



**CGN Power Co., Ltd.\***

**中國廣核電力股份有限公司**

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

**(Stock Code : 1816)**

(The Articles of Association are adopted by a special resolution passed by the shareholders of the Company on 25 April 2018 and effective from 26 August 2019.)

## **ARTICLES OF ASSOCIATION**

*Note:* in case that there is any discrepancy in the context of the Chinese and English versions of the Articles of Association of CGN Power Co., Ltd., the Chinese version shall prevail.

# ARTICLES OF ASSOCIATION OF CGN POWER CO., LTD.

## Chapter 1 General

### Article 1

These Articles of Association are drawn up 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”, “Special Regulations of the State Council Regarding the Issue of Shares Overseas and the Listing of Shares Overseas by Companies Limited by Shares” (the “Special Regulations”), “Mandatory Provisions for these Articles of Association of the Companies to be Listed Overseas” (“Mandatory Provisions”), “The Letter of Opinions on Supplementary Amendment to Articles of Association of Companies to be Listed in Hong Kong”, “The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited”, the “Listing Rules of the Shenzhen Stock Exchange”, the “Guidelines for the Articles of Association of Listed Companies” (the “Guidelines for Articles of Association”) and other requirements to maintain the legitimate interests of CGN Power Co., Ltd. (the “Company”) and its Shareholders and creditors, and to regulate the organization and conducts of the Company.

The Company is a joint stock limited liability company established in accordance with the Company Law, the Special Regulations and other relevant laws and administrative regulations of the country.

As approved by the State-owned Assets Supervision and Administration Commission of the State Council’s State-owned Assets Administration Commission of the State Council’s Written Reply on the Establishment of CGN Power Co., Ltd. (State-owned Assets Reform No. [2014] 123), the Company was established by way of promotion. It is registered with and has obtained a business license from Market Supervision Administration of Shenzhen Municipality on 25 March 2014 in the People’s Republic of China (“China”, for the purpose of these Articles of Association, excluding the Hong Kong Special Administrative Region (“Hong Kong”), the Macau Special Administrative Region (“Macau”) and Taiwan). The Company’s registered number is 440301109037551.

The Company holds the business license with the unified social credit code of 91440300093677087R issued by Shenzhen Market Supervision and Administration Bureau.

The promoters of the Company are: China General Nuclear Power Corporation, Guangdong Hengjian Investment Holdings Co., Ltd. and China National Nuclear Corporation (中國核工業集團有限公司).

In accordance with the regulations of the Company Law and Constitution of the Communist Party of China, the Company shall establish the organization of the Communist Party of China, set up an institution of the Party, equip the staffs with the party affairs and guarantee operating funds are provided to the party committee. The party committee shall take a leading role in guiding the direction, managing the overall situation, and ensuring implementation.

- Article 2                   The registered name of the Company: In Chinese: 中國廣核電力股份有限公司, abbreviation: 中廣核電力.
- In English: CGN Power Co., Ltd., abbreviation: CGN Power.
- Article 3                   The address of the Company: 18/F, South Tower, CGN Building, No. 2002 Shennan Road, Futian District, Shenzhen.
- Zip Code: 518026  
                              Tel: 86-755-84430888  
                              Fax: 86-755-83699089
- Article 4                   The Company's legal representative is the chairman of the board of directors of the Company.
- Article 5                   The Company is a joint stock limited liability company which has perpetual existence.
- Article 6                   All of the assets of the Company shall be divided into shares of equal value. The shareholders shall be liable to the extent of the shares subscribed and the Company shall be liable for its debts to the extent of all of its assets.
- Article 7                   These Articles of Association have been reviewed and approved by the shareholders' general meeting and shall become effective as of the date of the Company's initial public offering of shares (A Shares) and listing of the same on the Shenzhen Stock Exchange; the original Articles of Association of the Company shall automatically expire on the effective date of these Articles of Association.
- From the date on which these Articles of Association come into effect, they shall constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations as between the Company and its shareholders and among the shareholders.
- Article 8                   These Articles of Association are binding on the Company, its shareholders, directors, supervisors and senior management personnel; all of whom are entitled to make claims concerning the affairs of the Company in accordance with these Articles of Association.
- A shareholder may take legal action against the Company, other shareholders or directors, supervisors, and senior management personnel of the Company pursuant to these Articles of Association and the Company may take legal action against shareholders or directors, supervisors, and senior management personnel of the Company pursuant to these Articles of Association.
- The legal actions referred to in the preceding paragraph include court proceedings and arbitration proceedings.

Unless otherwise defined, senior management personnel referred to in these Articles of Association refers to the president, vice president, chief financial officer, board secretary and other senior management personnel as determined by the board of directors by way of resolutions.

Article 9                   The Company may set up subsidiaries (wholly-owned or non-wholly-owned) and branch organizations (branch offices, representative offices and other sub-offices) according to its business need.

The Company may set up subsidiaries and branch organizations outside China according to its business need and upon the approval of the relevant government bodies.

Article 10                The Company may invest in other limited liability companies or joint stock limited liability companies. The Company's liability to any company invested in shall be limited to the amount of the investment.

The Company may invest in other enterprises. However, unless otherwise provided by any applicable law, it shall not become liable for the debts of the enterprises in which it invests.

## **Chapter 2   The Company's Objectives and Scope of Business**

Article 11                The operation objectives of the Company are: To strive to the power supply and services that primarily focuses on the nuclear power generation by adhering to the principle of "Safety First and Quality Foremost in the Pursuit of Excellence" and the core value of "Doing Things Right in One Go" to the best interests of the customers, shareholders, employees and the society.

Article 12                The Company's scope of business shall be as approved by the authorities responsible for the registration of the Company.

The Company's scope of business includes: production and supply of electricity and heat generated mainly from nuclear energy, and provision of related professional technical services; disposal of nuclear wastes; organization and implementation of the construction and management for nuclear power stations; organization of the operation, repair and related businesses for nuclear power stations; organization of the design development and scientific research for nuclear power stations; and engagement in related investment, import and export businesses.

## **Chapter 3   Shares and Registered Capital**

Article 13                There must, at all times, be ordinary shares in the Company. Subject to the approval of authorities authorized by the State Council, the Company may, according to its requirements, create different classes of shares.

Article 14                The shares issued by the Company shall each have a nominal value of RMB 1.

- Article 15 Shares of the Company are in the form of share certificates. Subject to the approval of the securities regulatory authorities of the State Council, the Company may issue shares to Domestic Investors and Foreign Investors. The issue of shares by the Company shall adhere to the principle of openness, equality and fairness. Shares of the same class shall have the same rights. Shares issued at the same time shall be equal in price and shall be subject to the same conditions. The price paid by any organization or individual for each share of the same class during the same share issue shall be the same.
- “Foreign Investors” referred to in the preceding paragraph mean those investors who subscribe for the Company’s shares and who are located in foreign countries and in the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan. “Domestic Investors” mean those investors who subscribe for the Company’s shares and are located within China (excluding the aforementioned areas).
- Article 16 Shares which the Company issues to Domestic Investors for subscription in RMB are called “Domestic Shares”. Domestic Shares that are listed within the PRC are called “Domestic-listed Domestic Shares”. Shares which the Company issues to Foreign Investors for subscription in foreign currencies are called “Foreign Shares”. Foreign Shares of the Company that are listed overseas are called “Overseas-Listed Foreign Shares”.
- The Domestic-listed Domestic Shares of the Company are collectively deposited at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. The Overseas-Listed Foreign Shares of the Company shall be held by an authorised depository companies under the Hong Kong Securities Clearing Company Limited or be held in the name of an individual shareholder.
- Article 17 With the approval of the authorities authorized by the State Council, the Company was authorized upon its establishment, to issue 35,300,000,000 shares, all of which were issued to China Guangdong Nuclear Power Group Co., Ltd., Guangdong Hengjian Investment Holding Co., Ltd., and China National Nuclear Corporation (中國核工業集團有限公司), the promoters of the Company, representing 100% of the total number of issued ordinary shares of the Company at the time.
- Article 18 The Company, with the approval of China Securities Regulatory Commission dated 3 November 2014, issued to Foreign Investors 11,163,625,000 Overseas-Listed Foreign-Invested Shares (out of these, 10,148,750,000 shares were newly issued shares of the Company. The promoters transferred 1,014,875,000 shares of the Company they held to the National Council for Social Security Fund, which were converted into Overseas-Listed Foreign-Invested Shares). The Company was first listed on the Hong Kong Stock Exchange on 10 December 2014.
- The Company was approved by the China Securities Regulatory Commission on [•••] to conduct its initial public offering of [•••] Domestic-listed Domestic Shares to Domestic Investors, and was listed on the Shenzhen Stock Exchange on [•••].

The structure of the Company's share capital upon completion of the aforesaid capital increase and issue of Domestic-listed Domestic Shares is as follows: all shares are ordinary shares with [••] shares in total, out of these, [••] shares representing [••]% of the total number of issued ordinary shares of the Company are held by China Guangdong Nuclear Power Group Co., Ltd.; [••] shares representing [••]% of the total number of issued ordinary shares of the Company are held by Guangdong Hengjian Investment Holding Co., Ltd.; [••] shares representing [••]% of the total number of issued ordinary shares of the Company are held by China National Nuclear Corporation; [••] shares representing [••]% of the total number of issued ordinary shares of the Company are held by other Domestic holders of Domestic-listed Domestic Shares; [••] shares representing [••]% of the total number of issued ordinary shares of the Company are held by holders of Overseas-Listed Foreign Shares.

Article 19                   The Company's board of directors may take all necessary actions for the separate issuance of the Overseas-Listed Foreign Shares and Domestic-listed Domestic Shares after the proposals for the same have been approved by the securities regulatory authorities of the State Council.

The Company may implement its proposals to issue Overseas-Listed Foreign Shares and Domestic-listed Domestic Shares pursuant to the preceding paragraph within 15 months from the date of approval by the securities regulatory authorities of the State Council.

Article 20                   Where the Company separately issues Overseas-Listed Foreign Shares and Domestic-listed Domestic Shares, and the total number of shares to be issued is within the issuance proposals, the shares should be fully allotted in one issuance. If this is not possible due to special circumstances, the shares may, subject to the approval of the securities regulatory authorities of the State Council, be issued on separate occasions.

Article 21                   The registered capital of the Company is RMB[••].

Article 22                   The Company may, based on its operational and development needs, authorize the increase of its capital pursuant to these Articles of Association.

The Company may increase its capital by:

- (1) offering new shares for subscription by specific or general investors;
- (2) placement of new shares to existing shareholders;
- (3) allotting bonus shares to existing shareholders;
- (4) increasing the share capital out of the common reserve fund;
- (5) any other means which is permitted by the laws, administrative regulations and authorized by the securities regulatory authorities of the State Council.

After the Company's increase of share capital by means of the issuance of new shares has been approved in accordance with the provisions of these Articles of Association, the issuance should be made in accordance with the procedures set out in the relevant laws and administrative regulations.

Article 23 Unless otherwise stipulated in the relevant laws or administrative regulations, shares in the Company shall be freely transferable and are not subject to any lien.

#### **Chapter 4 Reduction of Capital and Repurchase of Shares**

Article 24 According to the provisions of these Articles of Association, the Company may reduce its registered capital. In doing so, it shall act in compliance with the Company Law, other relevant regulations and these Articles of Association.

Article 25 The Company shall prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within 10 days of the date of the Company's resolution for reduction of capital and shall publish an announcement in newspaper(s) within 30 days. Creditors are entitled to request the Company to repay its debts or to provide a corresponding guarantee for such debt within 30 days of receipt of notice from the Company or, in the case of a creditor who does not receive such notice, within 45 days of the date of the announcement.

The Company's registered capital may not, after the reduction in capital, be less than the minimum amount prescribed by law.

The Company shall complete the registration of capital reduction with the authorities in accordance with the law.

Article 26 The Company may, in accordance with the procedures set out in these Articles of Association and with the approval of the relevant competent authority, repurchase its outstanding shares under the following circumstances:

- (1) cancellation of shares for the purposes of reducing its capital;
- (2) merging with another company that holds shares of the Company;
- (3) rewarding the employees of the Company with shares;
- (4) when requested by any shareholder to purchase his/her shares because this shareholder objects to any resolution of merger or division made by the Company at a shareholders' general meeting;
- (5) other circumstances permitted by law, administrative regulations or competent authorities.



Apart from the foregoing, the Company shall not purchase its own shares.

#### Article 27

The Company may repurchase shares in one of the following ways, with the approval of the relevant competent authority:

- (1) by making an offer for the repurchase of shares to all its shareholders on a pro-rata basis;
- (2) by on-market repurchase;
- (3) by off-market repurchase through an agreement;
- (4) by any other means which is permitted by competent authorities.

#### Article 28

The Company must obtain the prior approval of the shareholders in a shareholders' general meeting in the manner stipulated in these Articles of Association before it can effect an off-market repurchase through an agreement. The Company may, by obtaining the prior approval of the shareholders in a shareholders' general meeting in the same manner, rescind or vary any contract which has been so entered into or waive any right thereunder.

A contract for the repurchase of shares referred to in the preceding paragraph includes, but not limited to, an agreement which causes the Company to become entitled or obliged to repurchase its shares.

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

Where the Company has the right to repurchase redeemable shares:

- (1) repurchases not made on-market or by tender shall be limited to a maximum price;
- (2) if repurchases are made by tender, tenders shall be made to all shareholders alike.

#### Article 29

If the Company repurchases its shares under circumstances provided in Articles 26(1) to (3), such repurchase shall be approved by the shareholders in shareholders' general meeting pursuant to these Articles of Association.

Where shares of the Company are repurchased in accordance with Article 26(1), they shall be cancelled within 10 days of being repurchased; where shares of the Company are repurchased in accordance with Articles 26(2) or (4), they shall be transferred or cancelled within 6 months of being repurchased.

Shares repurchased in accordance with Article 26(3) shall not exceed 5% of the total issued shares of the Company; the repurchase shall be made from the after-tax profit of the Company; the repurchased shares shall be transferred to employees of the Company within one year.



In the event of share cancellation, the Company shall apply to the relevant authority for registration of the change in its registered capital.

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

#### Article 30

Unless the Company is in liquidation, it must comply with the following provisions in relation to repurchase of its outstanding shares:

- (1) where the Company repurchases shares at nominal value, payment shall be made out of the book balance of the distributable profits of the Company or out of the proceeds from a new issue of shares made for that purpose;
- (2) where the Company repurchases its shares of the Company at a premium, payment up to the nominal value may be made out of the book balance of the distributable profits of the Company or out of the proceeds from a new issue of shares made for that purpose. Payment of the premium shall be effected as follows:
  1. if the shares being repurchased were issued at nominal value, payment shall be made out of the book balance of the distributable profits of the Company;
  2. if the shares being repurchased were issued at a premium, payment shall be made out of the book balance of the distributable profits of the Company or out of the proceeds from a new issue of shares made for that purpose, provided that the amount paid out of the proceeds from the new issue shall not exceed the premium received by the Company on the issue of the repurchased shares nor shall it exceed the book value of the Company's capital common reserve fund account (including any premiums on the new issue) at the time of the repurchase;
- (3) the Company shall make any payment for the following purposes out of the Company's distributable profits:
  1. acquisition of the right to repurchase its own shares;
  2. variation of any contract for the repurchase of its shares;
  3. release of the Company's obligation(s) under any contract for the repurchase of shares;
- (4) after the Company's registered capital has been reduced by the aggregate nominal value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the nominal value of shares which have been repurchased shall be recorded in the Company's capital common reserve fund account.

## **Chapter 5 Financial Assistance for Acquisition of Shares in the Company**

**Article 31**                    The Company and its subsidiaries shall not, at any time, provide any form of financial assistance to a person who is acquiring or is proposing to acquire shares in the Company. This includes any person who directly or indirectly incurs any obligations as a result of acquisition of shares in the Company.

The Company and its subsidiaries shall not, at any time, provide any form of financial assistance for the purposes of reducing or discharging the obligations assumed by any person as a result of acquisition of shares in the Company.

This Article shall not apply to the circumstances specified in Article 33 of these Articles of Association.

**Article 32**                    For the purposes of this Chapter, “financial assistance” includes, but not limited to, the following:

- (1) gifts;
- (2) guarantee (including the assumption of obligations of another or provision of assets to secure the performance of obligations by another), compensation (other than compensation arising out of the Company’s own fault) or release or waiver of any right;
- (3) provision of a loan or the making of any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or the change in parties to, or the assignment of rights under, such loan or contract;
- (4) any other form of financial assistance given by the Company when the Company is unable to pay its debts, has no net assets or when its net assets would be reduced by a material extent.

For the purposes of this Chapter, assumption of obligations by a person includes the assumption of obligations by way of contract or other arrangement (irrespective of whether such contract or arrangement is enforceable or not and irrespective of whether such obligations are borne jointly with other persons) or by any other means which results in a change in his/her financial position.

**Article 33**                    The following acts shall not be deemed to be acts prohibited by Article 31 of these Articles of Association:

- (1) the provision of financial assistance by the Company where the financial assistance is given in good faith and in the interests of the Company, and the principal purpose of which is not for the acquisition of shares in the Company, or the giving of the financial assistance is an incidental part of some larger purpose of the Company;

- (2) the lawful distribution of the Company's assets as dividends;
- (3) the distribution of dividends in the form of shares;
- (4) a reduction of registered capital, a repurchase of shares of the Company or a reorganization of the shareholding structure of the Company effected in accordance with these Articles of Association;
- (5) the provision of loans by the Company for its normal operations within its normal scope of business (provided that this does not reduce the net assets of the Company or that financial assistance is provided out of the distributable profits of the Company, if it does reduce the net assets of the Company);
- (6) contributions made by the Company to employee share schemes (provided that this does not reduce the net assets of the Company or that financial assistance is provided out of the distributable profits of the Company, if it does reduce the net assets of the Company).

## **Chapter 6 Share Certificates and Register of Shareholders**

Article 34 Share certificates of the Company shall be in registered form.

The share certificates of the Company shall bear the following main items:

- (1) name of the Company;
- (2) date of registration and establishment of the Company;
- (3) type of share, nominal value and the number of shares it represents;
- (4) number of the share certificate;
- (5) other matters as required by the Company Law, Special Regulations and the stock exchange(s) on which the shares are listed.

Article 35 The share certificates of the Company may be transferred, gifted, inherited and pledged in accordance with relevant laws, administrative rules, regulations of authorities as well as these Articles of Association.

The assignment or transfer of shares shall be registered with the share registrar appointed by the Company.

Article 36 The Company does not accept the pledging of its share certificates.

Article 37

Share certificates of the Company shall be signed by the chairman of the Company's board of directors. Where the stock exchange(s) on which the Company's shares are listed require other senior management personnel of the Company to sign, the share certificates shall also be signed by such officer(s). The share certificates become effective after being sealed or imprinted with the seal of the Company, or with the seal sign in printed form. The share certificate shall only be sealed with the Company's seal under the authorization of the board of directors. The signatures of the chairman of the board of directors or other senior officer(s) of the Company may be in printed form.

For dematerialized issuance and trading, other requirements of the securities regulatory authorities of the places where the Company's shares are listed shall prevail.

Article 38

The Company shall keep a register of shareholders which shall contain the following particulars:

- (1) the name and address (residence), the occupation or type of each shareholder;
- (2) the class and quantity of shares held by each shareholder;
- (3) the amount paid-up on or agreed to be paid-up on the shares held by each shareholder;
- (4) the share certificate number(s) of the shares held by each shareholder;
- (5) the date on which each shareholder was registered as a shareholder;
- (6) the date on which any shareholder ceased to be a shareholder.

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

Article 39

The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authorities of the State Council and overseas securities regulatory organizations maintain the register of shareholders of Overseas-Listed Foreign Shares overseas and appoint overseas agent(s) to manage such register of shareholders. The original register of shareholders for holders of Overseas-Listed Foreign Shares listed in Hong Kong shall be maintained in Hong Kong.

A duplicate register of shareholders for the holders of Overseas-Listed Foreign Shares shall be maintained at the Company's residence. The appointed overseas agent(s) shall ensure consistency between the original and the duplicate registers of shareholders at all times.

If there is any inconsistency between the original and the duplicate registers of shareholders of Overseas-Listed Foreign Shares, the original register of shareholders shall prevail.

For the administration of register of shareholders of Domestic-listed Domestic Shares, the PRC laws, administrative regulations, rules of the authorities and the listing rules of the place where the shares of the Company are listed in China shall apply.

Article 40

The Company shall keep a complete register of shareholders.

The register of shareholders shall comprise the following parts:

- (1) the register of shareholders which is maintained at the Company's residence (other than those share registers which are described in subparagraphs (2) and (3) of this Article);
- (2) the register of shareholders in respect of the holders of Overseas-Listed Foreign Shares of the Company which is maintained in the same place as the overseas stock exchange on which the shares are listed;
- (3) the register of shareholders which is maintained in such other place as the board of directors may consider necessary for the purposes of the listing of the Company's shares.

Article 41

Different parts of the register of shareholders shall not overlap. While transferred shares continue to be registered in one part of the register of shareholders, they shall not be registered in another part of the register. Amendments or rectification of the register of shareholders shall be made in accordance with the laws of the place where the register of shareholders is maintained.

All Overseas-Listed Foreign Shares listed in Hong Kong which have been fully paid up may be freely transferred in accordance with these Articles of Association. However, unless such transfer complies with the following requirements, the board of directors may refuse to recognize any document of transfer and would not need to provide any reason therefor:

- (1) a fee of HK\$2.50 per instrument of transfer or such higher amount agreed by the Hong Kong Stock Exchange has been paid to the Company for registration of the instrument of transfer and other documents relating to or which will affect the right of ownership of the shares;
- (2) the document of transfer only relates to Overseas-Listed Foreign Shares listed in Hong Kong;
- (3) the stamp duty which is chargeable on the document of transfer has already been paid;
- (4) the relevant share certificate(s) and any other evidence which the board of directors may reasonably require to show that the transferor has the right to transfer the shares have been provided;

- (5) if it is intended that the shares be transferred to joint holders, the maximum number of joint holders shall not be more than four (4); and
- (6) the Company does not have any lien on the relevant shares.

If the Company refuses to register the transfer of shares, the Company shall deliver a notification related to the refusal of shares transfer to the transferor and transferee within two months from the date of the application for transferring the Shares.

All Overseas-Listed Foreign Shares shall be transferred by an instrument in writing in the usual or common form which the stock exchange accept or any other form which the board of directors may accept. The instrument of transfer of any share may be executed by hand without seal, or if the assignor or the assignee is a recognized clearing house as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“Recognized Clearing House”) or its agent, the share transfer form may be executed by hand or in mechanically-printed form. All share transfer forms shall be maintained in the legal address of the Company or other places designated by the board of directors from time to time.

#### Article 42

No change may be made in the register of shareholders as a result of a transfer of shares within 30 days prior to the date of a shareholders’ general meeting or within 5 days before the determination date for the Company’s distribution of dividends.

The preceding rule is only applicable to the holders of Overseas-Listed Foreign Shares. Changes to the register of shareholders of Domestic-listed Domestic Shares shall comply with the relevant PRC laws and regulations. The interval between the record date of holders of Domestic-listed Domestic Shares and the general meeting date shall not be more than 7 working days. Once the record date for the general meeting is confirmed, it shall not be amended.

#### Article 43

When the Company needs to convene a shareholders’ meeting for the purposes of dividend distribution, liquidation or for any other purpose for which shareholdings need to be determined, the board of directors or the convener of the shareholders’ general meeting shall determine a record date. The shareholders entitled to the relevant rights and interests shall be such persons who appear in the register of shareholders after the close of such record date.

#### Article 44

Any person who disputes the register of shareholders and asks for inclusion of his/her name in or removal of his/her name from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

#### Article 45

For any registered shareholder or any person who claims to be entitled to have his/her name entered in the register of shareholders in respect of shares in the Company may, if his/her share certificate (the “original certificate”) relating to the shares is lost, apply to the Company for a replacement share certificate in respect of such shares (the “Relevant Shares”).

Application by a holder of Domestic-listed Domestic Shares, who has lost his/her share certificate, for a replacement share certificate shall be dealt with in accordance with the relevant requirements of the Company Law, the rules of the Shenzhen Stock Exchange and the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.

Application by a holder of Overseas-Listed Foreign Shares, who has lost his/her share certificate, for a replacement share certificate may be dealt with in accordance with the laws of the place where the original register of shareholders of Overseas-Listed Foreign Shares is maintained, the rules of the stock exchange or other relevant regulations.

The issuance of a replacement share certificate to a shareholder of Overseas-Listed Foreign Shares, who has lost his/her share certificate, shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration, of which the contents shall include the grounds upon which the application is made and the circumstances and evidence of loss, and the declaration that no other person is entitled to have his/her name entered in the register of shareholders in respect of the Relevant Shares.
- (2) The Company has not received any declaration made by any person other than the applicant declaring that his/her name shall be entered in the register of shareholders in respect of such shares before it decides to issue a replacement share certificate to the applicant.
- (3) The Company shall, if it intends to issue a replacement share certificate, publish a notice of its intention to do so at least once every 30 days within a period of 90 consecutive days in such newspapers as may be prescribed by the board of directors.
- (4) The Company shall, prior to publication of its intention to issue a replacement share certificate, deliver to the stock exchange on which its shares are listed, a copy of the notice to be published and may publish the notice upon receipt of confirmation from such stock exchange that the notice has been exhibited in the premises of the stock exchange. Such notice shall be exhibited in the premises of the stock exchange for a period of 90 days. In the case of an application which is made without the consent of the registered shareholder of the Relevant Shares, the Company shall deliver by mail to such registered shareholder a copy of the notice to be published.



- (5) If, by the expiration of the 90-day period referred to in paragraphs (3) and (4) of this Article, the Company has not received any objection from any person in respect of the issuance of the replacement share certificate, it may issue a replacement share certificate to the applicant pursuant to his/her application.
- (6) Where the Company issues a replacement share certificate pursuant to this Article, it shall forthwith cancel the original share certificate and document the cancellation of the original share certificate and issuance of a replacement share certificate in the register of shareholders accordingly.
- (7) All expenses relating to the cancellation of an original share certificate and the issuance of a replacement share certificate shall be borne by the applicant and the Company is entitled to refuse to take any action until reasonable guarantee has been provided by the applicant.

Article 46                      Where the Company issues a replacement share certificate pursuant to these Articles of Association, a bona fide purchaser obtaining new share certificates referred to above or a shareholder registered as a holder of the shares (if he/she is a bona fide purchaser), his/her name shall not be removed from the register of shareholders.

Article 47                      The Company shall not be liable for any damage sustained by any person by reason of the cancellation of the original share certificate or the issuance of the replacement share certificate unless the claimant is able to prove fraud on the part of the Company.

Article 48                      Shares that are held by promoters shall not be transferred within one year from the date of establishment of the Company. Domestic-listed Shares that have been issued before the public offering of the Company (excluding Overseas-Listed shares) shall not be transferred within one year from the date that the shares of the Company are listed and traded on the Shenzhen Stock Exchange.

Directors, supervisors and senior management personnel of the Company shall declare to the Company that their shareholdings in the Company and any changes of such shareholdings. They shall not transfer more than 25% of their shareholdings of a same class in any particular year during their tenure. They shall not transfer the shares held within one year from the date of the Company's shares are listed and traded, or six months after they cease to hold their posts.

Shareholders, directors, supervisors and senior management personnel of the Company shall hold or transfer the shares in the Company in accordance with the relevant requirements of the securities regulatory authorities of the State Council and the Shenzhen Stock Exchange.

Article 49

The gains made by a director, supervisor, senior management personnel or a shareholder of a Domestic-listed Domestic Shares holding 5% or more of the shares of the Company from selling shares of the Company within six months from the purchase of such shares or buying shares of the Company within six months from the sale of such shares shall belong to the Company; the board of directors of the Company shall collect such gains. However, an underwriter which holds 5% or more of the shares of the Company from buying the unsold shares in accordance with the underwriting agreement shall not be subject to the six-month moratorium for selling of such shares.

Where the board of directors fails to perform the duties stipulated in the preceding paragraph, shareholders have the right to demand the board of directors to perform the duties 30 days. Where the board of directors fails to perform such duties within the aforesaid period, shareholders shall be entitled to file a lawsuit directly in their own name with a court to protect the interests of the Company.

Where the board of directors fails to perform the duties in accordance with the provisions of this Article, the responsible directors shall bear joint and several liabilities.

## **Chapter 7 Shareholders' Rights and Obligations**

Article 50

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

A shareholder shall enjoy rights and assume obligations according to the class and amount of shares held by him/her; shareholders who hold shares of the same class shall enjoy equal rights and assume the same class of obligations.

No powers shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who have direct or indirect interests therein have failed to disclose such to the Company.

For joint shareholders, upon the death of any joint shareholder, only the surviving shareholder(s) shall be deemed by the Company to have the ownership of the related shares, but the board of directors is entitled to request for the provision of a death certificate as it may deem fit for the purpose of revising the shareholders' register. For joint shareholders of any shares, only the first-named shareholder in the shareholders' register has the right to receive the share certificates for the relevant shares from the Company, receive notices from the Company; and any notice delivered to the said shareholder shall be deemed as if the notice has been delivered to all of the joint shareholders of the relevant shares. Any one shareholder may sign this proxy form. The vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose seniority will be determined by the order in which the names stand in the Register of Members of the Company in respect of the joint shareholding.

Article 51

The shareholders of ordinary shares of the Company enjoy the following rights:

- (1) to receive dividends and other forms of distributions of benefits in proportion to their shareholdings;
- (2) to propose, convene, preside over, attend or appoint a proxy to attend shareholders' general meetings and exercise voting rights according to laws;
- (3) to supervise and manage the Company's business operations, to make proposals and to raise queries;
- (4) to transfer, donate or pledge the shares in their possession in accordance with laws, administrative regulations and the provisions of these Articles of Association;
- (5) subject to production of the relevant documents evidencing the class and quantity of shares held and verification of their identities as shareholders by the Company, to obtain relevant information in accordance with laws, administrative regulations and the provisions of these Articles of Association, including:
  1. a copy of these Articles of Association, subject to payment of costs;
  2. the right to inspect and copy, subject to payment of a reasonable fee:
    - (i) all parts of the register of shareholders;
    - (ii) personal particulars of each of the Company's directors, supervisors, senior management personnel including:
      - (a) present and former names and aliases;
      - (b) principal address (place of residence);
      - (c) nationality;
      - (d) primary and all other part-time occupations and duties;
      - (e) identification documents and numbers;
    - (iii) status of the Company's share capital;
    - (iv) counterfoil of the Company's debentures;
    - (v) the latest audited financial statements of the Company, and the reports of directors, supervisors and auditors;

- (vi) special resolutions of the Company;
  - (vii) reports showing the number and nominal value of securities repurchased by the Company since the end of the last financial year, the aggregate amount paid for such securities and the maximum and the minimum prices paid in respect of each class of securities repurchased (with a breakdown between Domestic-listed Domestic Shares and Overseas-Listed Foreign Shares (if applicable));
  - (viii) copy of the latest annual return submitted to the State Administration for Industry and Commerce or other competent authorities;
  - (ix) minutes of shareholders' general meetings, resolutions of the board meetings and supervisors meetings.
- (6) in the event of the winding-up or liquidation of the Company, to participate in the distribution of remaining assets of the Company in proportion to the number of shares held;
  - (7) to request the Company to repurchase its shares held by the dissident shareholders who cast votes against the proposal for merger or division at the general meeting of the Company;
  - (8) other rights conferred by laws, administrative regulations and these Articles of Association.

Article 52                      Where a shareholder requests to inspect the aforesaid relevant information or asks for relevant documents, he/she shall provide the Company with documents showing the class and number of shares he/she holds. The Company shall provide such information as requested by the shareholder whose identification has been verified.

Article 53                      If any resolution of a shareholders' general meeting or board meeting is in violation of the laws and administrative regulations, the shareholders shall have the right to request the court to invalidate the said resolution.

If the meeting convening procedures and voting methods of the shareholders' general meetings or board meetings are in violation of the laws, administrative regulations or these Articles of Association, if the contents of any resolution are in breach of these Articles of Association, the shareholders shall have the right to request the court to annul the said procedures, methods or resolutions within 60 days after the resolution has been approved.

Article 54

Where any director or member of the senior management personnel violates any laws, administrative regulations or these Articles of Association in his/her performance of duties and powers and thereby causes any loss to the Company, shareholders who individually or jointly hold 1% or more of the Company's shares for 180 days consecutively or more may request the supervisory committee in writing to file a lawsuit with the court. Where the supervisory committee violates any laws, administrative regulations or these Articles of Association in his/her performance of duties and powers and thereby causes any loss to the Company, shareholders may request the board of directors in writing to file a lawsuit with the court.

Where the supervisory committee or the board of directors refuses to file a lawsuit upon receipt of an aforementioned written request in the preceding paragraph, or where it fails to file a lawsuit within 30 days after it upon receipt of the request, or where it is in an emergency that the failure to initiate a lawsuit immediately may cause irretrievable damage to the interests of the Company, the aforementioned shareholders in the preceding paragraph shall have the right directly file a lawsuit with the court in his/her own name to protect the interest of the Company.

In the event that the legitimate rights and interests of the Company are impaired and losses are incurred thereof, the aforementioned shareholders in the first paragraph of this Article shall have the right to file a lawsuit with the court in accordance with the provisions of this Article.

Article 55

Where any director or member of the senior manager personnel does any act jeopardizing the shareholders' interests by violating any laws, administrative regulations or these Articles of Association, a shareholder shall have the right to file a lawsuit with the court.

Article 56

The shareholders of ordinary shares of the Company shall assume the following obligations:

- (1) to comply with laws, administrative regulations and these Articles of Association;
- (2) to pay subscription money according to the number of shares subscribed and the method of subscription;
- (3) not to surrender the shares unless required by laws or administrative regulations;
- (4) not to abuse shareholder's rights and harm the interest of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of the shareholders to impair the interests of creditors of the Company; where the shareholder's abuse of its power causes damage to other shareholders, he/she shall be liable to compensation in accordance with the laws; where the shareholder has abused the Company's independent legal person status and shareholder's limited liability for debt evasion and caused serious damage to the creditor's interests, it shall bear joint liability for the debts of the Company;

- (5) other obligations imposed by laws, administrative regulations and provisions of these Articles of Association.

Shareholders are not liable to make any further contribution to the share capital other than according to the terms agreed by the subscriber of the relevant shares at the time of subscription.

#### Article 57

In addition to the obligations imposed by law, administrative regulations or the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder, in exercising its shareholder's rights, shall not exercise his/her voting rights in respect of the following matters in a manner prejudicial to the interests of all or a portion of the shareholders of the Company:

- (1) to exempt a director or supervisor from the obligation of acting honestly in the best interests of the Company;
- (2) to approve the expropriation by a director or supervisor (for his/her own benefit or for the benefit of another person) of the Company's assets in any way, including, but not limited to, opportunities which are beneficial to the Company;
- (3) to approve the expropriation by a director or supervisor (for his/her own benefit or for the benefit of another person) of the individual interest of other shareholders, including, but not limited to, any rights to distributions and voting rights (excluding a restructuring which has been submitted for approval by the shareholders in a shareholders' general meeting in accordance with these Articles of Association).

#### Article 58

For the purpose of these Articles of Association, a "controlling shareholder" means a person who satisfies any one of the following conditions:

- (1) a person who, when acting alone or in concert with others, has the power to appoint more than half of the directors;
- (2) a person who, when acting alone or in concert with others, has the power to exercise 30% or more of the voting rights or has power to control the exercise of 30% or more of the voting rights in the Company;
- (3) a person who, when acting alone or in concert with others, holds 30% or more of the issued shares of the Company;
- (4) a person who, when acting alone or in concert with others, has de facto control of the Company in any other way.

For the purpose of these Articles of Association, an "actual controlling party" means the person(s), not being shareholder(s) of the Company, who are able to exercise actual control over the acts of the Company through an investment relationship, an agreement or other arrangements.

Article 59                      Where a shareholder holding Domestic-listed Domestic Shares of 5% or more carrying voting rights pledges his/her shares, he/she shall report to the Company in writing on the date on which the shares are pledged. Any pledge of Overseas-Listed Foreign Shares shall be carried out in accordance with the laws, regulations, rules of the stock exchange and other relevant requirements of the foreign listing place.

Article 60                      Neither the controlling shareholder nor the actual controlling party of the Company may prejudice the interests of the Company by taking advantage of his/her connected relationship. Anyone who violates the provisions and cause damages to the Company shall bear compensation liability.

The controlling shareholder and the actual controlling party of the Company shall bear fiduciary duty to the Company and its public shareholders. The controlling shareholder shall strictly exercise the rights as a subscriber pursuant to the law, and shall not impair the legitimate rights and interests of the Company and the public shareholders in the way of profit distribution, asset reorganization, overseas investments, capital use, loans and guarantees, and shall not impair the interests of the Company and the public shareholders by making use of its controlling status in the Company.

## **Chapter 8   Shareholders' General Meetings**

Article 61                      The shareholders' general meeting holds the powers of the Company and shall exercise its functions and powers in accordance with the law.

Article 62                      The shareholders' general meeting shall have the following functions and powers:

- (1)    to decide on the Company's operational policies and investment plans;
- (2)    to appoint and replace directors and to decide on matters relating to the remuneration of directors;
- (3)    to appoint and replace supervisors who are not representatives of the employees and to decide on matters relating to the remuneration of supervisors;
- (4)    to consider and approve the board of directors' reports;
- (5)    to consider and approve the supervisory committee's reports;
- (6)    to consider and approve the Company's profit distribution plans and loss recovery plans;
- (7)    to consider and approve the Company's proposed and final annual financial budgets;
- (8)    to pass resolutions on the increase or reduction of the Company's registered capital;



- (9) to pass resolutions on matters such as merger, division, dissolution, liquidation or change of the corporate form of the Company;
- (10) to pass resolutions on the issue of shares, debentures and share repurchases by the Company;
- (11) to amend these Articles of Association;
- (12) to consider and approve motions raised by shareholders, individually or jointly, holding 3% or more of the total number of issued voting shares of the Company;
- (13) to consider and approve the purchase and sale of major assets with value exceeding 30% of the total assets of the Company as shown in the latest published audited financial statements of the Company within one year;
- (14) to consider and approve the provision of guarantees under Article 63 of these Articles of Association;
- (15) to consider and approve the changes in the use of funds;
- (16) to consider and approve the share incentive schemes;
- (17) to pass resolutions on the appointment, dismissal and non-reappointment of the accountants of the Company;
- (18) to decide on other matters which need to be approved by shareholders in shareholders' general meetings according to the relevant laws, administrative regulations, regulations of the authorities or these Articles of Association.

If necessary and appropriate, the shareholders' general meeting may authorize the board of directors to decide on matters to be resolved and which cannot or are not required to be decided at the shareholders' general meeting.

If the board of directors is authorized in a shareholders' general meeting to determine matters which shall be determined by ordinary resolution, the authorization should be passed by majority voting rights held by the attending shareholders (including their proxies); if the authorization relates to matters which shall be determined by special resolution, the authorization should be passed by attending shareholders (including their proxies) holding more than two-thirds of the voting rights. The terms of the authorization should be clear and specific.

#### Article 63

The following external guarantees provided by the Company shall be reviewed and approved by the shareholders' general meeting:

- (1) any provision of guarantee, where the total amount of external guarantees provided by the Company and its controlled subsidiaries reaches or exceeds 50% of the audited net assets for the latest period;
- (2) any provision of guarantee, where the total amount of external guarantees provided by the Company reaches or exceeds 30% of the audited total assets for the latest period;
- (3) any provision of guarantee to anyone whose gearing ratio exceeds 70%;
- (4) any provision of a single guarantee in the amount exceeding 10% of the audited net assets for the latest period;
- (5) any provision of guarantee with the accumulated guaranteed amount over a period of 12 consecutive months exceeding 30% of the Company's audited total assets for the latest period;
- (6) any provision of guarantee with the accumulated guaranteed amount over a period of 12 consecutive months exceeding 50% of the Company's audited net assets for the latest period and the absolute amount exceeding RMB 50 million;
- (7) any provision of guarantee to shareholders, actual controlling party and their related parties;
- (8) such other guarantees regulated by stock exchange or these Articles of Association.

When the shareholders' general meeting is reviewing a proposal to provide guarantee for any shareholder, actual controlling party and its related parties, the said shareholder or the shareholders controlled by the said actual controlling party shall abstain from voting on the proposal, and the proposal shall be subject to approval by a simple majority of the voting rights of the other shareholders attending the meeting.

#### Article 64

Unless prior approval in the form of a special resolution is obtained in a shareholders' general meeting, the Company shall not enter into any contract with any person other than the directors, supervisors, senior management personnel pursuant to which such person shall be responsible for the management and administration of the whole or any substantial part of the Company's business.

#### Article 65

Shareholders' general meetings are divided into annual shareholders' general meetings ("AGM") and extraordinary shareholders' general meetings ("EGM"). Shareholders' general meetings shall be convened by the board of directors.

AGMs are held once every year and within six months from the end of the preceding accounting year.

Article 66

The board of directors shall convene an extraordinary general meeting within two months from the date of occurrence of any one of the following events:

- (1) where the number of directors is less than the number stipulated in the Company Law or two-thirds of the number specified in these Articles of Association;
- (2) where the unrecovered losses of the Company amount to one-third of the total amount of its paid-up share capital;
- (3) where shareholder(s) who individually or jointly hold 10% or more of the Company's issued voting shares make request(s) in writing for the convening of an extraordinary general meeting;
- (4) whenever the board of directors deems necessary or the supervisory committee so requests;
- (5) when more than half of the independent directors propose to convene the meeting;
- (6) other circumstances provided by relevant laws, administrative regulations, regulations of the authorities and these Articles of Association.

The shareholdings referred to in item (3) above shall be calculated on the basis of the number of shares held as at the date of written request from the shareholders.

Article 67

Shareholders' general meetings shall be held at the Company's place of residence or suitable place determined by resolutions of the board of directors or in the notices of shareholders' general meetings of the Company.

The shareholders' general meeting will set up an assembly room and be held on site. The Company shall also provide network means for the convenience of shareholders to attend the shareholders' general meeting. Shareholders attending the shareholders' general meeting via the aforesaid means shall be deemed as present. For shareholders attending the shareholders' general meeting by network means, the Company shall confirm that their identities as shareholders are legal and valid via trading system or internet voting system of the stock exchange.

Article 68

The Company, when convening a shareholders' general meeting, shall engage lawyers to provide legal opinions on the following issues and make an announcement:

- (1) whether the convening and the convening procedures of the meeting are in compliance with the laws, administrative regulations and these Articles of Association;
- (2) whether the qualifications of the persons attending the meeting and the qualification of the convener are lawful and valid;

- (3) whether the voting procedures and the voting results are lawful and valid;
- (4) other relevant matters as required by the Company.

#### Article 69

The independent directors shall have the rights to propose to the board of directors to convene an extraordinary general meeting. With respect to the proposal requesting to convene an extraordinary general meeting by the independent directors, the board of directors shall issue a written reply on consent or non-consent to the convening of the extraordinary general meeting within 10 days upon receipt of the proposal pursuant to the laws, administrative regulations and these Articles of Association. Where the board of directors gives consent to convene an extraordinary general meeting, a notice on convening such meeting shall be issued within 5 days from passing the resolution of the board of directors. Where the board of directors does not give consent to convene an extraordinary general meeting, it shall state the reason and make an announcement.

#### Article 70

The supervisory committee shall have the right to propose to the board of directors to convene an extraordinary general meeting and shall propose the same to the board of directors in writing. The board of directors shall issue a written reply on consent or non-consent to convene the extraordinary general meeting within 10 days upon the receipt of the requisition in accordance with the laws, administrative regulations and these Articles of Association.

Where the board of directors gives consent to convene the extraordinary general meeting, a notice on convening the extraordinary general meeting shall be issued within 5 days from passing of the board resolution. Any amendment to the original proposal in the notice shall be subject to the agreement of the supervisory committee.

Where the board of directors disagrees to convene the extraordinary general meeting or fails to give the reply in writing within 10 days upon receipt of the proposal, the board of directors shall be deemed as unable or failing to perform the duties of convening the shareholders' general meeting. As such, the supervisory committee may proceed to convene and preside over the meeting.

#### Article 71

Shareholders who separately or jointly hold 10% or more of the total issued voting shares of the Company may request the board of directors to convene an EGM by signing a written request, the foresaid shareholders who request to convene an EGM or class meeting shall follow the following procedures:

- (1) Shareholders who separately or jointly hold 10% or more of the total issued voting shares of the Company may request the board of directors to convene an EGM or class meeting by signing a written request (signing in counterparts is acceptable) explaining the matters to be discussed at the EGM. The above shareholders shall ensure that the contents of the proposal are in compliance with the requirements of the laws, administrative regulations and these Articles of Association. The board of directors shall furnish a written reply stating its agreement or disagreement to the convening of an EGM or class meeting within 10 days upon receipt of the foresaid written request in compliance with the requirements of the laws, administrative regulations and these Articles of Association. The shareholdings of the requesting shareholders shall be calculated as at the date of the submission of the written requirement.
- (2) In the event that the board of directors agrees to convene an EGM or class meeting, the notice of convening an EGM or class meeting shall be issued within 5 days from the passing of the relevant resolution of the board of directors. Any amendment to the proposal made in the notice requires approval of the shareholders concerned. In the event that the board of directors does not agree to convene an EGM or class meeting or does not furnish any reply within 10 days upon receipt of such proposal, the foresaid shareholders shall be entitled to propose to the supervisory committee to convene an EGM or class meeting, and such proposal shall be made in writing.
- (3) In the event that the supervisory committee agrees to convene an EGM or class meeting, the notice of convening an EGM or class meeting shall be issued within 5 days upon receipt of such request. Any amendment to the proposal made in the notice requires approval of the shareholders concerned.
- (4) Failure of the supervisory committee to issue the notice of the shareholders' general meeting or class meeting within the stipulated time shall be deemed as failure of the supervisory committee to convene and preside over a shareholders' general meeting or class meeting, shareholders who separately or jointly hold more than 10% of the total issued voting shares of the Company for more than 90 consecutive days may proceed to convene and chair the meeting.

Where the shareholders proceed to call and convene a meeting since the board of directors cannot convene a meeting in accordance with the foresaid requirement, the expenses reasonably incurred shall be borne by the Company and be deducted from the amounts due to the defaulting directors.

Article 72

In the event that the supervisory committee or the shareholder(s) decide(s) to convene the shareholders' general meeting on its or their own, the supervisory committee or the shareholder(s) shall notify the board of directors in writing, and file with the branch office of the CSRC at the place where the Company resides and the Shenzhen Stock Exchange.

The shareholding of the shareholder(s) who convene(s) a shareholders' general meeting shall be no less than 10% prior to the announcement of resolutions of the shareholders' general meeting.

The convening shareholder(s) shall submit relevant evidencing documents to the branch office of the CSRC at the place where the Company resides as well as the Shenzhen Stock Exchange upon the issuance of notice of the shareholders' general meeting and announcement of resolutions of the shareholders' general meeting.

Article 73

The board of directors and the secretary to the board of directors shall cooperate when the supervisory committee or the shareholder(s) proceed to convene(s) a shareholders' general meeting on its or their own. The board of directors shall provide the register of shareholders as at the record date.

Article 74

Requisite costs of the meetings convened by the supervisory committee or shareholder(s) on its or their own shall be borne by the Company.

Article 75

A notice of a shareholders' general meeting shall be given (45) days before the date of the meeting (excluding the date of meeting) to all registered shareholders. Such notice shall give such shareholders notice of the matters to be considered at such meeting, the date and the place of the shareholders' general meeting. A shareholder who intends to attend the shareholders' general meeting shall deliver his/her written reply to the Company 20 days before the date of the shareholders' general meeting.

Article 76

The Company shall, based on the written replies which it receives from the shareholders 20 days before the date of the shareholders' general meeting, calculate the number of voting shares held by the shareholders and the authorized proxies who intend to attend the meeting. If the number of voting shares held by the shareholders who intend to attend the meeting amount to more than one-half of the Company's total voting shares, the Company may hold the shareholders' general meeting; if not, then the Company shall, within 5 days, notify the shareholders by way of public announcement or other ways authorized by these Articles of Association the matters to be considered, the place and date for the shareholders' general meeting. The Company may then hold the shareholders' general meeting after notification by way of public announcement or other ways authorized by these Articles.

Matters which are not specified in the notice shall not be decided at an extraordinary general meeting.

Article 77

The notice of a shareholders' general meeting shall satisfy the following requirements:

- (1) be in the form of writing;
- (2) specifies the place, time and duration of the meeting;
- (3) sets out the matters and proposals to be discussed at the meeting;
- (4) provides the shareholders with such information and explanation as necessary to enable the shareholders to make an informed decision on the proposals put before them. This includes, but is not limited to, where a proposal is made to amalgamate the Company with another, to repurchase shares of the Company, to reorganize its share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with contracts (if any) and the cause and effect of such proposal must be properly explained;
- (5) contains a disclosure of the nature and extent of the material interests of any director, supervisor, general manager and other senior management personnel in the proposed transaction and the effect which the proposed transaction will have on them in their capacity as shareholders, if it is different from the effect on the interests of shareholders of the same class;
- (6) contains the full text of any special resolution to be proposed at the meeting;
- (7) contains a clear statement that all of the ordinary shareholders are entitled to attend the shareholders' general meeting and a shareholder entitled to attend and vote at such meeting is entitled to appoint one or more proxies to attend and vote at such meeting on his/her behalf and that such proxy needs not be a shareholder;
- (8) specifies the time and place for lodging proxy forms for the meeting;
- (9) specifies the record date for shareholders who are entitled to attend the shareholders' general meeting;
- (10) specifies the name and telephone number of the contact person for the meeting;
- (11) where the shareholders' general meeting is to be conducted online or by way of other means, the time and procedure of such online voting or other means of voting shall be clearly stated in the notice of general meeting.



The online voting of the shareholders' general meeting shall commence no earlier than 3:00 p.m. of a day prior to the date of the shareholders' general meeting but no later than 9:30 a.m. on the date of the shareholders' general meeting, and shall terminate no earlier than 3:00 p.m. on the date of conclusion of the shareholders' general meeting.

The notice and the supplementary notice of the shareholders' general meeting shall disclose all the specific contents content of the proposed motions adequately and completely. For matters to be discussed which require the independent directors to issue an opinion, the notice or supplementary notice of the shareholders' general meeting shall disclose the opinions of the independent directors and the reason thereof.

#### Article 78

Unless otherwise provided by relevant laws, administrative regulations, regulations of the authorities, the rules of the stock exchange of the places where the shares of the Company are listed or these Articles of Association, the notice of a shareholders' general meeting shall be delivered to the shareholders (whether or not such shareholders are entitled to vote at the meeting) by public announcement, by hand or by pre-paid mail to the addresses of the shareholders as shown in the register of shareholders of the Company.

The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the PRC laws, administrative regulations, regulations of the authorities or the securities regulatory authorities of the State Council during the period between 45 and 50 days before the date of the meeting. Once the announcement is made, all the shareholders of Domestic-listed Domestic Shares shall be deemed to have received the notice of the relevant shareholders' general meeting. In respect of shareholders of Overseas-Listed Foreign Shares, the notice of shareholder's general meeting may also be sent or served by other appropriate means specified in these Articles of Association, subject to the laws, administrative regulations and rules of the authorities of the places where the Company's shares are listed and the relevant requirements of the Hong Kong Stock Exchange.

#### Article 79

In the event that matters involving the election of directors and supervisors are to be reviewed at the shareholders' general meeting, the notice of such shareholders' general meeting shall fully disclose the detailed information of the candidates for such directors and supervisors, which shall at least include the following:

- (1) personal particulars including education background, working experience and any part-time job;
- (2) whether there is any connected relationship with the Company or its controlling shareholders and actual controlling party;
- (3) disclosure of the shareholdings in the Company;

- (4) whether or not they have been penalized by CSRC and other relevant authorities and any stock exchange.

Apart from the adoption of the cumulative voting system for election of directors and supervisors, each candidate of director or supervisor shall be individually proposed.

- Article 80 After the notice of a shareholders' general meeting is issued, the meeting shall not be postponed or cancelled, and the motions set out in the notice shall not be cancelled without proper reasons. In the case of any postponement or cancellation of the meeting, the convener shall make an announcement and give the reasons therefor at least 2 working days prior to the date on which the meeting is originally scheduled.
- Article 81 The board of directors and other conveners of the Company shall take necessary measures to ensure the normal order of the shareholders' general meeting. For any disturbance to the meeting and acts infringing on the legitimate rights and interests of the shareholders, they shall take measures to restrain such disturbance and infringing acts, as well as timely report to the relevant authorities for investigation and punishment.
- Article 82 All ordinary shareholders registered on the record date or their proxies shall have the right to attend a shareholders' general meeting and exercise their voting rights in accordance with relevant laws, regulations and these Articles of Association. Shareholders may attend shareholders' general meetings in person or, alternatively, they may appoint a proxy to attend and vote at the meeting on their behalfs.
- Article 83 Any shareholder who is entitled to attend and vote at a shareholders' general meeting of the Company shall be entitled to appoint one or more persons (whether such person is a shareholder or not) as his/her proxy or proxies to attend and vote on his/her behalf, and a proxy so appointed shall be entitled to exercise the following rights pursuant to the authorization from that shareholder:
- (1) the shareholders' right to speak at the meeting;
  - (2) the right to demand or join in demanding a poll;
  - (3) the right to vote by hand or on a poll, but a proxy of a shareholder who has appointed more than one proxy may only vote on a poll.
- Article 84 An individual shareholder who attends a meeting in person shall present his/her own identity card or other valid document or proof evidencing his/her identity, stock account card; if he/she appoints a proxy to attend the meeting on his/her behalf, such proxy shall present his/her own valid proof of identity and the power of attorney.

Legal persons or other organization shareholders shall be represented at a meeting by their legal representative (or person in charge, executive partner or his/her representative) or a proxy appointed by their legal representative (or person in charge, executive partner or his/her representative). Where the legal representative (or person in charge, executive partner or his/her representative) attends the meeting, he/she shall present his/her own identity card and valid proof of his/her legal representative (or person in charge, executive partner or his/her representative) status; where a proxy has been appointed to attend the meeting, such proxy shall present his/her own identity card and the power of attorney issued by the legal representative (or person in charge, executive partner or his/her representative) of the legal person shareholder.

The power of attorney issued by a shareholder to entrust proxy to attend shareholders' general meeting shall contain the following contents:

- (1) name of the proxy;
- (2) whether the proxy has the right to vote;
- (3) separate instructions as to whether to vote for, vote against, or abstain from voting on, each item included on the agenda of the shareholders' general meeting;
- (4) the date of issuance and term of validity of the instrument of appointment;
- (5) the signature (or seal) of the entrusting party.

#### Article 85

The proxy form shall be lodged at the Company's premises or such other place as specified in the notice convening the meeting at least 24 hours prior to the relevant meeting for which the proxy is appointed to vote or 24 hours prior to the scheduled voting time. Where the proxy form is signed by a person authorized by the principal, the power of attorney or other authorization documents shall be notarized. The notarized power of attorney and other authorization documents, together with the proxy form, shall be lodged at the Company's premises or such other place as specified in the notice convening the meeting.

If the proxy is a legal person, his/her legal representative or any representative authorized by the board of directors or by other decision-making body shall attend the shareholders' meeting of the Company on its behalf.

If the said shareholder is a recognized clearing house (or its agent) as defined in the relevant ordinance enacted from time to time in Hong Kong, the shareholder may authorize one or more suitable persons to act as its representative at any shareholders' general meeting or any class meetings of shareholders; however, if more than one person are authorized, the proxy form shall clearly indicate the number and types of shares each person is authorized in relation to and the proxy form shall be signed by the respective proxies appointed by the Authorized Clearing House. The persons thus authorized may represent the recognized clearing house (or its agent) to exercise the rights at any meeting (without being required to present share certificate, certified statement of proxy and further evidence of due authorization), as if they were the individual shareholders of the Company.

Article 86 Any form given to a shareholder by the directors for use by such shareholder for the appointment of a proxy to attend and vote at meetings of the Company shall be such as to enable the shareholder to freely instruct the proxy to vote in favors of or against the motions, separate instructions being given in respect of each matter to be voted on at the meeting. Such a form shall contain a statement that, in the absence of specific instructions from the shareholder, the proxy may vote as he/she thinks fit.

Article 87 A vote made in accordance with the terms of a proxy shall be valid notwithstanding the death or loss of capacity of the appointer or revocation of the proxy or the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that the Company does not receive any written notice in respect of such matters before the commencement of the relevant meeting.

Article 88 The matters stated in the proposal shall fall within the functions and powers of the shareholders' general meeting and it shall contain specific subject and specific resolutions, and shall be in compliance with the requirements of the laws, administrative regulations, regulations of the authorities and these Articles of Association.

Article 89 Shareholders who separately or jointly hold more than 3% of the total issued voting shares of the Company may submit a proposal to the board of directors in writing 10 days before the date of the shareholders' general meeting; the board of directors shall issue a supplementary notice of the shareholders' general meeting to announce the contents of the proposals within 2 days of receiving the proposal and include it for consideration at the shareholders' general meeting. The matters stated in the proposal must be within the functions and powers of the shareholders' general meeting and it shall have a clear subject and specific resolutions.

Apart from aforesaid matters, the convener shall not amend the proposals stated in the notice of the shareholders' general meeting or add new proposals upon issuance of the announcement on the notice of the shareholders' general meeting.

The shareholders' general meeting shall not vote on or resolve the proposals which have not been stated in the notice of the shareholders' general meeting or the proposals which do not meet the requirements in Article 88 of these Articles of Association.

Article 90 Register of attendees shall be prepared by the Company.

The register contains matters such as names of attendees (or names of units), identity card number or other valid identification documents, residential address, number of voting shares held or represented, and names of persons represented (or names of units represented).

Article 91 The convener and the legal advisers retained by the Company shall verify the legal eligibility of the shareholders based on the register of shareholders provided by the securities registration and clearing authority and shall register the name of the shareholders together with the numbers of voting shares in their possession. Before the chairman of the meeting declares the number of shareholders and proxies present at the meeting as well as the total number of voting shares in their possession, registration for the meeting shall be ended.

Article 92 When convening a shareholders' general meeting, directors, supervisors and the secretary to the board of directors shall attend the meeting in person while the president and other senior management personnel shall be in attendance the meeting as non-voting participants.

Article 93 The shareholders' general meeting shall be convened by the board of directors and chaired by the chairman; if the chairman cannot or fails to perform his/her duties, the shareholders' general meeting shall be chaired by a director co-elected by more than half of the directors. If the board of directors cannot or fails to perform its duty to convene the shareholders' general meeting, the supervisory committee shall convene and chair the meeting promptly; if the supervisory committee cannot or fails to perform its duty to convene the shareholders' general meeting for more than 90 consecutive days, the shareholders who separately or jointly hold more than 10% of the Company's total issued voting shares may convene and chair the meeting by themselves. If no such chairman is elected, then the directors present may choose one of their members to be chairman of the meeting; If the shareholders cannot elect a chairman of the meeting due to any reason, the shareholder (including his/her proxy) present at the meeting who holds the highest number of voting rights shall act as the chairman of the meeting.

The shareholders' general meeting convened by the supervisory committee shall be presided over by the chairman of the supervisory committee. If the chairman of the supervisory committee is unable to perform or fails to perform his/her duties, a supervisor shall be jointly elected by more than half of the supervisors to preside over the meeting.

Shareholder(s) may convene the meeting themselves and a representative nominated by the convener(s) shall preside over the meeting.

When the shareholders' general meeting is held and the chairman of the meeting violates these Rules and as a result thereof, the shareholders' general meeting is unable to continue, upon approval of more than half of the shareholders having the voting rights who are present at the meeting, a person may be elected at the shareholders' general meeting to chair the meeting so that the meeting may continue.

Article 94                      The Company shall formulate the rules of procedures for the shareholders' general meeting, specifying in details the convening and voting procedures for the shareholders' general meeting, including notice, registration, consideration of motions submitted, voting, ballot counting, announcement of the voting results, formation of a resolution, minutes and their signing, announcement, and the principles of authorization by the shareholders' general meeting to the board of directors, and the contents of authorization shall be clear and specific. Rules of procedures for the shareholders' general meeting, as an appendix to the Articles of Association, shall be prepared by the board of directors and reviewed and approved by the shareholders' general meeting.

Article 95                      At the annual shareholders' general meeting, the board of directors and the supervisory committee shall report to the shareholders' general meeting on their work done over the past year, and each of the independent directors shall also submit his/her work report.

Article 96                      Directors, supervisors and the senior management personnel shall provide explanations for questions raised by shareholders at the shareholders' general meeting.

Article 97                      A shareholder (including a proxy), when voting at a shareholders' general meeting, may exercise such voting rights as attached to the voting shares which he/she represents. Each share shall have one vote.

No voting rights shall attach to the Company's shares held by itself, and such shares shall be excluded for the purpose of calculating the total number of voting shares held by the shareholders present at the shareholders' general meeting.

Where any shareholder is required to abstain from voting on a matter under applicable laws, regulations and the listing rules of the stock exchange on which the Company's shares are listed, any votes cast by such shareholder or his/her proxy) shall not be counted.

The board of directors, the independent directors and the qualified shareholders of the Company shall have the right to solicit votes from shareholders. While soliciting votes of shareholders, sufficient disclosure of information such as the specific voting preference shall be made to the shareholders from whom voting rights are solicited. No consideration or other form of de facto consideration shall be involved in the solicitation of voting rights from shareholders. The Company shall not impose any minimum shareholding percentage limitation on the solicitation of voting rights.



Article 98	<p>At any shareholders' general meeting, a resolution shall be decided on a show of hands, unless a poll is demanded before or after a vote is carried out by a show of hands by any of the following, or if otherwise required by the listing rules of the stock exchange on which the Company's shares are listed:</p> <ol style="list-style-type: none"> <li>(1) by the chairman of the meeting;</li> <li>(2) by at least two shareholders present in person or by proxy and being entitled to vote;</li> <li>(3) by one or more shareholders present in person or by proxy and holding 10% or more of all voting shares present at the meeting solely or jointly.</li> </ol> <p>Unless a poll is demanded, a declaration by the chairman that a resolution has been passed on a show of hands and the record of such in the minutes of the meeting shall be conclusive evidence of the passing of such resolution. There is no need to prove the number or proportion of votes in favor of or against such resolution.</p> <p>The demand for a poll may be withdrawn by the person who demands the same.</p>
Article 99	<p>A poll demanded to decide on the chairman of the meeting, or to adjourn the meeting shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any other business may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.</p>
Article 100	<p>On a poll taken at a meeting, a shareholder (including a proxy) entitled to two or more votes need not cast all his/her votes in the same way.</p>
Article 101	<p>In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall have a casting vote.</p>
Article 102	<p>Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions.</p> <p>An ordinary resolution shall be passed by more than half of all votes held by the shareholders (including their proxies) present at the meeting.</p> <p>A special resolution shall be passed by more than two-thirds of all votes held by the shareholders (including their proxies) present at the meeting.</p>
Article 103	<p>The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:</p> <ol style="list-style-type: none"> <li>(1) work reports of the board of directors and the supervisory committee;</li> </ol>



- (2) profit distribution plans and loss recovery plans formulated by the board of directors;
- (3) appointment, removal of members of the board of directors and supervisors assumed by non-representatives of employees, their remuneration and manner of payment;
- (4) annual preliminary and final budgets, balance sheets and profit and loss accounts and other financial statements of the Company;
- (5) annual report of the Company;
- (6) appointment, dismissal and non-reappointment of the accountants of the Company;
- (7) matters other than those which are required by laws and administrative regulations or by these Articles of Association to be adopted by special resolution.

#### Article 104

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

- (1) the increase or reduction in share capital and the issue of shares of any class, warrants and other similar securities;
- (2) the issue of debentures of the Company;
- (3) the division, merger, dissolution, liquidation or change of corporate form of the Company;
- (4) amendment of these Articles of Association;
- (5) the Company's purchase or sale of major assets within 1 year with the transaction amount exceeding 30% of the audited total assets for the latest period of the Company;
- (6) the total amount of the guarantee for 12 consecutive months exceeding 30% of the audited total assets for the latest period of the Company;
- (7) the equity incentive scheme;
- (8) any other matters required by law, administrative regulations or these Articles of Association, and those considered by the shareholders in shareholders' general meeting, and resolved by way of an ordinary resolution, to be of a nature which have a material impact on the Company and should be adopted by special resolutions.

- Article 105 For connected transactions to be reviewed at a shareholders' general meeting, connected shareholders shall abstain from voting on such connected transactions, and the number of voting shares which he/she represents, shall not be included in the total number of valid votes; the announcements of resolutions passed at the shareholders' general meeting shall fully disclose the voting of non-connected shareholders.
- Article 106 When reviewing a proposal at the shareholders' general meeting, no amendment shall be made thereto. Otherwise, the relevant change shall be deemed as a new proposal which shall not be voted at that shareholders' general meeting.
- Except the accumulative voting mechanism, all the proposals shall be voted at the shareholders' general meeting item by item. In the case of different proposals for the same matter, voting shall be carried out in accordance with the sequence of the proposals. Except where a shareholders' general meeting is suspended or no resolution can be adopted due to force majeure or other special circumstances, no proposal shall be set aside or rejected for voting at the shareholders' general meeting.
- Article 107 Chairman of the meeting should announce the number of shareholders and proxies present at the venue of the meeting and the total voting shares held by them with voting rights, and the number of shareholders and proxies present at the venue of meeting and the total voting shares held by them shall be the number recorded by the meeting.
- Article 108 Prior to a resolution is voted on at a shareholders' general meeting, two (2) representatives of the shareholders shall be elected as counting agent and scrutinizers. In the event that any shareholder is an interested party in the matter to be reviewed, such shareholder or his proxy shall not be appointed as counting agent or scrutinizing.
- When the shareholders are voting on the proposals, lawyers, shareholders' representatives and supervisory representatives shall be jointly responsible for counting of votes and scrutinizers duties, and the voting result will be announced forthwith. The voting results for the resolutions shall be recorded in the minutes of meeting.
- Shareholders of companies or their proxies that vote online or by other ways shall have the right to check and inspect their voting results through the relevant voting system.
- Article 109 The Company shall, under the prerequisite of ensuring that its shareholders' general meetings are legitimate and validly held, make it convenient for the shareholders to attend the shareholders' general meetings through various means, including using modern information technology to establish an online voting platform in priority. The end time of on-site shareholders' general meeting shall not be earlier than the shareholders' general meeting via internet or by other ways. The convener shall announce the voting results of each proposal, and announce if the proposal is passed pursuant to voting results.

Prior to announcement of the voting results, companies, counting agent, scrutinizer, substantial shareholders, online voting service provider and other relevant parties in relation to voting at on-site shareholders' general meeting, via internet or other ways shall bear the confidentiality responsibility for the voting results.

Article 110 Shareholders attending the shareholders' general meeting shall submit one of the following opinions for a proposal to be reviewed: "for", "against" or "abstain", except for the declaration by securities registration and clearing institution as the nominal holder of Shenzhen-Hong Kong Stock-Connect shares, based on the actual holders' intentions.

Ballot papers that are left in blank, unduly completed or illegible or that have not been used, are deemed as waiver of voting rights by the voter, and the voting results corresponding to the shares in their possession shall be classified as "Abstain from voting".

The same voting right shall only be exercised by electing to vote at the scene, via internet or by other ways. In the event that the same voting right has been exercised twice, the result of the first voting shall prevail.

Article 111 The chairman of the meeting shall be responsible for determining whether a resolution has been passed. His/her decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the minutes.

Article 112 If the chairman of the meeting has any doubt as to the result of a resolution which has been put to vote at a shareholders' meeting, he/she may have the votes counted. If the chairman of the meeting has not counted 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 113 If votes are counted at a shareholders' general meeting, the result of the count shall be recorded in the minutes.

Article 114 Minutes of meetings shall be kept for shareholders' general meetings and the secretary to the board of directors shall be responsible for such minutes. Minutes of meetings shall be signed by the chairman of the meetings, attending directors and supervisors, the secretary to the board of directors, the convener of the meeting or his/her proxy and the chairman of the meetings. The minutes of meetings shall be kept for at least 10 years at the Company's place of residence together with the shareholders' attendance lists and proxy forms, the valid information relating to online voting or voting by other means for the Company's records.

Minutes of the meeting include the followings:

(1) Time, venue, agenda of meeting and the name of the convener;

- (2) Names of the chairman of the meeting, directors, supervisors, president and other senior management personnel present at the meeting;
- (3) Number of shareholders and proxies present at the meeting, total number of voting shares held by them, and the respective shareholding percentage of voting shares held by them to the total number of shares of the Company;
- (4) Process of review for each proposal, the key points of the speech and voting results for each proposal;
- (5) details of inquiries or suggestions raised by the shareholders, and the corresponding responses or explanations;
- (6) names of the lawyer, counting agent(s) and scrutinizer;
- (7) other information that shall be recorded in the minutes in accordance with these Articles of Association.

The convener shall ensure that the contents of the minutes are true, accurate and complete.

Article 115                      Copies of the minutes of proceedings of any shareholders' 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/her within 7 days after receipt of reasonable fees.

Article 116                      The convener shall ensure that the shareholders' general meeting is being conducted continually until final resolution is passed. In the event of special circumstances such as force majeure resulting in the termination of meeting or the failure of resulting in resolutions, necessary measures shall be adopted to resume the shareholders' general meeting as soon as practicable; alternatively, the meeting may be terminated in such circumstances with an announcement timely made. At the same time, the convener shall deliver a report to the branch office of the China Securities Regulatory Commission at the place where the Company resides and the stock exchange.

Article 117                      Resolutions passed by a shareholders' general meeting shall be promptly announced, and the announcement shall specify the number of the shareholders and proxies attending the meeting, the number of voting shares held by them and the percentage of such shares to the total number of shares of the Company, voting methods, the voting result of each proposal and the details of the resolutions passed.

Where the proposed resolution is not passed, or the shareholders' general meeting amends the resolution(s) passed at the previous general meeting, a special note shall be highlighted in the announcement on the resolutions of the shareholders' general meeting.

When a shareholders' general meeting reviews on significant matters which have an impact on the interests of small and medium investors, the voting of medium and small investors shall be counted separately. The result of separate vote counting shall be disclosed publicly in a timely manner.

Article 118                      The list of candidates for directors and supervisor shall be submitted to the shareholders' general meeting in a form of a proposal for voting, and each candidate shall be nominated by means of a separate proposed resolution.

The cumulative voting system shall be adopted for the election of two or more directors or supervisors. The cumulative voting system referred to in the preceding paragraph shall mean that when a shareholders' general meeting elects directors or supervisors, each share shall have voting rights which are the same as the number of directors or supervisors to be elected, and the voting rights held by a shareholder may be used together.

Where a proposed resolution on election of directors or supervisors is passed at the shareholders' general meeting, the directors elected or supervisors elected shall take office after the resolution of the shareholders' general meeting passed.

Article 119                      Where a proposed resolution in relation to the payment of cash dividends, the issue of bonus shares or the capitalisation of capital reserves has been passed at a general meeting, the Company shall implement the specific plans within (2) months after the conclusion of such general meeting.

## **Chapter 9    Special Procedures for Voting by a Class of Shareholders**

Article 120                      Those shareholders who hold different classes of shares are class shareholders.

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

Where the capital of the Company includes shares which do not carry voting rights, the words "non-voting" must appear in the designation of such shares.

Where the equity capital of the Company includes shares with different voting rights, the designation of each class of shares, other than those with the most favorable voting rights, must include the words "restricted voting" or "limited voting".

Article 121                      Rights conferred on any class of shareholders ("class rights") may not be varied or cancelled save with the approval of a special resolution of shareholders in a shareholders' general meeting and by holders of shares of that class at a separate meeting conducted in accordance with Article 123 to 127 hereof.

Article 122                      The following circumstances shall be deemed to be variation or cancellation of the rights attaching to a particular class of shares:

- (1) to increase or decrease the number of shares of that class, or to increase or decrease the number of shares of a class having equal or better voting, distribution or other rights to those of shares of that class;
- (2) to exchange all or part of the shares of that class for shares of another class or to exchange or to create a right to exchange all or part of the shares of another class for shares of that class;
- (3) to remove or reduce rights to accrued dividends or to cumulative dividends attaching to shares of that class;
- (4) to reduce or remove preferential rights attaching to shares of that class to receive dividends or to the distribution of assets in the event that the Company is liquidated;
- (5) to add, remove or reduce conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attaching to shares of that class;
- (6) to remove or reduce rights to receive payment from the Company in specific currencies attaching to shares of that class;
- (7) to create a new class of shares having equal or better voting, distribution or other rights to those of the shares of that class;
- (8) to impose or increase restrictions on the transfer of ownership of shares of that class;
- (9) to issue rights to subscribe for, or to convert the existing shares into, shares in the Company of that class or another class;
- (10) to increase the rights or privileges of shares of another class;
- (11) to restructure the Company in such a way so as to result in the disproportionate distribution of obligations between the various classes of shareholders;
- (12) to vary or abrogate the provisions of this Chapter.

#### Article 123

Affected class shareholders, whether or not otherwise having the right to vote at shareholders' general meetings, have the right to vote at class meetings in respect of matters concerning sub-paragraphs (2) to (8), (11) and (12) of Article 122 hereof, but interested class shareholder(s) shall not be entitled to vote at such class meetings.

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

- (1) in the case of a repurchase of shares by way of a general offer to all shareholders of the Company or by way of an on-market repurchase pursuant to Article 27, an interested shareholder is a “controlling shareholder” within the meaning of Article 58;
- (2) in the case of a repurchase of shares by an off-market agreement pursuant to Article 27 hereof, a holder of the shares to which the proposed agreement relates;
- (3) in the case of a restructuring of the Company, a shareholder who assumes a relatively lower proportion of obligations than the obligations imposed on shareholders of the same 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 124                      Resolutions of a class of shareholders shall be passed by votes representing more than two-thirds of the voting rights of shareholders of that class represented at the relevant meeting who, according to Article 123, are entitled to vote.

Article 125                      A 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 45 days before the date of the class meeting (not including the date of meeting). Such notice shall give such shareholders notice of the matters to be considered at such meeting, the date and the place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his/her written reply in respect thereof to the Company 20 days before the date of the class meeting. If otherwise specified in the listing rules of the places where the Company’s shares are listed, such provisions shall prevail.

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; if not, the Company shall within 5 days give the shareholders further notice of the matters to be considered, the date and the place of the class meeting by way of public announcement or other ways authorized by these Articles. The Company may then hold the class meeting after notification has been made by way of public announcement or other ways authorized by these Articles.

Article 126                      Notice of class meetings need only be served on shareholders entitled to vote at the meetings.

Class meetings shall be conducted in the same manner as shareholders’ general meetings, to the extent possible. The provisions of these Articles of Association and its appendices relating to the manner for the conduct of shareholders’ general meetings are also applicable to class meetings.

Article 127                      Apart from the holders of other classes of shares, the holders of the Domestic-Listed Domestic Shares and holders of Overseas-Listed Foreign Shares shall be deemed to be holders of different classes of shares.



The special procedures for approval by a class of shareholders shall not apply in the following circumstances:

- (1) where the Company issues or plans to issue, upon the approval by special resolution of its shareholders in a shareholders' general meeting, either separately or concurrently once every 12 months, not more than 20% of each of its existing issued Domestic-Listed Domestic Shares and Overseas-Listed Foreign Shares;
- (2) where the Company's plan to issue Domestic-Listed Domestic Shares and Overseas-Listed Foreign Shares at the time of its establishment is carried out within 15 months from the date of approval of the securities regulatory authorities of the State Council;
- (3) where unlisted shares held by shareholders of the Company become listed for trading overseas with the approval of the securities regulatory authorities of the State Council.

## **Chapter 10 Board of Directors**

Article 128                      The Company shall have a board of directors which is accountable to the shareholders.

Article 129                      The board of directors shall consist of nine directors, one of which shall be the chairman. China General Nuclear Power Corporation shall recommend four directors, and Guangdong Hengjian Investment Holdings Co., Ltd., and China National Nuclear Corporation shall each recommend one director. The other three directors are independent directors, and shall be appointed according to the listing rules of the listing place.

The directors of the Company comprise of executive directors and non-executive directors (including independent directors). The executive director refers to the director who holds other operation and management positions in the Company in addition to the directorship. The non-executive director refers to the director who does not hold operation and management position in the Company. The independent director (that is an "independent non-executive director" as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) refers to the director who does not hold any operation and management position in the Company and has no other relationship with the Company or its shareholders.

Article 130                      Directors of the Company shall be natural persons and they are not required to hold any shares in the Company.

Directors shall be elected at the shareholders' general meeting and each has a term of 3 years. Upon the expiry of the term of office of a director, the term is renewable upon re-election.

The term of office of a director shall start from the date on which the said director takes office to the expiry of the current session of the Board. Prior to the expiration of a director's term, the shareholders' general meeting shall not remove him/her without cause.

The president or other senior management members may concurrently serve as directors, provided that the total number of directors served by the president or other senior management personnel and employee representatives shall not exceed half of the total number of directors of the Company.

#### Article 131

The list of candidates for directors shall be submitted to the shareholders' general meeting in the form of motion for approval. Both Guangdong Hengjian Investment Holdings Co., Ltd., and China National Nuclear Corporation are entitled to nominate one director. The board of directors should inform the shareholders of the resume and basic profiles of the candidates for directors by way of an announcement.

Candidates other than those for independent directors shall be nominated by the board of directors, the supervisory committee or shareholders who individually or jointly hold 3% or more of the Company's issued voting shares and be elected by the shareholders in shareholders' general meeting.

Candidates for independent directors of the Company shall be nominated by the Company's board of directors, the supervisory committee or shareholders who individually or jointly hold 1% or more of the Company's issued voting shares and be elected by the shareholders in shareholders' general meeting.

Provided that the relevant laws and administrative rules are observed, a director whose term of office has not yet expired may be removed in shareholders' general meeting by way of ordinary resolution (but the right to lodge a claim under any contract is not affected).

#### Article 132

Independent directors shall be elected in the following manner:

- (1) the nominator of a candidate for independent director shall seek the consent of the nominee, and understand the occupation, academic qualifications, rank and detailed working experience including all part-time jobs of the nominee and provide written evidence of the same to the Company before making the nomination. The candidate shall give a written undertaking to the Company agreeing to be nominated, undertaking the truthfulness and completeness of his/her particulars disclosed and guaranteeing the performance of a director's duties after being elected;
- (2) the nominator of an independent director shall give his/her opinion on the qualification and independence of the nominee to act as an independent director. The nominee shall make a public announcement as to the absence of any connection between the Company and him/her which would affect his/her independent and objective judgment;

- (3) if shareholders with nomination rights nominate in a shareholders' general meeting of the Company according to law a candidate for independent director, a written notice stating their intention to nominate a candidate and the nominee's consent to be nominated, together with the written evidence and undertaking of the nominee referred to in sub-paragraphs (1) and (2) above shall be delivered to the Company not less than 7 days before the shareholders' general meeting (beginning once the Company has sent the notice of meeting).

#### Article 133

Directors other than independent directors shall be elected in the following manner:

- (1) The nominator of a candidate for director shall seek the consent of the nominee, and understand the occupation, academic qualifications, rank and detailed working experience including all part-time jobs of the nominee and provide written evidence of the same to the Company before making the nomination. The candidate shall give a written undertaking to the Company agreeing to be nominated, undertaking the truthfulness and completeness of his/her particulars disclosed and guaranteeing the performance of a director's duties after being elected;
- (2) if the nomination of candidates for directors made before the Company's convening of a board meeting or a meeting of the supervisory committee, the written evidence relating to the nominee referred to in sub-paragraphs (1) above shall be disclosed together with the board or supervisory committee resolution or the notice of shareholders' general meeting;
- (3) if shareholders with nomination rights nominate in a shareholders' general meeting of the Company according to law a candidate for director, a written notice stating their intention to nominate a candidate and the nominee's consent to be nominated, together with the written evidence and undertaking of the nominee referred to in sub-paragraphs (1) above shall be delivered to the Company not less than 7 days before the shareholders' general meeting (beginning once the Company has sent the notice of meeting).

#### Article 134

Independent directors shall meet the following basic requirements:

- (1) qualified to be a director of a listed company under the laws, administrative regulations and other applicable regulations;
- (2) comply with relevant requirements of the stock exchange on which the Company's shares are listed regarding the character, integrity, independence and experience of an independent director;
- (3) have basic knowledge of the operation of a listed company, familiarity with the relevant laws, administrative rules, regulations and rules of authorities;

- (4) have 5 years or more working experience in the legal, financial or other field, necessary in performing the duties of an independent director;
- (5) satisfy independence and other requirements stipulated by law, administrative rules, regulations of authorities and these Articles of Association and their appendices.

#### Article 135

A director may resign before his/her term of office expires. The resigning director shall tender a resignation letter to the board of directors in writing. The board of directors shall make relevant disclosure as promptly as possible according to the listing rules of the places where the Company's shares are listed.

If another director has not been appointed upon the expiry of a director's term of office, the number of directors falls below the legal quorum due to a director's resignation during his/her term of office, or the number of independent directors is less than one third of the number of board of directors or absence of accounting professionals in the independent directors due to the resignation of independent directors, the director whose term of office has expired or who has resigned, as the case may be, shall perform his/her duties as a director in accordance with the laws, administrative regulations and the provisions of these Articles of Association, until the newly elected director assumes office.

Subject to the provisions in the two preceding paragraphs, the resignation of the directors shall take effect upon receipt of the resignation letter by the board of directors. If the number of directors falls below the statutory quorum due to a director's resignation during his/her term of office, the Company shall complete by-election within 2 months.

When the resignation of the director takes effect or upon expiry of his/her term of office, a director shall complete his/her hand-over procedures with the board. The fiduciary obligations of a director towards the Company and the shareholders are not automatically released before his/her resignation report becomes effective or within a reasonable period after its effectiveness and within a reasonable period after conclusion of his/her term of office, and his/her duty of confidentiality in respect of trade secrets of the Company survives the termination of his/her tenure until the same has become open information.

#### Article 136

A director who fails to attend board meetings in person successively twice and fails to appoint another director to attend the board meetings shall be deemed as unable to discharge his/her duties. The Board shall put forward a proposal at the shareholders' general meeting to replace such director.

#### Article 137

An independent director shall not be removed without reason from his/her office before the expiration of his/her term of office. Where an independent director is removed from office prior to the expiration of his/her term of office, the Company shall make special disclosure in relation thereto.

An independent director who fails to attend in person for 3 consecutive board meetings, the Board may put forward a proposal at the shareholders' general meeting to replace such director.

Article 138                      The company established independent director system. Where these Articles of Association do not specify any matter relating to the independent director system, the matter shall be governed by the relevant laws, administrative regulations, regulations of the authorities and the listing rules of the stock exchange on which the Company's shares are listed.

Article 139                      The directors shall comply with the laws, administrative regulations, regulations of the authorities and these Articles of Association and shall faithfully perform their following obligations to the Company:

- (1) not to abuse their rights to accept bribes or other illegal income and not to misappropriate the properties of the Company;
- (2) not to misappropriate the company's funds;
- (3) not to deposit any assets or funds of the Company into any accounts opened in their names or in the names of other individual;
- (4) not to violate these Articles of Association and lend the funds of the Company to others or provide guarantee to others by charging the Company's assets without approval of the shareholders' general meetings or the board;
- (5) not to enter into contracts or transactions with the Company in violation of these Articles of Association or without approval of the shareholders' general meeting;
- (6) not to use their position to seek business opportunities which rightfully belong to the Company for themselves or others, or to engage in the same type of businesses as the company on his/her own or for others without approval of the shareholders' general meeting;
- (7) not to accept commissions in relation to transactions between any third party and the Company;
- (8) not to disclose the secrets of the Company without consent;
- (9) not to use their connections to harm the interests of the Company; and
- (10) to be bound by other obligations stipulated by the laws, rules, regulations and these Articles of Association.

Income derived by any directors in violation of this article shall be forfeited by the Company. Any director who act in violation of this article shall be liable for compensation for any losses caused to the Company.

Article 140

The directors shall diligently perform their following obligations to the Company in compliance with laws, administrative regulations, regulations of the authorities and these Articles of Association:

- (1) to exercise prudently, conscientiously and diligently the rights granted by the Company to ensure that the Company's commercial activities are in compliance with the laws, regulations and the requirements of economic policies of China and that its commercial activities are within the scope stipulated in the business licence;
- (2) to treat all shareholders equally and fairly;
- (3) to understand the operation and management of the Company in a timely manner;
- (4) to sign and approve regular reports of the Company and to ensure the integrity, accuracy and completeness of the information disclosed by the Company;
- (5) to provide all relevant information required by the supervisory committee and shall not intervene the performance of the supervisory committee or supervisors of their duties;
- (6) to perform other obligations of diligence stipulated by the laws, rules, regulations and these Articles of Association.

Article 141

The board of directors shall exercise the following functions and powers:

- (1) to be responsible for the convening of the shareholders' general meetings and to report on its work to the shareholders in shareholders' general meetings;
- (2) to implement the resolutions passed by the shareholders in shareholders' general meetings;
- (3) the board of directors shall seek advice from the party committee before making decisions on material issues of the Company. When the board of directors appoints senior management personnel of the Company, the party committee shall consider and provide comments on the candidates for management positions nominated by the board of directors or the president, or recommend candidates to the board of directors or the president;
- (4) to determine the Company's business plans and investment proposals;
- (5) to formulate the Company's annual preliminary and final financial budgets;
- (6) to formulate the Company's profit distribution proposal and loss recovery proposal;

- (7) to formulate proposals for the increase or reduction of the Company's registered capital and for the issue of any kind of securities by the Company, including but not limited to the Company's debentures, and proposals for listing and repurchase of the Company's shares;
- (8) to formulate plans for the merger, division, change of corporate form or dissolution of the Company;
- (9) to formulate plans for significant acquisitions or disposals;
- (10) to decide, within the authority granted to them in shareholders' general meeting, on matters such as external investment, acquisition or sale of assets, assets pledges, financial management arrangements, external guarantees, connected transaction;
- (11) to evaluate external guarantees of the Company in accordance with laws and the provisions of these Articles of Association;
- (12) to decide on the Company's internal management structure;
- (13) to appoint or remove the Company's president and to appoint or remove the senior management such as the vice president and chief financial officer of the Company, and to decide on their remuneration according to the recommendations of the president; to appoint or remove the secretary to the board of directors and to decide on their remuneration;
- (14) to formulate proposals for any amendment of these Articles of Association;
- (15) to formulate the Company's basic management policies;
- (16) to manage the disclosure of information of the Company;
- (17) to propose to the general meeting for the engagement or change of accounting firm for the audit work of the Company;
- (18) to listen to the work report and to inspect the work of the president of the Company;
- (19) to exercise any other power as stipulated by laws, administrative rules, regulations of authorities or these Articles of Association and conferred by the shareholders in a shareholders' general meeting.

Other than resolutions in respect of the matters specified in sub-paragraphs (7), (8), (9), (10), (11) and (14) of this Article, which shall be passed by more than two-thirds of all the directors, the board of directors' resolutions in respect of all other matters may be passed by over half of the directors.



- Article 142                    The board of directors shall establish special committees such as audit committee and risk management committee, remuneration committee, nomination committee and nuclear safety committee in accordance with laws and regulations and the requirements under the listing rules of the stock exchange on which the shares of the Company are listed, and establish strategic committee or other special committees if necessary. The special committees shall, under the leadership of the board of directors, assist it to exercise its duties and provide suggestions or advisory opinions for its decision-making.
- Article 143                    An independent director shall have the following functions and powers in addition to those conferred by the Company Law, other relevant laws, administrative rules and these Articles of Association:
- (1)    The independent directors may, before giving opinions on connected transactions, require to engage an independent professional advisor to issue an independent professional report for them to rely upon in making the judgment;
  - (2)    to engage an external auditing or advisory firm independently to issue an independent professional report or opinion.
- All reasonable fees incurred in respect of the engagement of professionals (such as an independent professional advisor, an external auditing or advisory firm) shall be borne by the Company.
- Article 144                    The board of directors shall not dispose of or agree to dispose of any fixed assets without approval by the shareholders' general meeting if the sum of the expected value of the fixed assets to be disposed of and the value derived from the disposal of fixed assets within four months before such proposed disposal of the fixed assets exceeds 33 percent of the value of the fixed assets as shown on the latest balance sheet considered and approved at the shareholders' general meeting.
- Disposals of fixed assets mentioned herein include transfer of certain asset interests, but do not include provision of security interests by pledge of fixed assets.
- The effectiveness of the Company's disposal of fixed assets shall not be affected by any breach of the foregoing provisions in Paragraph 1 of this Article.
- Article 145                    The board of directors shall explain at the shareholders' general meeting any qualified audit opinion in respect of the financial report of the Company made by the certified public accountant.

- Article 146                    The Company shall formulate the rules of procedures for meetings of the board of directors to ensure implementation of the resolutions of the general meeting, improve the efficiency of work and ensure scientific decision-making. The rules of procedures for meetings of the board of directors shall be attached to the Articles of Association as schedules, drafted by the board of directors and submitted to the shareholders' general meeting for consideration and approval.
- Article 147                    The board of directors shall lay down strict procedures to inspect and decide on the approval limit for foreign investment, acquisition or sale of assets, mortgage of assets, provision of guarantees, entrusted assets management and connected transactions. For major investment projects, the board of directors shall organize the relevant experts and professional to conduct assessment for approval of the shareholders in a general meeting.
- In accordance with the laws, administrative regulations, regulations of the authorities, rules of the places where the Company's shares are listed and the principles determined by these Articles of Association, the Company shall formulate relevant systems to standardize the above duties and powers of the board of directors specifically.
- Article 148                    The chairman shall be director of the Company and be appointed and removed by affirmative vote of a majority of all directors. The chairman shall serve for a term of three years, which term is renewable upon re-election.
- Article 149                    The chairman of the board of directors shall exercise the following functions and powers:
- (1) to preside over shareholders' general meetings and to convene and preside over meetings of the board of directors;
  - (2) to review the implementation of resolutions passed by the board of directors;
  - (3) to sign the certificates of shares, debentures and other securities for consideration issued by the Company;
  - (4) to sign important documents of the board of directors and other documents which should be signed by the Company's legal representative;
  - (5) to exercise the functions and powers of a legal representative;
  - (6) where it is lawful and in the interest of the Company, to exercise the special right to deal with the Company's affairs during emergencies such as the occurrence of terrible natural disasters and other events of force majeure or situations endangering nuclear safety, and to report to the Company's board of directors and shareholders' general meetings thereafter; to authorize president of the Company to exercise the special right to deal with emergencies when necessary;

(7) to exercise other powers conferred by the board of directors.

Article 150 Whenever the chairman is unable to or fails to exercise his/her powers, a director voted by more than one half of the directors shall perform the duties;

Article 151 Regular meetings of the board of directors shall be convened at least four times a year and be called by the chairman of the board of directors. A notice of meeting and the meeting documents shall be served to all directors and supervisors at least 14 days before the meeting is convened.

Article 152 The chairman of the board of directors shall convene and preside over a special meeting of the board of directors within 10 days since receiving the proposal in case of the occurrence of any one of the following events:

- (1) When the shareholders representing over 10% of voting rights make a proposal;
- (2) When the chairman of the board of directors deems necessary; (3) When over one third of directors make a proposal;
- (4) When the supervisory committee makes a proposal;
- (5) When the president makes a proposal;
- (6) When more than one half of independent directors make a proposal;
- (7) When the regulatory authorities require to convene;
- (8) Other situations specified in the Articles of Association.

Notice of the special meeting of the board of directors and meeting documents shall be delivered to all directors in writing (including by hand, by post and by fax, etc.) within 5 days before the meeting is convened.

Notice of meeting of the board of directors shall contain:

- (1) date and venue of the meeting;
- (2) duration of the meeting;
- (3) matters and proposals;
- (4) date of issuance of the notice.

Article 153 Meetings of the board of directors shall be held only if a majority of all the directors (including any director who has authorized other directors in writing to attend the meeting on behalf of him/her) are present.

Each director shall have one vote. Resolutions made by the board of directors shall be approved by a majority of all the directors.

Article 154                    The directors shall attend the board of directors' meeting in person. In the event that directors are unable to attend the meeting for some reasons, the directors may appoint in writing other directors to attend the board meetings. The proxy letter shall specify the proxy's name, authorized matters, scope of authorization and the valid term, and shall be affixed with the signature or seal of the principal.

The director who attends the meeting on behalf of another director shall exercise the right of the director within the scope of authorization. If any director fails to attend the meeting of the board of directors or authorize a proxy to be present on his/her behalf, such director shall be deemed to have waived his/her voting rights at that meeting.

Article 155                    If a director is connected (as defined under the Listing Rules) to any third party, he/she shall not cast vote himself/herself or on behalf of other directors on any transaction between the Company and that third party; such director shall not be counted in the quorum of the relevant meeting. The board meeting may be held if a quorum of a simple majority of the unconnected directors are present. The resolutions of the board meeting shall be passed by a simple majority of votes of unconnected directors. Where the number of the directors who can vote on this matter is less than three, such issue shall be submitted to the shareholders' general meeting for voting.

Article 156                    If a substantial shareholder (holding 10 percent or more shares) or a director has a material conflict of interest in a matter to be considered by the board of directors, the matter should be dealt with by way of the meeting of the board of directors (rather than by written resolution). Also, the independent directors who do not have material interest in such matter should attend the meeting.

Article 157                    Matters determined in a board meeting shall be recorded in minutes of meetings. Minutes of meetings shall be signed by directors and the secretary to the board of directors attending such meetings. Directors shall be liable for board resolutions. If a board resolution is against the laws, administrative rules or these Articles of Association and resolutions of the shareholders' general meetings, which causes the Company to suffer any loss, the directors who participate in voting shall assume the liability to compensate the Company; directors who have been proved as having expressed dissenting opinions on the resolution during the voting as recorded in the minutes of meeting shall be exempted from liability.

The minutes of the meeting of the board of directors shall include the followings:

- (1) date and venue of the meeting and the name of the convener;
- (2) names of the directors attending the meeting and names of the directors (proxies) appointed by others to attend the board meeting;
- (3) agenda of the meeting;

- (4) content of the speeches of the directors;
- (5) method and results of the voting for each proposal (the voting results shall state the numbers of votes for or against the proposal or abstention);

Minutes of the Board meeting shall be preserved as the Company's files, preservation period shall not be less than 10 years.

## **Chapter 11 Secretary to the Board of Directors**

Article 158           The Company shall have one secretary to the board of directors, being a senior management personnel, who shall be accountable to the Company and the board of directors.

The board of directors may establish its secretarial department when necessary.

Article 159           The secretary to the Company's board of directors shall be a natural person who has the requisite professional knowledge and experience, and shall be nominated by the chairman of the board of the directors and appointed or removed by the board of directors. In the case of a director acting concurrently as the secretary to the board, if an act has to be performed by a director and the secretary to the board respectively, this director acting concurrently as the secretary to the board may not act in both capacities.

Article 160           The main duties and responsibilities of the secretary to the board of directors include:

- (1) to assist directors in dealing with routine matters of the board of directors, continuously provide, remind and ensure directors and the president, etc. be well informed of the laws, regulations, policies and requirements of both domestic and overseas regulatory organizations concerning corporate governance, and assist directors and the president in practically complying with domestic and foreign laws, regulations, these Articles of Association and other regulations when performing their duties and powers;
- (2) to be responsible for the organization and preparation of the documents of the board of directors and shareholders' general meeting, prepare the meeting minutes, ensure the meeting resolutions complying with the legal procedures, and to keep abreast of the execution of the resolutions of the board of directors;
- (3) to ensure that the Company has complete organization documents and records;
- (4) to ensure that the Company legally prepares and submits reports and documents as required by the regulatory authorities;

- (5) to ensure that the register of shareholders of the Company is properly maintained and that the persons who have the right of access to the relevant documents and records of the Company can obtain the same in a timely manner;
- (6) to be responsible for the organization and coordination of information disclosure, to ensure a timely, accurate, lawful, true and complete disclosure of information, to coordinate the relationship with the investors, and to enhance the transparency of the Company;
- (7) to participate in and organize the financing in capital market;
- (8) to deal with the relationships with the intermediary organs, regulatory authorities and the media;
- (9) to perform other functions and powers conferred by the board of directors and stipulated by the listing rules of the stock exchange where the shares of the Company are listed.

Article 161                      The secretary to the board of directors shall discharge his/her duties diligently according to laws, administrative rules, regulations of authorities and these Articles of Association.

The secretary to the board of directors shall assist the Company in complying with the relevant PRC laws and regulations of the securities regulatory authorities of the place where the Company's shares are listed.

## **Chapter 12    President and other Senior Management Personnel**

Article 162                      The Company shall have a president who is accountable to the board of directors. The president shall be nominated by the chairman of the board of directors and appointed or removed by the board of directors.

The Company shall have several vice presidents and one chief financial officer who shall assist the president in work. The vice president and the chief financial officer shall be nominated by the president and appointed or removed by the board of directors.

Article 163                      What are stipulated in Article 139 related to the director's faithful obligations and Article 140 related to the diligent obligations are applicable to the senior management personnel.

Article 164                      Personnel of controlling shareholder and actual controlling party of the Company holding posts other than as directors shall not act as the secretary to the board of directors.

Article 165                      The president shall formulate detailed working rules for president and seek the approval from the board of directors before implementation thereof.

The detailed working rules for the president shall include the followings:

- (1) the conditions, procedures for convening a president's meeting and the attendees;
- (2) the respective duties and division of responsibility between the president and other senior management personnel;
- (3) the operation of the Company's funds and assets, the limits of his/her authority to enter into material contracts, and the mechanisms for reporting to the board of directors and supervisory committee;
- (4) such other matters as the board of directors may think fit.

#### Article 166

The president shall exercise the following duties and powers:

- (1) to be in charge of the Company's production, operation and management, to coordinate the implementation of the resolutions of the board of directors and to report his/her work to the board of directors;
- (2) to organize the implementation of the Company's annual business plan and investment proposal;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft plans for the establishment of the subsidiaries of the Company;
- (5) to draft the Company's basic management system;
- (6) to formulate specific rules and regulations for the Company;
- (7) to propose the appointment or removal of the Company's senior management personnel, such as vice president, the chief accountant and etc.;
- (8) to appoint or remove management personnel other than those required to be appointed or removed by the board of directors;
- (9) to decide the wages, benefits, rewards and punishments of the Company's staff, to determine the appointment and dismissal of the Company's staff;
- (10) to propose the convening of extraordinary meetings of directors;
- (11) other powers conferred by these Articles of Association and the board of directors.

#### Article 167

The senior management personnel who are not directors have the right to attend board meetings, but do not have any voting rights at board meetings.



Article 168

In performing their functions and powers, the president, vice president, chief accountant and other senior management personnel shall act honestly and diligently and in accordance with laws, administrative regulations and these Articles of Association. They may not alter the resolutions of a shareholders' general meeting or of a board meeting nor act ultra vires.

Where a senior management personnel violates the laws, administrative regulations, regulations of authorities and the Articles of Association of the Company in exercising their duties and caused damage to the Company, such senior management officer is liable for the damage incurred thereby.

### **Chapter 13 Supervisory Committee**

Article 169

The Company shall have a supervisory committee.

The supervisory committee shall be composed of five supervisors, including two employee representative supervisors, of which, employee representative supervisors shall be no less than one third of the total number of supervisors. In the event that the number of employee representative supervisors is less than one third of the total number of supervisors, the Company shall carry out by-election in accordance with the relevant procedures in a timely manner. The non-employee representative supervisors shall be elected and dismissed through the meetings of shareholders. Employee representative supervisors shall be elected and dismissed through the employee representative meetings, employee meetings or through other forms of democratic election.

Each supervisor shall serve for a term of three years, whose term is renewable upon re-election. If a supervisor is not re-elected in time upon expiry of his/her term of office, or if the number of supervisors falls below the quorum due to a supervisor's resignation during his/her term of office, the original supervisor shall perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the provisions of these Articles of Association, until a newly elected supervisor assumes office.

Article 170

The supervisory committee shall have one chairman. The chairman of the supervisory committee shall be elected by two-thirds or more of the members of the supervisory committee.

The chairman of the supervisory committee shall convene and preside over the meetings. In the event that the chairman is unable to or fails to perform such duties, more than one half of the supervisors shall jointly recommend a supervisor, who shall convene and preside over the meetings.

Article 171

A director and senior management personnel may not act concurrently as a supervisor. The spouses of such personnel and his/her direct relatives shall not hold the position of supervisors during such directors and senior management personnel's term of office.

The number of supervisor who held directorships or senior management positions of the Company during the last two years, shall not exceed one half of the total number of supervisors.

The number of supervisors nominated by one shareholder solely shall not exceed one half of the total number of supervisors.

Article 172

The list of non-employee representative supervisors shall be submitted to the shareholders' general meeting in the form of proposal for approval. The board of directors shall announce the resume and basic profile of the candidate supervisors to the shareholders.

Article 173

The non-employee representative supervisors shall be elected in the following manner:

- (1) the nominator of a candidate for a supervisor shall seek the consent of the nominee, understand the occupation, academic qualification, positions and detailed working experience including all part-time positions of the nominee and provide written evidence of the same to the Company before making the nomination. The candidate shall give a written undertaking to the Company agreeing to be nominated, undertaking the truthfulness and completeness of his/her particulars disclosed and guaranteeing the performance of a supervisor's duties after being elected.
- (2) If the nomination of a candidate for a supervisor is made before the Company's convening of a supervisor meeting, the written evidence of the nominee referred to in sub-paragraphs (1) above shall be disclosed together with the resolution of the supervisor committee or the notice of the shareholders' general meeting.
- (3) If the shareholders who have the rights to nominate nominates in a shareholders' meeting of the Company a candidate for a supervisor, a written notice stating their intention to nominate a candidate for a supervisor and the nominee's consent to be nominated together with the written evidence and undertaking of the nominee referred to in sub-paragraph (1) above shall be delivered to the Company 7 days before the shareholders' general meeting.

Article 174

The supervisory committee shall convene at least (2) regular meetings every year and at least one (1) meeting every six months. Where it is deemed necessary by the chairman of the supervisory committee or where other supervisors propose, the chairman shall convene extraordinary meetings of the supervisory committee. The meeting of the supervisory committee shall be called by the chairman. Notices and other documents in relation to the meetings shall be delivered to all supervisors in writing (including by hand, by post and by fax, etc.) 10 days before the meetings. Notices and other documents in relation to extraordinary meetings of the supervisory committee shall be delivered to all supervisors in writing (including by hand, by post and by fax, etc.) 5 days before the meetings.

- Article 175                      The meeting of the supervisory committee shall only be held when two-thirds or more of the members of the supervisory committee attend.
- Article 176                      The supervisory committee shall exercise the following functions and powers in accordance with law:
- (1)    to review the Company's financial position;
  - (2)    to supervise the directors, senior management personnel to ensure that they do not act in contravention of any laws, regulations or these Articles of Association, and to advise on dismissal of directors or senior management personnel who are in breach of laws, administrative rules, these Articles of Association or resolutions of the shareholders' general meetings;
  - (3)    to demand the directors or the senior management personnel to rectify their error if they have acted in a harmful manner to the Company's interest;
  - (4)    to check and inspect the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the board of directors to the shareholders' general meetings, and to engage, in the Company's name, certified public accountants and practicing auditors to assist in the review on such information should any doubt arise in respect thereof;
  - (5)    to review the regular reports of the Company prepared by the board of directors and to issue written review opinions;
  - (6)    to make proposals in a shareholders' general meeting;
  - (7)    to propose to convene an EGM, where the board of directors fails to perform the duties in relation to convene or chair a shareholders' general meeting as required by the Company Law, to convene and chair the shareholders' general meeting;
  - (8)    to propose to convene an extraordinary board meeting;
  - (9)    to represent the Company in negotiations with or in bringing actions against a director or a senior management personnel in accordance with Article 151 of the Company Law;
  - (10)   to investigate into any abnormalities in operation of the Company; if necessary, to engage accounting firms, law firms and other professional institutions to assist its work, and the expenses shall be borne by the Company;
  - (11)   other duties and powers as specified in these Articles of Association.

Supervisors may attend board meetings and may raise queries or make proposals on matters of board resolutions.

The Company shall formulate the rules of procedures for meetings of the supervisory committee, which shall be attached to the Articles of Association as schedules, drafted by the supervisory committee and submitted to the shareholders' general meeting for consideration and approval.

Article 177           The supervisory committee may require the directors, senior management personnel, internal and external auditors to attend supervisors' meetings and answer any question that the supervisory committee may have regarding matter it cares about.

Article 178           Resolutions of the supervisory committee shall be passed by the affirmative vote of more than two-thirds of all of its members.

Article 179           Records shall be made for all supervisors' meetings and be signed by all attending supervisors and the recording person.

Supervisors attending the meeting shall have the right to request to add certain explanatory descriptions of their statements made at the meeting to the minutes. Minutes of the supervisors' meetings shall be kept as part of the corporate documents for at least 10 years.

Article 180           All reasonable fees incurred in respect of the engagement of professionals (such as, lawyers, certified public accountants or practicing auditors) which are required by the supervisory committee in the exercise of its functions and powers shall be borne by the Company.

Article 181           A supervisor shall carry out his/her duties faithfully in accordance with laws, administrative regulations and these Articles of Association. If a supervisor has violated the laws, administrative regulations, regulations of authorities or these Articles of Association in performing his/her duties thereby causing losses to the Company, he/she shall be liable for compensation.

#### **Chapter 14   Qualifications and Obligations of Directors, Supervisors, Senior Management Personnel of the Company**

Article 182           A person may not serve as a director or a senior management personnel of the Company if any of the following circumstances applies:

- (1) a person who does not have or who has limited capacity for civil conduct;
- (2) a person who has been found guilty of for corruption, bribery, infringement of property or misappropriation of property or other crimes which disrupt the social economic order, and not more than five years have elapsed since the sentence was served or a person who has been deprived of his/her political rights and not more than five years have lapsed since the sentence was served;

- (3) a person who is a former director, factory manager or manager of a company or enterprise which has been dissolved or put into liquidation as a result of mismanagement and who was personally liable for the winding up of such company or enterprise, where less than three years have elapsed since the date of completion of the insolvent liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise, the business license of which was revoked due to violation of law and who are personally liable therefore, where less than three years have elapsed since the date of the cancellation of the business license;
- (5) a person who has a relatively large amount of debts which have become due and outstanding;
- (6) a person who is currently under investigation by the judicial authorities for violation of criminal law;
- (7) a person who, according to laws, administrative regulations or regulations of authorities cannot act as a leader of an enterprise;
- (8) a person other than a natural person;
- (9) a person who has been adjudged by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where not more than five years have lapsed from the date of such conviction;
- (10) a person who is subject to a penalty of prohibition from engaging in securities market activities imposed by the securities regulatory authority of the State Council, where the term of the penalty has not yet expired;
- (11) a person who has been publicly determined by a stock exchange to be not suitable to act as a director, supervisor or senior management personnel of the Company, where the term has not yet expired;
- (12) other circumstances which are applicable according to laws, administrative regulations or regulations of authorities and those required by the Shenzhen Stock Exchange.

The election of directors, supervisors or the engagement of senior management personnel in contravention to the provisions under this Article shall be null and void. Upon any contravention of the above by the directors, supervisors or senior management personnel during their term of office, the Company shall remove them from their position.

- Article 183                    The validity of an act carried out by a director, a supervisor, a senior management personnel of the Company on behalf of the Company shall, as against a bona fide third party, not be affected by any irregularity in his/her office, election or any defect in his/her qualification.
- Article 184                    In addition to the obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which shares of the Company are listed, each of the Company's directors, supervisors and senior management personnel owes a duty to each shareholder, in the exercise of the duties and powers which the Company has entrusted to him/her:
- (1)    not to procure the Company to do anything ultra vires to the scope of business as stipulated in its business license;
  - (2)    to act honestly and in the best interests of the Company;
  - (3)    not to expropriate the Company's property in any way, including, but not limited to, usurpation of opportunities which may benefit the Company;
  - (4)    not to deprive of the individual interest of shareholders, including, but not limited to, rights to distribution and voting rights, save and except pursuant to a restructuring of the Company which has been submitted to the shareholders in shareholders' general meeting for approval in accordance with these Articles of Association.
- Article 185                    Each of the Company's directors, supervisors, and senior management personnel owes a duty, in the exercise of his/her powers and in the discharge of his/her duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- Article 186                    Each of the Company's directors, supervisors, and senior management personnel shall exercise his/her powers or perform his/her duties in accordance with the fiduciary principle, and shall not put himself/herself in a position where his/her duty and his/her interest may conflict. This principle includes, but not limited to, discharging of the following obligations:
- (1)    to act bona fide in the best interests of the Company;
  - (2)    to act within the scope of his/her powers and not to exceed such powers;
  - (3)    to exercise the discretion vested in him/her personally and not to allow himself/herself to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in a shareholders' general meeting, not to transfer the power to exercise his/her discretion to others;
  - (4)    to treat shareholders of the same class equally and to treat shareholders of different classes fairly;

- (5) unless otherwise provided for in these Articles of Association or except with the informed consent of the shareholders given in a shareholders' general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) not to use the Company's property for his/her own benefit, without the informed consent of the shareholders given in a shareholders' general meeting;
- (7) not to abuse his/her position to accept bribes or other illegal income or expropriate the Company's property in any way, including, but not limited to, opportunities which benefit the Company;
- (8) not to accept commissions in connection with the Company's transactions, without the informed consent of the shareholders given in a shareholders' general meeting;
- (9) to comply with these Articles of Association, to perform his/her duties faithfully, to protect the Company's interests and not to exploit his/her position and power in the Company to advance his/her own interests;
- (10) not to compete with the Company in any way, save with the informed consent of the shareholders given in a shareholders' general meeting;
- (11) not to misappropriate the Company's funds or to lend such funds to any other person, not to use the Company's assets to set up deposit accounts in his/her own name or in the any other name or to use such assets to guarantee the debts of a shareholder of the Company or any other personal liabilities;
- (12) not to divulge any confidential information which he/she has obtained during his/her term of office, without the informed consent of the shareholders in a shareholders' general meeting; nor shall he/she use such information otherwise than for the Company's benefit, unless disclosure of such information to the court or other governmental authorities is made in the following circumstances:
  1. disclosure is required by law;
  2. public interests so require;
  3. the interests of the relevant director, supervisor, or senior management personnel so require.

#### Article 187

Each director, supervisor, senior management personnel of the Company shall not direct the following persons or institutions ("associates") to act in a manner which a director, supervisor or senior management personnel is prohibited from so acting:

- (1) the spouse or minor children of the director, supervisor, or senior management personnel of the Company;



- (2) the trustee of the director, supervisor, senior management personnel or trustee of any person described in sub-paragraph (1) above;
- (3) partners of directors, supervisors, senior management personnel or any person referred to in sub-paragraphs (1) and (2) of this Article;
- (4) a company in which a director, supervisor, senior management personnel, whether alone or jointly with one or more of the persons referred to in subparagraphs (1), (2) and (3) of this Article and other directors, supervisors, senior management personnel, has de facto controlling interest;
- (5) the directors, supervisors and senior management of a company which is being controlled in the manner set out in sub-paragraph (4) above.

#### Article 188

The duty of a director, supervisor, and the senior management personnel to act in good faith does not necessarily terminate on the expiration of their term of office. His/her duty of confidentiality in respect of trade secrets of the Company survives the termination of his/her tenure until the same has become open information. Other duties may continue for such period as the principle of fairness may require depending on the length of time which has lapsed between the termination and the act concerned and on the circumstances and the terms under which the relationship with the Company was terminated.

#### Article 189

A director, supervisor or senior management personnel of the Company may be relieved of liability for specific breaches of his/her duty with the informed consent of the shareholders given at a shareholders' general meeting, save under the circumstances of Article 57 hereof.

#### Article 190

Where a director, supervisor or senior management personnel of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, (other than his/her service contract with the Company), he/she shall declare the nature and extent of his/her interests to the board of directors at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal therefore is otherwise subject to the approval of the board of directors.

A director shall not vote on any resolution of the board of directors in relation to any contract, transaction, arrangement or proposal in which he/she or any of his/her associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) is materially interested, and shall not be included in the quorum of the relevant meeting, unless otherwise permitted under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Unless the interested director, supervisor, senior management personnel discloses his/her interests in accordance with the preceding sub-paragraph of this Article and the contract, transaction or arrangement is approved by the board of directors at a meeting in which the director, supervisor, or senior management personnel is not counted as part of the quorum and refrains from voting the Company shall have the right to cancel such contract, transaction or arrangement except as against a bona fide party who does not have notice of the breach of duty by the interested director, supervisor or senior management personnel.

A director, supervisor or senior management personnel of the Company is deemed to be interested in a contract, transaction or arrangement in which his/her associate is interested.

Article 191                      Where a director, supervisor or senior management personnel of the Company gives to the board of directors a notice in writing stating that, by reason of the facts specified in the notice, he/she is interested in contracts, transactions or arrangements which may subsequently be made by the Company, that notice shall be deemed for the purposes of the preceding Article to be a sufficient disclosure of his/her interests, so far as the content stated in such notice is concerned, provided that such notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration by the Company.

Article 192                      The Company shall not pay taxes for or on behalf of a director, supervisor or senior management personnel in any manner, which should be payable by themselves.

Article 193                      The Company shall not directly or indirectly make a loan to or provide any guarantee in connection with the making of a loan to a director, supervisor or senior management personnel of the Company or its holding company or any of their respective associates.

The foregoing prohibition shall not apply to the following circumstances:

- (1) provision of a loan or guarantee for a loan by the Company to its subsidiary;
- (2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or other payment to its directors, supervisors, senior management personnel to meet expenditure incurred or to be incurred by him/her for the purposes of the Company or for the purpose of enabling him/her to perform his/her duties properly, in accordance with the terms of service contracts approved by the shareholders in shareholders' general meetings;
- (3) if the ordinary course of business of the Company includes providing loans or guarantees, the Company may make a loan to or provide a guarantee in connection with the making of a loan to a director, supervisor, senior management personnel or his/her associates in the ordinary course of its business on normal commercial terms.

- Article 194 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 and conditions of the loan, shall forthwith repay such funds.
- Article 195 A guarantee for the repayment of a loan which has been provided by the Company acting in breach of Article 193 (1) shall not be enforceable against the Company, except for the following circumstances:
- (1) the guarantee was provided in connection with a loan which was made to an associate of a director, supervisor, and senior management personnel of the Company or the Company's parent company and the lender of such funds was not aware of the relevant circumstances when making the loan;
  - (2) the collateral which has been provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.
- Article 196 For the purposes of the foregoing provisions of this Chapter, a "guarantee" includes an undertaking or property provided to secure the obligor's performance of his/her obligations.
- Article 197 In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor or senior management personnel of the Company breaches the duties which he/she owes to the Company, the Company has a right:
- (1) to demand such a director, supervisor or senior management personnel to compensate the Company for its losses sustained as a result of such breach;
  - (2) to rescind any contract or transaction which has been entered into between the Company and such a director, supervisor or senior management personnel or entered into between the Company and a third party (where such third party knew or should have known that such a director, supervisor or senior management personnel representing the Company has breached his/her duties owed to the Company);
  - (3) to demand such a director, supervisor or senior management personnel to surrender the gains made as result of the breach of his/her obligations;
  - (4) to recover any monies which should have been received by the Company and which were received by such a director, supervisor or senior management personnel instead, including, but not limited to, commissions;
  - (5) to demand repayment of interest earned or which may have been earned by a director, supervisor or senior management personnel on money that should have been paid to the Company.

Article 198 If a director, supervisor or a senior management personnel has violated the laws, administrative regulations, regulations of authorities or these Articles of Association in performing his/her duties thereby causing losses to the Company, he/she shall be liable for compensation.

Article 199 The Company shall enter into written contract with a director or supervisor in relation to emoluments, which shall be approved in advance by the shareholders in a shareholders' general meeting. The aforesaid emoluments include:

- (1) emoluments in respect of his/her service as director, supervisor, or senior management personnel of the Company;
- (2) emoluments in respect of his/her service as a director, supervisor or senior management personnel of any subsidiary of the Company;
- (3) emoluments in respect of the provision of other services in connection with the management of the Company and any of its subsidiaries;
- (4) payment by way of compensation for loss of office, or as consideration for or in connection with his/her retirement from office. No proceedings may be brought by a director or supervisor against the Company for anything due to him/her except pursuant to the preceding contracts.

Article 200 The contract concerning the emoluments between the Company and its directors or supervisors should provide that in the event that the Company is acquired, the Company's directors and supervisors shall, subject to the prior approval of shareholders in a shareholders' general meeting, have the right to receive compensation or other payment for his/her loss of office or retirement. For the purposes of this paragraph, the acquisition of the Company includes any of the following:

- (1) an acquisition offer made by any person to the general body of shareholders;
- (2) an acquisition offer made by any person with a view to the offeror becoming a "controlling shareholder" within the meaning of Article 58 hereof.

If the relevant director or supervisor does not comply with this article, any payment so received by him/her shall belong to those persons who have sold their shares as a result of the aforementioned offer. The expenses incurred in distributing such payment on a pro rata basis amongst such persons shall be borne by the relevant director or supervisor and shall not be deducted from such payment.

## **Chapter 15 Financial and Accounting Systems, Profit Distribution and Auditing**

Article 201 The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and PRC enterprise accounting standards formulated by the finance regulatory department of the State Council.

- Article 202            The accounting year of the Company shall adopt the calendar year, i.e. starting from the 1 January of every calendar year and ending on 31 December of every calendar year.
- The Company shall adopt RMB as its denominated currency for booking and accounting purposes, the account books shall be recorded in Chinese.
- At the end of each fiscal year, the Company shall prepare a financial report which shall be examined and verified by the accounting firm in a manner prescribed by law.
- Article 203            The board of directors of the Company shall submit to the shareholders at every AGM such financial reports which the relevant laws, administrative regulations and directives promulgated by competent regional and central governmental authorities require the Company to prepare.
- Article 204            The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days before the date of every annual shareholders' general meeting. Each shareholder shall be entitled to have a copy of the financial reports referred to in this Chapter.
- The Company shall deliver or send to each shareholder of Overseas-Listed Foreign Shares by way of the methods provided in these Articles of Association or by prepaid mail at the address registered in the register of shareholders the aforementioned reports no later than 21 days prior to the date of every annual shareholders' general meeting.
- Article 205            The financial statements of the Company shall, in addition to being prepared in accordance with PRC enterprise accounting standards and regulations, be prepared in accordance with international accounting standards, or the accounting standards of the place overseas where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in the notes to the financial statements. In distributing its profits after tax for the relevant fiscal year, the lower of the two amounts shown in the financial statements shall be adopted.
- Article 206            Any interim results of operation or financial information published or disclosed by the Company shall also be prepared in accordance with PRC enterprise accounting standards and regulations, and also in accordance with international accounting standards or the accounting standards of the place overseas where the Company's shares are listed.
- Article 207            The Company shall submit its annual financial reports to the CSRC and the stock exchange within four months from the end of each fiscal year, submit its half-year financial reports to the relevant branch office of the CSRC and the stock exchange within two months from the end of the first six months of each fiscal year, and the quarterly reports to the relevant branch office of the CSRC and the stock exchange within one month from the end of the first three and first nine months of each fiscal year respectively.

The above financial reports shall be prepared and published in accordance with requirements under the relevant laws, administrative regulations and regulations of authorities.

Article 208           The Company shall not keep accounts other than those required by law. Assets of the Company will not be deposited into any account opened in the name of an individual.

Article 209           When distributing the after-tax profits for the current year, the Company shall allocate 10 percent of its profits to the statutory common reserve fund. In the event that the accumulated statutory common reserve fund of the Company has reached more than 50 percent of the registered capital of the Company, no allocation will be required.

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

After allocating the after-tax profits of the Company to the statutory common reserve fund, the Company can allocate such profits to its arbitrary common reserve fund according to the resolution of the shareholders' general meeting.

The profits distributable to the shareholders for the current year, upon the approval in the shareholders' general meeting, shall be distributed in accordance with the proportion of shares held by the shareholders.

Article 210           Before making-up the losses, allocating the statutory common reserve funds, the Company shall not distribute the dividends or carry out other distribution by way of bonus, where distribution had been completed, the shareholders shall return the profits distributed in breach of the regulations to the Company.

The Company shall not participate in the profit distribution for holding its own shares.

Article 211           Capital common reserve fund includes the following items:

- (1)   premium on shares issued at a premium price;
- (2)   any other income designated for the capital common reserve fund by the regulations of the finance regulatory department of the State Council.

Article 212           The common reserve fund of the Company shall be applied for compensating the losses, expansion of production and operation, or conversion into the capital of the Company. However, the capital common reserve fund of the Company shall not be used to offset loss of the Company.



When the statutory common reserve fund is converted into capital of the Company, the balance of the statutory common reserve fund may not fall below 25 percent of the Company's registered capital prior to such conversions.

#### Article 213

The Company's profit distribution shall attach importance to providing reasonable returns on investment for investors and give consideration to the sustainable development of the Company. Provided that the capital requirements for the normal production and operation of the Company are met, the Company implements positive, continuous and stable profit distribution policy detailed as follows:

(1) Method of profit distribution

The Company may distribute its profit by cash or shares or in combination of cash and shares or other means permitted by laws and regulations and shall distribute its profit by cash dividend as priority.

(2) Specific conditions and proportions of the Company's cash dividends

In the absence of the special circumstances that may have material adverse effect on the normal operation of the Company as determined by the board of directors and provided that the normal operation and long-term business development of the Company can be assured, where the Company's profit for the year and undistributed profit are positive, profit distribution shall be made by way of cash. The profit distributed in the form of cash dividends shall not be less than 30% of the net profit attributable to shareholders of the Company.

(3) Conditions upon which the Company may issue shares in lieu of dividends

The Company's profit distribution by way of issuance of shares in lieu of dividends shall be made on the condition of giving reasonable cash dividends to its shareholders and maintaining appropriate scale of capital stock taking full consideration into factors such as the growth of the Company and dilution on net asset per share.

(4) Differential cash dividend policy of the Company

The board of directors of the Company shall distinguish the following circumstances after taking into account various factors including its industry features, development stages, business model and profitability as well as whether it has any substantial capital expenditure arrangement and stipulate differentiated cash dividend policy:

1. Where the Company is in a developed stage with no substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 80% of the total profit distribution when distributing its profits;



2. Where the Company is in a developed stage with substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 40% of the total profit distribution when distributing its profits;
3. Where the Company is in a developing stage with substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 20% of the total profit distribution when distributing its profits.

Where it is difficult to identify the development stage of the Company but there is substantial capital expenditure arrangement, dividend distribution may be dealt with in accordance with the preceding provisions.

(5) Reviewing procedures of the profit distribution of the Company

The profit distribution plan of the Company shall be formulated by the board of directors after taking into account, requirements of these Articles of Association, profit and funding needs of the Company. The supervisory committee of the Company shall review the profit distribution plan and issue written opinions; independent directors shall issue specific independent opinions in respect of the profit distribution plan.

Independent directors may collect the opinions of minority shareholders and propose the distribution plan and submit directly to the board of directors for reviewing.

Upon review and approval of the profit distribution plan, the board of directors shall propose the plan at the shareholders' general meeting for review and approval.

Before the profit distribution plan is reviewed at the shareholders' general meeting, the Company shall proactively communicate and exchange through various channels with shareholders, especially minority shareholders, to attentively obtain the opinions and requests of minority shareholders and give timely response to the issues that they are concerned with; when reviewing the profit distribution plan, the Company shall provide access to online voting for shareholders for voting purpose; the supervisory committee shall supervise the formulation and decision-making by the board of directors of the profit distribution plan of the Company.

- (6) Where the Company meets the conditions of cash dividend but does not propose a scheme of cash dividend or the total cash profits to be allocated by the Company is less than 30% of the net profits attributable to the Shareholders of the Company, the board of directors shall make special explanations in respect of the specific reasons, exact use of the unallocated profits and relevant gains, the independent directors shall also issue independent opinions in this respect and the supervisors committee shall review and issue its opinion, all of which shall be disclosed through designated media by the Company.
- (7) Where the Company is required to adjust the profit distribution policy (including cash dividend policy) in accordance with the operation of business, investment plans and the requirement for long term development, the adjusted profit distribution policy (including cash dividend policy) shall not be in violation of relevant laws and regulations, regulatory documents and relevant provisions under these Articles of Association. The reasons for the Company's adjustment in profit distribution policy (including cash dividend policy) shall be discussed and studied thoroughly by the board of directors and written report shall be issued and the independent directors and supervisors committee shall express a clear opinion in this regard. The proposal of the adjustment in profit distribution policy (including cash dividend policy) reviewed and approved by the Board shall be submitted to the Company's general meeting for reviewed and shall be approved by more than two thirds of the voting rights held by shareholders attending the meeting. The Company shall provide its shareholders with online voting channel for matters relating to adjustment in profit distribution policy (including cash dividend policy) which will be discussed and approved at the general meeting.
- (8) The Company shall disclose in detail the formulation and implementation of the cash dividend policy in its annual report and specify whether it is in compliance with the provisions of these Articles of Association or the requirements of the resolution of the general meeting, Whether the basis and ratio of the distribution are specific and clear, whether the relevant procedures and system for decision-making are sound, whether the independent directors have duly performed their duties and played their role, whether there are sufficient opportunities for the minority shareholders to express their views and requests, and whether their legitimate rights and interests are sufficiently protected, etc. For adjustments or changes of cash dividend policy, it is also required to explain in detail whether the conditions and procedures of adjustments or changes are compliant and transparent, etc.

#### Article 214

The Board of Company shall complete the payment of dividends (or Shares) within two months after the date of the general meeting of the Company once the resolution in respect of the profit distribution scheme has been passed at the general meeting.

- Article 215            The Company shall pay cash dividends and other payments which are payable to holders of Domestic-Listed Domestic Shares in RMB. The Company shall calculate and declare cash dividends and other payments which are payable to holders of Overseas-Listed Foreign Shares in RMB, and shall make such payments in foreign currencies. As for the foreign currency needed by the Company for payment of cash dividends and other payments which are payable to the holders of the Overseas-Listed Foreign Shares, it shall be handled in accordance with any related national regulations on foreign exchange control. Any amount paid up in advance of calls on any shares may carry interest but the holder of such shares shall not be entitled to participate in respect thereof in a subsequent dividend declaration.
- Article 216            In the event of distributing the dividends to shareholders of the Company, the payable taxes on the dividend incomes of the shareholders shall be withdrawn in accordance with the requirements of Taxation Law of China and in consideration of the amount distributed.
- Article 217            The Company shall appoint receiving agents for holders of the Overseas-Listed Foreign Shares. Such receiving agents shall receive dividends which have been declared by the Company and all other amounts which the Company should pay to holders of Overseas-Listed Foreign Shares on such shareholders' behalf.
- The receiving agents appointed by the Company shall meet the relevant requirements of the laws of the place where the Company's shares are listed or the relevant regulations of such stock exchange.
- The receiving agents appointed for holders of Overseas-Listed Foreign Shares listed in Hong Kong shall each be a company registered as a trust company under the Trustee Ordinance of Hong Kong.
- In respect of dividends distributed to shareholders, the Company, subject to the requirements of the relevant stock exchanges, has the power to forfeit unclaimed dividends but such power shall not be exercised until the expiration of relevant period.
- Where permitted by laws, the Company has the power to sell the shares of a shareholder who is untraceable under the following circumstances:
- (1)    during a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and
  - (2)    on expiry of such 12 years the Company gives notice of its intention to sell the shares by way of an advertisement published in the newspapers and notifies the Hong Kong Stock Exchange of such intention.
- Article 218            The Company adopts the system of internal auditing and hires professional auditors to undertake internal auditing of the Company's operating activities and internal control.

Article 219                    The Company's internal auditing system and duties of the auditors shall be implemented after they have been approved by the board of directors. The person in charge of audit shall be appointed by and report to the board of directors.

## **Chapter 16   Appointment of Accounting Firms**

Article 220                    The Company shall appoint an independent firm of accountants which is qualified under the relevant regulations of the State and is qualified for securities related business to audit the Company's annual financial report and review other financial reports of the Company.

The first accounting firm of the Company may be appointed by the founders' meeting before the first shareholders' annual meeting. The term of appointment of the accounting firm shall terminate at the end of the first shareholders' annual meeting.

If the founders' meeting does not exercise its duties and powers according to the aforementioned provisions, then the board of directors shall exercise its duties and powers.

Article 221                    The accounting firm appointed by the Company shall hold office from the conclusion of the annual shareholders' general meeting at which it was appointed until the conclusion of the next annual shareholders' general meeting.

The Company guarantees that the accounting evidence, accounting books, financial report and other accounting information to be provided to the accounting firm to be engaged will be true and complete. It will not refuse to provide information, withhold information or provide false information.

Article 222                    The accounting firm appointed by the Company shall be entitled to the following rights:

- (1) to review the books, records or vouchers of the Company at any time, the right to require the directors, supervisors, and senior management personnel of the Company to provide relevant information and explanations;
- (2) to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the performance of its duties as an accounting firm;
- (3) to attend to shareholders' general meetings and to receive all notices of, and other communications 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 223 If there is a vacancy in the position of the accounting firm, the board of directors may appoint an accounting firm to fill such vacancy before the convening of the shareholders' general meeting. Any other accounting firm which has been appointed by the Company may continue to act during the period when such a vacancy arises.
- Article 224 The shareholders' general meeting may by ordinary resolution remove the 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 right of the accounting firm in claiming for damages which arise from its removal shall not be affected thereby.
- Article 225 The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined by the shareholders in a shareholders' general meeting. The remuneration of an accounting firm appointed by the board of directors shall be determined by the board of directors.
- Article 226 The Company's appointment, removal or non-reappointment of an accounting firm shall be resolved by the shareholders in a shareholders' general meeting. Such resolution shall be filed with the securities regulatory authority of the State Council.

Where a resolution at a shareholders' general meeting is passed to appoint an accounting firm other than an incumbent accounting firm, to fill a casual vacancy in the office of the accounting firm, to reappoint an accounting firm who was appointed by the board of directors to fill a casual vacancy or to remove an accounting firm before expiry of its term of office, the following provisions shall apply:

- (1) A copy of the appointment or removal proposal shall be sent (before issue of the notice of shareholders' general meeting) to the firm proposed to be appointed or proposing to leave its post or the firm which has left its post in the relevant fiscal year. Reference as leaving herein includes leaving by removal, resignation and retirement.
- (2) If the accounting firm leaving its post makes representations in writing and requests the Company to give the shareholders notice of such representations, the Company shall (unless the representations have been received too late) take the following measures:
  1. in any notice to shareholders for the resolution, state the fact of the representations having been made by the accounting firm leaving its post; and
  2. attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in these Articles of Association.

- (3) If the Company fails to circulate the accounting firm's representations in the manner set out in sub-paragraph (2) above, such accounting firm may (in addition to its right to be heard) require that the representations be made at the shareholders' general meeting.
- (4) An accounting firm which is leaving its post shall be entitled to attend to the following shareholders' general meetings:
  1. the shareholders' general meeting at which its term of office would otherwise have 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 voluntary resignation.

The accounting firm which is leaving its post has the right to receive all notices of, and other communications relating to, any such meeting, and to speak at any such meeting which it attends on any part of the business of the meeting which concerns it as the former accounting firm of the Company.

#### Article 227

Prior notice of 15 days should be given to the accounting firm if the Company decides to remove such accounting firm or not to renew the engagement. Such accounting firm shall be entitled to make presentations at the shareholders' general meeting. Where the accounting firm resigns from its position, it shall make clear to the shareholders in a shareholders' general meeting whether there has been any impropriety on the part of the Company.

An accounting firm may resign its office by depositing a resignation notice at the Company's domicile. The notice will become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall contain the following statements:

1. a statement to the effect that there are no circumstances connected with its resignation which the accounting firm considers should be brought to notice of the shareholders or creditors of the Company; or
2. a statement of any such circumstances.

Where a notice is deposited under the preceding sub-paragraph, the Company shall within 14 days send a copy of the notice to the relevant competent authority. If the notice contains a statement under the preceding two sub-paragraphs, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company should also deliver or send a copy of such statement by way of the methods provided in these Articles of Association or by prepaid mail to every shareholder of Overseas-Listed Foreign Shares at the address registered in the register of shareholders.



Where the accounting firm's notice of resignation contains a statement in respect of the above, it may require the board of directors to convene a shareholders' extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

## **Chapter 17 Employees**

- Article 228 In compliance with the PRC laws and regulations, the Company shall establish a well-performing and complete employee's management system and effectively develop and utilize human resources.
- Article 229 Based on its business needs and subject to the Company's internal rules and regulations, the Company shall employ, dismiss or terminate employees' labour contracts in its discretion within the scope stipulated by the PRC laws and regulations.
- Article 230 Pursuant to the PRC regulations and these Articles of Association, the Company shall establish the salary, insurance, benefits systems. In light of the economic and social development and business operations of the Company, the Company shall make endeavors to enhance the overall benefits for its employees, and improve their working conditions.
- Article 231 Pursuant to the PRC regulations, the Company shall develop an employee training system based on its business development and employees' needs, to best pave the path for employees professional development.

## **Chapter 18 The Union**

- Article 232 The employees of the Company shall duly organize the trade union, develop its event programs, and protect the employees' lawful rights. The Company shall provide necessary conditions for the trade union to carry out its activities.

## **Chapter 19 Merger and Division**

- Article 233 The Company may carry out mergers or division in accordance with laws. In the case of merger or division of the Company, the board of directors shall provide the proposal, and, upon approval in accordance with the procedures under these Articles of Association, deal with the relevant approval procedures pursuant to laws. The board of directors of the Company shall take necessary measures to protect the legitimate interests of the shareholders who object to the plan of merger or division. 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 such dissenting shareholders' shareholding 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 of the Company. Such special documents shall be sent or delivered by mail or by way of the methods provided in these Articles of Association to holders of Overseas-Listed Foreign Shares.



Article 234                    The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

In the event of a merger, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company's merger resolution which is passed and shall publish a public notice in a newspaper within 30 days of the date of the Company's merger resolution. The creditor may, within 30 days as of its receipt of the notice or in case when no such notice is received within 45 days as of the date of the publication of notice in a newspaper, ask the Company for settling its debt or providing relevant guarantee.

Article 235                    Where there is a division of the Company, its assets shall be divided up accordingly.

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

Article 236                    After the merger, the rights against debtors and the indebtedness of each of the parties to the merger shall be inherited by the company which survives the merger or the newly established company.

Debts of the Company prior to division shall be severally and jointly assumed by the companies which exist after the division, unless that otherwise a written agreement has been reached between the Company and the creditor upon debt retirement prior to division.

Article 237                    The Company shall, in accordance with laws, apply for change in its registration with the company registration authority where a change in any item in its registration arises as a result of any merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with laws. Where a new company is established, the Company shall apply for registration thereof in accordance with laws.

## **Chapter 20    Dissolution and Liquidation**

Article 238                    The Company shall be dissolved and liquidated in accordance with laws upon the occurrence of any of the following events:

- (1) a resolution regarding the dissolution passed by shareholders at a shareholders' general meeting;
- (2) dissolution due to a merger or division of the Company;
- (3) the Company is declared insolvent in accordance with laws due to its failure to repay debts as they become due;

- (4) business license is revoked lawfully, its operation is ceased or cancelled by the relevant authorities;
- (5) The Company is dissolved by the court as provided in Article 239 of these Articles of Association.

Article 239           The Company meets with great difficulties in its operation and management and its continuation may incur great loss to the interest of the shareholders, it cannot be resolved by other means and the shareholders holding more than 10% of the voting share may petition to the court for its dissolution.

Article 240           Where the Company is dissolved under sub-paragraph (1), (4) or (5) of the preceding Article 238, a liquidation committee shall be set up within 15 days thereafter and commence the liquidation proceedings, and members of the liquidation committee of the Company shall be determined by directors or at the shareholders' general meetings. Where a liquidation committee is not established according to schedule, the creditor may apply to the court to organize the relevant personnel to establish a liquidation committee to proceed with liquidation.

Where the Company is dissolved under sub-paragraph (3) of the preceding Article 238, the court shall in accordance with the provisions of relevant laws organize the shareholders, relevant organizations and relevant professional personnel to establish a liquidation committee to proceed with liquidation.

Article 241           Where the board of directors proposes to liquidate the Company for any reason other than the Company's declaration of its own insolvency, the board shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the board of directors is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation.

Upon the passing of the resolution by the shareholders in a shareholders' general meeting in relation to the liquidation of the Company, all duties and powers of the board of directors shall cease.

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 meeting on the committee's income and expenses, the business of the Company and the progress of the liquidation; and to present a final report to the shareholders' general meeting on completion of the liquidation.

Article 242           The liquidation committee shall, within 10 days of its establishment, send notices to creditors and shall, within 60 days of its establishment, publish a public announcement in a newspaper. The creditors who have received the notice shall, within 30 days as of its receipt of the notice, and the creditors who fail to receive the notice shall within 45 days as of the date when the announcement was made, declare their creditor's right to the liquidation team.

The creditor who declares the creditor's right shall state the relevant matter in relation to the debt, and provide evidentiary materials. The liquidation committee shall register the creditors' rights.

During the liquidation period, the liquidation committee shall not settle any debt with the creditor.

Article 243

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

- (1) to categorize the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify the creditors or to publish public announcements;
- (3) to dispose of and liquidate any unfinished businesses of the Company;
- (4) to pay all outstanding taxes and taxes incurred during the liquidation proceedings;
- (5) to settle claims and debts;
- (6) to deal with the surplus assets remaining after repayment by the Company of its debts;
- (7) to represent the Company in any civil proceedings.

Article 244

After it has categorized the Company's assets and after it has prepared the balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to a shareholders' general meeting or to the court for confirmation.

The remaining asset shall, after having paid the liquidation expense, salary of the staff, social insurance expense and the statutory compensation, the tax arrears and settled the Company's debt, be distributed in accordance with the proportion of shares held by the shareholders.

The Company may, during the liquidation period, remain, but shall not carry out activities irrelevant to the liquidation. Before the Company's assets are distributed in accordance with the preceding provisions, they shall not be allocated to the shareholders.

Article 245

Where the Company is liquidated by reason of dissolution, upon completion of the categorization of the Company's assets and preparation of a balance sheet and an inventory of assets, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall immediately apply to the court in accordance with laws for a declaration of insolvency.

After the Company is declared insolvent by a ruling of the court, the liquidation committee shall transfer all matters arising from the liquidation to the court.

Where the Company is declared bankrupt according to law, it shall carry out bankruptcy liquidation according to the legal provisions concerning bankruptcy liquidation.

Article 246 Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, a statement of income and expenses received and made during the liquidation period and a financial report, which shall be verified by a Chinese registered accountant and submitted to the shareholders' general meeting or the court for confirmation.

The liquidation committee shall, within 30 days after the confirmation of the liquidation report by the shareholders' general meeting or the court, submit the documents referred to in the preceding paragraph to the companies registration authority and apply for cancellation of registration of the Company, and publish a public announcement relating to the termination of the Company.

Article 247 The members of the liquidation team shall be faithful to their duty and fulfill the liquidation obligation in accordance with the law.

The members of the liquidation team shall not abuse their authority to accept bribery or other illegal income, nor embezzle the Company's assets.

Where a member of the liquidation team causes significant loss to the Company by reason of willful default or gross negligence, he/she shall bear the relevant compensation liability.

## **Chapter 21 Procedures for Amendment of the Company's Articles of Association**

Article 248 The Company may amend its Articles of Association in accordance with the requirements of laws, administrative regulations and provisions in these Articles of Association.

Article 249 The Company shall amend these Articles of Association on the occurrence of any of the following events:

- (1) the Company Law or the relevant laws or administrative regulations are amended and these Articles of Association are in conflict with the amended laws or administrative regulations;
- (2) there is change to the Company which makes it not consistent with these Articles of Association;
- (3) it has been approved by the shareholders in a shareholders' general meeting to amend these Articles of Association.

- Article 250                    Any amendment of these Articles of Association shall be made in the following manner:
- (1)    the board of directors draw up a proposal for amendment of these Articles of Association in accordance with these Articles of Association;
  - (2)    the foregoing proposal shall be furnished to the shareholders in writing and a general meeting shall be convened for voting;
  - (3)    the amendments shall be approved by a special resolution in a shareholders' general meeting.

The board of directors shall amend these Articles of Association pursuant to the resolution of shareholders in a shareholders' general meeting for amendment of these Articles of Association and the approval opinions of the competent authority.

- Article 251                    If there is any change concerning the registration of the Company, application shall be made for change in registration in accordance with laws.

Where an amendment to these Articles of Association involves information which is required to be disclosed under laws, administrative regulations, regulations of the authorities and rules of the places where the Company's shares are listed, an announcement shall be made as stipulated.

## **Chapter 22    Notice and Announcement**

- Article 252                    Notices, communications or any other written materials of the Company may be sent out by:

- (1)    hand;
- (2)    post;
- (3)    fax or email;
- (4)    making announcements in the Company's website and the websites designated by the stock exchange on which the Company's Shares are listed provided that doing so will be in compliance with laws, administrative regulations and listing rules of the stock exchange on which the Company's Shares are listed;
- (5)    public announcements;
- (6)    other manners as recognized by securities regulatory authorities at the place where the Company's shares are listed or as provided in these Articles of Association.

Whilst these Articles of Association may have otherwise provided for the delivery methods of any notice, communication or any other written material, the Company may publish its communications by the means specified in sub-paragraph (4) of this Article to replace the means of sending written documents to each holder of the Overseas-Listed Foreign Shares by hand or by prepaid mail provided that doing so will be in compliance with the relevant regulations of securities regulatory authorities in the places of listing. The said communications refer to any documents sent or to be sent by the Company to the shareholders for reference or taking action, including, but not limited to, report of the board of directors (together with balance sheet and income statement), annual report (including annual financial reports), interim report (including interim financial reports), listing documents, meeting notice, circulars, proxy forms and reply slips, etc.

Article 253

When the Company is required to send, mail, pass, deliver, issue or provide relevant documents of the Company in both English and Chinese according to the relevant requirements of the securities regulatory authorities at the place where the Company's shares are listed, if the Company has made appropriate arrangement to ensure whether its shareholders expect to receive an English copy only or a Chinese copy only, the Company may (based on the intention clearly presented by its shareholders) send an English copy or Chinese copy only to relevant shareholders within the scope permitted by applicable laws and regulations and in accordance with such applicable laws and regulations.

Article 254

Where a notice from the Company is sent out by hand, to be signed or stamped by the recipient on the return receipt of delivery, the date of the recipient's signature shall be deemed to be the delivery date. Where the notice is sent out via post, the delivery date shall be 48 hours after such notice is delivered to the post office. Where the notice is sent out by fax or email or published on website, the delivery date shall be the date when the notice is sent out. Where the notice is sent out by public announcement, the delivery date shall be the first date of publication of such announcement provided that such announcement is published in newspapers or websites that meet relevant requirements.

Where a notice sent by the Company is made by way of an announcement, the notice shall be deemed as received by all relevant parties.

Article 255

If a notice of meeting is accidentally omitted to be sent to any person who is entitled to receive the same or that person has not received such a notice of meeting, it will not cause the meeting and any resolution made therein to be void. However, the promoters are not subject to the above statements.

Article 256

Unless the context otherwise specifies, the “announcements” used herein shall mean, with respect to announcements made to the holder of the Domestic-Listed Domestic Shares or announcements that are required to be made within the PRC in accordance with relevant regulations and these Articles of Association, the announcements published in Chinese newspapers designated by Chinese laws, administrative regulations or the securities regulatory authorities of the State Council; with respect to announcements made to the holders of the Overseas-Listed Foreign Shares or announcements that are required to be made within Hong Kong in accordance with relevant regulations and these Articles of Association, such announcements must be published on the website of the Company and the website of Hong Kong Stock Exchange in accordance with The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and in accordance with the requirements as stipulated under such rules from time to time.

### **Chapter 23 Resolution of Disputes**

Article 257

The Company shall abide by the following principles for dispute resolution:

- (1) Whenever any disputes or claims arise between: holders of the Overseas-Listed Foreign Shares and the Company; holders of the Overseas-Listed Foreign Shares and the Company’s directors, supervisors, senior executives; or holders of the Overseas-Listed Foreign Shares and holders of Domestic-Listed Domestic Shares, in respect of any disputes or claims in relation to the affairs of the Company arising as a result of any rights or obligations arising from these Articles of Association, the Company Law or other relevant laws and administrative regulations, such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim of rights mentioned in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred 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, shall, if such person is the Company or the Company’s shareholders, directors, supervisors, or senior management personnel, comply with the decisions made in the arbitration. Disputes in respect of definition of shareholders and register of shareholders may not be resolved by arbitration.

- (2) A claimant may elect for arbitration to be carried out at either China International Economic and Trade Arbitration Commission in accordance with its Rules or Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

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



- (3) If any disputes or claims of rights are referred to arbitration in accordance with sub-paragraph (1) of this Article, the PRC laws shall apply, save as otherwise provided in the laws and administrative regulations.
- (4) The award of an arbitral body shall be final and conclusive and binding on all parties.

## **Chapter 24 Supplementary**

Article 258	These Articles of Association are written in Chinese. Where versions in other languages or different versions have different interpretations or meanings, the latest verified Chinese version registered in the Company registration authority shall prevail.
Article 259	<p>The expressions of “above”, “within”, “below” shall include the figures mentioned whilst the expressions of “more than”, “short of”, “without” and “less than” shall not include the figures mentioned.</p> <p>The expression of “day(s)” in these Articles of Association shall refer to calendar day(s) unless otherwise specified as “working day(s)”.</p>
Article 260	In these Articles of Association, references to “accounting firm(s)” shall have the same meaning as “auditor(s)”.
Article 261	The right to interpret these Articles of Association vests with the board of directors of the Company.
Article 262	If these Articles of Association are in conflict with the laws, administrative regulations, rules of the authorities and regulatory provisions in the places where the Company’s shares are listed promulgated, from time to time, such laws, administrative regulations, rules of the authorities and regulatory provisions in the places where the Company’s shares are listed shall prevail.