other documents relating to the ownership of any shares or which may affect the ownership of the shares must be registered;
- (ii) The transfer documents only relate to overseas listed foreign shares that are listed in SEHK;
- (iii) The stamp duty payable in respect of the transfer documents has been paid up in accordance with Hong Kong law;
- (iv) The relevant share certificates and such other evidences as are reasonably requested by the Board of Directors to prove the right of the transferor to transfer the shares have been submitted;
- (v) If the shares are intended to be transferred to joint holders, the number of joint holders shall not exceed four;
- (vi) There are no liens of any company on the relevant shares.

The Company shall not accept any shares of the Company as the subject of a pledge.

#### **Article 45**

The general or common form or any other form of written transfer document accepted by the Board of Directors (including the standard transfer form or transfer form required by the SEHK from time to time) shall be used for any transfer of H-shares that are listed in Hong Kong; the transfer document may be manually signed only, or affixed with the company's seal (where the transferor or transferee is a company). If the transferor or the transferee is an accredited clearing house or its agent as defined by relevant regulations of Hong Kong law in force from time to time, the transfer form may be signed in machine printed format.

All transfer documents shall be kept at the legal address of the Company, or such address as is designated by the Board of Directors from time to time.

**Article 46** No registration of changes resulting from share transfers may be made to the register of shareholders within thirty days prior to the general meetings or within five days prior to the reference date determined by the Company for the purpose of distribution of dividends.

**Article 47** When the Company is to convene a general meeting, distribute dividends, be liquidated and to carry out other activities requiring confirmation of equity interests, the Board of Directors shall determine a date as the record date of equity interests. Shareholders whose names appear in the register of shareholders at the end of the record date shall be the shareholders of the Company.

**Article 48** Any person who objects to the register of shareholders and requests to have his name entered in or removed from the register of shareholders may apply to a competent court for corrections of the register of shareholders.

**Article 49** Any shareholder who is registered in, or any person who requests to have his name entered in the register of shareholders, if his share certificate (the original share certificate) is lost, may apply to the Company for replacement of the share certificate in respect of such shares (the relevant shares).

If a holder of the domestic shares loses his share certificates and applies for replacement, it shall be dealt with in accordance with relevant provisions of the *Company Law*.

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

Any replacement of share certificates to any shareholders of overseas listed foreign shares to be listed in Hong Kong who have lost their share certificates and applied for replacement shall comply with the following requirements:

- (i) The applicant shall submit an application to the Company in prescribed form accompanied by a notarial certificate or statutory declaration, containing the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as statement that no other person shall be entitled to request to be registered as the shareholder in respect of the relevant shares.
- (ii) No declaration has been received by the Company from a person other than the applicant for having his name registered as a holder of the relevant shares before the Company decides to reissue a replacement share certificate.
- (iii) 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 of Directors. The announcement shall be made at least once every thirty days in a period of ninety days.
- (iv) The Company shall have, prior to the publication of its announcement of intention to issue a replacement 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 exhibited at the premises of the stock exchange. The announcement shall be exhibited at the premises of the stock exchange for a period of ninety days.

In case an application to issue a replacement certificate has been made without the consent of the registered shareholder of the relevant shares, the Company shall send by post to such registered shareholder a copy of the announcement to be published.

- (v) If, upon expiration of the 90-day period referred to in items (iii) and (iv) of this Article, the Company has not received from any person any objection to such application, the Company may issue a replacement share certificate to the applicant according to his application.

- (vi) Where the Company issues a replacement certificate under this Article, it shall forthwith cancel the original share certificate and enter the cancellation and replacement in the register of shareholders accordingly.
- (vii) All expenses relating to the cancellation of an original share 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 50**

Where the Company issues a replacement certificate pursuant to these 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 that he/she is a bona fide purchaser) shall not be removed from the register of shareholders.

**Article 51**

The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original share certificate or the issuance of the replacement share certificate, unless the said person proves that the Company had acted fraudulently.

**CHAPTER VII RIGHTS AND OBLIGATIONS OF SHAREHOLDERS**

**Article 52**

A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of shareholders.

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 be entitled to the same rights and assume the same obligations. Shareholders of each class of shares of the Company shall have equal rights in any distributions made in the form of dividends or any other forms.

The Company shall not, merely as a result of failure by any direct or indirect interested persons to disclose to the Company of their interests, exercise any power to freeze or otherwise damage any of their rights attached to the shares held by them.

### **Article 53**

The holders of ordinary shares of the Company shall have the following rights:

- (i) To be entitled to dividends and other forms of distribution in proportion to the number of shares held;
- (ii) To attend or appoint a proxy to attend general meetings and to exercise the corresponding voting rights in accordance with laws;
- (iii) To supervise and manage the business operations of the Company and to put forward proposals or raise inquiries;
- (iv) To transfer shares held by them in accordance with the laws, administrative regulations, regulatory rules of the place where the shares of the Company are listed and these Articles of Association;
- (v) To obtain relevant information in accordance with the provisions of these Articles of Association, including:
  1. To obtain a copy of these Articles of Association upon payment of cost thereof;
  2. To inspect and copy upon payment of a reasonable cost:
    - (1) Copies of the register of all shareholders;
    - (2) Personal particulars of each of the Company's directors, supervisors, general manager and other senior management members including:
      - a. Present and former name and alias;
      - b. Principal address (domicile);
      - c. Nationality;
      - d. Full-time and all other part-time occupations and positions;
      - e. Identification certificate document and its number.
    - (3) Status of the share capital of the Company;



- (4) Reports stating the aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares repurchased by the Company since the last accounting year and the aggregate costs paid by the Company for this purpose;
- (5) Meeting minutes of the shareholders' general meetings;
- (vi) Upon termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the number of shares held; and
- (vii) Other rights conferred by laws, administrative regulations, regulatory rules of the place where the shares of the Company are listed and these Articles of Association.

The Company shall maintain the above documents at the address of the Company in Hong Kong in accordance with the requirements of the *HK Listing Rules* for free inspection by the public and shareholders. The shareholders may copy the above documents after paying a reasonable fee.

**Article 54**

Shareholders demanding inspection of the relevant information or requesting materials mentioned in the preceding provision shall provide to the Company written documents evidencing the class and number of shares of the Company held by them. The Company shall, upon verification of the shareholder's identity, provide such information in accordance with these Articles of Association and at the shareholder's request.

**Article 55**

If a resolution passed at the Company's general meetings or board meetings violates the laws or administrative regulations, shareholders shall have the right to initiate proceedings to the People's Court to render the same as invalid.

If the procedures for convening, or the method of voting at, a general meeting or board meeting violate the laws, administrative regulations or these Articles of Association, or the contents of a resolution violate these Articles of Association, shareholders shall be entitled to initiate proceeding to the People's Court to rescind such resolutions within sixty days from the date on which such resolution is adopted.

**Article 56**

Where the Company incurs losses as a result of violation by directors and senior management members of the laws, administrative regulations or these Articles of Association in the course of performing their duties to the Company, the shareholders individually or in the aggregate holding one percent or more of the shares of the Company for 180 consecutive days or more shall be entitled to request in writing the Board of Supervisors to initiate proceedings to the People’s Court; where the Company incurs losses as a result of violation by the Board of Supervisors of any provisions of laws, administrative regulations or these Articles of Association in the course of performing its duties to the Company, the shareholders may make a request in writing to the Board of Directors to initiate proceedings to the People’s Court.

In the event that the Board of Supervisors or the Board of Directors refuses to initiate proceedings after receiving the written request of shareholders stated in the foregoing paragraph, or fails to initiate such proceedings within thirty days from the date of receiving such request, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company’s interests, the shareholders described in the preceding paragraph shall be entitled to initiate proceedings to the People’s Court directly in their own names for the interests of the Company.

Where the Company incurs losses as a result of infringement upon the legitimate rights and interests of the Company by any other persons, the shareholders stated in Paragraph 1 of this Article may initiate proceedings to the People’s Court pursuant to the provisions of the first two paragraphs.

**Article 57**

Shareholders may initiate proceedings to the People’s Court in the event that a director or a senior management member has violated the laws, administrative regulations or these Articles of Association, damaging the interests of shareholders.

**Article 58**

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

- (i) To abide by these Articles of Association;
- (ii) To pay subscription monies according to the number of shares subscribed and the method of subscription;

- (iii) Not to abuse their rights as shareholders 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 interests of any creditor of the Company. Shareholders of the Company who abuse their shareholders' rights and thereby causing damage to the Company or other shareholders shall be liable for indemnity according to the law. Where shareholders of the Company abuse the independent legal person status of the Company and the limited liability of shareholders for the purpose of evading repayment of debts, thereby materially jeopardizing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company;
- (iv) Other obligations imposed by laws, administrative regulations, regulatory rules of place where the shares of the Company are listed and these Articles of Association.

Shareholders will not, with the exception of the conditions agreed by the subscribers of shares at the time of subscription, be responsible for addition to any share capital thereafter.

**Article 59**

Where a shareholder holding five percent or more voting shares of the Company pledges any shares held by him, he shall report the same to the Company in writing on the same day on which he pledges his shares.

**Article 60**

The controlling shareholder (as defined in Article 62 herein) and the de facto controller of the Company shall not make use of the related party relationship against the interests of the Company. Whoever violate this provision causing damages to the Company shall be liable for compensation.

The controlling shareholder and the de facto controller of the Company shall have fiduciary duties towards the Company and public shareholders of the Company. The controlling shareholder shall exercise its rights as a contributor in strict compliance with the law. The controlling shareholder shall not do harm to the lawful interests of the Company and public shareholders through profit distribution, asset restructuring, external investment, appropriation of capital, offering loan guarantees and shall not make use of its controlling status against the interests of the Company and public shareholders of the Company.

**Article 61**

In addition to obligations imposed by laws, administrative regulations or required by the regulatory rules of the stock exchange on which shares of the Company are listed, a controlling shareholder when exercising his authorities as a shareholder shall not exercise his voting rights in respect of the following matters in a manner jeopardizing the interests of all or some of the shareholders of the Company:

- (i) To relieve a director or supervisor of his duty to act honestly in the best interests of the Company;
- (ii) To approve the expropriation by a director or supervisor (for his own interests or for the interests of other person(s)), in any manner, of the Company's assets, including (without limitation) any opportunities beneficial to the Company;
- (iii) To approve the expropriation by a director or supervisor (for his own interests or for the interests of other person(s)) of the individual rights of other shareholders, including (without limitation) rights to distributions and voting rights save for a restructuring proposal of the Company submitted to the shareholders' general meeting for approval in accordance with these Articles of Association.

**Article 62**

The term "controlling shareholder" referred to in these Articles of Association means a person who satisfies any one of the following conditions:

- (i) A person who, acting alone or in concert with others, has the power to elect a majority of the directors;
- (ii) A person who, acting alone or in concert with others, has the power to exercise or to control the exercise of thirty percent or more of the voting rights of the Company;
- (iii) A person who, acting alone or in concert with others, holds thirty percent or more of the issued and outstanding shares of the Company;
- (iv) A person who, acting alone or in concert with others, has de facto control over the Company in any other way.

**CHAPTER VIII GENERAL MEETINGS****Article 63**

The shareholders' general meeting is the organ of power of the Company and shall exercise the powers in accordance with the law.

## **Article 64**

The shareholders' general meetings shall exercise the following powers:

- (i) To decide on the operating guidelines and investment plans of the Company;
- (ii) To elect and replace the directors and decide on matters relating to the remuneration of the directors;
- (iii) To elect and replace the non-employee representative supervisors, and decide on matters relating to the remuneration of the supervisors;
- (iv) To consider and approve reports of the Board of Directors;
- (v) To consider and approve reports of the Board of Supervisors;
- (vi) To consider and approve the Company's annual financial budget plans and final account plans;
- (vii) To consider and approve the Company's profit distribution plans and plans for recovery of losses;
- (viii) To decide on increases or reductions in the Company's registered share capital;
- (ix) To decide on merger, division, dissolution or liquidation etc. of the Company;
- (x) To decide on the issuance of bonds of the Company;
- (xi) To decide on the Company's appointment, dismissal or non-reappointment of accounting firms;
- (xii) To amend these Articles of Association;
- (xiii) To consider matters relating to the purchases, disposals of the Company's material assets, or amount of external guarantees within one year, which exceed thirty percent of the Company's total assets;
- (xiv) To consider and approve matters relating to changes in the use of proceeds;
- (xv) To consider the Company's share incentive schemes;

- (xvi) To consider the proposals raised by the shareholders who, individually or jointly, hold 3% or more of the voting shares of the Company;
- (xvii) To consider other matters required by laws, administrative regulations, department rules, the regulatory rules of the stock exchange at the place where the shares of the Company are listed and these Articles of Association, to be resolved by the shareholders' general meetings.

**Article 65**

The following external guarantees of the Company shall be subject to consideration and approval by the shareholders' general meetings:

- (i) Any guarantee to be provided when the total amount of external guarantee provided by the Company and its controlled subsidiaries has reached or exceeded 50% of the latest audited net assets;
- (ii) Any guarantee to be provided when the total amount of external guarantee provided by the Company has reached or exceeded 30% of its latest audited total assets;
- (iii) Any guarantee to be provided to a party which has a asset-liability ratio over 70%;
- (iv) A single guarantee for amount over 10% of the latest audited net assets;
- (v) Any guarantee to be provided to shareholders, de facto controllers and their related parties;
- (vi) Other guarantees which shall be considered and approved at the shareholders' general meetings as prescribed by laws and these Articles of Association.
- (vii) The Company shall not borrow or provide guarantees to natural persons, external entities without legal personality or overseas companies.

**Article 66**

The Company shall not, without the approval of the shareholders' general meetings, enter into any contract with any person other than directors, supervisors, general manager and other senior management members for authorization of management of all or substantial part of business of the Company to such persons.

**Article 67**

Shareholders' general meetings include annual general meetings and extraordinary general meetings. The shareholders' general meetings shall be convened by the Board of Directors. The annual general meeting shall be held once a year within six months after the end of the previous accounting year.

The Board of Directors shall convene an extraordinary general meeting within two months under any of the following circumstances:

- (i) The number of directors is less than the quorum prescribed by the *Company Law* or less than the two thirds of the amount required by these Articles of Association;
- (ii) The uncovered losses are in excess of one-third of the Company's total amount of paid-in share capital;
- (iii) Shareholders individually or in the aggregate holding more than ten percent of the Company's issued voting shares, request in writing to hold an extraordinary general meeting;
- (iv) The Board of Directors considers it necessary or the Board of Supervisors proposes to hold such a meeting; and
- (v) Such other circumstances as provided by laws, administrative regulations, departmental rules, the regulatory rules of place where the shares of the Company are listed or these Articles of Association.

**Article 68**

The Company shall hold the shareholders' general meetings at the domicile of the Company or such other place as specified in the notice of the shareholders' general meetings.

The shareholders' general meetings shall have a venue and be held on-site. The Company may, in accordance with the securities regulatory rules of place where the shares of the Company are listed, to the extent applicable, provide convenience for participation in the shareholders' general meetings for shareholders, through other means and channels. A shareholder who participates in a general meeting in the aforesaid manner shall be deemed to have been present at the meeting.

**Article 69** Written notice of the general meetings by the Company shall be dispatched forty-five days prior to the date of the meetings to all shareholders whose names appear on the register of shareholders, specifying the matters to be considered and the date and place of the meetings. Shareholders who intend to attend the meetings shall serve on the Company written replies of their intention to attend twenty days prior to the date of the meetings.

The date of the general meetings and the date when the notice is dispatched shall not be included in the calculation of the period for issuing such notice.

**Article 70** When the Company convenes the shareholders' general meetings, shareholders, either individually or in aggregate, holding more than 3% of the share capital of the Company shall have the right to propose new proposals in writing to the Company, and the Company shall include the proposals into the agenda of such general meetings if they are falling within the functions and powers of the general meetings.

**Article 71** The Company shall, based on the written replies received twenty days before the date of the general meetings from the shareholders, calculate the number of voting shares represented by shareholders who intend to attend the meetings. If the number of voting shares represented by the shareholders who intend to attend the meetings reaches more than one-half of the Company's total voting shares, the Company may hold the meetings. If not, the Company shall within five days notify the shareholders again by public announcement, of the matters to be considered, the place and the date of the meetings. The Company may then hold the meetings after publication of such announcement.

**Article 72** The shareholders' general meetings shall not vote and reach a resolution for the matters not being specified in the notice of shareholders' general meetings.

**Article 73** The notice of the shareholders' general meetings shall meet the following requirements:

- (i) Be in writing;
- (ii) Specify the place, date and period of the meetings;
- (iii) Specify the matters to be discussed at the meetings;



- (iv) Provide such information and explanation as are necessary for the shareholders to make an informed decision on the matters to be discussed, including (but without limitation) provisions of the specific conditions and contracts (if any) for the transactions and contemplated and careful explanation of the causes and consequences thereof when the company proposes combination, share repurchase, reorganization of share capital or other restructuring;
- (v) Contain disclosure of the nature and extent, if any, of the material interests of any director, supervisor, general manager and other senior management members in the matters to be discussed; and explanation of the difference if the effect which the matters to be discussed will have on such director, supervisor, general manager and other senior management members in their capacity as shareholders in so far as it is different from the effect on the shareholders of the same class;
- (vi) Contain the full text of any special resolution proposed to be adopted at the meetings;
- (vii) Contain a conspicuous statement that a shareholder entitled to attend and vote at such meetings is entitled to appoint one or more proxies to attend and vote at such meetings on his behalf and that a proxy does not need to be a shareholder of the Company;
- (viii) Specify the record date of shares for shareholders who are entitled to attend the general meetings;
- (ix) Specify the delivery time and place for power of attorney for the relevant meetings; and
- (x) Name and telephone number of the contact person(s).

#### **Article 74**

Where the elections of directors and supervisors are to be discussed, a notice of the shareholders' general meetings shall fully disclose the particulars of the candidates of directors and supervisors and shall at least include the following contents:

- (i) Personal particulars such as educational background, working experience and part-time job;
- (ii) Whether or not the candidate has any related party relationship with the Company or its controlling shareholders and de facto controllers;

- (iii) Disclose the number of shares of the Company held by the candidate;
- (iv) Whether or not the candidate has been subject to penalties by the CSRC and other relevant authorities as well as sanctions by any stock exchange;

Save for the elections of directors and supervisors held by adopting cumulative voting system, each candidate for a director or supervisor shall be proposed by way of a separate proposal.

**Article 75**

The notice of the shareholders' general meetings shall be delivered to shareholders (whether or not having voting rights at the general meetings) personally or by postage-paid mails at the addresses of the recipients which are recorded in the register of shareholders. The notice of the shareholders' general meetings to the shareholders of domestic shares may also be made by way of public announcement.

The term "public announcement" referred to in the preceding paragraph shall be published in one or more newspapers designated by CSRC and securities regulatory authority at the place where the shares of the Company are listed within the interval between forty-five days to fifty days before the date of the meetings. After the publication of such announcement, all shareholders of domestic shares shall be deemed to have received the relevant notice of the shareholders' general meetings.

For shareholders of overseas listed foreign shares, under the premise of not violating laws and regulations, laws, regulations and supervision rules of the place where the Company's shares are listed and performing the relevant procedures, the Company may also serve or provide a notice to a shareholder through the SEHK and the Company's website or other electronic manners, without having to issue or provide them in the manner described above in this Article.

**Article 76**

Subsequent to the dispatch of a notice of the general meetings, the general meetings shall not be postponed or cancelled without proper reasons, and the proposals set out in the notice of the general meetings shall not be withdrawn. Once the meeting is postponed or cancelled, the convener shall make an announcement and give reasons thereof at least 2 business days prior to the original date of the meeting.

**Article 77**

The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by any person entitled to receive notice, shall not invalidate the meeting and the resolutions passed at the meeting.

**Article 78**

Any shareholder who is entitled to attend and vote at a general meeting shall be entitled to appoint one or more persons (such person may not be a shareholder of the Company) as his proxy/ proxies to attend and vote on his behalf, and a proxy so appointed shall be entitled to exercise the following rights according to the authorizations from that shareholder:

- (i) The shareholder's right to speak at the meeting;
- (ii) The right to request to vote for a proposal, individually or together with others; and
- (iii) The right to vote by hands or on a poll, but a proxy of a shareholder who has appointed more than one proxy may only vote on a poll.

**Article 79**

A shareholder shall appoint his proxy in writing, such instrument appointing the proxy shall be signed by the appointing shareholder or the proxy who is authorized in writing, or if the appointing shareholder is a legal entity, either affixed with legal person seal or signed by a director, or the duly authorized proxy.

If the shareholder is an authorized clearing house of the place(s) where the securities of the Company are listed or its agent, such a shareholder is entitled to appoint one or more persons it deems suitable to act as its proxy in the shareholders' general meeting or shareholders class meeting. If two or more persons are appointed as proxies, the power of attorney shall clearly state the number and the class of shares represented by each of the proxies. The proxy forms shall be signed by the respective proxies appointed by the authorized clearing house. The proxies so appointed may represent the authorized clearing house (or its agent) in exercising its rights at any meeting (without being required to present share certificate, certified statement of proxy and/or further evidence of due authorization) as if that proxy is an individual shareholder of the Company.

**Article 80**

Proxy forms shall be lodged at the domicile of the Company or other places specified in the notice of meeting twenty-four hours before the relevant meeting for voting according to the proxy form, or twenty-four hours before the designated time of voting. Where the proxy form is signed by a person under a proxy authorized by the appointer, the power of attorney or other authorization documents authorized to be signed shall be notarized. The notarized power of attorney or other authorization documents shall, together with the proxy form, be maintained at the domicile of the Company or other places specified in the notice of meeting.

Where the appointer is a legal entity, its legal representative or such person as is authorized by the Board of Directors or other governing body may attend shareholders' general meetings of the Company as a representative of the appointer.

**Article 81**

Any form issued to a shareholder by the Board of Directors for appointing a proxy of the shareholder shall allow the shareholder to freely instruct the proxy to cast vote in favor of, against or abstention from the proposals, and instruct separately about each proposal dealing with the businesses to be considered at the meetings. Such power of attorney shall contain a statement that in absence of instructions by the shareholders, his proxy may vote as he thinks fit.

The Company is entitled to require the proxy attending the shareholders' general meetings on behalf of a shareholder to present his identification document.

If a corporate shareholder appoints its representative to attend the meetings, the Company is entitled to require the representative to present his own identification document and a notarized certified copy of the resolution or power of attorney authorized by its board of directors or other governing body of such corporate shareholder.

**Article 82**

A vote given by a proxy in accordance with the terms of the power of attorney shall be valid, notwithstanding the death or loss of capacity of the appointer or revocation of the proxy or the authority under which the power of attorney was executed, or the relevant shares was transferred, provided that the Company does not receive any written notice in respect of any such matters prior to the commencement of the relevant meetings.

- Article 83** The Board of Directors, independent non-executive directors and shareholders who satisfy the relevant criteria, may solicit voting rights from the Company's shareholders in the shareholders' general meetings.
- Article 84** The Company shall be responsible for compiling the attendees sheet which shall include, among others, the names of attendees (or names of relevant unit), ID number, domicile, the number of shares with voting rights that he holds or represents, and name of the person (or name of relevant unit) who attends the meeting by proxy.
- Article 85** The convener and lawyers engaged by the Company shall verify the legitimate qualification of shareholders in accordance with the register of shareholders provided by the securities depository and clearing institutions, and shall register the names of shareholders and the number of voting shares each of them holds. The registration shall end before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of voting shares they hold at the venue of the meeting.
- Article 86** When convening a shareholders' general meeting, all directors, supervisors and the secretary of the Board of Directors shall attend the meeting, while the general manager and other senior management members shall attend the meeting as non-voting participants.
- Article 87** The Company shall formulate the *Procedural Rules of the Shareholders' General Meetings* which shall set out in details the procedures of convention and voting in respect of the shareholders' general meetings, including notices, registration, consideration for proposals, voting, vote counting, announcement on voting results, formation of the resolutions, meeting minutes and signing, announcements and other contents, and the principles of authorization granted to the Board of Directors at the shareholders' general meetings. The scope of authorization shall be specified in details. The procedural rules of the shareholders' general meetings shall be prepared by the Board of Directors, approved at the shareholders' general meetings and attached to these Articles of Association as an appendix.
- Article 88** During the annual general meeting, the Board of Directors and the Board of Supervisors shall respectively give a report on their work in the previous year to the shareholders' general meeting, and each independent non-executive director shall also make his duty report accordingly.

**Article 89** Directors, supervisors and senior management members shall at the shareholders' general meetings make explanation and statement on the inquiries and suggestions from shareholders.

**Article 90** Prior to voting, the chairman of the meeting shall announce the number of shareholders and proxies present and the total number of voting shares held by them. The number of shareholders and proxies present and the total number of voting shares held by them shall be based on the meeting registration.

**Article 91** The convener shall ensure that the general meeting is held continuously until final resolutions are reached. In the event that the general meeting is adjourned or resolutions failed to be reached due to force majeure or other special reasons, measures shall be adopted to resume the meeting as soon as possible or the meeting shall be concluded immediately, and an announcement shall be promptly made accordingly. The convener shall also report the same to the relevant competent authorities in accordance with the applicable regulations.

**Article 92** Resolutions of the shareholders' general meetings shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution must be passed by votes representing a majority of the voting rights represented by the shareholders (including proxies) present at the meetings.

A special resolution must be passed by votes representing more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meetings.

**Article 93** A shareholder (including proxy) when voting at a shareholders' general meeting may exercise voting rights in accordance with the number of shares carrying the right to vote. Each share shall have one voting right.

If any shareholders is required to give up the voting right for certain proposal or are restricted to be only able to vote for or against certain proposal, in accordance with the provisions of applicable laws and regulations and the *HK Listing Rules*, the votes by those shareholders or their representatives shall not be counted in case of any violation of the relevant provisions or restriction.

**Article 94**

When any shareholders' general meeting considers matters in connection with the related transactions, the related shareholder(s) shall not participate in the vote and the number of voting shares that it represents shall not be counted towards the total number of valid votes. The announcement of the resolutions of the general meetings shall fully disclose the votes of the non-related shareholders.

**Article 95**

At any shareholders' general meeting, a resolution shall be decided on a show of hands, unless, before or after a vote is carried out by a show of hands, a poll is demanded by the following persons:

- (i) The chairman of the meeting;
- (ii) At least two shareholders entitled to vote or by proxy entitled to vote thereat; or
- (iii) One or more shareholders (including proxies) holding, individually or in the aggregate, 10% or more of all shares carrying the right to vote at the meeting.

Unless a poll is demanded pursuant to the preceding provision, a declaration by the chairman that a resolution has been passed on a show of hands and the recording of the same in the minutes of meeting shall be conclusive evidence of the fact that such resolution has been passed. There is no need to provide evidence of the number or proportion of votes in favor of or against such resolution.

The demand for a poll may be withdrawn by the person who demanded the same.

**Article 96**

A poll demanded on such matters as the election of the chairman of the meeting, or the adjournment of the meeting, shall be taken forthwith. A poll demanded on any other matter shall be taken at such time as the chairman of the meeting may decide, and the meeting may proceed with the discussion of other matters; the result of the poll shall still be regarded as a resolution passed at such meeting.

**Article 97**

Shareholders attending the general meetings shall express one of the following views during the voting of a proposal: for, against or abstain. A voting ticket that is incomplete, wrongly completed, illegible, or not yet cast, will be regarded as waiver by the voter of his voting rights. The voting result of the number of shares held by the voter will be treated as "abstention".

- Article 98** On a poll taken at a meeting, a shareholder (including a proxy) entitled to two or more votes is not required to cast all his votes for or against any proposal in the same way.
- Article 99** In the event of an equality of the number of votes for and against a proposal, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to one additional vote.
- Article 100** The list of candidates for directors or supervisors shall be proposed to the shareholders' general meetings for votes.
- The cumulative voting system may be used in the voting for the election of directors and supervisors at the shareholders' general meetings in accordance with relevant laws, regulations, and provisions of the these Articles of Association or the resolutions adopted at the shareholders' general meetings.
- The "cumulative voting system" as referred to in the preceding paragraph means that in the election of directors or supervisors at the shareholders' general meetings, the voting right each share has equals to the number of candidates of directors or supervisors. Shareholders may use their voting rights collectively. The Board of Directors shall announce to shareholders the resumes and basic information of these candidates for directors or supervisors.
- Article 101** When considering a proposal at the shareholders' general meetings, no change shall be made thereto. Otherwise, such change shall be treated as a new proposal which shall not be processed for voting at such general meetings.
- Article 102** Except for the cumulative voting system, all proposals proposed at the shareholders' general meetings shall be voted one by one, and for different proposals on the same matter, voting will be conducted according to the time sequence that these proposals are put forward.
- Other than special reasons such as force majeure which results in the interruption of the meetings or makes it impossible to come to resolution, the shareholders' general meetings shall not set aside the proposals or not vote on them.
- Article 103** The same voting right shall only be exercised by one means, either through onsite voting or other voting means. If the same voting right is exercised by more than one means, the result of the first vote cast shall prevail.
- Article 104** Shareholders shall vote by a disclosed ballot at a general meeting.



**Article 105**

Before the shareholders' general meeting votes on proposals, it shall recommend two shareholder representatives to count the votes and scrutinize the voting. If any shareholder is interested in the matter to be discussed, the relevant shareholder and his proxy shall not participate in vote counting or scrutinize the voting.

When a shareholders' general meeting votes on proposals, the counting of votes and scrutinizing of voting shall be conducted together by lawyers, shareholder representatives and supervisor representatives. The voting results shall be announced during the meeting. The voting results shall be contained in the meeting minutes.

A shareholder of the Company or his proxy, who uses the internet or other voting means, shall be entitled to verify his voting results through relevant voting system.

**Article 106**

The chairman of the meeting shall announce the voting circumstances and results for each proposal, and shall also announce whether the resolutions have been passed according to the voting results.

Before the voting results are officially announced, the companies, counting officers, scrutinizers, major shareholders, the internet service providers and all relevant parties in relation to voting on-site and voting by other means shall be obligated to keep confidential the voting results.

**Article 107**

The following matters shall be resolved by an ordinary resolution at a shareholders' general meetings:

- (i) Work reports of the Board of Directors and the Board of Supervisors;
- (ii) Profit distribution plans and plans to cover losses to be formulated by the Board of Directors;
- (iii) Appointment and removal of members of the Board of Directors and the Board of Supervisors, their remuneration and manner of payment;
- (iv) Annual budgets and final accounts, balance sheets, income statements, and other financial statements of the Company;
- (v) Annual reports of the Company;

- (vi) Other matters other than those which are required by laws, administrative regulations, the regulatory rules of the place where the shares of the Company are listed or these Articles of Association to be adopted by special resolutions.

**Article 108**

The following matters shall be resolved by a special resolution at a shareholders' general meeting:

- (i) Increase or reduction in the registered share capital of the Company; issuance of shares of any class, stock warrants and other similar securities;
- (ii) Issuance of debentures of the Company;
- (iii) Division, merger, dissolution, liquidation or change of the corporate forms of the Company;
- (iv) Amendment to these Articles of Association;
- (v) The Company's purchase or sale of any material assets or the amount of guarantee, within one year, which exceeds 30% of the latest audited total assets of the Company;
- (vi) Equity-based incentive scheme(s);
- (vii) Any other matter as required by laws, administrative regulations, the regulatory rules of the place where the shares of the Company are listed or these Articles of Association, and which as the shareholders' general meeting determines by ordinary resolution will have material effect on the Company and require adoption by special resolutions.

**Article 109**

Where the shareholders request the convening of an extraordinary general meeting or class meeting of shareholders, the following procedures shall be followed:

- (i) Two or more shareholders holding, individually or in the aggregate, more than 10% of the voting shares of the Company may sign one or several copies of written requests in the same form requesting the Board of Directors to convene an extraordinary general meeting or class meeting of shareholders, and stating the matters to be considered at the meeting. The Board of Directors shall convene an extraordinary general meeting or class meeting of shareholders as soon as possible upon receipt of the aforesaid written request. The aforesaid number of shares held shall be calculated as of the date when the shareholders submit the written request;
- (ii) If the Board of Directors fails to issue the notice of such a meeting within thirty days of receipt of the written request, the requesting shareholders may themselves convene such a meeting in a manner as similar as possible to the manner in which shareholders' general meetings are convened by the Board of Directors within four months after receipt of the request by the Board of Directors.

The Company shall bear reasonable costs and expenses for the shareholders' general meetings convened by the Board of Supervisors or shareholders on their own initiative. Such expenses shall be deducted from the amounts due by the Company to the director(s) who have neglected their duties.

**Article 110**

The independent non-executive directors have the right to propose to the Board of Directors to convene a shareholders' extraordinary general meeting. Whenever the independent non-executive directors require convening the extraordinary general meeting, the Board of Directors shall, in accordance with the laws, administrative regulations, regulatory rules in the place where the Company's shares are listed and these Articles of Association, give the written feedback on whether agreeing to convene the extraordinary general meeting or not within ten days after receiving such proposal.

Where the Board of Directors agrees to convene the extraordinary general meeting, the Board of Directors shall send out the notice of the general meeting within five days after making the resolutions; where the Board of Directors disagrees to convene the extraordinary general meeting, the Board of Directors shall make the explanation and issue an announcement.

**Article 111**

The Board of Supervisors have the right to propose to the Board of Directors to convene the extraordinary general meeting and shall propose in writing. The Board of Directors shall, in accordance with the laws, administrative regulations, regulatory rules in the place where the Company's shares are listed and these Articles of Association, give the written feedback on whether agreeing to convene the extraordinary general meeting or not within ten days after receiving such proposal.

Where the Board of Directors agrees to convene the extraordinary general meeting, the Board of Directors shall send out the notice of the general meeting within five days after making the resolutions and any change of the original proposal in the notice shall be approved by the Board of Supervisors.

Where the Board of Directors disagrees to convene the extraordinary general meeting, or fails to give feedback within ten days after receiving the proposal, it shall be deemed as the Board of Directors is unable to or refuses to convene the general meeting and the Board of Supervisors is entitled to convene and preside over a general meeting itself.

**Article 112**

With regard to the shareholders' general meetings convened by the Board of Supervisors or shareholders on their own initiative, the Board of Directors and the secretary of the Board of Directors shall provide assistance. The Board of Directors shall provide the register of shareholders as of the record date of equity interests.

**Article 113**

The shareholders' general meetings shall be convened by the Board of Directors, and the chairman of the Board of Directors shall act as the chairman of the meetings; if the chairman of the Board of Directors is unable or fails to perform the duties, the deputy chairman of the Board of Directors shall convene the meetings and act as the chairman of the meetings; if the Company has no deputy chairman or the deputy chairman of the Board of Directors is unable or fails to perform the duties, a majority of directors shall jointly elect a director to act as the chairman of the meetings. If no chairman of the meeting has been so designated by a majority of directors, shareholders present may elect one person to be the chairman of the meetings. If for any reason, the shareholders fail to elect a chairman, then the shareholder (including proxy) present holding the largest number of shares carrying the right to vote thereat shall be the chairman of the meetings.

**Article 114**

The chairman of the meetings shall be responsible for determining whether a resolution is passed. His decision, which is final and conclusive, shall be announced at the meetings and recorded in the meeting minutes.

**Article 115**

If the chairman of the meeting has any doubt as to the result of a resolution which has been presented for voting at a shareholders' general meeting, he may count the votes. If the chairman of the meeting does not count the votes, any shareholder who is present in person or by proxy and who objects to the result announced by the chairman of the meeting may, immediately after the declaration of the result, demand that the votes be counted and the chairman of the meeting shall have the votes counted immediately.

**Article 116**

If votes are counted at a shareholders' general meeting, the result of the count shall be recorded in the meeting minutes.

Meeting minutes of the shareholders' general meetings shall be signed by chairman of the meeting, the present directors, supervisors, secretary of the Board of Directors, the convener or its representatives. The meeting minutes shall, together with the signature book of shareholders attending the meetings and power of attorney and effective information of voting by other means, be kept at the domicile of the Company for at least ten years.

**Article 117**

The secretary of the Board of Directors shall be responsible for taking minutes of the general meetings. The meeting minutes shall include:

- (i) Time, place and agenda of the meetings and name or designation of the convener;
- (ii) Names of the chairman of the meeting and directors, supervisors, general manager and other senior management members present or in attendance at the meetings;
- (iii) Number of the present shareholders and proxies, the total number of voting shares they represent and the percentage of the total shares of the Company they represent;
- (iv) The discussions in respect of each proposal, highlights of the speeches made at the meetings and the voting results;
- (v) Details of the queries or recommendations of the shareholders, and the corresponding answers or explanations;
- (vi) The name of lawyers, counting officers and scrutinizers;
- (vii) Such other matters which shall be recorded in the meeting minutes in accordance with the provisions of these Articles of Association.

**Article 118**

Copies of the meeting minutes of any shareholders' general meeting shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder requests a copy of such minutes from the Company, the Company shall send a copy of such minutes to him within seven days after the receipt of reasonable fees thereof.

- Article 119** The resolutions of the shareholders' general meetings shall be announced promptly in accordance with the relevant laws, regulations and the relevant requirements of the stock exchange at the place where the shares of the Company are listed, specifying the number of shareholders present in person and by proxy at the meetings, the total number of voting shares held by them, the percentage of such voting shares in the total number of the voting shares of the Company, the total number of the shares that have to be abstained in accordance with the requirements of the securities regulatory body where the Company's securities are listed, and/or the total number of shares (if any) to be abstained from voting, the voting methods, the voting results of each proposal and the details of the resolutions passed, as well as the identity of counting officers and scrutinizers.
- Article 120** Where a proposal has not been passed or the resolution of any previous general meeting is modified in the current general meeting, a special reminder shall be given in the resolutions of the general meeting.
- Article 121** If the proposal on election of new directors and supervisors is adopted at the shareholders' general meeting, the tenure of directors and supervisors to take the position shall be calculated from the date when they are elected.
- Article 122** If any proposal for a cash dividend, share allocation, or conversion from capital reserves to share capital is passed at the shareholders' general meetings, the Company shall implement detailed plans within 2 months after the conclusion of the shareholders' general meetings.
- Article 123** The Company shall, in connection with the convening of a shareholders' general meeting, engage lawyers to issue legal opinions in respect of the following matters and make relevant public announcements accordingly:
- (i) Whether the procedures relating to the convening and the holding of such meeting comply with the laws, administrative regulations, the regulatory rules of the place where the shares of the Company are listed or these Articles of Association;
  - (ii) The legality and validity of the qualifications of the attendees and the convener of the meeting;
  - (iii) The legality and validity of the voting procedures and voting results of the meeting;

- (iv) Legal opinions issued on other related matters as requested by the Company.

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

**Article 124** Shareholders who held different classes of shares are referred to as class shareholders. Class shareholders shall enjoy rights and assume obligations in accordance with laws, administrative regulations, the regulatory rules of place where the shares of the Company are listed and these Articles of Association.

**Article 125** Rights granted on any class of shareholders may not be varied or abrogated save as adoption by a special resolution at the shareholders' general meetings, and by the shareholders of the affected class at the shareholders' general meetings convened respectively in accordance with Articles 127 through 131.

**Article 126** The following circumstances shall be deemed to be variation or abrogation of the rights of a certain class of shareholders:

- (i) To increase or decrease the number of shares of that class, or to increase or decrease the number of shares of a class having voting or rights to distribution or privileges equal or superior to those of shares of that class;
- (ii) To exchange all or part of the shares of that class for shares of another class or to exchange or to grant a right to exchange all or part of the shares of another class for shares of that class;
- (iii) To cancel or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of that class;
- (iv) To reduce or cancel preferential rights attached to shares of that class to receive dividends or to the distribution of assets in the event that the Company is liquidated;
- (v) To increase, cancel or reduce conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attached to shares of that class;
- (vi) To cancel or reduce rights to receive payment payable by the Company in particular currencies attached to shares of that class;



- (vii) To create a new class of shares having voting rights or rights to distribution or other privileges equal or superior to those of the shares of that class;
- (viii) To restrict the transfer or ownership of shares of that class or to increase the types of restrictions attaching thereto;
- (ix) To issue rights to subscribe for, or to convert the existing shares into, shares in the Company of that class or another class;
- (x) To increase the rights and privileges of shares of another class;
- (xi) To restructure the Company in such a way so as to result in the disproportionate distribution of obligations among the various classes of shareholders; and
- (xii) To vary or abrogate the provisions of this Chapter.

**Article 127**

Shareholders of the affected class, whether or not otherwise having the right to vote at shareholders' general meetings, shall have the right to vote at class meetings in respect of matters concerning items (ii) to (viii), (xi) to (xii) of Article 126, but interested shareholder(s) shall not be entitled to vote at such class meetings.

The term "interested shareholders" as referred to the preceding paragraph means:

- (i) In the case of a repurchase of shares by way of a general offer to all shareholders of the Company or by way of public trading on a stock exchange pursuant to Article 27, an "interested shareholder" is a controlling shareholder within the meaning of Article 62 of these Articles of Association;
- (ii) In the case of a repurchase of shares by an agreement out of a stock exchange pursuant to Article 27 of these Articles of Association, an "interested shareholder" means a holder of the shares to which the said agreement relates; or

(iii) In the case of a restructuring of the Company, an “interested shareholder” means a shareholder who assumes a relatively lower proportion of obligation than the obligations imposed on other shareholders of that class under the proposed restructuring, or who has an interest in the proposed restructuring different from the general interests of the shareholders of that class.

**Article 128**

Resolutions of a class of shareholders shall be passed by affirmative votes representing more than two-thirds of the voting rights of shareholders of that class present at the relevant meetings who, according to Article 127, are entitled to vote thereat.

**Article 129**

Written notice of a class meeting shall be given to all shareholders who are registered as holders of that class in the register of shareholders forty-five days before the date of the class meeting, specifying the matters to be considered at such meeting and the date and place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his written reply in respect thereof to the Company twenty days before the date of the class meeting.

If the shareholders who intend to attend such class meeting represent more than half of the total number of shares of that class which have the right to vote at such meeting, the Company may hold the class meeting; otherwise, the Company shall within five days give the shareholders further notice of the matters to be considered and the date and place of the class meeting by way of announcement. The Company may then hold the class meeting after such further notice has been given by way of announcement.

**Article 130**

Notice of class meetings is only needed to serve on shareholders entitled to vote thereat.

Class meetings shall be conducted in a manner which is as similar as possible to that of shareholders’ general meetings. The provisions of these Articles of Association relating to the manner for the holding of shareholders’ general meetings are also applicable to class meetings.

## **Article 131**

Apart from the shareholders of other classes of shares, the shareholders of the domestic shares and shareholders of overseas-listed foreign shares shall be deemed to be holders of different classes of shares. If the share capital of the Company includes the shares without voting rights, such shares shall be entitled the wording “without voting rights”. If the share capital includes the shares carrying different voting rights, the shares of each class (except for the shares carrying the most favorable voting rights) shall be entitled the wording “restricted voting rights” or “restrictive voting rights”. The special procedures for voting by a class of shareholders shall not apply to the following circumstances:

- (i) Where the Company issues, upon the approval by special resolutions of its shareholders at the general meetings, either separately or concurrently once every twelve months, not more than 20% of each of its existing issued and outstanding domestic shares and overseas listed foreign shares; or
- (ii) Where the Company’s plan to issue domestic shares and overseas listed foreign shares at the time of its establishment is carried out within fifteen months from the date of approval of the securities regulatory authority of the State Council.

## **CHAPTER X THE BOARD OF DIRECTORS**

### **SECTION I DIRECTORS**

## **Article 132**

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

The directors are elected by the general meetings. The directors are appointed for a term of three years, from the date of election to the expiration of the term of the current Board of Directors. Upon expiration of the term of office of the directors, they may be re-elected and reappointed.

## **Article 133**

The list of candidates for directors shall be submitted to the general meetings for voting by way of a proposal.

Written notice specifying the intention to nominate candidates for directors and the acceptance of nomination by the candidates concerned shall be given to the Company no later than seven days before convening the general meetings. Time limits for nomination and acceptance of nomination shall be calculated from the date on which the notice of the general meetings is dispatched, but no later than 7 days prior to the date of general meetings.

The shareholders' general meetings may, subject to compliance with relevant laws, administrative regulations, and relevant requirements of the securities regulatory authority at the place where the shares of the Company are listed, by way of ordinary resolution, remove any director whose term of office has not expired (However, claims that can be filed under any contract are not affected by this.).

**Article 134**

The cumulative voting system may be used in the voting for the election of directors at the shareholders' general meetings in accordance with provisions of these Articles of Association or the resolutions adopted at the shareholders' general meetings.

The "cumulative voting system" as referred to in the preceding paragraph means that in the election of directors or supervisors at the shareholders' general meetings, the voting right each share has equals to the number of candidates for directors. Shareholders may use their voting right collectively. The Board of Directors shall announce to shareholders the resumes and basic information of these candidates of directors.

**Article 135**

A director may resign before expiration of his term of office, subject to submission of a written resignation report to the Board of Directors. If the number of the directors of the Company is less than the legal quorum due to a director's resignation, before the re-elected director takes office, the original director shall still perform his duties as a director in accordance with the laws, administrative regulations, departmental rules and these Articles of Association.

Other than the circumstances mentioned in the preceding paragraph, the resignation of a director becomes effective upon submission of his resignation report to the Board of Directors.

**Article 136**

Where no re-election is made timely upon expiration of the term of office of the director, or the number of the directors of the Company is less than the legal quorum due to a director's resignation, before the reelected director takes office, the original director shall still perform his duties as a director in accordance with the laws, administrative regulations, regulatory rules in the place where the Company's shares are listed and these Articles of Association.

## SECTION II INDEPENDENT NON-EXECUTIVE DIRECTORS

**Article 137** The Company has independent non-executive directors. Independent non-executive directors are such directors who serve no other positions in the Company other than independent non-executive directors, and have no relationship with the Company and its substantial shareholders which may affect their independent and objective judgment. Independent non-executive directors shall account for at least one third of the members of the Board of Directors, and be no less than three. At least one of the Independent non-executive directors of the Company shall have appropriate professional qualifications or accounting or related financial management expertise, and comply with the requirements under Rule 3.10(2) of the *HK Listing Rules*.

Independent non-executive directors must satisfy the independence requirement in accordance with Rule 3.13 of the *HK Listing Rules*.

**Article 138** An independent non-executive director shall meet the following basic conditions:

- (i) Being qualified as a director of a listed company in accordance with laws, regulations and normative documents and the provisions of the securities regulatory authority in the place where the Company's shares are listed;
- (ii) Having a bachelor's degree or above, or a senior professional title or above;
- (iii) Performing duties independently, without being affected by the substantial shareholders of the Company, de facto controllers or other entities or individuals that have an interest in the Company;
- (iv) Having basic knowledge of the operation of listed companies and being familiar with relevant laws, regulations and normative documents and rules;
- (v) Having more than 5 years of legal, economic, financial, accounting or other work experience conducive to the performance of the duties of an independent non-executive director;
- (vi) Ensuring that there is sufficient time and energy to perform his duties effectively and committing to abide by the fiduciary duty and diligence.

**Article 139**

An independent non-executive director shall be independent and the following persons shall not act as independent non-executive directors:

- (i) The persons who serve for the Company or its subsidiaries and related parties, and their immediate family members, major social relationships and the core connected persons as defined under the *HK Listing Rules*;
- (ii) Natural person shareholders and their immediate family members, who directly or indirectly hold more than 1% of the issued shares of the Company among the top 10 shareholders of the Company;
- (iii) The persons providing financial, legal, consulting and other services to the Company or its subsidiaries, and their immediate family members and major social relationships;
- (iv) Other persons as stipulated in these Articles of Association;
- (v) Other persons as stipulated by laws and regulations, the CSRC, the securities regulatory authority in the place where the Company's shares are listed, and other relevant regulatory agencies.

The above-mentioned "immediate family members" refer to spouses, parents, children, etc. (same as below); the above-mentioned major social relationships refer to brothers and sisters, parents-in-law, daughters/sons-in-law, spouses of brothers and sisters, and brothers and sisters of spouses etc.

**Article 140**

The functions of an independent non-executive director include but not limited to the following:

- (i) To participate in the meetings of the Board of Directors and provide independent opinions on corporate strategic decision-making, appointment of senior management members and other decisions concerning the Company's significant interests;
- (ii) To play a leading and guiding role when there is potential conflicts of interest such as related party transactions, and fully protect the legitimate interests of the Company and investors;

- (iii) To be invited to serve as members of the special committees such as the Audit and Risk Management Committee, the Nomination Committee, the Remuneration and Evaluation Committee, and the Strategy and Development Committee; and
- (iv) To carefully check whether the Company's operating performance has achieved the set goals and expressed opinions at relevant meetings.

**Article 141**

In addition to the provisions of Section I of this Chapter, the provisions of Chapter XIV of these Articles of Association concerning the qualifications and obligations of directors shall apply to independent non-executive directors.

**Article 142**

Where the Board of Directors and the Board of Supervisors request the general meetings to remove an independent non-executive director, they shall serve a written notice to such independent non-executive director within one month before the general meetings. The independent non-executive director has the right to present his opinions, either orally or in writing, prior to the voting. The general meetings shall vote after considering the opinions expressed by such independent non-executive director.

The proposal of the Board of Supervisors to request the removal of an independent non-executive director shall be submitted to the general meetings for consideration by more than two thirds of the votes of all supervisors. The independent non-executive director may explain the situation to the Board of Supervisors and make representations and defenses before the Board of Supervisors proposes a proposal of dismissal.

**Article 143**

When an independent non-executive director fails to meet the conditions of independence or other circumstances that are not suitable for the performance of the duties of an independent non-executive director, resulting in the number of independent non-executive directors failing to meet the requirements of these Articles of Association, the Company shall supplement the number of independent non-executive directors as required. The term of each independent non-executive director is same as that of other directors of the Company. Upon expiration of the term of office, they may be re-elected and re-appointed, but the term of re-election shall not exceed six years.

### **SECTION III BOARD OF DIRECTORS**

#### **Article 144**

The Company shall have a Board of Directors, consisting of 9 directors, and shall have one chairman, and could have one deputy chairman. The Board of Directors shall include at least one-third of the independent non-executive directors and no less than three independent non-executive directors at any time.

The chairman and deputy chairman shall be elected and removed by more than one half of the directors. The term of office of the chairman and deputy chairman is three (3) years, renewable upon re-election and re-appointment.

#### **Article 145**

The Board of Directors shall formulate the rules of procedures to be followed at meetings of the Board of Directors, so as to ensure the Board of Directors fulfill resolutions adopted at the shareholders' general meetings, improve working efficiency and ensure scientific decision making.

#### **Article 146**

The Board of Directors shall be accountable to the shareholders' general meetings, and shall exercise the following powers:

- (i) To convene the shareholders' general meetings and to report on its work to the shareholders' general meetings;
- (ii) To implement the resolutions adopted by the shareholders' general meetings;
- (iii) To determine the Company's business plans and investment plans;
- (iv) To formulate the Company's plans for annual financial budgets and final accounts;
- (v) To formulate the Company's profit distribution plans and plans to cover losses;
- (vi) To formulate the plans for the increase or reduction of the Company's registered capital and for the issuance of the Company's bonds or other securities as well as the listing plans;
- (vii) To formulate plans for major acquisitions, repurchase of the Company's shares;
- (viii) To formulate plans for merger, division, dissolution or change of the corporate form of the Company;



- (ix) To determine, to the extent authorized by the shareholders' general meetings, on such matters as the external investments, purchase or sale of assets, assets pledge, external guarantee, entrusted financing and related transactions of the Company;
- (x) To decide on the establishment of the Company's internal management organizations;
- (xi) To appoint or remove the Company's general manager and the secretary of the Board of Directors, and, according to the nomination of the general manager, to appoint or remove the deputy general manager, chief financial officer, chief engineer and other senior management members and decide on their remuneration, bonus and punishment;
- (xii) To formulate the Company's basic management policies;
- (xiii) To formulate the plans for the amendment to these Articles of Association;
- (xiv) To manage the information disclosure of the Company;
- (xv) To propose to the shareholders' general meetings for retaining or replacement of the accounting firm that performs auditing for the Company;
- (xvi) To debrief the work report of the general manager of the Company and examine his work;
- (xvii) To exercise any other powers granted by the laws, regulations, the regulatory rules of the place where the shares of the company are listed, and other authorities provided by the shareholders' general meetings and these Articles of Association.

Other than the Board of Directors' resolutions in respect of the matters specified in items (vi), (viii) and (xiii) of these Articles of Association which shall be passed by the affirmative votes of more than two-thirds of all directors, the Board of Directors' resolutions in respect of all other matters may be passed by the affirmative votes of a majority of all the directors.

**Article 147** No directors shall act, in their personal capacity, on behalf of the Company or the Board of Directors beyond provisions in these Articles of Association or without lawful authorization by the Board of Directors. A director shall, when acting in his personal capacity, state his standings and identities in advance if a third party has reasonable reasons to believe that the said director is acting on behalf of the Company or the Board of Directors.

**Article 148** Unless otherwise provided by laws, regulations, the regulatory rules of the place where the Company's shares are listed and these Articles of Association, the investments in other enterprises or guarantees provided by the Company shall be subject to the resolutions of the Board of Directors.

**Article 149** The Board of Directors shall determine the extent of authority for external investments, purchase or sale of assets, assets pledge, external guarantees, entrusted financing and related transactions of the Company, establish strict examination and decision-making procedures, organize related experts and professionals to make assessment in case of significant investment projects and report to the shareholders' general meetings for approval.

**Article 150** At the time of disposal of the fixed assets, the Board of Directors shall not, without the approval of shareholders' general meetings, dispose or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of the fixed assets to be disposed of, and the value derived from the fixed assets which have been disposed of within four months immediately preceding the proposed disposition, exceeds 33% of the value of the fixed assets as shown in the latest balance sheet which is considered by the shareholders' general meeting.

For the purposes of this Article, the term of "disposal of the fixed assets" includes an act involving the transfer of an interest in certain assets but does not include the use of fixed assets as security.

The validity of the transaction by disposal of fixed assets by the Company shall not be affected by any breach of the first paragraph of this Article.

**Article 151** The chairman of the Board of Directors shall exercise the following functions and powers:

- (i) To preside over shareholders' general meetings and to convene and preside over meetings of the Board of Directors;

- (ii) To inspect the implementation of resolutions passed by the Board of Directors;
- (iii) To sign the securities issued by the Company;
- (iv) To exercise other powers granted by the Board of Directors and as required by laws, regulations, normative documents and the regulatory rules of the place where the shares of the Company are listed.

The deputy chairman of the Board of Directors shall assist the chairman. If the chairman of the Board of Directors is unable or fails to perform his duties, the deputy chairman shall perform such duties (if the Company has two or more deputy chairmen of the Board of Directors, then the deputy chairman of the Board of Directors jointly recommended by more than half of the directors shall perform the duties); if the deputy chairman of the Board of Directors is unable or fails to perform his duties, a director elected by more than half of the directors shall perform such duties.

#### **Article 152**

The Board of Directors shall hold at least four regular meetings each year, which shall be convened by the chairman of the Board of Directors and notify all directors, supervisors and general manager fourteen days in advance. An interim board meeting is not subject to the notice time, but a reasonable notice shall be served on all directors, supervisors and general manager.

An interim meeting of the Board of Directors may be convened under any of the following circumstances:

- (i) One third or more directors jointly propose to hold such meeting;
- (ii) The Board of Supervisors proposes to hold such meeting;
- (iii) The shareholders representing one tenth or more of the voting rights propose to hold such meeting;

The chairman of the Board of Directors shall convene and preside over the meetings of the Board of Directors within ten days of receipt of the proposal.

**Article 153**

The notice of the regular and interim meetings of the Board of Directors shall be served in such manners: The written notice affixed with the seal of the Board of Directors shall be served to all directors, supervisors and the general manager by a person, e-mail or fax or in the way permitted by the supervision rules in the place where the Company's shares are listed. Where the above notice is served by e-mail or by fax, the Company shall make a confirmation through phone and keep a record. The time limit for notice: A notice of regular meetings of the Board of Directors shall be served fourteen days before the meetings, and a notice of interim meetings of the Board of Directors shall not be subject to the time limit, but a reasonable notice shall also be served to all directors, supervisors and the general manager. The convener shall explain at the meetings and record it in the minutes of the meetings.

**Article 154**

A notice on the meetings of the Board of Directors shall include:

- i. The time and place of the meetings;
- ii. The duration of the meetings;
- iii. The particulars of matters and the matters to be discussed;
- iv. The date when the notice is given.

**Article 155**

A meeting of the Board of Directors shall be held only when more than half of the directors are present.

Each director shall have one vote. Any resolution of the Board of Directors must be subject to adoption by a majority of all directors. Where there is an equality of votes both for and against a proposal, the chairman of the Board of Directors shall have an additional casting vote.

**Article 156**

The directors shall attend the meetings of the Board of Directors in person. Where any director is unable to attend the meetings for reasons, he may, by issuing a written power of attorney, entrust another director to attend the meeting on his behalf, with the scope of authorization to be stated clearly therein.

The directors who attend the meetings on behalf of other directors shall exercise the rights as directors within the scope of authorization. Failure by a director to attend a meeting of the Board of Directors in person, or to authorize a representative to attend the meetings on his behalf, shall be deemed to waive his voting right at such meetings.

**Article 157** The Board of Directors shall keep minutes of resolutions on matters discussed at meetings. The directors and the secretary of the Board of Directors present at the meetings shall sign on the meeting minutes. The meeting minutes shall be kept for ten years. The directors shall be responsible for any resolutions adopted by the Board of Directors. If any resolution of the Board of Directors violates the laws, administrative regulations, the regulatory rules of the place where the shares of the Company are listed or these Articles of Association, and the Company suffers serious losses as a result, the directors who have participated in passing such resolution shall compensate the Company. However, if it can be proven that a director expressly objects to the resolution when the resolution was voted, and that such objection was recorded in the meeting minutes, such director shall be released from such liability.

#### **SECTION IV SPECIAL COMMITTEES OF THE BOARD OF DIRECTORS**

**Article 158** The Board of Directors of the Company sets up the Audit and Risk Management Committee, the Nomination Committee, the Remuneration and Evaluation Committee, and the Strategy and Development Committee. The Board of Directors can set up other special committees and adjust existing committees as needed.

**Article 159** The Board of Directors shall separately formulate the terms of reference of the special committees under the Board of Directors on their composition, responsibilities and working procedures.

**Article 160** Each special committee may employ intermediary agencies to provide independent professional advice, and the relevant expenses shall be borne by the Company.

**Article 161** The Nomination Committee shall consist of three directors, of which, independent non-executive directors shall be the majority and the chairman of the committee shall be the chairman of the Board of Directors or an independent non-executive director.

**Article 162** The Remuneration and Evaluation Committee shall consist of three directors, of which, the independent non-executive directors shall be the majority, and the chairman of the committee shall be an independent non-executive director.

**Article 163** The Audit and Risk Management Committee shall consist of three non-executive directors, and the chairman of the committee shall be an independent non-executive director. The independent non-executive directors in the Audit and Risk Management Committee shall be the majority and at least one independent non-executive director shall have appropriate professional qualifications or accounting or related financial management expertise.

**Article 164** The Strategy and Development Committee shall consist of three directors, and the chairman of the committee is nominated by the chairman of the Board of Directors of the Company. The chairman of the Board of Directors proposes candidates after discussion with the relevant directors for the Board of Directors' deliberation and decision.

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

**Article 165** The Company shall have a secretary of the Board of Directors. The secretary of the Board of Directors shall be a senior management member of the Company.

**Article 166** The secretary of the Board of Directors shall be a natural person who has essential expertise and experience, to be nominated by the chairman of the Board of Directors, to be employed or dismissed by the Board of Directors, with the main responsibilities as follows:

- (i) To ensure that the Company have complete organizational documents and records;
- (ii) To ensure that the Company prepare and deliver, in accordance with law, the reports and documents required by competent authorities;
- (iii) To ensure proper establishment of the register of shareholders of the Company, and ensure that the persons entitled to obtain related records and documents of the Company timely obtain such records and documents.

**Article 167** The secretary of the Board of Directors may be held concurrently by a director or other senior management members. The accountant from the accounting firm engaged by the Company or management members of controlling shareholders shall not serve as the secretary of the Board of Directors concurrently.

Where the secretary of the Board of Directors is held concurrently by a director, and an act is required to be conducted by a director and a secretary separately, the person who holds the offices of director and secretary concurrently shall not perform such act in a dual capacity.

## **CHAPTER XII GENERAL MANAGER OF THE COMPANY**

**Article 168** The Company shall have one general manager, who shall be appointed or dismissed by the Board of Directors. The Company shall have several deputy general managers, one chief financial officer and one chief engineer.

The term of office of the general manager and other senior management members shall be three years, renewable upon reappointment.

**Article 169** The general manager shall be accountable to the Board of Directors and shall exercise the following functions and powers:

- (i) To be in charge of the Company's operation and management, and to organize the implementation of the resolutions of the Board of Directors;
- (ii) To organize the implementation of the Company's annual business plans and investment plans;
- (iii) To draft plans for the establishment of the Company's internal management organizations;
- (iv) To draft the Company's basic management system;
- (v) To formulate the specific rules and regulations of the Company;
- (vi) To propose the appointment or dismissal of the Company's deputy general managers, chief financial officer and chief engineer;
- (vii) To appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;
- (viii) Other functions and powers granted by these Articles of Association and the Board of Directors.

**Article 170** The general manager of the Company shall attend meetings of the Board of Directors. The general manager who is not a director shall not have any voting rights at meetings of the Board of Directors.

**Article 171** The general manager shall formulate working rules of the general manager, which shall be implemented after being approved by the Board of Directors.

**Article 172** The working rules of the general manager shall include:

- (i) Conditions, procedures of and participants at the general manager’s meeting;
- (ii) Specific responsibilities and work allocations of the general manager and other senior management members of the Company;
- (iii) Use of funds and assets of the Company, scope of authorization to enter into material contracts and policies regarding reporting to the Board of Directors and the Board of Supervisors;
- (iv) Other matters which the Board of Directors deems necessary.

**Article 173** The general manager of the Company, in exercising his powers, shall act honestly and diligently in accordance with laws, administrative regulations, regulatory rules of the place where the shares of the Company are listed and these Articles of Association.

**Article 174** The general manager may resign before expiration of his terms of office. The specific procedures and methods for the resignation of the general manager shall be specified in the employment contract between the general manager and the Company.

**CHAPTER XIII BOARD OF SUPERVISORS**

**Article 175** The Company shall have the Board of Supervisors.

**Article 176** The Board of Supervisors shall consist of 5 supervisors. Each supervisor shall serve for a term of three years, renewable upon re-election. The Board of Supervisors shall have a chairman. The appointment or removal of the chairman of the Board of Supervisors requires approval by votes of two-thirds or more of the members of the Board of Supervisors.



If no reelection is made timely upon expiration of the term of office of a supervisor, or the number of members of the Board of Supervisors is less than the legal quorum due to any supervisor's resignation during his terms of office, before the reelected supervisor takes office, the original supervisor shall still perform his duties as a supervisor in accordance with the laws, administrative regulations, the regulatory rules of the place where the shares of the Company are listed and these Articles of Association.

**Article 177**

The members of the Board of Supervisors shall consist of three shareholder representatives who shall be elected and dismissed by the shareholders' general meetings, and two employee representatives who shall be elected and dismissed democratically by the employees of the Company.

**Article 178**

The directors, general manager and other senior management members of the Company shall not act concurrently as supervisors.

**Article 179**

Meetings of the Board of Supervisors shall be held at least twice every year and once every six months, and convened and presided over by the chairman of the Board of Supervisors. Supervisors may propose to hold an interim meeting of the Board of Supervisors. If the chairman of the Board of Supervisors is unable or fails to perform the duties, a majority of supervisors shall jointly elect a supervisor to convene and preside over the meetings of the Board of Supervisors. A notice of the meetings of the Board of Supervisors shall include:

- (i) The date, place and duration of the meetings;
- (ii) Particulars of a matter and the matters to be discussed;
- (iii) The date when the notice is given.

**Article 180**

The Board of Supervisors shall be accountable to the shareholders' general meetings, and shall exercise the following powers in accordance with the law:

- (i) To review the Company's financial affairs, examine and submit written opinions on the periodical Company's reports prepared by the Board of Directors;

- (ii) To supervise the directors and senior management members' activities in performing duties of the Company, propose for removal of any director or senior management member in violation of any laws, administrative regulations, the regulatory rules of the place where the shares of the Company are listed, these Articles of Association or the resolutions of the shareholders' general meetings;
- (iii) To demand any director and senior management member who acts in a manner which is harmful to the Company's interests to rectify such behavior;
- (iv) To check the financial information, such as the financial reports, reports of operations and profit distribution plans to be submitted by the Board of Directors to the shareholders' general meetings, and to authorize in the Company's name, public certified accountants and licensed auditors to assist in the re-examination of such information, should any doubt arise in respect thereof;
- (v) To propose to convene an extraordinary general meeting, and to convene and preside over the shareholders' general meetings where the Board of Directors fails to perform its duty to do so;
- (vi) To submit proposals to the shareholders' general meeting;
- (vii) To represent the Company in negotiations with any director and senior management members, or to initiate legal proceedings against any director and senior management members;
- (viii) To conduct investigations whenever unusual conditions of operation of the Company arise and if necessary, to engage professional institutions such as accounting firms and law firms to assist in the investigations; and
- (ix) Such other powers as provided by these Articles of Association.

Supervisors could attend meetings of the Board of Directors as non-voting delegates.

**Article 181**

Supervisors may propose to convene an interim meeting of the Board of Supervisors. For each meeting of the Board of Supervisors, the staff member shall serve a meeting notice affixed with the seal of the Board of Supervisors to the supervisors in person, by mail, fax, e-mail or telephone fourteen days before convening the meeting. The indirect delivery shall also be confirmed by telephone and recorded, and the notice shall include the date and place of the meeting, the duration of the meeting, matters to be discussed at the meeting and the date of the notice.

The meetings of the Board of Supervisors shall only be held when two thirds or more of the supervisors attend at the meetings. Votes by open ballot shall be made at the meetings of the Board of Supervisors. Each supervisor shall have one vote. The supervisors shall be present in person at the meetings of the Board of Supervisors. Where a supervisor is unable to be present for certain reasons, he may by power of attorney entrust another supervisor in writing to be present on his behalf, with the scope of authorization clearly indicated in the power of attorney.

A resolution of the Board of Supervisors must be passed by two thirds or more of the members of the Board of Supervisors.

**Article 182**

Minutes shall be prepared for the meetings of the Board of Supervisors, and supervisors are entitled to request to make descriptive statements for his speech at the meeting minutes. Supervisors and recorder present at the meetings shall sign thereon. The meeting minutes of Board of Supervisors shall be kept by the secretary of the Board of Directors as corporate archives. The meeting minutes shall be kept for ten years.

**Article 183**

All expenses incurred for the engagement by the Board of Supervisors of professionals such as lawyers, certified public accountants or licensed auditors in the exercise of its powers shall be borne by the Company.

**Article 184**

The supervisors shall faithfully perform the supervision duties in accordance with the laws, administrative regulations, regulatory rules of the place where the shares of the Company are listed and these Articles of Association. A supervisor shall ensure that the information disclosed by the Company is true, accurate and complete. The supervisors shall not make use of the related party relationship against the interests of the Company. Whoever violates this provision causing damages to the Company shall be liable for indemnification.

**Article 185**

The Board of Supervisors shall formulate rules of procedures of the Board of Supervisors, specify the method for conducting business and the voting procedures of the Board of Supervisors, so as to ensure the working efficiency and scientific decision-making of the Board of Supervisors.

**CHAPTER XIV QUALIFICATIONS AND DUTIES OF DIRECTORS, SUPERVISORS, GENERAL MANAGER AND OTHER SENIOR MANAGEMENT MEMBERS OF THE COMPANY**

**Article 186**

No one shall be a director, supervisor, general manager or other senior management members of the Company if falling under any of the following circumstances:

- (i) Being without civil capacity or having limited civil capacity;
- (ii) Having been penalized or sentenced due to an offence of corruption, bribery, encroachment on property, misappropriation of property or disruption of the social market economic order, or having been deprived of political rights due to the committing of any crime, and in each case, five years not having been elapsed since the completion of such sentence;
- (iii) Having been a director, factory director or general manager of a company or enterprise which had been bankrupt and liquidated due to improper operation and management whereby such person was personally liable for the bankruptcy of such company or enterprise, and three years not having been elapsed since the date of completion of the liquidation of the company or enterprise;
- (iv) Having been the legal representative of a company or enterprise whose business license was revoked or ordered closure due to violation of laws whereby such person was personally liable, and three years not having been elapsed since the date of revocation of the business license of the company or enterprise;
- (v) Being a debtor personally liable for a relatively large debt which has not been paid as it fell due;
- (vi) Having been subject to an investigation by judicial authorities for criminal offences, and such investigation is pending;

- (vii) Being banned from being leaders of enterprises by laws and regulations;
- (viii) Being a non-natural person;
- (ix) Having been adjudged by the relevant competent authorities of violations of relevant securities laws which involves fraud or dishonesty, and five years not having been elapsed since the date of the judgment;
- (x) The circumstances specified by relevant laws and regulations of the place where the shares of the Company are listed.

**Article 187**

The validity of an act carried out by a director, general manager and other senior management members of the Company on its behalf, against a bona fide third party, shall not be affected by any noncompliance in his office, election or qualification.

**Article 188**

In addition to the obligations imposed by laws, administrative regulations or the regulatory rules of the place where the shares of the Company are listed, each of the Company's directors, supervisors, general manager and other senior management members shall have the following obligations to each shareholder, during the exercise of their powers conferred by the Company:

- (i) Not to cause the Company to exceed the scope of business stipulated in its business license;
- (ii) To act honestly in the best interests of the Company;
- (iii) Not to expropriate the Company's property in any way, including (without limitation) usurpation of opportunities which benefit the Company;
- (iv) Not to expropriate the individual rights of shareholders, including (without limitation) distribution rights and voting rights, save and except pursuant to a restructuring of the Company which has been submitted to the shareholders' general meetings for approval in accordance with these Articles of Association.

**Article 189**

Each of the Company's directors, supervisors, general manager and other senior management members shall be obligated, in the exercise of his powers or performance of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise under similar circumstances.

**Article 190**

Directors shall meet the responsibilities of the required skills, prudence and diligence.

**Article 191**

Each of the Company's directors, supervisors, general manager and other senior management members shall perform his duties in accordance with fiduciary principles; and shall not put himself in a position where his duty and his interests may conflict. These principles include (without limitation):

- (i) To act honestly in the best interests of the Company;
- (ii) To act within the scope of his powers and not to exceed such powers;
- (iii) To exercise his discretionary power in person without the manipulations of other persons, and not to transfer such power to other persons unless permitted by laws, administrative regulations or the regulatory rules of the place where the shares of the Company are listed or approved by the shareholders' general meetings with full knowledge;
- (iv) To treat shareholders of the same class with equality, and shareholders of different classes with fairness;
- (v) Not to enter into any contracts or transactions or arrangements with the Company unless otherwise required by these Articles of Association or approved by the shareholders' general meetings with full knowledge;
- (vi) Not to employ the Company's assets in any way so as to pursue interests for himself unless approved by the shareholders' general meetings with full knowledge;
- (vii) Not to accept any bribery or other illegal income by using his powers and position, nor misappropriate the funds or seize the assets of the Company in any manner, including (but not limited to) opportunities beneficial to the Company;
- (viii) Not to accept commissions relating to the transactions of the Company without the approval of the shareholders' general meetings with full knowledge;
- (ix) To obey these Articles of Association, perform his duties faithfully, protect the Company's interests, and not to pursue his personal gain by taking advantage of his powers and positions in the Company;

- (x) Not to compete with the Company in any way unless approved by the shareholders' general meetings with full knowledge;
- (xi) Not to misappropriate the funds of the Company or loan the funds of the Company to other persons, open accounts in his own name or another individual's name for deposit of the Company's assets, or use Company's assets as security for the debts of the shareholders of the Company or other individuals;
- (xii) Not to divulge the confidential information relating to the Company received during his terms of office, unless approved by the shareholders' general meetings with full knowledge; and not to use such information unless for the purpose of the Company's interests; however, to be allowed to disclose such information to a court or other governmental authorities under the following circumstances:
  - (a) As prescribed by law;
  - (b) As required for the purpose of public interest;
  - (c) As required for the purpose of such director's, supervisor's, general manager's and other senior management members' own interests.

**Article 192**

Directors, supervisors, general manager and other senior management members of the Company shall not direct the following persons or organizations (relevant persons) to engage in activities prohibited for directors, supervisors, general manager and other senior management members of the Company:

- (i) Spouses or underage children of directors, supervisors, general manager and other senior management members of the Company;
- (ii) Trustees of directors, supervisors, general manager and other senior management members of the Company or of such persons as described in item (i) of this Article;
- (iii) Partners of directors, supervisors, general manager and other senior management members of the Company or of such persons as described in items (i) or (ii) of this Article;

- (iv) Companies de facto separately controlled by directors, supervisors, general manager and any other senior management members of the Company, or companies de facto jointly controlled with such persons as described in items (i), (ii) or (iii) of this Article or other directors, supervisors, general manager and other senior management members of the Company;
- (v) Directors, supervisors, general manager and other senior management members of the controlled company referred to in item (iv) of this Article; and
- (vi) Any person who is deemed to be an associate of the directors, supervisors, general manager and other senior management members in accordance with the *HK Listing Rules*.

**Article 193**

The fiduciary duty of a director, supervisor, general manager and any other senior management member of the Company may not necessarily cease upon the conclusion of his term of office, their obligations to keep business secrets of the Company confidential shall survive after the conclusion of his term of office. The duration of other obligations shall be determined in accordance with the principle of fairness, depending upon the time of length between the occurrence of the relevant event and the time when he leaves the office, and the situation and the circumstances and situations under which his relationship with the Company is ended.

**Article 194**

Any director, supervisor, general manager or other senior management members who violates any law, administrative regulation, rule of regulatory authorities in the place where the Company's shares are listed, or these Articles of Association during the performance of his duties and causes loss to the Company, shall be liable for compensation.

**Article 195**

The shareholders' general meetings with full knowledge of the relevant circumstances may relieve the liability of a director, supervisor, general manager and any other senior management members of the Company as a result of his violation of any specific duty, except for the circumstances as set out in Article 61 of these Articles of Association.



## Article 196

A director, supervisor, general manager and any other senior management members of the Company who directly or indirectly has material interests in any existing or proposed contracts, transactions, or arrangements with the Company (except for the employment contracts between the directors, supervisors, general manager and other senior management members and the Company), shall, as soon as possible, disclose to the Board of Directors the nature and extent of his interests, regardless of whether or not the relevant matters require the approval of the Board of Directors under normal circumstances.

Any director who has a connected party relationship (as defined by the *HK Listing Rules* as revised from time to time) with the enterprise involved by the matters subject to resolutions at the meetings of the Board of Directors shall not exercise the voting right on such resolutions, nor exercise the voting right on behalf of another director and shall withdraw from voting. Such meetings of the Board of Directors may be held only if a majority of the directors without related party relationship are present at the meetings, and the resolutions of the meetings of the Board of Directors shall be approved by a majority of the directors without related party relationship. If the number of the directors without related party relationship present at the meetings is less than three, such matters shall be submitted to the shareholders' general meetings of the Company for consideration. The Board of Directors shall explain the deliberation of the Board of Directors on the proposal when the proposal is submitted to the shareholders' general meetings, and shall record the opinions of the directors without related party relationship.

Subject to the exceptions under Note 1 to Appendix 3 of the *HK Listing Rules* or as approved by the SEHK, no director shall vote for any resolutions of the Board of Directors regarding any contracts, transactions or arrangements in which he or any of his close associates (as defined in the applicable listing rules effective from time to time) has material interests or any other relevant suggestions, and shall not be counted towards the legal quorum of the meeting.

Unless the interested directors, supervisors, general manager and other senior management members of the Company have made such disclosure to the Board of Directors as required by the preceding paragraph of this Article, and the relevant matter has been approved by the Board of Directors at the meetings of the Board of Directors where such directors, supervisors, general manager or other senior management members have not been counted as part of the legal quorum and voted thereat, the Company shall be entitled to cancel such contracts, transactions, or arrangements, except for any other party which is a bona fide party without knowledge of the violation of duties on the part of such directors, supervisors, general manager and other senior management members.

Where the relevant persons or associates of the directors, supervisors, general manager and other senior management members of the Company have interests in certain contracts, transactions or arrangements, such directors, supervisors, general manager and other senior management members shall also be deemed to be interested.

**Article 197**

If, prior to the Company's initial consideration of relevant contracts, transactions, or arrangements, a director, supervisor, general manager and any other senior management members of the Company has delivered a written notice to the Board of Directors, which contains the statement that he has interests in the contracts, transactions, or arrangements to be entered into by the Company in the future due to the contents specified in the notice, such director, supervisor, general manager and other senior management members shall be deemed to have made the disclosure stipulated by the preceding Article within the scope of the statement contained in the notice.

**Article 198**

The Company shall not, in any manner, pay taxes for its directors, supervisors, general manager and other senior management members.

The Company may purchase insurance for various legal risks that directors, supervisors, general manager and other senior management members may face in performing their duties normally.

**Article 199**

The Company shall not, directly or indirectly, make a loan to or provide a loan guarantee to any director, supervisor, general manager and other senior management members of the Company and the Company's parent companies, or to any of the relevant persons of the foregoing.

The preceding provision shall not apply to the following circumstances:

- (i) The provision by the Company of a loan or loan guarantee to its subsidiaries;
- (ii) The provision by the Company of a loan or loan guarantee or any other funds available to any of its directors, supervisors, general manager and other senior management members to meet expenditures incurred by him for the purpose of the Company or for the purpose of enabling him to perform his duties in accordance with the employment contract approved by the shareholders' general meetings;
- (iii) If the ordinary course of business of the Company includes the provision of a loan or loan guarantee, the Company may provide a loan or loan guarantee to the relevant directors, supervisors, general manager and other senior management members and the relevant persons thereof, provided that they are on normal commercial terms.

**Article 200**

Any person who receives funds from a loan which has been made by the Company acting in breach of the preceding Article shall, irrespective of the terms of the loan, forthwith repay such funds to the Company.

**Article 201**

The loan guarantee which has been provided by the Company in breach of the preceding item (i) of Article 199 shall not be enforceable against the Company, save in respect of the following circumstances:

- (i) The loan was provided to a relevant person of any of the directors, supervisors, general manager and other senior management members of the Company or the Company's parent companies and the lender of such funds did not know of the relevant circumstances at the time of the loan;
- (ii) The collateral which has been provided by the Company has already been lawfully sold by the lender to a bona fide purchaser.

**Article 202**

For the purpose of the preceding provisions of this Chapter, the term "guarantee" shall include the undertaking of liability or the provision of property by the guarantor to secure the obligator's performance of his obligations.

### **Article 203**

When a director, supervisor, general manager and other senior management members of the Company breaches the duties which he owes to the Company, in addition to any rights and remedies provided by laws, administrative regulations and the regulatory rules of the place where the shares of the Company are listed, the Company shall be entitled:

- (i) To demand relevant directors, supervisors, general manager and other senior management members to indemnify the losses sustained by the Company as a result of such breach of duty;
- (ii) To rescind any contract or transaction entered into between the Company and relevant directors, supervisors, general manager and other senior management members and between the Company and a third party (where such party knew or should have known that such director, supervisor, general manager and other senior management members representing the Company has been in breach of his duty owed to the Company);
- (iii) To demand relevant directors, supervisors, general manager and other senior management members to return the benefits as result of the breach of his duty;
- (iv) To recover any money which otherwise should have been received by the Company but were received by relevant directors, supervisors, general manager and other senior management members instead, including (without limitation) any commissions;
- (v) To demand repayment of any interests earned or which may have been earned by relevant directors, supervisors, general manager and other senior management members on monies which should have been received by the Company.

## Article 204

The Company shall enter into a written contract with each director and supervisor, and shall be approved in advance by the general meetings or meetings of Board of Directors. The written contracts shall at least include the following provisions:

- (i) The directors, supervisors and senior management members shall undertake to the Company, to comply with the *Company Law*, the *Special Regulations*, these Articles of Association and the *Codes on Takeovers and Mergers* and the *Codes on Share Repurchases* and other regulations of the SEHK, and agree that the Company will be entitled to the remedies as provided in these Articles of Association, and that neither the contract nor his office is capable of assignment;
- (ii) The directors, supervisors or senior management members shall undertake to the Company representing each shareholder, to comply with and perform the duties that he shall perform to the shareholders as required by these Articles of Association;
- (iii) The arbitration provisions as specified in Article 255 hereof.

The aforesaid remuneration may include:

- (i) Remuneration in respect of his service as a director, supervisor or senior management member of the Company;
- (ii) Remuneration in respect of his service as a director, supervisor or senior management member of any subsidiary of the Company;
- (iii) Remuneration in respect of the provision of other services in connection with the management of the Company and any of its subsidiaries; and
- (iv) Payment by way of compensation for loss of office or in connection with the retirement of such director or supervisor from office.

No proceedings may be brought by a director or supervisor against the Company for anything due to him in respect of the matters mentioned in this Article except pursuant to any contract described above. The Company shall also disclose periodically to the shareholders about the remuneration of directors, supervisors and other senior management members received from the Company.

**Article 205**

Any contracts for remuneration between the Company and its directors or supervisors shall provide that in the event that the Company is to be acquired by others, the Company's directors and supervisors shall, subject to the prior approval of the shareholders' general meetings, have the right to receive compensation or other payment in respect of his loss of office or retirement.

For the purposes of the preceding paragraph, the acquisition of the Company includes any of the following:

- (i) An acquisition offer made by any person to all the shareholders; or
- (ii) An acquisition offer made by any person with a view to enable the offeror to become a "controlling shareholder", which has the same meaning as prescribed in Article 62 of these Articles of Association.

If the relevant director or supervisor does not comply with this Article, any sum so received by him shall belong to those persons who have sold their shares as a result of acceptance of such offer. The expenses incurred for distributing such sum on a pro rata basis amongst such persons shall be borne by such director or supervisor and shall not be paid out of such sum.

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

**Article 206**

The Company shall establish its financial and accounting policies in accordance with laws, administrative regulations and the Accounting Standards of China formulated by the competent finance authorities under the State Council.

**Article 207**

At the end of each fiscal year, the Company shall prepare a financial report which shall be audited by an accounting firm according to law.

The fiscal year of the Company shall coincide with the calendar year, i.e. from January 1 to December 31 on the Gregorian calendar.

- Article 208** The Board of Directors of the Company shall present to the shareholders, at every shareholders' annual meeting, such financial reports as are required to be prepared by the Company in accordance with the relevant laws, administrative regulations, regulatory documents promulgated by local governments and competent governmental authorities and the regulatory rules of the place where the shares of the Company are listed.
- Article 209** The Company's financial reports shall be maintained at the Company for shareholders' inspection twenty days before the date of the annual shareholders' general meetings. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter.
- Article 210** The Company shall, at least 21 days before the date of the shareholders' annual meetings, using the method approved by the regulatory rules of the place where the shares of the Company are listed to deliver to each shareholder of overseas listed foreign shares such aforesaid reports, together with reports of the Board of Directors and the balance sheet (including each document required to be attached to the balance sheet as provided by laws), the income statement or the statement of revenues and expenditures. If delivered by postage-paid mails, the address of the recipient is based on the address registered on the register of shareholders. Without prejudice to the laws, regulations and listing rules of the place where the shares of the Company are listed, the Company may also issue or provide the same to shareholders through the stock exchange and the Company's website or electronically, without having to issue or provide it in the manner described above.
- Article 211** The financial statements of the Company shall, in addition to being prepared in accordance with accounting standards and regulations of China, be prepared in accordance with either international accounting standards, or those of the place outside the PRC where the shares of the Company are listed. If there is any material discrepancy between the financial statements prepared in accordance with two accounting standards, such discrepancy shall be stated in the notes to financial statements. In distributing its after-tax profits for relevant accounting year, the lower of the after-tax profits presented in the aforesaid two financial statements shall prevail.

**Article 212** Any interim results or financial information published or disclosed by the Company shall be prepared in accordance with accounting standards and regulations of China, as well as either international accounting standards, or those of the place outside the PRC where the shares of the Company are listed.

**Article 213** The Company shall publish the financial reports twice every accounting year, that is, the interim financial report within 60 days after the end of the first six months of an accounting year, and the annual financial report within 120 days after the end of the accounting year.

The above financial accounting reports are prepared in accordance with the relevant laws, administrative regulations, departmental rules and regulations of the place where the Company's shares are listed.

**Article 214** The Company shall not establish accounting book other than those required by law. No assets of the Company shall be deposited in any account opened in the name of any individual.

**Article 215** In distributing the current year's profit after taxation, 10% of the profit shall be allocated into the Company's statutory surplus reserve fund. When the aggregate amount of the statutory surplus reserve has reached 50% of the Company's registered capital, further appropriations are not required.

When the statutory surplus reserve of the Company is not sufficient to cover its losses incurred in the previous years, the profit of the current year shall be used to make up for such losses before allocations are made to the statutory surplus reserve in accordance with the preceding paragraph.

After the Company has allocated statutory surplus reserve from its profit after taxation, it may also appropriate discretionary reserve fund from the profit after taxation upon approval by general meetings.

The remaining profit after taxation after recovery of losses and appropriation of reserve fund, shall be distributed to shareholders in proportion of their shareholdings unless it is stipulated in these Articles of Association that no profit distribution shall be made in accordance with shareholdings.



If the general meeting has, in violation of the preceding paragraph, distributed profits to shareholders before the Company has covered the losses and allocated statutory surplus reserve, the shareholders shall return to the Company the profit distributed in violation of regulations.

No profit shall be distributed in respect of the shares held by the Company.

**Article 216**

The capital reserve fund includes the following:

- (i) Any premium from share issuance at the price higher than the par value of shares;
- (ii) Any other income designated for the capital reserve fund as required by the competent finance authority under the State Council.

**Article 217**

The reserve funds of the Company shall be used to cover the Company's losses, expand its production and operation, or be converted to the Company's increased capital. However, the capital reserve funds of the Company shall not be used to cover the Company's losses.

Where the statutory surplus reserve fund is to be converted into capital, the remained reserve fund may not fall below 25% of the registered capital of the Company before such conversion.

**Article 218**

The Company may distribute dividends by the following ways.

- (i) Cash;
- (ii) Shares.

**Article 219**

The Company implements the following profit distributions:

After a resolution of the profit distribution plan is adopted at the shareholders' general meetings of the Company, the Board of Directors of the Company must complete the distribution of dividends (or shares) within two months after the shareholders' general meeting is held.

When distributing dividends to its shareholders, the Company shall, in accordance with the tax law of the PRC, withhold and pay on behalf of shareholders the taxes payable on their dividend income.

Interests may accrue on any shares that have been already paid before the call is made, but the holder of such shares shall have no right to participate in the distribution of the dividends made thereafter with respect to the prepaid shares.

**Article 220**

The Company shall appoint receiving agents for the shareholders of the overseas listed foreign shares. Such receiving agents shall on behalf of such shareholders receive dividends distributed by the Company in respect of the overseas listed foreign shares and all other amounts payable, hold in custody such amounts on behalf of such shareholders of overseas listed foreign shares, to be paid to such holders.

The receiving agents appointed by the Company shall meet the relevant requirements of the laws of the place or the relevant requirements of the stock exchange of the place where the shares of the Company are listed.

The receiving agents appointed by the Company for the shareholders of overseas listed foreign shares shall each be a company registered as a trust company under the *Trustee Ordinance of Hong Kong*.

In respect of dividends received by shareholders, the Company has the right to confiscate unclaimed dividends subject to the provisions of the relevant stock exchanges, and such powers may not be exercised until the expiration of the applicable limitation period.

The Company shall have the right to terminate the serving of dividend warrant in the form of mailing, but it may exercise such power only if:

- (i) the dividend warrant hasn't been cashed for twice consecutively; or
- (ii) the dividend warrant could not reach the addressee at the first time and is returned.

With respect to the exercise of power to issue warrants to bearer holders, unless the Company, without reasonable doubt, does believe that the original warrants have been destroyed, no new warrants may be issued in place of the lost warrants.

The Company shall have the right to sell the shares of the shareholders of overseas listed foreign shares that cannot be contacted in such a manner as the Board of Directors deems appropriate, subject to the following conditions:

- (i) dividends on the relevant shares have been distributed for at least three times within twelve years and were not claimed during the period; and
- (ii) after the expiration of the twelve-year period, the Company has published an announcement in one or more newspapers at the place where the Company's shares are listed, stating its intention to sell the shares, and notifying such intention to the stock exchanges where such shares are listed.

If a shareholder does not claim dividends within one year from the date of the Company's declaration of dividends, the Board of Directors has the right to invest in such dividends for the benefit of the Company or for other purposes. Subject to the relevant laws and regulations of PRC, the shareholders shall lose the right to claim any dividend that is not claimed within six years after the announcement of the distribution, and the Company may exercise the right of confiscation.

Dividends may be paid for any shares paid prior to the call, but the holder of the shares is not entitled to participate in the dividends made thereafter with respect to the prepaid shares.

**Article 221** The Company shall implement an internal auditing system and appoint full time auditors to carry out internal auditing and supervision of the Company's incomes and expenses and economic activities.

**Article 222** The Company's internal auditing system and the responsibilities of the auditors shall be carried out after approval by the Board of Directors. The audit leader shall be accountable and report to the Board of Directors.

## **CHAPTER XVI ENGAGEMENT OF ACCOUNTING FIRM**

**Article 223** The Company shall engage an independent accounting firm which is in compliance with the regulations of the State to audit the Company's annual financial report and other financial reports.

The first accounting firm of the Company may be appointed at the inaugural meeting of the Company before the first shareholders' annual general meeting and the accounting firm so appointed shall hold office until the conclusion of the first shareholders' annual general meeting.

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

**Article 224** The term of the accounting firm engaged by the Company shall commence from the conclusion of the shareholders' annual meeting and expire at the conclusion of the next shareholders' annual meeting; the accounting firm may be re-engaged upon expiration of the term.

**Article 225** The Company warrants that it shall provide the engaged accounting firm with true and complete accounting vouchers, accounting books, financial and accounting reports, and other accounting information, and shall not refuse to provide, hide, or misrepresent any information.

**Article 226** The accounting firm engaged by the Company shall have the following rights:

- (i) To inspect the books, records or vouchers of the Company at any time, to require the directors, general manager or other senior management members of the Company to provide relevant information and explanations;
- (ii) To require the Company to take all reasonable measures to obtain from its subsidiaries such information and explanations as are necessary for the discharge of its duties by the accounting firm;
- (iii) To attend the shareholders' general meetings and to receive all notices of, and other information relating to, any shareholders' general meeting which any shareholder is entitled to receive, and to speak at any shareholders' general meeting in relation to matters concerning its role as the Company's accounting firm.

**Article 227** If there is a vacancy in the position of accounting firm of the Company, the Board of Directors may engage an accounting firm to fill such vacancy before the convening of the shareholders' general meeting. Any other accounting firm which has been engaged by the Company may continue to act during the period during which a vacancy exists.

**Article 228** The shareholders' general meeting may by ordinary resolution remove any accounting firm before the expiration of its term of office, irrespective of the provisions in the contract between the Company and the accounting firm. However, the accounting firm's right to claim for damages which arise from its removal shall not be affected thereby.

**Article 229** The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined by the shareholders' general meetings. The remuneration of the accounting firm engaged by the Board of Directors shall be determined by the Board of Directors.

**Article 230** The Company's engagement, removal or discontinuance of engagement of an accounting firm shall be resolved by the shareholders' general meetings. Such resolution shall be filed with the securities regulatory authority under the State Council. Where a resolution is adopted at the shareholders' general meetings to appoint an accounting firm other than an incumbent accounting firm, to fill any vacancy in the office of the accounting firm, or to reappoint an accounting firm which is appointed by the Board of Directors to fill the vacancy or to remove an accounting firm before the expiration of its term of office, the following provisions shall apply:

- (i) A copy of the appointment or removal proposal shall be sent (before notice of the shareholders' general meeting is given) to the accounting firm proposed to be appointed or proposed to leave its post or the accounting firm which has left its post in the relevant accounting year. The term "leave" includes being removed, resignation and retirement.

- (ii) If the accounting firm which is to leave its post makes representations in writing and requests the Company to give the shareholders notice of such representations, the Company shall (unless the representations are received too late) take the following measures:
  - 1. In any notice for the resolution given to shareholders, state the fact that the representations have been made by the accounting firm which is to leave its post; and
  - 2. Attach a copy of the representations to the notice and deliver it to all shareholders in the manner stipulated in these Articles of Association.
- (iii) If the Company fails to send out the accounting firm's representations in the manner set out in item (ii) above, the relevant accounting firm may require that the representations be read out at the shareholders' general meetings and may make further complaint.
- (iv) An accounting firm leaving its post shall be entitled to attend the following meetings:
  - 1. The shareholders' general meeting at which its term of office would otherwise be expired;
  - 2. The shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal; and
  - 3. The shareholders' general meeting which is convened as a result of its resignation.

The accounting firm leaving its post shall have the right to receive all notices of, or other information relating to, any such meeting, to speak at any such meeting on any part of the business of the meeting which concerns it as the former accounting firm of the Company.

### **Article 231**

When the Company intends to remove or do not renew the engagement of an accounting firm, it shall notify the said firm in advance. The accounting firm shall have the right to state its opinions to the shareholders' general meetings. Where the accounting firm proposes for resignation, it shall state to the shareholders' general meetings whether or not there is anything improper in the Company.

The accounting firm may resign by placing its written notice of resignation at the legal address of the Company. The said notice shall come into effect on the day when it is placed at the legal address of the Company or a later date as indicated therein. Such notice shall include the following representations:

- (i) Representation stating that it deems that its resignation does not involve any situation necessary to be explained to the shareholders or creditors of the Company; or
- (ii) Representation regarding any issues to be explained.

The Company shall, within fourteen days upon receipt of the written notice prescribed in the preceding paragraph, send copies of such notice to the competent authority. If the said notice contains representations mentioned in item (ii) of the preceding paragraph, the Company shall keep copies of such representations in the Company for inspection by shareholders. The Company shall also deliver copies thereof to each shareholder of overseas listed foreign shares by postage-paid mail at the address registered in the register of shareholders. Under the premise of not violating the laws and regulations and listing rules of the place where the Company's shares are listed, the Company may also issue or provide it to the shareholders of overseas listed foreign shares through the stock exchange and the Company's website or through electronic means.

If the resignation notice of the accounting firm contains a representation mentioned in item (ii) of Paragraph 2 of this Article, the accounting firm may request the Board of Directors to convene a shareholders' extraordinary meeting to hear its explanations on issues relating to its resignation.

## **CHAPTER XVII LABOR UNION**

### **Article 232**

The employees of the Company shall organize a labor union in accordance with the *Trade Union Law of the People's Republic of China*, which shall conduct union activities and safeguard the lawful rights and interests of the employees.

### **Article 233**

The Company shall provide the necessary conditions for the labor union to conduct its activities.

**Article 234** When the Company studies and decides on major problems in restructuring and operation, and formulates important rules and regulations, it shall listen to the opinions of the labor union and the opinions and suggestions of the employees through the meetings of employee representatives or other forms.

## **CHAPTER XVIII MERGER, DIVISION, CAPITAL INCREASE AND CAPITAL REDUCTION OF THE COMPANY**

**Article 235** In the event of the merger or division of the Company, a plan shall be presented by the Board of Directors of the Company and shall be approved in accordance with the procedures stipulated in these Articles of Association. The Company shall then handle the relevant approval procedures according to the law. A shareholder who objects to the plan of merger or division shall have the right to demand the Company or the shareholders who consent to the plan of merger or division to acquire his shares at a fair price. The contents of the resolution of merger or division of the Company shall constitute special documents which shall be available for inspection by the shareholders.

The abovementioned documents shall also be served by mail on each shareholder of overseas listed foreign shares.

**Article 236** The merger of the Company may take the form of either merger by absorption or merger by consolidation.

In the event of merger of the Company, the parties to such merger shall execute a merger agreement and prepare a balance sheet and a list of assets. The Company shall notify its creditors within ten days of, and make announcement at least three times in the newspaper within thirty days of, the date of the Company's resolution for merger. A creditor may, within thirty days of receipt of the notice from the Company or, in the case of failure to receive such notice, within forty-five days of the date of announcement, require the Company to repay its debts or to provide a corresponding guarantee for such debt.

After merger, any creditor's rights and indebtedness of the merged parties shall be assumed by the company which survives the merger or the newly established company.

**Article 237** In the event of division of the Company, its assets shall be divided up accordingly.



In the event of division of the Company, the parties to division shall execute a division agreement and prepare a balance sheet and a list of assets. The Company shall notify its creditors within ten days of, and make announcement at least three times in the newspaper within thirty days, of the date of the Company's division resolution.

The debts of the Company prior to the division shall be assumed jointly and severally by the companies arising from the division, save as agreed in the written agreement between the Company and the creditors in respect of discharging of the debts prior to the division.

**Article 238**

The Company must prepare a balance sheet and a list of its assets when it intends to reduce its registered capital. The Company shall notify its creditors within ten days of, and make announcement in the newspaper within thirty days, of the date of the Company's resolution for reduction of capital. A creditor may, within thirty days of receipt of the notice from the Company or, in the case of failure to receive such notice, within forty-five days of the date of announcement, require the Company to repay its debts or to provide a corresponding guarantee for such debt.

**Article 239**

The Company shall, in accordance with the law, handle the procedures for change registration with the company registration authority where a change in any registration items arises as a result of any merger or division. In the event of dissolution of the Company, the Company shall handle the procedures for registration of cancellation in accordance with the law. In the event of establishment of a new company, the Company shall handle the procedures for registration of establishment in accordance with the law.

Where the Company increases or reduces its registered capital, the Company shall handle the procedures for changing registration with the company registration authority in accordance with the law.

**CHAPTER XIX DISSOLUTION AND LIQUIDATION OF THE COMPANY**

**Article 240**

The Company may be dissolved and go into liquidation in accordance with law in any of the following circumstances:

- (i) Where the operation period provided herein expires or where any cause for dissolution provided herein occurs;

- (ii) Where the shareholders' general meeting has adopted a resolution for dissolution;
- (iii) Where dissolution is required due to merger or division of the Company;
- (iv) Where the Company is declared bankruptcy in accordance with the law due to its inability to pay the debts that are due;
- (v) Where the business license of the Company is revoked, or the Company is ordered to close down or cancelled due to its violation of the law and administrative regulations;
- (vi) Where the Company has experienced material difficulties in operation and management, its continuous existence would cause material losses to shareholders' interests, and such difficulties cannot be solved in other ways, the shareholders holding 10% or more of votes of all shareholders of the Company may file an application to the People's Court to dissolve the Company.

**Article 241**

Where the Company is dissolved pursuant to the items (i), (ii), (v) and (vi) of the preceding Article, a liquidation committee shall be established within 15 days to carry out liquidation, and members thereof shall be directors or otherwise determined by the shareholders' general meetings. In case no liquidation committee is established within the specified period to carry out liquidation, the creditors may file an application to the People's Court to designate relevant persons to form a liquidation committee to carry out liquidation.

**Article 242**

Where the Board of Directors proposes to liquidate the Company (for any reason other than the Company's declaration of its insolvency), the Board of Directors shall include a statement in its notice convening the shareholders' general meeting for such purpose, after making full investigation over the conditions of the Company, in the opinion of the Board of Directors, the Company will be able to fully repay its debts within 12 months from the commencement of the liquidation.

Upon the adoption of the resolution for the liquidation of the Company by the shareholders' general meeting, all powers of the Board of Directors shall cease immediately.

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

**Article 243**

The liquidation committee shall notify the creditors within ten days of, and make announcements in the newspaper within sixty days, of the date of its establishment. A creditor shall, within thirty days of receipt of the notice, or in the case of failure to receive the notice, within forty-five days of the date of the announcement, claim its rights to the liquidation committee. Claims shall be registered by the liquidation committee in accordance with law.

In claiming its rights, the creditor shall explain the relevant issues on the creditor's rights, and provide evidential materials in respect thereof. The liquidation committee shall register the creditors' rights. In the course of claiming of creditors' rights, the liquidation committee shall not make any repayment to creditors.

**Article 244**

During the liquidation period, the liquidation committee shall exercise the following functions and powers;

- (i) To liquidate the Company's assets and prepare a balance sheet and a list of assets respectively;
- (ii) To notify or make announcement to the creditors;
- (iii) To deal with any outstanding businesses of the Company that are related to the liquidation;
- (iv) To pay all outstanding taxes and taxes arising from the liquidation;
- (v) To settle creditors' claims and debts;
- (vi) To deal with the remaining assets after the Company's debts have been paid;
- (vii) To represent the Company in any civil proceedings.

**Article 245**

After it has liquidated the Company's assets and prepared the balance sheet and a list of assets, the liquidation committee shall formulate a liquidation plan and present it to the shareholders' general meeting or to the People's Court for confirmation.

After the general meeting resolves to dissolve the Company or the Company declares bankruptcy or has been ordered to close down in accordance with the law, no one shall dispose the Company's assets without approval of the liquidation committee.

The assets of the Company shall be applied for liquidation in the sequence below: payment of liquidation cost, salary of employees, social insurance premiums and statutory compensation, taxes payable, and debts of the Company.

The remaining assets after payment is made pursuant to the preceding provision shall be distributed to its shareholders according to the proportion of the shares held by shareholders.

During the liquidation period, the Company remains in existence; however, it shall not carry out any business activities unrelated to liquidation.

The Company's assets shall not be distributed to its shareholders before payment is made pursuant to the preceding provisions.

**Article 246**

If, liquidation occurs due to dissolution of the Company, and after liquidation of the Company's assets and preparation of a balance sheet and a list of assets, the liquidation committee discovers that the Company's assets are insufficient to pay the Company's debts in full, the liquidation committee shall immediately file an application to the People's Court for declaration of bankruptcy.

After the Company is declared bankruptcy pursuant to the adjudication of the People's Court, the liquidation committee shall transfer all matters relating to the liquidation to the People's Court.

**Article 247**

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report, a statement of incomes and expenses for the liquidation period and financial books, which shall, after verified by a certified public accountant of China, be submitted to the shareholders' general meetings or relevant competent authority for confirmation.

The liquidation committee shall, within 30 days after confirmation by the shareholders' general meetings or competent authority, submit the abovementioned documents to the companies registration authority and apply for cancellation of registration of the Company, and make announcement about the termination of the Company.

**Article 248** Members of the liquidation committee shall faithfully perform their duties and perform their liquidation obligations in accordance with the law.

Members of the liquidation committee may not, by abusing their authorities, accept bribes or receive other illegal income, nor misappropriate the Company's assets.

Any member of the liquidation committee who causes losses to the Company or its creditors due to his intentional misconduct or gross negligence shall be liable for damages.

**Article 249** Where the Company is declared bankruptcy in accordance with the law, bankruptcy liquidation shall be carried out in accordance with the laws concerning bankruptcy of enterprises.

## **CHAPTER XX PROCEDURES FOR AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

**Article 250** The Company may amend these Articles of Association in accordance with the laws, administrative regulations, supervision rules in the place where the Company's shares are listed and these Articles of Association. In any of the following circumstances, the Company shall amend these Articles of Association:

- (i) these Articles of Association are contradictory to any provision of the amended version of the *Company Law* or other relevant laws or administrative regulations or supervision rules of the place where the Company's shares are listed;
- (ii) there is any change to the condition of the Company, which is inconsistent with any matter recorded in these Articles of Association;
- (iii) the shareholders' general meeting decides to amend these Articles of Association.

**Article 251** Any amendment to these Articles of Association shall, if involving the contents in the *Mandatory Provisions*, become effective after approved by the company approval authority authorized by the State Council and the securities regulatory authority under the State Council; if there is any change relating to the registered particulars of the Company, the procedures for change registration shall be handled in accordance with the law.

**Article 252**

The Board of Directors shall amend these Articles of Association according to the resolutions of the shareholders' general meetings for amendments hereof and the approval opinions of competent authority. Any amendments to these Articles of Association which are required to be disclosed pursuant to laws and regulations shall be made known to the public accordingly.

**CHAPTER XXI NOTICES**

**Article 253**

The Company's notices (In this Chapter, "Notices" includes notices of meetings, company communications or other written materials issued by the Company to shareholders) may be delivered in the following ways:

- (i) By personal delivery;
- (ii) By mail;
- (iii) By email, fax or other electronic means, or other information carriers;
- (iv) By an announcement published in the press;
- (v) By publication on the website of the Company and websites designated by the Company and the securities regulatory authorities of the place where the Company's shares are listed, provided that it is permitted under the laws and regulations and relevant rules of securities regulatory authorities of the place where the Company's shares are listed;
- (vi) By other ways as agreed in advance between the Company and the addressee or as accepted by the addressee after the notice is received; and
- (vii) By any other means as accepted by securities regulatory authorities of the place where the Company's shares are listed or as prescribed in these Articles of Association.

Notices issued by the Company shall be announced on the newspapers and/or other designated media (including websites) designated by the securities regulatory authorities and stock exchanges of the place where the Company's shares are listed.

Even if these Articles of Association specify the form of notification, communication or any other written materials, the Company may choose to publish the corporate communications in the form stipulated in item (v) of the first paragraph of this Article, and send or provide the corporate communications to the shareholders of the Company's overseas listed foreign shares instead of being sent by personal delivery or by postage-paid mail, if it is in compliance with the *HK Listing Rules*, and under the premise of compliance with the laws and listing rules of the place where the Company's shares are listed, regarding providing and/or distributing corporate communications.

“Corporate Communications” means any document issued or intended to be issued by the Company for the holder of any securities of the Company to act or take actions, including but not limited to:

- (i) Annual reports, including the reports of the Board of Directors, the Company's annual accounts together with the auditor's reports and, where applicable, the financial summary reports;
- (ii) Interim reports and, where applicable, interim summary reports;
- (iii) Notices of the meetings;
- (iv) Listing documents;
- (v) Circulars;
- (vi) Proxy forms;
- (vii) Receipt and other document data; and
- (viii) Other documents as required by the laws, regulations and listing rules of the place where the Company's shares are listed.

#### **Article 254**

Where a notice of the Company is served by personal delivery and, the addressee signs his name (or affixes his chop) on the receipt, and the date on which the addressee signs the receipt shall be the date of service; where a notice is to be sent by post, such notice is deemed to be served on the second business day after the date on which it is deposited at the post office. Where a notice of the Company is made by public announcement, the date on which the announcement is first published shall be the date of service.

When the Company provides the shareholders with the documents mentioned in Article 253 of these Articles of Association in an electronic manner, they shall be published on the stock exchange and the Company's website in accordance with the requirements of the stock exchange, and shall be deemed to have been received by all shareholders after publication.

If the Company is required to send, post, distribute, issue, publish or otherwise provide company-related documents in English and Chinese in accordance with the supervision rules of the place where the Company's shares are listed, and the Company has made appropriate arrangements to determine whether its shareholders wish only to receive the English versions or Chinese versions, and to the extent permitted by applicable laws and regulations and in accordance with applicable laws and regulations, the Company may, in accordance with the wishes of the shareholders, send only the English versions or Chinese versions to the relevant shareholders.

### **CHAPTER XXII SETTLEMENT OF DISPUTES**

#### **Article 255**

The Company shall abide by the following rules for settlement of disputes:

- (i) Any disputes or claims in connection with the affairs of the Company arising between the shareholders of the overseas listed foreign shares and the Company, between the shareholders of the overseas listed foreign shares and the Company's directors, supervisors, general manager or other senior management members, between the shareholders of the overseas listed foreign shares and shareholders of domestic shares, in respect of any rights or obligations in relation to the Company's affairs and in accordance with these Articles of Association, and as prescribed by the *Company Law* and any other relevant laws, administrative regulations and regulatory rules of the place where the shares of the Company are listed shall be referred by the relevant parties concerned to the arbitration body for arbitration.



When a dispute or claim referred to in the preceding paragraph is submitted for arbitration, the entire claim or dispute must be submitted to arbitration, and all persons 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, where such person is the Company, or the Company's shareholders, directors, supervisors, general manager or other senior management members of the Company, shall comply with the arbitration.

Dispute in respect of the definition of shareholders and dispute in relation to the register of shareholders need not be resolved by arbitration.

- (ii) A claimant may select for arbitration to be carried out at China International Economic and Trade Arbitration Commission in accordance with the arbitration rules thereof or Hong Kong International Arbitration Center in accordance with the Securities Arbitration Rules thereof. Once a claimant submits a dispute or claim to arbitration, the other party must submit to the arbitral body selected by the claimant.

If a claimant selects for arbitration to be carried out at Hong Kong International Arbitration Center, any party to the dispute or claim may apply for arbitration to take place in Shenzhen in accordance with the Securities Arbitration Rules of Hong Kong International Arbitration Center.

- (iii) If any disputes or claims are settled by way of arbitration in accordance with item (i), the laws of the PRC shall govern, save as otherwise provided in the laws, administrative regulations and the regulatory rules of the place where the shares of the Company are listed.
- (iv) The award rendered by an arbitral body shall be final and conclusive and binding on all parties.

## **CHAPTER XXIII SUPPLEMENTARY PROVISIONS**

### **Article 256**

The phrases “more than”, “within” and “less than” herein for the numbers shall include the numbers indicated themselves, while the phrases “exceed”, “beyond” and “over” shall exclude the numbers indicated themselves.

**Article 257** For a company listed in Hong Kong, the meaning of the accounting firm referred to in the *Mandatory Provisions* is the same as the “auditor” referred to in the *HK Listing Rules*.

**Article 258** These Articles of Association are made in both Chinese and English. In the event of any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

The right to interpret these Articles of Association shall be vested in the Board of Directors of the Company. Any matters not covered in these Articles of Association shall be proposed by the Board of Directors at the general meetings for consideration and approval. If there is any discrepancy between the provisions concerning such matter of these Articles of Association and relevant laws and regulations, normative documents and the listing rules of the place where the shares of the Company are listed, the latter shall prevail.

**Article 259** The annexes to these Articles of Association include the *Rules of Procedure for the General Meetings*, the *Rules of Procedure for the Board of Directors* and the *Rules of Procedure for the Board of Supervisors*.