

The proposed amendment and adoption of the New Articles of Association shall be subject to the approval at the Company's 2011 Annual General Meeting which will be held on 15 June 2012, and will take effect after the approval of related authorities for industry and commerce.

# **Baoye Group Company Limited\***

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

# **Articles of Association**

# Content

Chapter 1	General Rules .....	3
Chapter 2	Objectives and Scope of Operation .....	6
Chapter 3	Shares and Registered Capital .....	7
Chapter 4	Reduction of Capital and Repurchase of Shares .....	11
Chapter 5	Financial Assistance for Acquiring the Shares of the Company .....	15
Chapter 6	Share Certificate and Register of Shareholders .....	17
Chapter 7	The Rights and Obligations of Shareholders .....	22
Chapter 8	General Meeting .....	26
Chapter 9	Special Procedures for Voting by a Class of Shareholders .....	38
Chapter 10	Board of Directors .....	42
Chapter 11	Secretary to the Board of the Company .....	48
Chapter 12	General Manager of the Company .....	51
Chapter 13	Supervisory Committee .....	53
Chapter 14	Qualifications and Obligations of Directors, Supervisors, General Manager, Deputy General Manager and Other Senior Management Officers of the Company .....	56
Chapter 15	Financial and Accounting System and Profit Distribution .....	66
Chapter 16	Appointment of Accounting firm .....	72
Chapter 17	Insurance .....	76
Chapter 18	Labor and Personnel Management Systems .....	77
Chapter 19	Trade Union .....	77
Chapter 20	Merger and Demerger of the Company .....	77

Chapter 21	Dissolution and Liquidation of the Company .....	79
Chapter 22	Procedures for Amendments to the Articles of Association .....	83
Chapter 23	Settlement of Disputes .....	84
Chapter 24	Notices.....	85
Chapter 25	Supplementary Articles .....	86

Footnote: In the margin notes to the provisions of the Articles of Association, “Mandatory Provisions” refer to the “Mandatory Provisions for Articles of Association of Companies to be Listed Overseas” jointly promulgated by the State Council Securities Policy Committee and the State Restructuring Commission; the “Listing Rules” refers to the “Listing Rules” issued by The Stock Exchange of Hong Kong Limited; the “Opinions” refers to the “Opinion on the Further Promotion of the Regular Operation and In-Depth Reform of Companies Listed Overseas” jointly issued by the State Economic and Trade Commission and the China Securities Regulatory Commission (“CSRC”); the “Practice Guidelines for Company Secretaries” refers to the “Practice Guidelines for Company Secretaries of Companies to be Listed Overseas” promulgated by CSRC; the “Company Law” refers to the amendment to the “Company Law of the People’s Republic of China” amended on 27 October 2005.

# Articles of Association of Baoye Group Company Limited

## Chapter 1 General Rules

Article 1 The Company is a foreign investment joint stock company established in accordance with the “Company Law of the People's Republic of China”, “Rules of the State Council on the Overseas Issuance and Listings”, “Provisional Regulations Concerning Certain Issues on the Establishment of Foreign Investment Joint Stock Company Limited” and other relevant laws and administrative regulations of the State.

Upon the approval of Zhe Shang Shi (2002) No. 53 issued by the People’s Government of Zhejiang Province, the Company was established by way of the conversion from the original Baoye Construction Group Co., Ltd. into a joint stock limited company, and registered with Zhejiang Administration for Industry & Commerce from which it obtained the corporate business license (license number: 3300001008966) on 30 August 2002.

Upon the approval of Zheng Jian Guo He Zi [2003] No. 1 issued by CSRC, the Company issued 180,684,000 H shares which were listed on The Stock Exchange of Hong Kong Limited on 30 June 2003. On 28 July 2004, the Ministry of Commerce approved the Company to change into a foreign investment joint stock company by the way of issuing approval document Shang Zi Pi [2004] No. 119.

Upon the approval of Zheng Jian Guo He Zi [2004] No. 45 issued by CSRC, the Company issued 36,136,800 H shares which were listed on The Stock Exchange of Hong Kong Limited on 23 January 2005.

Upon the approval of Zheng Jian Guo He Zi [2005] No. 30 issued by CSRC, the Company issued 43,364,160 H shares which were listed on The Stock Exchange of Hong Kong Limited on 14 December 2005.

Upon the approval of Zheng Jian Guo He Zi [2007] No. 1 issued by CSRC, the Company issued 52,036,992 H shares which were listed on The Stock Exchange of Hong Kong Limited on 2 February 2007.

The Promoters of the Company are Pang Baogen, Gao Jiming, Sun Guofan, Gao Jiqian, Sun Yongxiang, Gao Lin, Zhou Hanwan, Xu Jianbiao, Wang

Rongfu, Wu Xianfu, Pang Baisong, Gao Jun, Lou Zhonghua, Wu Zhanglin, Wang Jianguo, Yuan Ajin, Tang Liping, Hu Jilian, Xia Weimin, Xia Yahong, Wang Rongbiao, Jin Jixiang, Sun Guoxun, Xie Baojin, Xia Huihua, Wang Jianhua, Wang Liequan, Chen Baorong, Chen Lianlu, Feng Yunfa, Qiu Shuifu.

(Article 1 of the Mandatory Provisions)

Article 2 The registered name of the Company:

Chinese: 寶業集團股份有限公司

English: Baoye Group Company Limited

(Article 2 of the Mandatory Provisions)

Article 3 Residence of the Company: Yangxunqiao Town, Shaoxing County, Zhejiang Province

Postal Code: 312028

Telephone No.: 0575-84111090

Facsimile No.: 0575-84118792

(Article 3 of the Mandatory Provisions)

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

(Article 4 of the Mandatory Provisions)

Article 5 The Company shall be a perpetual joint stock limited company.

(Article 5 of the Mandatory Provisions)

The Company is an independent legal entity and is governed and protected by the laws and administrative regulations of the People's Republic of China.

Article 6 Pursuant to the "Company Law of the People's Republic of China" ("Company Law"), "the PRC Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies" ("Special Regulations"), "Mandatory Provisions for Articles of Association of

Companies to be Listed Overseas” (“Mandatory Provisions”) and the relevant provisions of other laws and administrative regulations of the State, the Articles of Association passed in the general meeting on 25 August 2002 (the “Original Articles of Association”) and were amended by the Company in the extraordinary general meetings held on 3 September 2002 and the annual general meetings held on 30 June 2004, 20 May 2005, 1 June 2006, 25 June 2007 and [15 June 2012], pursuant to which these Articles of Association (“these Articles of Association”) were formulated.

Article 7 The Original Articles of Association came into effect when registration formalities with Zhejiang Administration for Industry & Commerce were completed.

These Articles of Association took effect after approval was granted by the companies approving department authorised by the State Council. The Original Articles of Association shall be replaced by these Articles of Association once effective.

The Company shall, within the period stipulated by laws and administrative regulations, process the registration of changing statutory registered items due to the amendment to the Original Articles of Association.

Article 8 From the date of the Articles of Association becoming effective, the Articles of Association constitute a legally binding document regulating the Company’s organization and activities, and the rights and obligations between the Company and each shareholder and among the shareholders.

(Article 6 of the Mandatory Provisions)

Article 9 The Articles of Association are binding on the Company and its shareholders, directors, supervisors, general manager, deputy general manager and other senior management officers; all of whom are entitled to claim rights concerning the affairs of the Company in accordance with these Articles.

The Articles of Association are actionable by a shareholder against the Company and vice versa, by shareholders against each other, by a shareholder against the directors, supervisors, general manager, deputy general manager and other senior management officers of the Company.

The aforesaid proceedings include lodging a lawsuit in a court or applying

for an arbitration in an arbitration institution.

(Article 7 of the Mandatory Provisions)

Article 10 The Company may invest in other corporates. However, the Company shall not be an investor of a corporate where it assumes joint liability of the debts of such corporate.

(Article 8 of the Mandatory Provisions)

Article 11 The entire capital of the Company is divided into shares of equal value and shareholders of the Company shall be liable to the Company to the extent of the shares held by them. The Company shall be liable for its debts with all its assets.

Article 12 On condition of compliance with the laws and administrative regulations of the PRC, the Company has the power to raise and borrow money, which power to raise money includes issuing bonds of the Company, mortgage or pledge of part or all of the Company's business or properties and other rights permitted by the PRC laws and administrative regulations.

Pursuant to the decision made in the general meeting, the board of the Company may process the aforesaid raising or borrowing after obtaining the approvals from the relevant departments of the government.

## **Chapter 2 Objectives and Scope of Operation**

Article 13 The objectives of the operation of the Company are: Being technology-oriented, taking innovation as its foundation, and aiming at becoming a leader among industry peers in the State, to stand firm in the domestic market, to actively develop the overseas markets, to safeguard the fundamental interests of the investors, to achieve a fast, stable and healthy development of the Company.

(Article 9 of the Mandatory Provisions)

Article 14 The scope of operation of the Company shall be subject to the items authorised by the companies registration authority of the People's Republic of China.

The scope of operation of the Company includes: general contracting of construction works; equipment installation; research, development, production and sales of new building materials; research, development and technical extension services of high-technology products; Industrial investments; internal asset management within the group.

(Article 10 of the Mandatory Provisions)

Article 15 The Company may, according to the changes in the domestic and overseas markets, the demand for the domestic and overseas business and its ability of development, and upon the resolution adopted by the general meeting and approved by the relevant governing authority of the State, adjust its scope of operation or investment orientation and methods, etc.

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

Article 16 There must at all times be ordinary shares in the Company. Subject to the approval from the companies-approving department authorised by the State Council, the Company may create other classes of shares according to its needs.

(Article 11 of the Mandatory Provisions)

Article 17 The shares issued by the Company shall have a nominal value of RMB1.00 per share.

The aforesaid RMB refers to the lawful currency of the People's Republic of China.

(Article 12 of the Mandatory Provisions)

Article 18 Subject to the approval from the securities governing authority under the State Council, the Company may issue shares to domestic investors and foreign investors.

The aforesaid overseas investors refer to the investors from foreign countries and the regions of Hong Kong Special Administrative Region of the People's Republic of China, Macau Special Administrative Region of the People's Republic of China, and Taiwan who subscribe for the shares issued by the Company; domestic investors refer to the investors within the



People's Republic of China other than those investors from the aforesaid regions who subscribed for the shares issued by the Company.

(Article 13 of the Mandatory Provisions)

Article 19 The ordinary shares issued by the Company include domestic shares and foreign shares. Shares issued by the Company to domestic investors for subscription in RMB shall be referred to as domestic shares. Shares issued by the Company to foreign investors for subscription in foreign currencies shall be referred to as foreign shares. Foreign shares which are listed overseas are called overseas listed foreign shares.

The aforesaid foreign currencies refer to the lawful currencies (apart from RMB) of other countries or regions which are recognized by the foreign exchange control authority of the State and could be used to pay the Company for the shares.

(Article 14 of the Mandatory Provisions)

Article 20 Foreign shares issued by the Company and listed in Hong Kong shall be called as H shares. H Shares are shares which have been approved by the relevant departments of the State and admitted for listing on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange"), the nominal value of which is denominated in RMB and which are subscribed for and traded in Hong Kong dollars.

Article 21 As approved by the companies-approving department authorised by the State Council, the Company has a total of 662,964,005 ordinary shares in issue, of which 350,742,053 shares were issued to the promoters upon incorporation, representing 52.9051% of the total issued ordinary shares of the Company.

(Article 15 of the Mandatory Provisions)

Article 22 Upon its incorporation, the Company further issued 312,221,952 ordinary shares, all being H shares, representing 47.0949% of the total issued ordinary shares of the Company.

The existing structure of the share capital of the Company is as follows: the total number of ordinary shares in issue is 662,964,005 shares, whereas domestic share holders holding 350,742,053 shares and H share holders holding 312,221,952 shares.

(Article 16 of the Mandatory Provisions)

(Rule 9 of Appendix 3 to the Listing Rules)

Article 23            Upon the approval of the proposal to issue overseas listed foreign shares and domestic shares by the securities governing authority under the State Council, the board of the Company may make separate implementing arrangements for their issuance.

The abovementioned proposal to issue overseas listed foreign shares and domestic shares by the Company may be implemented within 15 months from the date of obtaining approval from CSRC respectively.

(Article 17 of the Mandatory Provisions)

Article 24            The Company shall issue the total amount of overseas listed foreign shares and domestic shares as stipulated in the issuance proposal on a one-off basis. If, under special conditions, the Company could not issue all the shares on a one-off basis, the Company may carry out several issuances after obtaining approval from the securities regulatory authority under the State Council.

(Article 18 of the Mandatory Provisions)

Article 25            The registered capital of the Company shall be RMB662,964,005.

(Article 19 of the Mandatory Provisions)

Article 26            Subject to its needs of operation and development, the Company may increase its capital in accordance with the approval of the relevant provisions of these Articles of Association.

The Company may adopt the following methods to increase the capital:

- (1) issuing new shares to unspecified investors;
- (2) placing new shares to the existing shareholders;
- (3) distributing new shares to the existing shareholders;
- (4) other ways permitted by laws and administrative regulations.

Increase in capital of the Company by way of an issue of new shares shall

be proceeded in accordance with the relevant laws and administrative regulations of the State, and subject to the approval by these Articles of Association.

(Article 20 of the Mandatory Provisions)

Article 27 Unless otherwise specified by the laws and administrative regulations, the shares of the Company may be freely transferable without carrying any lien.

Directors, supervisors, senior management officers of the Company shall report to the Company about the shares of the Company held by them and any changes thereof, and shall not transfer more than 25% of the total number of shares held by them during their term of office, while shares of the Company held by them must not be transferred within one year commencing from the date on which the shares of the Company were listed. The aforesaid persons shall not transfer the shares of the Company held by them within six months commencing from the termination of their service.

(Article 21 of the Mandatory Provisions)

(Rule 1(2) of Appendix 3 to the Listing Rules)

Article 28 The issuance or the subsequent transfer of all H shares shall be registered in the part of the register of shareholders maintained in Hong Kong pursuant to Article 46.

Article 29 Any H share holder may transfer all or part of his shares by using any written instrument of transfer commonly used in Hong Kong. The instruments of transfer shall be signed by both transferor and the transferee or bearing machine printed signatures.

Article 30 The Company shall ensure that all its H shares include the statements stipulated below and must instruct and cause its share registrar to refuse the registration by any person as a holder of the subscription, purchase or transfer of any of its shares unless and until such person delivers to such share registrar a signed form in respect of such shares bearing statements to the following effect:

- (1) the acquirer agrees with the Company and each shareholder of the Company, and the Company also agrees with each shareholder, to observe and comply with the Company Law and other relevant laws,

administrative regulations and these Articles of Association;

- (2) the acquirer agrees with the Company, each shareholder, director, supervisor and management officer of the Company and the Company on behalf of itself and of each director, supervisor and management officer agrees with each shareholder to refer all disputes and claims arising from these Articles of Association or any rights or obligations incident with or regulated by the Company Law and other relevant laws and administrative regulations to arbitration in accordance with these Articles of Association. Any reference to arbitration shall be deemed to authorize the arbitration to conduct the hearing in open session and to publish the award;
- (3) the acquirer agrees with the Company and each shareholder of the Company that the shares of the Company are freely transferable by the holder(s);
- (4) the acquirer authorizes the Company on his behalf to enter into a contract with each director and management officer of the Company and such directors and management officers shall undertake to observe and comply with their obligations to shareholders stipulated in these Articles of Association.

Article 31 The H shares of the Company are listed on the Hong Kong Stock Exchange.

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

Article 32 The Company may reduce its registered capital pursuant to the provisions of these Articles of Association.

(Article 22 of the Mandatory Provisions)

Article 33 When the Company reduces its registered capital, it shall draw up a balance sheet and an inventory of assets.

The Company shall notify its creditors within ten days from the date of the Company's resolution for reduction of registered capital and shall publish an announcement in a newspaper at least three times within thirty days from the date of such resolution. A creditor has the right, within thirty days of receiving the notice from the Company or, in the case of a creditor who

has not received the notice, within ninety days from the date of the first announcement, to require the Company to repay its debts or provide corresponding guarantee for such debts.

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

(Article 23 of the Mandatory Provisions)

Article 34

The Company may, subject to the approval by the procedures set out in these Articles of Association and of the relevant governing authority of the State, repurchase its issued shares under the following circumstances:

- (1) cancellation of shares for the reduction of the capital of the Company;
- (2) merge with other companies that hold shares in the Company;
- (3) awarding the employees of the Company with its shares;
- (4) where the shareholders disagree to the resolutions on the merger or demerger of the Company made in the general meeting and request the Company to acquire their shares.

Where the Company acquires its own shares due to reasons as set out in clauses (1) to (3) above, it shall obtain the approval of the general meeting. After the Company acquires its shares pursuant to the aforesaid, the shares in respect of the circumstances described in clause (1) shall be cancelled within ten days from the date of acquisition; and those in respect of the circumstances described in clauses (2) or (4) shall be transferred or cancelled within six months.

The number of shares acquired by the Company pursuant to clause (3) above shall not exceed 5% of its total issued shares; and the capital for the purpose of acquisition shall be funded out of the after-tax profit of the Company; the shares acquired shall be transferred to the employees within one year.

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

(Article 24 of the Mandatory Provisions)

Where the Company has the power to repurchase redeemable shares:

- (1) repurchases not made through the market or by tender shall be limited to a maximum price;
- (2) If repurchases are by tender, the Company shall provide the tender proposals to all shareholders alike.

(Rule 8 of Appendix 3 to the Listing Rules)

Article 35

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

- (1) making a pro rata general offer of repurchase to all its shareholders;
- (2) repurchase through public dealing on a stock exchange;
- (3) repurchase by an off-market agreement outside a stock exchange.

(Article 25 of the Mandatory Provisions)

Article 36

Where the Company repurchases its shares by an off-market agreement outside a stock exchange, the prior sanction of general meeting shall be obtained in accordance with these Articles of Association. The Company may release or vary a contract so entered into in such manner or waive any right thereunder with the prior approval of general meeting obtained in the same manner.

The aforesaid contract for repurchasing shares includes but not limited to an agreement to become obliged to repurchase shares or to acquire the right to repurchase shares.

A contract for the Company to repurchase its shares or any rights thereunder shall not be assignable.

(Article 26 of the Mandatory Provisions)

Article 37

After the repurchase shares in accordance with laws, the Company shall cancel such part of shares or transfer within the period prescribed by laws and administrative regulations and shall make an application to its original companies registration authority to alter the registration on its registered capital.

The Company shall deduct the total nominal value of the shares cancelled from its registered capital.

(Article 27 of the Mandatory Provisions)

Article 38

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

- (1) where the Company repurchases its shares at nominal value, payment shall be made out of book surplus distributable profits of the Company or out of proceeds from the issue of new shares made for that purpose;
- (2) where the Company repurchases its shares at a premium to its nominal value, payment up to the nominal value may be made out of the book surplus distributable profits of the Company or out of the proceeds from the issue of new shares made for that purpose. Payment of the portion in excess of the nominal value shall be effected as follows:
  1. if the shares being repurchased were issued at nominal value, payment shall be made out of the book surplus distributable profits of the Company;
  2. if the shares being repurchased were issued at a premium to its nominal value, payment shall be made out of the book surplus distributable profits of the Company or out of the proceeds from the issue of new shares made for that purpose, provided that the amount paid out of the proceeds from the issue of new shares shall not exceed the aggregate of premiums received by the Company on the issue of the shares repurchased or the current amount (including the premiums on the issue of new shares) of the Company's premium account at the time of the repurchase;
- (3) payment by the Company in consideration of the following shall be made out of the Company's distributable profits:
  1. acquisition of rights to repurchase its shares;
  2. variation of any contract to repurchase its shares;
  3. release of any of its obligation under any contract to repurchase its shares;

- (4) after the Company's registered capital has been reduced by the total nominal value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits for paying up the nominal value portion of the shares repurchased shall be transferred to the Company's premium account.

(Article 28 of the Mandatory Provisions)

## **Chapter 5 Financial Assistance for Acquiring the Shares of the Company**

Article 39            The Company and its subsidiaries shall not, by any means and at any time, provide any kind of financial assistance to any person who acquired or proposed to acquire shares in the Company. The said acquirer of shares in the Company includes a person who directly or indirectly incurs any obligations due to the acquisition of shares in the Company.

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

This Article shall not apply to the circumstances specified in Article 41.

(Article 29 of the Mandatory Provisions)

Article 40            For the purpose of this Chapter, "financial assistance" includes but not limited to the following meanings:

- (1) gift;
- (2) guarantee (including the assumption of liability or provision of assets by the guarantor to secure the performance of obligations by the obligor), or compensation (other than compensation in respect of the Company's own default) or discharge or waiver of any rights;
- (3) provision of loan or conclusion of any other contract under which the obligations of the Company are to be fulfilled before the



obligations of another party, or the novation of, or the assignment of rights arising under, such loan or contract;

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

For the purpose of this Chapter, “incurring any obligations” includes the incurring of obligations by the changing of the obligor’s financial position by way of contract or the making of arrangement (whether enforceable or not, and whether made on his own account or with any other persons), or by any other means.

(Article 30 of the Mandatory Provisions)

Article 41

The following activities shall not be deemed to be prohibited by Article 39 of this Chapter:

- (1) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interests of the Company, and the principal purpose of giving such financial assistance is not for the acquisition of shares in the Company, or the giving of such financial assistance is an incidental part of some larger purpose of the Company;
- (2) the lawful distribution of the Company’s assets by way of dividend;
- (3) the allotment 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 share capital structure of the Company effected in accordance with these Articles of Association;
- (5) the lending of money by the Company within the scope and in the ordinary course of its business, provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, such financial assistance is provided out of the distributable profits of the Company;
- (6) the provision of money by the Company for contributions to staff

and workers' shares schemes, provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, such financial assistance is provided out of the distributable profits of the Company.

(Article 31 of the Mandatory Provisions)

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

Article 42 Share certificates of the Company shall be in registered form.

Share certificates of the Company shall contain the following major particulars:

- (1) name of the Company;
- (2) date of incorporation of the Company;
- (3) class of the shares, nominal value and number of shares represented;
- (4) serial number of the share certificates;
- (5) other items to be contained as required by the Company Law, the Special Regulations and the stock exchange on which the shares of the Company are listed.

(Article 32 of the Mandatory Provisions)

Article 43 The Company's shares may be transferred, given as gift(s), inherited and charged in accordance with the provisions of relevant laws, administrative regulations and these Articles.

The transfer and assignment of shares must be registered with the share registration entity authorised by the Company and be conducted on such stock exchanges as incorporated in accordance with laws.

Article 44 Share certificates shall be signed by the legal representative. Where the stock exchanges on which the Company's shares are listed require other senior management officer(s) of the Company to sign on the share certificates, the share certificates shall also be signed by such senior management officer(s). The share certificates shall take effect after being

sealed (including the securities seal of the Company) or printed with the seal of the Company. The share certificates shall only be sealed with the Company's seal under the authorisation of the board. The signatures of the chairman of the board or other senior management officer(s) of the Company may be printed in mechanical form.

(Article 33 of the Mandatory Provisions)

(Rule 2(1) of Appendix 3 to the Listing Rules)

Article 45 The Company shall keep a register of its shareholders and enter in the register the following particulars:

- (1) the name and address (residence), the occupation or nature of each shareholder;
- (2) the class and quantity of shares held by each shareholder;
- (3) the amount paid or payable on the shares of each shareholder;
- (4) the serial numbers of the shares held by each shareholder;
- (5) the date on which each person was entered in the register as a shareholder; and
- (6) the date on which any shareholder ceased to be a shareholder.

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

(Article 34 of the Mandatory Provisions)

Article 46 The Company may, in accordance with the mutual understanding and agreements between the securities governing authority under the State Council and overseas securities regulatory organisations, maintain the register of shareholders of overseas listed foreign shares overseas and appoint overseas agent(s) to manage such register. The original share register for H share holders shall be maintained in Hong Kong.

A duplicate of the register for holders of overseas listed foreign shares shall be maintained at the Company's residence. The appointed overseas agent(s) shall ensure the consistency between the original and the duplicate of such register.

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

(Article 35 of the Mandatory Provisions)

Article 47 The Company shall have a complete register of shareholders which shall comprise the following:

- (1) the register of shareholders maintained at the Company's residence other than those places mentioned in clauses (2) and (3) of this Article;
- (2) the register of shareholders in respect of the H share holders maintained in the place of the Hong Kong Stock Exchange; and
- (3) the register of shareholders maintained at such other places as the board may consider necessary for the purpose of listing the shares of the Company.

(Article 36 of the Mandatory Provisions)

(Section 1(b) of Appendix 13D to the Listing Rules)

Article 48 Each part of the register of shareholders shall not overlap. No transfer of any shares registered in any part of the register shall, during the continuance of such registration, be registered in any other part of the register.

The alteration or rectification of each part of the register of shareholders shall be conducted in accordance with the laws of the place(s) where that part of the register is maintained.

(Article 37 of the Mandatory Provisions)

Article 49 All the fully paid-up H shares may be freely transferred in accordance with these Articles of Association. However, the board may refuse to recognize any instrument of transfer without giving any reason, unless:

- (1) a fee (for each share certificate) of 2.5 Hong Kong dollars or any higher fee as agreed by the Hong Kong Stock Exchange has been paid to the Company for registration of any instrument of transfer or other document(s) which is related to or will affect title of the shares;

- (2) the instrument of transfer only involves H Share;
- (3) the stamp duty chargeable on the instrument of transfer has been paid;
- (4) the relevant share certificate and, upon the reasonable request of the board, any evidence in relation to the right of the transferor to transfer the shares have been submitted;
- (5) if it is intended to transfer the shares to joint holders, then the maximum number of joint holders shall not exceed 4; and
- (6) the Company does not have any lien on the relevant shares.

(Rule 1(1), 1(2) and 1(3) of Appendix 3 to the Listing Rules)

Article 50 No changes in the register of shareholders due to the transfer of shares may be made within 30 days before the date of a general meeting or within 5 days before the record date for the Company's distribution of dividends.

(Article 38 of the Mandatory Provisions)

Article 51 Where the Company decides to convene a general meeting, distribute dividends, liquidate and carry out other activities which would require the determination of shareholdings, the board shall fix a record date for the purpose of determining shareholdings. A person who is registered in the register as shareholder(s) at the end of the record date shall be a shareholder of the Company.

(Article 39 of the Mandatory Provisions)

Article 52 Any person aggrieved and claiming to be entitled to have his name to be entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

(Article 40 of the Mandatory Provisions)

Article 53 Any person who is a registered shareholder or who claims to be entitled to have his name entered into the register of shareholders may, if his share certificate (the "Original Certificate") is lost, apply to the Company for an issue of replacement certificate(s) in respect of such shares (the "Relevant Shares").

If a shareholder of domestic shares loses his share certificate(s) and applies

to the Company for a replacement certificate, it shall be dealt with in accordance with Article 144 of the Company Law.

If a shareholder of overseas listed foreign shares loses his share certificate(s) and applies to the Company for a replacement certificate, it may be dealt with in accordance with the laws of the place where the original register of holders of overseas listed foreign shares is maintained, rules of the stock exchanges or other relevant regulations.

If a shareholder of H Shares loses his share certificate(s), the issue of a replacement 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 stating the grounds upon which the application is made and the circumstances and the evidence of the loss, and declaring that no other person is entitled to have his name entered in the register of shareholders in respect of the Relevant Shares.
- (2) Before the Company decides to issue the replacement certificates, no statement made by any person other than the applicant declaring that his name shall be entered in the register of shareholders in respect of such shares has been received.
- (3) The Company shall, if it intends to issue a replacement certificate, publish an announcement of its intention at least once every 30 days in a period of 90 consecutive days in such newspapers as may be prescribed by the board.
- (4) The Company shall have, prior to the announcement of its intention to issue a replacement certificate,
  1. delivered to the stock exchange on which its shares are listed a copy of the announcement to be published, and may publish the announcement upon receiving confirmation from such stock exchanges that the announcement has been exhibited in the premises of the said stock exchanges. Such announcement shall be exhibited in the premises of the said stock exchanges for a period of ninety days.
  2. In the case of an application made without the consent of the

registered holder of the Relevant Shares, the Company shall deliver by mail to such registered shareholder a copy of the announcement to be published.

- (5) If, by the expiration of the 90-day period referred to in clauses (3) and (4) of this Article, the Company has not received from any person notice of any disagreement to such application, the Company may issue a replacement certificate to the applicant accordingly.
- (6) Where the Company issues a replacement certificate under this Article, it shall forthwith cancel the Original Certificate and enter the cancellation and issue in the register of shareholders accordingly.
- (7) All expenses relating to the cancellation of Original Certificate and the issue of a replacement new share certificate by the Company shall be borne by the applicant and the Company is entitled to refuse to take any action until reasonable guarantee for such expenses is provided by the applicant.

(Article 41 of the Mandatory Provisions)

Article 54           Where the Company issues a replacement certificate pursuant to these Articles, the name of a bona fide purchaser gaining possession of such new share certificate or the person who is subsequently entered in the register of shareholders as holder of such shares (if he is a bona fide purchaser) shall not be removed from the register of shareholders.

(Article 42 of the Mandatory Provisions)

Article 55           The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the Original Certificate or the issue of the new share certificate, unless the claimant proves that the Company has acted deceitfully.

(Article 43 of the Mandatory Provisions)

## **Chapter 7   The Rights and Obligations of Shareholders**

Article 56           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 bear obligations according to the class and proportion of the shares held by him; shareholders who hold shares of the same class shall enjoy the same rights and bear the same obligations.

(Article 44 of the Mandatory Provisions)

Article 57 The Company shall not take the power to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

(Rule 12 of Appendix 3 to the Listing Rules)

Article 58 Where there are joint shareholders, in the case of the death of one of the joint shareholders, the other surviving persons who are joint shareholders shall be deemed to be the person(s) as having the title of such shares, but the board has the right to require the provisions of his death certificate for the purpose of revising the register of shareholders. For the joint holders of any shares, the shareholder ranked first on the register of shareholders has the only right to receive the share certificates of relevant shares, notices from the Company, to attend the general meeting and to exercise the voting rights. Any notice delivered to such person shall be deemed as delivered to all joint shareholders of relevant shares.

Article 59 The ordinary shareholders of the Company shall enjoy the following rights:

- (1) the right of dividends and other distributions in proportion to the number of shares held;
- (2) the right to attend or appoint a proxy to attend shareholders' meetings and to vote thereat;
- (3) the right of supervisory management over the Company's business operations, and the right to present proposals or enquiries;
- (4) the right to transfer his shares in accordance with laws, administrative regulations and the Articles of Association;
- (5) the right to obtain relevant information in accordance with the provisions of these Articles of Association, including:
  1. the right to inspect these Articles of Association, subject to



payment of a fee;

2. the right to inspect, subject to payment of a reasonable fee:
  - (1) all parts of the register of shareholders;
  - (2) counterfoil of bonds of the Company;
  - (3) personal particulars of each of the directors, supervisors, general manager, deputy general manager and other senior management officer of the Company, including:
    - (a) present and former name and alias;
    - (b) principal address (residence);
    - (c) nationality;
    - (d) primary and all other part-time occupations and duties;
    - (e) identification documents and their relevant numbers;
  - (4) reports on the state of the Company's issued share capital;
  - (5) reports showing the aggregate nominal value, quantity, highest and lowest price paid in respect of each class of shares repurchased by the Company since the end of last accounting year and the aggregate expenses paid by the Company for such purpose (with a breakdown between domestic shares and H shares);
  - (6) minutes of the general meeting;
  - (7) minutes of the board meeting;
  - (8) minutes of the supervisory committee meeting;
  - (9) financial and accounting reports;
  - (10) the Company's latest audited financial statements and the respective reports of the board, accountants and supervisory committee;
  - (11) special resolutions of the Company;

- (12) a copy of the latest annual return which have been filed with the State Administration for Industry & Commerce of the PRC or other competent authority.

The Company shall make available at a place in Hong Kong as designated by the directors from time to time for inspection by the public and shareholders free of charge, and for copying by shareholders at reasonable charge, the documents specified in (1),(4),(10),(11) and (12) and for shareholders only, the documents specified in (6).

- (6) In the event of the termination or liquidation of the Company, the right to participate in the distribution of surplus property of the Company in accordance with the proportion of shares held;
- (7) Other rights conferred by laws, administrative regulations and the Articles of Association.

(Article 45 of the Mandatory Provisions)

(Rule 19A.50 of Chapter 19A in the Listing Rules)

#### Article 60

The ordinary shareholders of the Company shall undertake the following obligations:

- (1) to abide by these Articles of Association;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) to comply with the other obligations imposed by laws, administrative regulations and these Articles of Association.

Shareholders are not liable to make any further contribution to the share capital other than as agreed by the subscriber of the relevant shares on subscription.

(Article 46 of the Mandatory Provisions)

#### Article 61

In addition to the obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchange on which shares of the Company are listed, a controlling shareholder shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the

interests of all or part of the shareholders of the Company:

- (1) to relieve a director, supervisor of his duty to act honestly in the best interests of the Company;
- (2) to approve the expropriation by a director, supervisor (for his own or others' benefit), in any guise, of the Company's assets, including but not limited to opportunities beneficial to the Company;
- (3) to approve the expropriation by a director, supervisor (for his own or others' benefit) of the individual rights of other shareholders, including but not limited to rights to distributions and voting rights save pursuant to a restructuring submitted to general meeting for approval in accordance with these Articles of Association.

(Article 47 of the Mandatory Provisions)

Article 62

For the purpose of the foregoing Article, a "controlling shareholder" refers to a person whose shares accounts for more than 50% of the total amount of share capital of the Company or who satisfies any one of the following conditions:

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

(Article 48 of the Mandatory Provisions)

## **Chapter 8 General Meeting**

Article 63

The general meeting shall be the source of authority of the Company and shall exercise its powers according to the laws.

(Article 49 of the Mandatory Provisions)

Article 64

The general meeting shall exercise the following functions and powers:

- (1) to decide on the Company's operational policies and investment plans;
- (2) to elect and replace the directors who are not representatives of the staff and workers, and decide on matters relating to the remuneration of directors;
- (3) to elect and replace the supervisors who are not representatives of staff and workers, and to decide on matters relating to the remuneration of supervisors;
- (4) to examine and approve reports of the Board;
- (5) to examine and approve reports of the supervisory committee;
- (6) to examine and approve the Company's proposed annual financial budget and final accounts;
- (7) to examine and approve the Company's proposals for profit distribution and for recovery of losses;
- (8) to decide on increase or reduction in the Company's registered capital;
- (9) to decide on matters such as merger, demerger, dissolution and liquidation of the Company;
- (10) to decide on the issue of bonds by the Company;
- (11) to decide on the appointment, dismissal and non-reappointment of the accounting firm;
- (12) to amend the Articles of Association;
- (13) to consider motions raised by shareholders who represent 5% (including 5%) or more of the total shares of the Company carrying voting rights;
- (14) to decide on other matters which require resolutions of the general

meetings according to the relevant laws, administrative regulations and these Articles of Association.

(Article 50 of the Mandatory Provisions)

Article 65 The general meeting may authorise or delegate the board to deal with the matters authorised or delegated.

Article 66 The Company shall not, without the prior approval of the general meeting, enter into any contract with any person other than a director, supervisor, general manager, deputy general manager or other senior management officer whereby the management of the whole or any substantial part of the business of the Company is to be handed over to such person.

(Article 51 of the Mandatory Provisions)

Article 67 General meetings are divided into annual general meetings and extraordinary general meetings. General meetings shall be convened by the board. Annual general meetings are held once every year and within six months from the end of the preceding financial year.

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

- (1) the number of directors is less than that is required by the Company Law or two-third of the number of directors specified in these Articles of Association;
- (2) the accrued losses of the Company amount to one-third of the total amount of its share capital;
- (3) shareholder(s) holding 10% (including 10%) or more of the Company's issued and outstanding shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting;
- (4) it is deemed necessary by the board or proposed by the supervisory committee to convene an extraordinary general meeting;
- (5) when the accounting firm as engaged by the Company requests to convene an extraordinary general meeting in accordance with Article 182 of these Articles of Association;

(6) more than 2 independent directors propose to convene the meeting.

(Article 52 of the Mandatory Provisions)

Article 68 Written notices of a general meeting shall be given 45 days before the date of the meeting to notify all of the shareholders in the share register of the matters to be considered, the date and the place of the meeting. A shareholder who intends to attend the general meeting shall deliver his written reply concerning attendance at the general meeting to the Company 5 days before the date of the meeting.

(Article 53 of the Mandatory Provisions)

Article 69 When the Company convenes the annual general meeting, shareholders holding 3% (including 3%) or more of the total voting shares of the Company, are entitled to propose ad hoc motions in writing to the Company. The Company shall place such ad hoc motions on the agenda for such meeting if they are matters falling within the scope of duties of the general meeting.

(Article 54 of the Mandatory Provisions)

In the event that these new motions are new matters unspecified in the notice of the board meeting while at the same time they are matters prohibited from voting by way of correspondence in place of personal attendance, the proposer of the motion shall submit such motion to the board in writing ten days before the general meeting. The board shall issue a notice informing other shareholders within two days from the date of receipt of such motion, and publish an announcement after examination.

Where the largest substantial shareholder proposes a new motion on profit distribution, the motion shall be submitted to the board at least ten days before the date of the annual general meeting for announcement by the board. If the motion is submitted less than ten days before the annual general meeting, the largest substantial shareholder shall not propose any new motion in relation to profit distribution at the forthcoming annual general meeting.

Other than the above, motions may be submitted to the board for the board's announcement before the annual general meeting, or may be proposed at the annual general meeting directly.

Article 70

The Company shall, based on the written replies received 5 days before the date of the general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting reaches more than one half of the Company's total voting shares, the Company may hold the general meeting; if not, then the Company shall within 5 days notify the shareholders again by public announcement of the matters to be considered, and the place and date for the meeting. The Company may then hold the general meeting after such publication of announcement. Such announcement shall be published in newspapers.

An extraordinary general meeting shall not decide on any matter not specified in the notice of meeting.

(Article 55 of the Mandatory Provisions)

(Rule 7(1) of Appendix 3 to the Listing Rules)

Article 71

A notice of meeting of shareholders shall:

- (1) be in writing;
- (2) specify the place, the date and time of the meeting;
- (3) state the matters to be considered at the meeting;
- (4) provide such information and explanation as are necessary for the shareholders to make an informed decision on the proposals put before them. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase shares, to reorganise the share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such proposal must be properly explained;
- (5) contain a disclosure of the nature and extent of any material interests of any director, supervisor, general manager, deputy general manager and other senior management officer in the proposed transaction and the effect of the proposed transaction on them in their capacity as shareholders in so far as it is different from the

effect on the interests of the shareholders of the same class;

- (6) contain the full text of any special resolution to be proposed at the meeting;
- (7) contain a conspicuous statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote at the meeting on his behalf and that a proxy need not be a shareholder;
- (8) specify the time and place for lodging proxy forms for the relevant meeting.

(Article 56 of the Mandatory Provisions)

#### Article 72

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

The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities governing authority under the State Council within the interval between 45 days and 50 days before the date of the meeting; after publication of such announcement, the holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' meeting.

(Article 57 of the Mandatory Provisions)

(Rule 7(1) of Appendix 3 to the Listing Rules)

#### Article 73

The accidental omission to give notice of a meeting to, or the failure to receive the notice of a meeting by, any person entitled to receive notice shall not invalidate the meeting or the resolutions adopted thereat.

(Article 58 of the Mandatory Provisions)

#### Article 74

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



from such shareholder:

- (1) the shareholder's right to speak at the meeting;
- (2) the right to demand or join in demanding a poll;
- (3) the right to vote 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 59 of the Mandatory Provisions)

If a shareholder is a recognized clearing house ("Recognized Clearing House", as defined in the relevant regulations stipulated at any time in accordance with the Hong Kong Law) (or its nominee), it may, as it sees fit, appoint one or more persons as its proxies to attend and vote at any general meeting or class meeting. However, if more than one person is appointed, the instrument of proxy shall specify the number and class of the shares relating to each such proxy so authorised. Such proxy so authorised may exercise the rights of such shareholder (or its nominee) on its behalf in the same manner as the individual shareholder of the Company.

Article 75

The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a legal person, either under seal or under the hand of a director or attorney duly authorised. The power of attorney shall denote the shares held by the proxy on behalf of the shareholder. In the event that the appointer appoints more than one proxy, the power of attorney shall denote the number of shares held by each proxy on behalf of the shareholder.

(Article 60 of the Mandatory Provisions)

Article 76

The instrument appointing a voting proxy shall be deposited at the residence of the Company or at such other place as is specified for that purpose in the notice convening the meeting, not less than twenty-four hours before the time for holding the meeting at which the proxy propose to vote or the time appointed for the passing of the resolution. If such instrument is signed by a person on behalf of the appointor, the authorisation letter or other authorisation instruments shall be notarized, and such notarized letter or other instruments shall be deposited at the residence of the Company or at such other place as is specified for that purpose in the notice convening the meeting.

If the appointer is a legal person, its legal representative or such person as is authorised by resolution of its board of directors or other governing bodies may attend at the meetings of shareholders of the Company as a representative of the appointer.

(Article 61 of the Mandatory Provisions)

Article 77 Any instrument issued to a shareholder by the board of the Company for use in appointing a proxy to attend and vote at meetings of the Company shall be in such format as to enable the shareholder to instruct the proxy to vote for or against the motions according to his free will, and instructions shall be given in respect of each individual matter to be voted at the meeting. The instrument of proxy shall contain a statement that in the absence of instructions by the shareholder the proxy may vote as he thinks fit.

(Article 62 of the Mandatory Provisions)

Article 78 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or loss of capacity of the appointer or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that the Company did not receive any written notice in respect of any such matters prior to the commencement of the relevant meeting.

(Article 63 of the Mandatory Provisions)

Article 79 The proxies of the shareholders attending at the general meeting on behalf of individual shareholders shall produce the power of attorney and proof of their identities. In the case of the proxies of a corporate shareholder, they shall produce proof of their identities and evidence as legal representative or the duly notarized copy of the resolution for appointing such proxies by the board of such corporate shareholder or other authorities in charge.

Article 80 Resolutions of general meetings shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution must be passed by votes representing more than one-half of the voting rights represented by the shareholders (including the proxies) present at the meeting.

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

If any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

Shareholders (including their proxies) present at the meeting when voting on any resolution shall clearly express whether they are voting for or against each of the matters to be voted. Any waiver of or abstention from voting shall not be counted in the voting result by the Company in relation to the relevant matters.

(Article 64 of the Mandatory Provisions)

(Rule 14 of Appendix 3 to the Listing Rules)

Article 81            When voting at the general meeting, shareholders (including their proxies) may exercise their voting rights in accordance with the number of their voting shares and each share shall have one vote.

(Article 65 of the Mandatory Provisions)

Article 82            Any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a motion which relates purely to a procedural or administrative matter to be voted on by a show of hands.

Procedural and administrative matters are those that:

- (1) are not on the agenda of the general meeting or in any supplementary circular to shareholders; and
- (2) which relate to the duties of the chairman of a meeting to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all shareholders a reasonable opportunity to express their views.

Article 83            On a poll taken at a meeting, a shareholder (including his proxy) entitled to

two or more votes need not cast all his votes in the same way.

(Article 68 of the Mandatory Provisions)

Article 84 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a casting vote.

(Article 69 of the Mandatory Provisions)

Article 85 The following matters shall be resolved by an ordinary resolution at the general meeting:

- (1) work reports of the board and the supervisory committee;
- (2) plans formulated by the board for distribution of profits and for recovery of losses;
- (3) removal of the members of the board and of the supervisory committee, their remuneration and method of payment;
- (4) annual financial budget and final reports, balance sheets, profit and loss statements and other financial statements of the Company;
- (5) matters other than those specified by laws, administrative regulations or these Articles of Association to be resolved by special resolutions.

(Article 70 of the Mandatory Provisions)

Article 86 The following matters shall be resolved by a special resolution at a general meeting:

- (1) the increase or reduction in share capital and the issue of shares of any class, warrants and other similar securities of the Company;
- (2) the issue of bonds of the Company;
- (3) the demerger, merger, dissolution and liquidation of the Company;
- (4) amendments to these Articles of Association;
- (5) any other matters considered by the general meeting by way of an ordinary resolution to be of a nature which may have a material impact on the Company and shall be adopted by a special resolution.

(Article 71 of the Mandatory Provisions)

Article 87 Shareholders requisitioning the convening of an extraordinary general meeting or a class meeting shall abide by the following procedures:

- (1) Two or more shareholders holding in aggregate 10% (including 10%) or more of the shares carrying the voting right at the meeting sought to be held shall sign one or more counterpart requisitions in writing stating the objectives of the meeting and requiring the board to convene an extraordinary general meeting or a class meeting. The board shall as soon as possible proceed to convene the extraordinary general meeting or a class meeting after receiving the requisition.

The amount of shareholdings referred to above shall be calculated as at the date of the deposit of the requisition.

- (2) If the board does not serve the notice of the convening a meeting after 30 days of receiving the written requests aforesaid, such shareholders may convene such a meeting in a manner as similar as possible as that in which shareholders' meeting are to be convened by the board within four months from the date of receipt of the requisition by the board.

Any reasonable expenses incurred by the requisitions by reason of the failure of the board to duly convene a meeting shall be repaid to the shareholders by the Company and any sum so repaid shall be set off against sums owed by the Company to the directors in default.

(Article 72 of the Mandatory Provisions)

Article 88 A general meeting shall be convened and presided over by the chairman of the board. If the chairman is unable to attend the meeting for any reason, the vice chairman of the board shall take the chair of the meeting. In the event that the vice chairman is incapable of performing or not performing his duties, then more than one-half of the directors shall jointly elect one director to be the chairman of the meeting.

(Article 73 of the Mandatory Provisions)

Article 89 The chairman of the meeting shall be responsible for determining whether a resolution thereat is passed. His decision, which is final and conclusive,

shall be announced at the meeting and recorded in the minutes of meeting.

(Article 74 of the Mandatory Provisions)

Article 90 If the chairman of the meeting has any doubt as to the result of a resolution put to the vote at the meeting, he may have the votes counted. If the chairman of the meeting fails to have the votes counted, any shareholder present in person or by proxy and who objects to the result announced by the chairman of the meeting may demand that the votes be counted immediately after the declaration of the result, and the chairman of the meeting shall have the votes counted promptly.

(Article 75 of the Mandatory Provisions)

Article 91 If votes are counted at a general meeting, the vote counting result shall be entered in the minutes of the meeting.

(Article 76 of the Mandatory Provisions)

Article 92 The general meeting shall keep minutes of its decisions on the matters considered. Directors attending the meeting shall sign their names on the minutes of the meeting. The minutes of meeting together with the attendance register of the attending shareholders and the power of attorney of their proxies shall be kept at the legal residence of the Company.

(Article 76 of the Mandatory Provisions)

Article 93 Copies of the minutes of general meeting shall be available for inspection free of charge by shareholders during business hours of the Company. If a shareholder requests the Company for a copy of such minutes, the Company shall send a copy of such minutes to him within 7 days after having received a reasonable fee.

(Article 77 of the Mandatory Provisions)

Article 94 The Company must announce the poll results at the general meeting as soon as possible, but in any event at least 30 minutes before the earlier of either the commencement of the morning trading session or any pre-opening session on the first business day after the general meeting.

The poll results announcement must include the number of:

(1) the number of shares entitling the holders to attend and vote on a

resolution at the meeting;

- (2) the number of shares entitling the holders to attend and abstain from voting for as set out in Rule 13.40 of the Listing Rules;
- (3) the number of shares of holders that are required under the Listing Rules to abstain from voting;
- (4) the number of shares actually voted for a resolution; and
- (5) the number of shares actually voted against a resolution.

The Company shall appoint its accounting firm, share registrar or external accountants who are qualified to serve as its accountants as scrutineer for the vote-counting and state the identity of the scrutineer in the announcement. The Company shall also state in the announcement whether or not any parties that have stated their intention in the circular to vote against the relevant motion or to abstain from voting have done so at the general meeting.

(Rule 13.39 (5) of Chapter 13 in the Listing Rules)

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

Article 95 Those shareholders holding different classes of shares are shareholders of different classes. Apart from the holders of other classes of shares, the holders of domestic shares and holders of overseas listed foreign shares shall be shareholders of different classes.

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

The special procedures for voting at any meeting of a class of shareholders shall not apply to the following circumstances:

- (1) where the Company issues, upon the approval by special resolution in general meeting, either separately or concurrently once every 12 months, not more than 20% of each of its issued and outstanding domestic shares and overseas listed foreign shares; or

- (2) where the Company's plan to issue domestic shares and overseas listed foreign shares at the time of its incorporation is carried out within 15 months from the date of approval by the securities regulatory authority under the State Council Securities Policy Committee.

(Article 78, Article 85 of the Mandatory Provisions)

(Section 1(f) of Appendix 13D to the Listing Rules)

Article 96 Rights conferred on any class of shareholders in the capacity of shareholders may not be varied or abrogated unless approved by a special resolution of general meeting and by holders of shares of that class at a separate meeting conducted in accordance with Article 95, Articles 99 to 101 in these Articles of Association.

(Article 79 of the Mandatory Provisions)

Article 97 The following circumstances shall be deemed to be variation or abrogation of the rights of a class of shareholders:

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



- (6) to remove or reduce rights attached to shares of such class to receive payment payable by the Company in particular currencies;
- (7) to create a new class of shares having voting or equity rights or privileges equal or superior to those of the shares of such class;
- (8) to restrict the transfer or title of the shares of such class or add to such restriction;
- (9) to issue rights to subscribe for, or convert into, shares in the Company of such class or another class;
- (10) to increase the rights and privileges of shares of another class;
- (11) to restructure the Company in such 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 80 of the Mandatory Provisions)

#### Article 98

Shareholders of the affected class, whether or not otherwise having the voting right at general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning Clauses (2) to (8), (11) to (12) of Article 97 of these Articles of Association, but interested shareholder(s) shall not be entitled to vote at class meetings.

The meaning of “interested shareholder(s)” as mentioned in the preceding paragraph refer to:

- (1) in the case of a repurchase of shares by offers to all shareholders on a pro rata basis or public dealing on a stock exchange under Article 35 of these Articles of Association , a “controlling shareholder” within the meaning of Article 62 of these Articles of Association;
- (2) in the case of a repurchase of share by an off-market agreement under Article 35 of these Articles of Association, a holder of the shares to which the proposed agreement relates;
- (3) in the case of a restructuring of the Company, a shareholder within a class who bears a relatively lower proportion of obligation than the obligations imposed on the shareholders of that class under the

proposed restructuring or who has an interest in the proposed restructuring different from the general interest of shareholders of that class.

(Article 81 of the Mandatory Provisions)

Article 99 Resolutions of a class of shareholders shall be passed by votes representing more than two-third of the voting rights of shareholders of that class represented at the relevant meeting who, according to Article 96 of these Articles of Association , are entitled to vote at class meetings.

(Article 82 of the Mandatory Provisions)

Article 100 Written notice of a class meeting shall be given 45 days before the date of the class meeting to notify all of the shareholders in the share register of such class of the matters to be considered, the date and the place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his written reply concerning attendance at the class meeting to the Company 20 days before the date of the class meeting.

If the number of shares carrying voting rights at the class meeting represented by the shareholders who intend to attend the meeting reaches more than one half of the voting shares at the class meeting, the Company may hold the class meeting; if not, the Company shall within 5 days notify the shareholders again by public announcement of the matters to be considered, the date and the place for the class meeting. The Company may then hold the class meeting after publication of such announcement. Such announcement shall be published in newspapers.

(Article 83 of the Mandatory Provisions)

(Rule 7(1) of Appendix 3 to the Listing Rules)

Article 101 Notice of class meetings need only be served on shareholders entitled to vote thereat.

Any meeting of a class of shareholders shall be conducted in a manner as similar as possible to that of a general meeting. The terms of these Articles of Association relating to the manner to conduct any general meeting shall apply to any meeting of a class of shareholders.

(Article 84 of the Mandatory Provisions)

## **Chapter 10 Board of Directors**

Article 102 The Company shall have the board which is the Company's standing authority organ.

Article 103 The board shall consist of nine directors in which, among others, external directors (i.e. those not holding any position in the Company) shall account for more than one-third (including one-third) of the board and among the external directors, there shall be three or more independent directors. Independent directors are the directors independent of the shareholders and not holding any position in the Company and comply with the Listing Rules promulgated by The Hong Kong Stock Exchange relating to the qualifications of the independent directors. In particular, at least one independent director shall hold appropriate professional qualifications or appropriate accounting or related financial management expertise. The board shall have one chairman.

(Article 86 of the Mandatory Provisions)

Article 104 Directors shall be elected at the general meeting, for a 3-year term of office. Upon the expiry of his term, a director shall be eligible for re-election.

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

The shortest notice period for a notice in writing to propose a person for election as a director and for that person to deliver to the Company a notice in writing of his willingness to be elected shall be seven days. Such notice period shall commence no earlier than the date after the despatch of the notice of the general meeting appointed for such election and end no later than seven days (or before) prior to the date of such general meeting.

The chairman shall be elected and removed by more than one-half of all the directors. The chairman shall have a 3-year term of office and be eligible for re-election.

The general meeting may, on the condition that the relevant laws and administrative regulations are fully complied with, by ordinary resolution remove any director before the expiration of his term of office (but without

prejudice to such director's rights to claim damages based on any contract).

External director shall have sufficient time and the necessary knowledge and ability in order to be capable of performing his duties. In performing his duties by an external director, the Company shall provide necessary information. Among other things, independent directors may report directly to the general meeting, the securities supervisory and regulatory body under the State Council and to other relevant departments.

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

(Article 87 of the Mandatory Provisions)

(Rule 4(2), (3), (4), (5) of Appendix 3 to the Listing Rules)

(Article 6 of the Opinions)

#### Article 105

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

- (1) to be responsible for the convening of the general meeting and to report on its work to the general meeting;
- (2) to implement the resolutions of the general meeting;
- (3) to decide on the Company's business plans and investment plans;
- (4) to formulate the Company's proposed annual financial budget and financial accounts;
- (5) to formulate the Company's proposals for profit distribution and for recovery of losses;
- (6) to formulate proposals for the increase or reduction of the Company's registered capital and the issue of bonds of the Company;
- (7) to prepare proposals for the material acquisition or disposal of the Company and plans for the merger, demerger or dissolution of the Company;
- (8) to decide on the Company's internal management structure;

- (9) to appoint or dismiss the Company's general manager, and based on the recommendation of the general manager to appoint or dismiss the deputy general manager, financial officers of the Company and decide on their remunerations;
- (10) to formulate the Company's basic management system;
- (11) to formulate proposals for amendments to these Articles of Association;
- (12) to decide on the Company's other material matters and administrative affairs and execute other important agreements other than those matters which are required to be determined at the general meetings pursuant to the Company and these Articles of Association; and
- (13) to exercise any other powers conferred by these Articles of Association or the general meeting.

Except for resolutions of the board of directors in respect of the matters specified in Clauses (6), (7) and (11) of this Article which shall be passed by more than two-third of all the directors, resolutions of the board in respect of all other matters may be passed by more than one half of all the directors.

The resolution in relation to the Company's connected transactions shall only take effect after the signing by the independent directors.

(Article 88 of the Mandatory Provisions)

#### Article 106

The board of directors shall not, without the prior approval of general meeting, dispose of or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of the consideration for the proposed disposal and the value of the consideration for any disposal of fixed assets in the four months immediately preceding the proposed disposal, exceeds 33% of the value of the Company's fixed assets as stated in the latest balance sheet considered and approved by the general meeting.

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

Any breach of the first paragraph of this Article shall not affect the validity of any transaction entered into by the Company in disposing of fixed assets.

When the board makes decisions in relation to market development, merger and acquisition, investments in a new domain etc., for the projects in which the amount of investment or of assets under the merger or acquisition represents more than 10% of its total asset amount, the board shall appoint a public consultancy institution to provide professional advice as the key reference for the board in their decision making.

(Article 89 of the Mandatory Provisions)

Article 107        The board of directors shall perform its duties in accordance with State laws, administrative regulations, the Articles of Association and resolutions of the general meeting.

Article 108        The chairman of the board shall exercise the following functions and powers:

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

If the chairman of the board is unable to exercise his power, he may designate other directors to exercise such powers on his behalf.

(Article 90 of the Mandatory Provisions)

Article 109        Board meetings shall be held at least four times every year, about once every quarter and be convened by the chairman of the board. Notice of the meeting shall be given to all directors fifteen days before the convening of the meeting. For the urgent matters, a special board meeting may be held upon requisition by more than one-third of the directors, the supervisory committee or general manager of the Company.

(Article 91 of the Mandatory Provisions)

Article 110 Notice of meetings of the board shall be delivered by the means as follows:

- (1) no notice is required if the timing and venue of the meetings have been decided by the board in advance.
- (2) if the board has not decided the timing and venue of the meetings, the chairman of the board shall deliver notices of the meetings to directors by email, telegraph, facsimile, express delivery service, registered mail or by hand at least seven days before the meetings.
- (3) such notices shall be in Chinese, with English version when necessary, and shall include the meeting agendas and relevant meeting documents. Any director may waive his rights to receive the notice of board meeting.
- (4) if any director who attends the meeting but has not raised any objection before or upon attendance that he has not received the notice of the meeting, such director shall be deemed to have received the notice of the meeting.
- (5) any regular or special board meeting may be held by way of telephone conference or one using similar communication equipment so long as all directors participating in the meeting can clearly hear and communicate with each other. All such directors shall be deemed to be present in person at the meeting.

(Article 92 of the Mandatory Provisions)

Article 111 With regard to significant matters that require board decision, the Company shall notify all directors within the prescribed time limit under Article 110 of these Articles of Association, sufficient information shall be supplied and the stipulated requirements in relation to the conduct of procedure shall be strictly adhered to. Directors may request the provision of supplemental materials.

(Article 3 of the Opinions)

Article 112 Board meetings shall be held only if more than one-half of the directors are present.

Each director shall have one vote. A resolution of the board must be passed by more than one-half of all the directors. In the case of an equality of votes, the chairman of the board shall have a casting vote.

When more than one-fourth of directors or more than 2 external directors are of the view that the materials are insufficient or are inadequately explained, they may jointly propose to the board for a postponement of the board meeting or for a postponement of determination of part of the matters concerned. The board shall adopt such proposal.

(Article 93 of the Mandatory Provisions)

Article 113        Directors shall attend any board meeting in person. Where a director is unable to attend with cause, he may in writing authorise another director to attend the board meeting on his behalf. The instrument of proxy shall specify the scope of authorisation.

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

For matters which need to be approved at a special board meeting, in lieu of convening a board meeting, a written resolution may be adopted by the board if such proposed resolution has been sent to all directors and affirmatively signed and adopted by the number of directors necessary to make such a decision as stipulated in Article 112 of these Articles of Association.

(Article 94 of the Mandatory Provisions)

Article 114        The board shall keep minutes of its decisions on the matters considered including any doubts or opposing opinions raised by the directors. Directors, the secretary to the board attending the meeting and the person taking the minutes shall sign their names on the minutes of the meeting. Opinions of independent directors shall be specified in the resolution of the board. Directors shall be responsible for the resolutions of the board. Where a resolution of the board violates laws, administrative regulations or these Articles of Association and causes serious losses to the Company, the directors who took part in such a resolution shall be liable to compensate



the Company. However, if a director can prove that he had expressed his opposition to such resolution when it was put to the vote, and such opposition is recorded in the minutes of the meeting, such director may be relieved of such liability.

Minutes of each board meeting shall be provided to all directors for review as soon as possible. Any director intending to amend or supplement the minutes shall submit the amendment opinions in writing to the chairman of the board within one week after receipt of the minutes. After finalization, the minutes of the board shall be signed by all directors who have attended the meeting and the minutes recording person. Minutes of the board meeting shall be properly kept at the residence of the Company and a complete copy shall be sent to each director as soon as possible.

The proposal in writing may be used to substitute the meeting of the board, and such proposal shall be integral and comprehensive, and shall be delivered to every director by hand (including express delivery service), by mail or by facsimile. If the proposal has been circulated to all directors, if the number of the directors who have clearly expressed agreement has reached that for the decision-making, and if such has been submitted to the secretary of the board, such proposal shall become a resolution of the board, and no board meeting shall be required.

(Article 95 of the Mandatory Provisions)

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

Article 115        The Company shall have a secretary to the board of the Company, who is a senior management officer of the Company.

(Article 96 of the Mandatory Provisions)

Article 116        The Secretary to the Board of the Company shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the board. The primary responsibilities of the secretary to the board of the Company are:

- (1) to ensure that Company has maintained complete constitution documents and records;

- (2) to ensure that the Company prepares and delivers in accordance with law those reports and documents required by relevant authorities entitled thereto;
- (3) to ensure that the Company's registers of shareholders are properly maintained, and that persons entitled to the relevant records and documents of the Company are furnished with such records and documents without delay;

(Article 97 of the Mandatory Provisions)

- (4) to assist directors in performing the daily functions of the board, continuously provide, remind and ensure that directors understand the rules, policies and requirements of local and overseas regulatory bodies on the Company's operations, assist directors and general manager to exercise their powers in accordance with the local and overseas laws and regulations, these Articles of Association and other relevant regulations;
- (5) to be responsible for organizing and preparing documents for Board meetings and general meeting, preparing minutes, ensuring that resolutions are passed in accordance with procedures required by law and be informed about the implementation of the board resolutions;
- (6) to be responsible for organizing and coordinating the disclosure of information, maintaining investor relations and enhancing the Company's transparency;
- (7) to participate and coordinate fund raising in the capital markets;
- (8) to maintain relationships with market intermediaries, regulatory bodies, media and maintaining public relations.

(Chapter 1 of the Guidelines for Company Secretaries)

Article 117

The scope of the duties of the secretary to the board of the Company includes the following:

- (1) to coordinate and organize board meetings and general meetings, prepare the relevant materials for the meetings, arrange matters relating to the meetings, be responsible for taking minutes and ensuring the accuracy of the minutes, keeping documents and

minutes of the meetings, actively informing himself of the implementation of relevant resolutions, reporting and providing recommendations to the board on material matters that are being implemented;

- (2) to ensure that material decisions of the board are performed strictly in accordance with the relevant requirements. Upon the request of the Board, participate in the consultation and analysis of the matters before the Board and offer his opinions and make recommendations accordingly, be authorised to perform the daily functions of the Board and other committees;
- (3) to act as the Company's contact person with securities regulatory bodies, be responsible for organizing, preparing and submitting documents required by such regulatory bodies, accepting, organizing and completing tasks delegated by such regulatory bodies;
- (4) to be responsible for coordinating and arranging for the information disclosure of the Company, putting in place an appropriate disclosure mechanism, participating in all meetings relating to information disclosure, be made aware of the Company's material operating decisions and all related information;
- (5) to be responsible for keeping in confidence any price sensitive information of the Company, and put in place effective rules and systems for maintaining confidentiality of information. Where price sensitive information of the Company has been revealed to the public, take all necessary actions to rectify, explain and clarify and notify the overseas securities regulatory body of the place in which the Company's shares are listed and CSRC;
- (6) to be responsible for coordinating market publicity, reception of visitors, managing investor relations, maintaining relationships with investors, market intermediaries and mass media, ensuring that enquiries of the public are addressed, ensuring that investors receive information disclosed by the Company on a timely basis; to organize and prepare publicity campaigns of the Company locally and overseas, prepare reports summarizing market publicity and material visits and arrange to report any related matters to CSRC;

- (7) to be responsible for maintaining and keeping the register of shareholders, register of directors, information relating to shareholdings of substantial shareholders and directors, and a list of holders of bonds issued by the Company;
- (8) to assist directors and managers to exercise their powers in accordance with local and overseas laws, regulations, the Articles of Association and other relevant regulations. When the secretary is aware that the Company has made or may possibly pass the resolutions that are in breach of the relevant requirements, he has an obligation to remind and report such breach to CSRC and other regulatory bodies in a timely manner;
- (9) to coordinate the provision of necessary information to the Company's supervisory committee and other audit authorities to enable them to perform their supervisory functions, and assist the investigation of the integrity of the Company's financial controller, Directors and managers;
- (10) to perform other duties delegated by the Board and the other duties required by overseas regions.

(Chapter 2 of the Guidelines for Company Secretaries)

Article 118 A director or other senior management officer of the Company may hold the office of the Company secretary concurrently. However, any accountants from the accounting firm appointed by the Company shall not act as the secretary to the Board of the Company.

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

(Article 98 of the Mandatory Provisions)

## **Chapter 12 General Manager of the Company**

Article 119 The Company shall have one general manager, who shall be appointed and dismissed by the board. The Company shall have certain deputy general

managers with a 3-year term of office who shall be eligible for re-election. “General manager” herein shall have the same meaning as “manager” as in the Mandatory Provisions.

(Article 99 of the Mandatory Provisions)

Article 120 The general manager shall be accountable to the board and exercise the following functions and powers:

- (1) to be in charge of the Company’s production, operation and management and to organise the implementation of the resolutions of the board;
- (2) to organise the implementation of the Company’s annual business plans and investment plans;
- (3) to draft plans for the establishment of the Company’s internal management structure;
- (4) to establish the Company’s basic management system;
- (5) to formulate basic rules and regulations for the Company;
- (6) to propose the appointment or dismissal of the Company’s deputy general manager(s) and financial controller;
- (7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board;
- (8) to determine the awards and punishments, promotion and demotion, increase/reduction of salaries, appointment, employment, dismissal, and discharge of the staff and workers of the Company;
- (9) to act on behalf of the Company to deal with the material external affairs in accordance with the authorisation of the board;
- (10) other powers conferred by the Articles of Association and the board.

(Article 100 of the Mandatory Provisions)

Article 121 The general manager and deputy general manager may be present at board meetings. The general manager and deputy general manager have no voting rights at the board meetings unless he is also a director.

(Article 101 of the Mandatory Provisions)

Article 122 The general manager and deputy general managers shall not, in exercising their functions and powers, vary the resolutions of general meetings and board meetings or exceed the scope of their authorities.

Article 123 The general manager and deputy general managers shall, in exercising their functions and powers, act honestly and diligently in accordance with laws, administrative regulations and the Articles of Association.

(Article 102 of the Mandatory Provisions)

### **Chapter 13 Supervisory Committee**

Article 124 The Company shall have a supervisory committee. The supervisory committee is the Company's standing supervisory organ. Its responsibilities are to exercise supervision over the board and its members and other senior management officers including general manager and deputy general manager.

(Article 103 of the Mandatory Provisions)

Article 125 The supervisory committee shall comprise of five supervisors, for a 3-year term of office and be eligible for re-election.

The supervisory committee shall have one chairman, for a 3-year term of office and be eligible for re-election. The appointment and removal of the chairman of the supervisory committee shall be approved by two-thirds (including two-thirds) or more of the members of supervisory committee.

(Article 104 of the Mandatory Provisions)

(Section 1d(i) of Appendix 13D to the Listing Rules)

Article 126 Members of supervisory committee shall comprise of three representatives of shareholders and two representative of staff and workers of the Company. The representatives of shareholders shall be elected and removed by general meeting while the representative of staff and workers shall be elected and removed through democratic election by the staff and workers of the Company.

The supervisory committee shall have more than one-third of their members as external members (those members not holding office in the Company). The external members shall consist of more than two independent supervisors (those supervisors who are independent from the shareholders and not holding office in the Company). The external supervisors shall have the right to report to the general meeting of the honesty, diligence and performance of the management officers of the Company.

(Article 105 of the Mandatory Provisions)

Article 127 Directors, general manager, deputy general manager and financial controllers of the Company shall not act concurrently as supervisors.

(Article 106 of the Mandatory Provisions)

Article 128 Meeting of supervisory committee shall be held at least once every six months and be convened by the chairman of supervisory committee. A special supervisory committee meeting may be held upon requisition by the supervisors.

(Article 107 of the Mandatory Provisions)

Article 129 The supervisory committee is accountable to general meeting and shall exercise the following functions and powers in accordance with laws:

- (1) to examine the Company's financial affairs;
- (2) to supervise the directors, general manager, deputy general manager and other senior management officers of the Company to see whether they violate any laws, administrative regulations or these Articles of Association in performing their duties;
- (3) when the directors, general manager, deputy general manager and other senior management officers are performing acts which are harmful to the Company, to require the aforesaid persons to rectify their acts;
- (4) to verify financial information including financial reports, business reports, profit distribution plans proposed to be tabled at a general meeting by the board and appoint, in the name of the Company, a registered accountant or practicing auditor to assist in reviewing such

information should any queries arise;

- (5) to propose to convene an extraordinary general meetings;
- (6) to represent the Company in negotiating with any directors or lodge a lawsuit against any director;
- (7) other functions and powers as stipulated in these Articles of Association.

Supervisors are entitled to observe board meetings.

The supervisory committee may opine on the appointment of the accounting firm appointed by the Company, and where necessary, may otherwise appoint accounting firm in the name of the Company to separately audit the accounts of the Company, and may directly report to the securities supervisory and regulatory body under the State Council and to other relevant departments.

External supervisors shall report independently to the general meeting in relation to the performance of diligence and honesty of the Company's senior management officers.

(Article 108 of the Mandatory Provisions)

Article 130 Resolutions of the supervisory committee shall be made by the affirmative vote of two-thirds (including two-thirds) or more of all supervisors. The supervisory committee shall keep minutes of meeting in relation to the decisions made on the matters of the meeting. Supervisors present and the person taking the minutes shall sign on the minutes.

(Article 109 of the Mandatory Provisions)

(Section 1d(ii) of Appendix 13D to the Listing Rules)

Article 131 All reasonable fees incurred in respect of the employment of professionals such as lawyers, registered accountants or practicing auditors by the supervisory committee in exercising their functions and powers shall be borne by the Company.

(Article 110 of the Mandatory Provisions)

Article 132 Supervisors are required to faithfully perform their supervisory duties in



accordance with laws, administrative regulations and the Articles of Association.

(Article 111 of the Mandatory Provisions)

## **Chapter 14 Qualifications and Obligations of Directors, Supervisors, General Manager, Deputy General Manager and Other Senior Management Officers of the Company**

Article 133 A person shall not serve as a director, supervisor, general manager, deputy general manager or other senior management officers upon the occurrence of any of the following events:

- (1) the person is without civil capacity or with restricted civil capacity;
- (2) the person has committed the offence of corruption, bribery, taking of property, misappropriation of property or destruction of the social economic order, and has been sentenced to criminal punishment, where less than five years have elapsed since the date of completion of the sentence; or has been deprived of their political rights due to criminal offence, where less than five years have elapsed since the date of the completion of implementation of this deprivation;
- (3) the person is former director, factory director or managers of a company or corporate which has become bankrupt and been liquidated due to a mismanagement and be personally liable for the bankruptcy of such company or corporate, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of such company or corporate;
- (4) the person is legal representatives of a company or corporate which had its business license revoked due to violation of the law and be personally liable, where less than three years have elapsed since the date of the revocation of the business license of such company or corporate;
- (5) the person has a large amount of debt due and outstanding;

- (6) the person has been involved in criminal offences subject to investigation by judicial authorities and the case has yet been settled;
- (7) the person is not eligible for acting in the leadership of a corporate according to laws or administrative regulations;
- (8) the person is not a natural person;
- (9) the person was adjudged by the relevant governing authority to be guilty of contravention of provisions of securities regulations involving fraud or dishonesty, where less than five years have elapsed since the date of judgment.

(Article 112 of the Mandatory Provisions)

Article 134

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

(Article 113 of the Mandatory Provisions)

Article 135

In addition to the obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchanges on which shares of the Company are listed, each of the directors, supervisors, general manager, deputy general manager and other senior management officers of the Company owes a duty to each shareholder, in the exercise of the functions and powers entrusted to him by the Company:

- (1) not to cause the Company to exceed the scope of business stipulated in its business license;
- (2) to act honestly in the best interests of the Company;
- (3) not to expropriate in any guise the Company's property, including but not limited to the opportunities beneficial to the Company;
- (4) not to expropriate the individual rights of shareholders, including but not limited to rights of distribution and voting rights, save pursuant to a restructuring of the Company submitted to general meeting for approval in accordance with these Articles of Association.

(Article 114 of the Mandatory Provisions)

Article 136 Each of the directors, supervisors, general manager, deputy general manager and other senior management officers of the Company owes a duty, in the exercise of his powers or discharge of his obligations, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(Article 115 of the Mandatory Provisions)

Article 137 Director, supervisor, general manager, deputy general manager and other senior management officer owes a duty, in the exercise of his powers, to observe his fiduciary obligations and not to place himself in a position where his duty and his interest may conflict. This principle includes, without limitation, the following obligations:

- (1) to act honestly in what he considers to be in the best interests of the Company;
- (2) to exercise the powers within his authority without abuse;
- (3) to exercise the discretion vested in him personally and not allow himself to act under the direction of another and, unless and to the extent permitted by law, administrative regulations or the informed consent of shareholders in general meeting, not to delegate the exercise of his discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) except in accordance with these Articles of Association or otherwise permitted by informed shareholders in general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) unless otherwise permitted by informed shareholders in general meeting, not to use the Company's property for his own benefit in any manner;
- (7) not to obtain monies from bribery or other illegal income by using his authority or to expropriate in any manner the Company's property, including, without limitation, the opportunities beneficial to the Company;

- (8) unless otherwise permitted by informed shareholders in general meeting, not to accept commission in connection with the Company's transactions;
- (9) to abide by the Articles of Association, faithfully execute his official duties and protect the Company's interests, and not to exploit his position and power in the Company to advance his own private interests;
- (10) unless otherwise permitted by informed shareholders in general meeting, not to use its position to take any business opportunity of the Company for himself or others, or operate on his own or for other party any business which is similar to that of the Company;
- (11) not to embezzle the Company's capitals or lend monies to others, and not to deposit the Company's assets in accounts opened in his own name or in the name of other persons and not to use the Company's assets to provide security for the debts of the Company's shareholders or other individuals;
- (12) unless otherwise permitted by informed shareholders in general meeting, not to disclose confidential information of the Company acquired by him in the course of and during his term of office and not to use such information other than in furtherance of the interests of the Company, save and except that disclosure of such information to the court or other governmental authorities is permitted, if:
  1. disclosure is made under compulsion of law;
  2. there is a duty to the public to disclose;
  3. such disclosure is necessary to protect the interests of such director, supervisor, general manager, deputy general manager and other senior management officer.

(Article 116 of the Mandatory Provisions)

Article 138

A Director, supervisor, general manager, deputy general manager and other senior management officer of the Company shall not cause the following person or organization connected with him ("Relevant Person") to do what he is prohibited from doing:

- (1) the spouse or minor child of the director, supervisor, general manager, deputy general manager and other senior management officer of the Company;
- (2) a person acting in the capacity of trustee of the director, supervisor, general manager, deputy general manager and other senior management officer of the Company or any person referred to in clause(1) of this Article above;
- (3) a person who is a partner of the director, supervisor, general manager, deputy general manager and other senior management officer of the Company or any person referred to in clauses(1) or (2) of this article above;
- (4) a company in which the director, supervisor, general manager, deputy general manager and other senior management officer of the Company, alone or jointly with one or more persons referred to in clauses(1), (2), (3) of this Article above or other companies in which the director, supervisor, general manager, deputy general manager and other senior management officer of the Company, have de facto control;
- (5) a director, supervisor, general manager, deputy general manager and other senior management officer of a company referred to in clause(4) of this Article above.

(Article 117 of the Mandatory Provisions)

Article 139

The fiduciary obligations of the director, supervisor, general manager, deputy general manager and other senior management officer of the Company do not necessarily cease with the termination of his term of office. Their duties of confidence in relation to trade secrets of the Company survive the termination of their term of office. Other duties may continue for such period as fairness may require depending on the time lapse between such termination and the act concerned and the circumstances and the terms under which the relationship with the Company was terminated.

(Article 118 of the Mandatory Provisions)

Article 140

Subject to the provisions in Article 61 of these Articles of Association

hereto, the directors, supervisors, general manager, deputy general manager and other senior management officers of the Company may be relieved of liability for specific breaches of his duty by the informed consent of shareholders in general meeting.

(Article 119 of the Mandatory Provisions)

Article 141

Where the director, supervisor, general manager, deputy general manager and other senior management officer 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 contract of service, he shall declare the nature and extent of his interest to the board at the earliest opportunity, whether or not the aforesaid matters are under normal circumstances subject to the approval of the board.

Except as otherwise stipulated in these Articles of Association which have been approved by Hong Kong Stock Exchange, a director shall not vote in respect of any board resolution approving any contract, arrangement or any other proposal in which he or any or his associate(s) (as defined in the Listing Rules) is/are materially interested nor shall he be counted in the quorum present at the meeting, but this prohibition shall not apply to:

- (1) 1. the giving of any security or indemnity to a director or his associate(s) in respect of monies lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or
2. the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which a director or his associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (2) any proposal concerning an offer of shares or bonds or other securities of or by the Company or any other companies which the Company may promote or be interested in for subscription or purchase where a director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

- (3) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
1. the adoption, modification or implementation of any employees' share scheme or any share incentive or share option scheme under which a director or his associate(s) may benefit; or
  2. the adoption, modification or implementation of a pension fund or retirement, death or disability benefits scheme which relates both to the directors, his associates and employees of the Company or any of its subsidiaries and does not provide in respect of any director, or his associates(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (4) any contract or arrangement in which a director or his associate(s) is/are interested in the same manner as other holders of shares or bonds or other securities of the Company by virtue only of his/their interest in shares or bonds or other securities of the Company.

Unless the interested director, supervisor, general manager, deputy general manager and other senior management officer has disclosed his interest in accordance with the preceding paragraph of this Article and the contract, transaction or arrangement has been approved by the board at a meeting in which he is not counted in the quorum and has refrained from voting, such contract, transaction or arrangement is voidable at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the director, supervisor, general manager, deputy general manager and other management officer concerned.

The director, supervisor, general manager, deputy general manager and other senior management officer of the Company shall be deemed to be interested in a contract, transaction or arrangement in which a person connected with him is interested.

(Article 120 of the Mandatory Provisions)

(Rule 13.44 of Chapter 13 in the Listing Rules, Rule 4(1) of Appendix 3 to the Listing Rules)

Article 142

Where the director, supervisor, general manager, deputy general manager

and other senior management officer of the Company gives to the board a notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, that notice shall be deemed for the purpose of the preceding Articles in this Chapter to be a sufficient declaration of his interest, so far as attributable to those facts, in relation to any contract, transaction or arrangement of that description which may subsequently be made by the Company, 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 on behalf of the Company.

(Article 121 of the Mandatory Provisions)

Article 143        The Company shall not in any manner pay taxes for a director, supervisor, general manager, deputy general manager and other senior management officer.

(Article 122 of the Mandatory Provisions)

Article 144        The Company shall not directly nor indirectly make a loan to or provide any guarantee in connection with the making of a loan to the director, supervisor, general manager, deputy general manager and other senior management officer of the Company or of the Company's holding company or a person connected with any of them.

The following circumstances are not subject to such prohibition:

- (1) the provision by the Company of a loan or a guarantee in connection with the making of a loan to its subsidiaries;
- (2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other monies to any of its director, supervisor, general manager, deputy general manager and other senior management officer to meet expenditure incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders in general meeting;
- (3) the Company may make a loan to or provide a guarantee in



connection with a loan to any of its director, supervisor, general manager, deputy general manager and other senior management officer or his associate(s) in the ordinary course of its business on normal commercial terms, where the ordinary course of business of the Company includes the lending of money or the giving of guarantees.

(Article 123 of the Mandatory Provisions)

Article 145 A loan made by the Company in breach of the prohibition described above shall be repayable forthwith by the recipient of the loan regardless of the terms of the loan.

(Article 124 of the Mandatory Provisions)

Article 146 A guarantee provided by the Company in breach of the prohibition described in the first clause in Article 144 of these Articles of Association shall be unenforceable against the Company, unless:

- (1) the guarantee was provided in connection with a loan to an associate of the director, supervisor, general manager, deputy general manager and other senior management officer of the Company or its holding company and at the time the lender was not aware of the relevant circumstances;
- (2) The security provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

(Article 125 of the Mandatory Provisions)

Article 147 For the purpose of the foregoing provisions of this Chapter, a “guarantee” includes an undertaking or property provided to secure the performance of obligations by the obligor.

(Article 126 of the Mandatory Provisions)

Article 148 In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor, general manager, deputy general manager and other senior management officer of the Company is in breach of his duties to the Company, the Company has a right to:

- (1) claim damages from such director, supervisor, general manager, deputy general manager and other senior management officer in

compensation for losses sustained by the Company as a result of such breach;

- (2) rescind any contract or transaction entered into by the Company with such director, supervisor, general manager, deputy general manager and other senior management officer or with a third party (where such third party knows or should know that there is such a breach of obligations by such director, supervisor, general manager, deputy general manager and other senior management officer);
- (3) demand an account of the profits made by such director, supervisor, general manager, deputy general manager and other senior management officer in breach of his obligations;
- (4) recover any monies received by such director, supervisor, general manager, deputy general manager and other senior management officer which should otherwise have been received by the Company, including but not limited to commissions;
- (5) request such director, supervisor, general manager, deputy general manager and other senior management officer to return the interests accrued or may be accrued on the monies which should have been paid to the Company.

(Article 127 of the Mandatory Provisions)

Article 149

The Company shall, with the prior approval of general meeting, enter into a contract in writing with a director or supervisor wherein his emoluments are stipulated, including:

- (1) emoluments in respect of his service as director, supervisor or senior management officer of the Company;
- (2) emoluments in respect of his service as director, supervisor or senior management officer of any subsidiary of the Company;
- (3) emoluments in respect of the provisions of other services in connection with the management of the affairs of the Company and any of its subsidiaries;
- (4) Payment by way of compensation for loss of office, or his retirement from office of such director or supervisor.

Except under a contract entered into in accordance with the foregoing, no proceedings may be brought by a director, supervisor against the Company for interests due to him in respect of the above matters.

(Article 128 of the Mandatory Provisions)

Article 150 The contract concerning the emoluments between the Company and its directors or supervisors should provide that in the event of a takeover of the Company, the Company's directors and supervisors shall, subject to the prior approval of the general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement. A "takeover of the Company" referred to in this paragraph means any of the following:

- (1) an offer made by any person to all shareholders;
- (2) an offer made by any person with a view to the offeror becoming a "controlling shareholder" within the meaning set out in Article 62 in these Articles of Association.

If the relevant director or supervisor does not comply with the above, any sum so received by him shall belong to those persons who have sold their shares as a result of the said offer made. The expenses incurred in distributing that sum on pro rata amongst those persons shall be borne by the relevant director or supervisor and shall not be paid out of the sum distributed.

(Article 129 of the Mandatory Provisions)

## **Chapter 15 Financial and Accounting System and Profit Distribution**

Article 151 The Company shall formulate its own financial and accounting system and internal audit system in accordance with the relevant requirements of laws, administrative regulations and the PRC accounting standards formulated by the finance regulatory department of the State Council.

(Article 130 of the Mandatory Provisions)

Article 152 At the end of each fiscal year, the Company shall prepare a financial report, which shall be examined by the accounting firm.

The financial report of the Company includes the following financial and accounting statements and associated breakdown:

- (1) Balance sheet;
- (2) Profit and loss statement;
- (3) Statement of financial changes;
- (4) Explanation of financial conditions;
- (5) Profit distribution statement.

The Company shall adopt the Gregorian calendar as its financial year, which is the fiscal year from 1 January to 31 December. The first fiscal year of the Company started on the date of its incorporation and ended on 31 December of the same year.

The Company shall adopt Renminbi as the denomination currency in its accounts. All accounts shall be written in Chinese.

(Article 131 of the Mandatory Provisions)

Article 153 The Board shall place before the shareholders at every annual general meeting such financial reports to be prepared by the Company as are required by relevant laws, administrative regulations or directives promulgated by competent local and central governmental authorities. Such reports shall be examined.

(Article 132 of the Mandatory Provisions)

(Rule 5 of Appendix 3 to the Listing Rules)

Article 154 The financial reports of the Company shall be made available at the Company for inspection by its shareholders not later than 20 days before the annual general meeting. Each shareholder of the Company shall be entitled to receive the financial reports referred to in this Chapter.

The Company shall send by prepaid mail 21 days before the annual general meeting the above reports to each holder of overseas listed foreign shares. The service address shall be the address in the register of shareholders.

(Article 133 of the Mandatory Provisions)

(Rule 5 of Appendix 3 to the Listing Rules)

Article 155 The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards, or that 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 financial statements. When the Company is to distribute its after-tax profits of relevant fiscal year, the lower of the after-tax profits as shown in the two financial statements shall be adopted.

(Article 134 of the Mandatory Provisions)

Article 156 Any interim result or financial information published or disclosed by the Company prepared in accordance with either international accounting standards or that of the place overseas where the Company's shares are listed may also be prepared in accordance with PRC accounting standards and regulations.

(Article 135 of the Mandatory Provisions)

Article 157 The Company shall publish its financial reports twice every financial year, that is, the interim financial reports shall be published within 60 days after the end of the first six months of each financial year and annual financial reports shall be published within 120 days after the end of the financial year.

After the interim and annual accountant report are made, such reports shall be announced and relevant procedures shall be accomplished in accordance with the laws and administrative regulations of the State, and the rules of the stock exchange where the shares of the Company are listed.

(Article 136 of the Mandatory Provisions)

Article 158 The Company shall not keep financial accounts other than those required by law.

(Article 137 of the Mandatory Provisions)

Article 159 The Company shall implement an internal audit system, and shall establish an internal audit department or retain auditors to conduct internal audit of

its income and expenditure and financial activities under the supervision of the board.

Article 160 The Company's after-tax profit shall be distributed in accordance with the following order:

- (1) recovery of losses;
- (2) allocation to the statutory surplus reserve fund;
- (3) allocation to the statutory public welfare fund;
- (4) allocation to the discretionary surplus reserve fund;
- (5) payment of dividends in respect of ordinary shares.

Article 161 The common reserve of the Company comprises the surplus reserve and capital common reserve. The surplus reserve includes statutory surplus reserve and discretionary surplus reserve.

Article 162 When distributing each year's after-tax profits, the Company shall set aside 10% of its after-tax profits for the statutory surplus reserve fund (except where the fund has reached 50% of the Company's registered capital) and 5% to 10% of its after-tax profit for the statutory public welfare fund of the Company.

When the Company's statutory surplus reserve fund is not sufficient to make up for the Company's losses of the previous year, current year profits shall be used to make good the losses before allocations are set aside for the statutory surplus reserve fund and the statutory public welfare fund in accordance with the provisions of the preceding paragraph.

The shareholders in general meeting may resolve to transfer any amount from the after-tax profit of the Company to the discretionary surplus reserve fund after transferring the requisite amount to the statutory surplus reserve fund.

After the Company has made good its losses and made allocations to its surplus reserve fund and statutory public welfare fund, the remaining profits could be available for distribution to shareholder in proportion to the number of shares held by the shareholders.

In the event that the general meeting or the board violates the rule set out

above, any profit distributed to the shareholders prior to offsetting loss of the Company and allocating to the statutory surplus reserve fund and statutory public welfare fund shall be returned to the Company.

No distribution of profit shall be made in respect of those shares of the Company held by the Company.

Article 163 Capital common reserve fund includes the following:

- (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 138 of the Mandatory Provisions)

Article 164 The common reserve of the Company shall only be applied for the following purposes:

- (1) to recover the Company's losses;
- (2) to expand the production operation of the Company or to increase the Company's capital.

When the Company converts its common reserve fund into its capital upon a resolution adopted in general meeting, the Company shall distribute new shares in proportion to the number of shares held by the shareholders, provided. However, when the statutory surplus reserve fund is converted into capital, the balance of such common reserve fund may not fall below 25% of the registered capital.

Article 165 The Company's statutory public welfare fund is used for the collective welfare of the Company's staff and workers.

Article 166 Dividends shall be distributed in accordance with the proportion of shares held by shareholders and within 6 months after the end of each financial year.

Unless otherwise resolved by the general meeting, the general meeting may authorize the board to distribute interim dividends.

Article 167 The Company may distribute dividends in the following manners.

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

(Article 139 of the Mandatory Provisions)

Article 168 Dividends and other payments declared by the Company to be payable to holders of domestic shares shall be declared and calculated in RMB, and paid in RMB within three months; and those payable to holders of foreign shares shall be declared and calculated in RMB, and paid in foreign currencies within three months.

Foreign currency payable by the Company to holders of foreign shares shall be obtained pursuant to relevant state regulations on the administration of foreign exchange.

Article 169 Where power is taken to forfeit unclaimed dividends, such power shall not be exercised until the expiry of the applicable effective period and in accordance with the Listing Rules.

(Rule 3(2) of Appendix 3 to the Listing Rules)

(Rule 43 of Chapter 19A in the Listing Rules)

Article 170 The Company shall withhold tax payable in respect of dividend income to be received by individual shareholders and pay such tax on behalf of such shareholders in accordance with the tax laws of the PRC.

Article 171 The Company shall appoint one or more receiving agents on behalf of the holders of the overseas listed foreign shares to receive on behalf of such shareholders dividends declared and all other monies owing by the Company in respect of their shares.

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

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

(Article 140 of the Mandatory Provisions)



(Section 1(c) of Appendix 13D to the Listing Rules and Rule 19A.51 of Chapter 19 in the Listing Rules)

Article 172 That any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of such shares to participate in respect thereof in a dividend subsequently declared.

(Rule 3(1) of Appendix 3 to the Listing Rules)

Article 173 That where power is taken to cease sending dividend warrants by post, if such warrants have been left uncashed, it will not be exercised until such warrants have been so left uncashed on two consecutive occasions. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

(Rule 13(1) of Appendix 3 to the Listing Rules)

Article 174 That where power is taken to sell the shares of a shareholder who is untraceable it will not be exercised unless:

- (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 the 12 years the issuer 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.

(Rule 13(2) of Appendix 3 to the Listing Rules)

## **Chapter 16 Appointment of Accounting firm**

Article 175 The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the State to audit the Company's annual financial report and review the other financial reports of the Company.

The first accounting firm of the Company may be appointed by the inaugural meeting of the Company before the first annual general meeting.

The accounting firm so appointed shall hold office until the conclusion of the first annual general meeting.

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

(Article 141 of the Mandatory Provisions)

Article 176 The Company must at each annual general meeting engage an accounting firm. The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting until the conclusion of the next annual general meeting.

(Article 142 of the Mandatory Provisions)

(Rule 13.88 of Chapter 13 in the Listing Rules)

Article 177 The accounting firm appointed by the Company shall have the following rights:

- (1) to inspect the books, records or vouchers of the Company at any time, to require the directors, general manager and other senior management officers of the Company to supply relevant information and explanation;
- (2) to require the Company to take all reasonable steps to obtain such information and explanation as are necessary from its subsidiaries for the purpose of discharging its duties;
- (3) to attend general meetings and to receive all notices of, and other information relating to, any general meeting which any shareholder is entitled to receive, and to speak at any general meeting in relation to matters concerning its role as the accounting firm of the Company.

(Article 143 of the Mandatory Provisions)

Article 178 If there is a vacancy in the position of accounting firm of the Company, the Board may engage other accounting firms to fill such vacancy before the convening of the general meeting. Any other accounting firm which has been engaged by the Company may continue to act during such period when such a vacancy exists.

(Article 144 of the Mandatory Provisions)

Article 179 Notwithstanding the stipulations in the contract between the accounting firm and the Company, the shareholders in general meeting may by ordinary resolution remove an accounting firm before the expiration of its term of office, but without prejudice to the accounting firm's right to claim, if any, for damages in respect of such removal.

(Article 145 of the Mandatory Provisions)

Article 180 The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined in general meeting. The remuneration of an accounting firm appointed by the board shall be determined by the board.

(Article 146 of the Mandatory Provisions)

Article 181 The appointment, removal and non-reappointment of an accounting firm by the Company shall be resolved upon by shareholders in general meeting. The resolution of the general meeting shall be filed with the securities governing authority under the State Council.

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

- (1) A copy of the proposal shall be sent before notice of meeting is given to the shareholders to the accounting firm proposed to be appointed or proposing to leave its post, or the accounting firm which has left its post in the relevant fiscal year (leaving includes leaving by removal, resignation and retirement).
- (2) If the accounting firm leaving its post makes representations in writing and requests the Company to notify such representations to the shareholders, the Company shall (unless the representations are received too late):
  1. in any notice of the resolution given to shareholders, state the fact of the representations having been made;

2. deliver a copy of the representations as an attachment to a notice to each shareholder in such manner specified in the Articles of Association.
- (3) If the accounting firm's representations are not sent in accordance with clause (2) above, the relevant accounting firm may (in addition to its right to be heard) require that the representations be read out at the meeting.
- (4) An accounting firm which is leaving its post shall be entitled to attend:
  1. the general meeting at which its term of office would otherwise have expired;
  2. the general meeting at which it is removed before its term of office expires;
  3. any general meeting at which it is proposed to fill the vacancy caused by its removal;
  4. any general meeting convened on its resignation.

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

(Article 147 of the Mandatory Provisions)

(Section 1(e) of Appendix 13D to the Listing Rules)

(Rule 13.88 of Chapter 13 in the Listing Rules)

#### Article 182

Prior to the removal or the non-reappointment of the accounting firm, notice of such removal or non-reappointment shall be given to the accounting firm and such firm shall be entitled to make representation at the general meeting. Where the accounting firm resigns its post, it shall make clear to the 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 legal residence which shall become effective on the date

of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following:

- (1) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the attention of the shareholders or creditors of the Company; or
- (2) a statement of any such circumstances.

Where a notice is deposited as mentioned in the preceding paragraph, the Company shall within 14 days send a copy of the notice to the relevant governing authority. If the notice contains a statement under the clauses (1) and (2) above, a copy of such statement shall be placed at the Company for the inspection by shareholders. The Company shall also send a copy of such statement by prepaid mail to every holder of H shares at the address registered in the register of shareholders.

Where the accounting firm's notice of resignation contains a statement of any circumstance which should be brought to attention, it may require the board to convene an extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

(Article 148 of the Mandatory Provisions)

(Section 1(e) of Appendix 13D to the Listing Rules)

## **Chapter 17 Insurance**

Article 183

In accordance with the regulations of relevant governing authorities of the PRC, the Company shall take out various types of insurance in prescribed manner with particular organizations or the People's Insurance Company (Group) of China Limited or other insurance companies that are registered in the PRC and are permitted by the PRC laws to provide insurance to Chinese companies. The types of coverage, the insured amounts and periods of the insurance shall be decided at a board meeting based on the practices of similar industries in other countries and the practice and legal requirements in China.

## **Chapter 18 Labor and Personnel Management Systems**

- Article 184 The Company shall, in accordance with the relevant provisions of the Labor Law of the People's Republic of China, formulate its labor and personnel management systems, which shall be appropriate to its particular circumstances.
- Article 185 The Company shall implement the labor contract system. The employment contract between the Company and the employee shall stipulate such issues as the engagement, employment, dismissal, award and punishment, salary, welfare, working discipline, and labor protection of the Company's employee.
- Article 186 The Company shall comply with the laws and regulations of the PRC in relation to protection and insurance of retirement and loss of office.

## **Chapter 19 Trade Union**

- Article 187 The Company shall establish trade union and carry out trade union activities in accordance with the Labor Contract Law of the People's Republic of China.
- Article 188 The Company shall allocate 2% of the total amount of wages paid to the staff and workers to the trade union fund every month. Such funds shall be used by the trade union of the Company in accordance with the Measures for the Management of Trade Union Funds formulated by the All China Federation of Trade Unions.

## **Chapter 20 Merger and Demerger of the Company**

- Article 189 In the event of the merger or demerger of the Company, a plan shall be presented by the board of the Company and shall be approved in accordance with the procedures stipulated in these Articles before processing the relevant examining and approving formalities as required by law. A shareholder who objects to the plan of merger or demerger shall have the right to demand the Company or the shareholders who consent to

the plan of merger or demerger to acquire his shares at a fair price.

The contents of the resolution of merger or demerger of the Company shall be made into special documents for shareholders' inspection. Such special documents shall also be sent by mail to holders of H shares.

(Article 149 of the Mandatory Provisions)

Article 190 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 of the Company, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the merger resolution was made and shall publish a public announcement in a newspaper at least three times within 30 from the date of the merger resolution was made. A creditor has the right within 30 days of receiving such notice from the Company or, for creditors who do not receive the notice, within 90 days from the date of the first public announcement, to demand that the Company repay its debts to that creditor or provide a corresponding guarantee for such debt. Where the Company fails to repay its debts or provide corresponding guarantee for such debts, it may not be merged.

After the merger, rights in relation to debtors and indebtedness of each of the merged parties shall be assumed by the company which survives the merger or the newly established company.

(Article 150 of the Mandatory Provisions)

Article 191 When the Company is demerged, its assets shall be split up accordingly.

In the event of a demerger of the Company, the parties to such demerger shall execute a demerger 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 resolution to demerge was made and shall publish a public announcement in a newspaper at least three times within 30 days from the date of the resolution to demerge was made. A creditor has the right within 30 days of receiving such notice from the Company or, for creditors who do not receive the notice, within 90 days from the date of the first public announcement, to demand that the Company repay its debts to

that creditor or provide a corresponding guarantee for such debt. Where the Company fails to repay its debts or provide corresponding guarantee for such debts, it may not be demerged.

Debts of the Company prior to demerger shall be borne by the companies which exist after the demerger in accordance with the agreement reached.

(Article 151 of the Mandatory Provisions)

(Rule 7(1) of Appendix 3 to the Listing Rules)

Article 192 Changes in registration particulars of the Company caused by merger or demerger must be registered with the companies registration authority in accordance with law. Cancellation of a company shall be registered in accordance with the law when a company is dissolved. Incorporation of a company shall be registered when a new company is incorporated in accordance with law.

(Article 152 of the Mandatory Provisions)

## **Chapter 21 Dissolution and Liquidation of the Company**

Article 193 The Company shall be dissolved and liquidated in accordance with laws upon the occurrence of any of the following events:

- (1) a resolution for dissolution is passed by shareholders at the general meeting;
- (2) dissolution is necessary due to a merger or demerger of the Company;
- (3) the Company is legally declared insolvent due to its failure to repay debts due;
- (4) the Company had its business license revoked, is ordered to close down or withdraw in accordance with laws because of its violation of laws and administrative regulations;
- (5) where serious difficulty arises in the operation of the Company and the continuing existence of the Company will be materially prejudicial to the interest of shareholders and such circumstances



cannot be resolved by other means, shareholders holding 10% or above of the total voting rights of the Company may petition to the People's Court for dissolution of the Company.

(Article 153 of the Mandatory Provisions)

Article 194 Where the Company is dissolved under clauses (1), (4) and (5) of the preceding Article, a liquidation committee shall be established within 15 days from the date the cause of liquidation arises. Members of the liquidation committee shall be appointed by the general meeting by ordinary resolution. If a liquidation committee is not established within the stipulated period, the creditors can apply to the People's Court, requesting the court to appoint relevant personnel to form the liquidation committee.

Where the Company is dissolved under clause (3) of the preceding Article, the People's Court shall in accordance with provisions of the relevant laws organise the shareholders, the relevant organisations and professional personnel to establish a liquidation committee to carry out liquidation procedures.

(Article 154 of the Mandatory Provisions)

Article 195 Where the board proposes to liquidate the Company due to causes other than where the Company has declared that it is insolvent, it shall include a statement in its notice convening a general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the board is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation.

The liquidation committee shall be appointed or removed by the ordinary resolution in the general meeting (other than those required in clauses 2 and 3 of Article 193 in these Articles of Association).

Upon the passing of the resolution by the general meeting for the liquidation, all functions and powers of the board of the Company shall cease.

The liquidation committee shall act in accordance with the instructions of the general meeting to make a report at least once every year to the general meeting on the committee's receipts and payments, the business of the

Company and the progress of the liquidation, and to present a final report to the general meeting on completion of the liquidation.

(Article 155 of the Mandatory Provisions)

Article 196 The liquidation committee shall within 10 days of its establishment send notice to creditors, and shall within 60 days of its establishment publish a public announcement in a newspaper at least three times. A creditor shall within 30 days of receiving the notice, or for any creditor who does not receive the notice, within 90 days of the date of the first public announcement, report his creditors' rights to the liquidation committee. The creditors' rights due but unclaimed shall be deemed as waived.

When reporting creditors' rights, the creditor shall provide an explanation of matters relevant to his creditor's rights and shall provide materials as evidence. The liquidation committee shall carry out registration of creditors' rights.

(Article 156 of the Mandatory Provisions)

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

- (1) to sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to send notices to creditors or notify them by public announcement;
- (3) to dispose of and liquidate any relevant unfinished business matters of the Company;
- (4) to pay all outstanding taxes and those taxes arising during the liquidation process;
- (5) to settle claims and debts of the creditors;
- (6) to deal with the assets remaining after the Company's debts have been repaid;
- (7) to represent the Company in any civil litigation proceedings.

(Article 157 of the Mandatory Provisions)

Article 198 After sorting out the Company's assets and the preparation of the balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to the general meeting or the People's Court for confirmation.

If the Company's assets are sufficient to meet its liabilities, they shall be applied in the following order: payment of the liquidation expenses, wages owed to the employees, social insurance expenses, tax overdue and debts of the Company.

The Company's residual assets after repayment of its debts in accordance with the provisions of the preceding paragraph shall be distributed to its shareholders according to the class and proportion of their shares.

During the liquidation period, the Company shall not commence any operational activities irrelevant to liquidation.

(Article 158 of the Mandatory Provisions)

Article 199 If after sorting out the Company's assets and preparing a balance sheet and an inventory of assets in connection with the liquidation of the Company resulting from dissolution, 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 People's Court for a declaration of insolvency.

After the Company is declared insolvent by a ruling of the People's Court, the liquidation committee shall turn over liquidation matters to the People's Court.

(Article 159 of the Mandatory Provisions)

Article 200 Following the completion of liquidation, the liquidation committee shall present a report on liquidation and prepare a statement of the receipts and payments during the period of liquidation and financial books and records which shall be audited by Chinese registered accountants and submitted to the general meeting or relevant governing authorities for confirmation.

The liquidation committee shall within 30 days after such confirmation, submit the aforesaid documents the companies registration authority and apply for cancellation of the Company's registration and publish a public announcement of the termination of the Company.

(Article 160 of the Mandatory Provisions)

## **Chapter 22 Procedures for Amendments to the Articles of Association**

Article 201 The Company may amend its Articles of Association in accordance with the requirement of laws, administrative regulations and these Articles of Association.

(Article 161 of the Mandatory Provisions)

Article 202 These Article of Association may be amended in accordance with the following procedures:

- (1) the board shall adopt a resolution in accordance with these Articles of Association to propose amendments to these Articles of Association by shareholders in general meeting and to formulate the proposal for amendments;
- (2) the shareholders shall be notified of the proposals for amendments and a general meeting shall be convened to vote on the amendments;
- (3) the amendments put to the vote at a general meeting shall be passed by way of a special resolution.

Article 203 The amendment to these Articles of Association involving the contents of the Mandatory Provisions shall become effective upon approvals by the companies approving department and securities regulatory authority authorised by the State Council. If there is any change relating to the Company name, residence, legal representative, registered capital, type of corporate, scope of business, term of operation, name of promoters of the Company, application shall be made for registration of the changes in accordance with law to the companies approving department.

(Article 162 of the Mandatory Provisions)

## Chapter 23 Settlement of Disputes

Article 204 The Company shall act according to following principles to settle disputes:

- (1) whenever any disputes or claims arising between holders of overseas listed foreign shares and the Company, between holders of overseas listed foreign shares and the Company's directors, supervisors, general manager, deputy general manager or other senior management officers, or between holders of overseas listed foreign shares and holders of domestic shares based on these Articles of Association or any rights or obligations conferred by the Company Law and other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim of rights mentioned above is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all parties who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim shall abide by the arbitration, provided that such parties shall be the Company or the Company's shareholder, director, supervisor, general manager, deputy general manager or other senior management officer.

Disputes in relation to the definition of shareholders and disputes in relation to the register of shareholders need not be resolved by arbitration.

- (2) a claimant may elect arbitration at either the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Center in accordance with its securities arbitration rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

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

(3) if any disputes or claims of rights are settled by way of arbitration in accordance with clause (1) above, the laws of the People's Republic of China shall apply, save as otherwise provided by laws and administrative regulations.

(4) the award of an arbitration body shall be final and conclusive and binding on all parties.

(Article 163 of the Mandatory Provisions)

## **Chapter 24 Notices**

Article 205 Unless otherwise stated in these Articles of Association, the notice, information or written statements issued by the Company to the holders of overseas listed foreign shares listed in Hong Kong shall be despatched to such shareholders by hand or by mail to the registered address of each holder of overseas listed foreign shares.

Any notice of the Company to its holders of domestic shares may be served by way of announcement in one or more newspapers designated by the securities regulatory authorities of the State. Upon publication of such announcement, all holders of domestic shares shall be deemed to have received such notice.

(Rule 7(3) of Appendix 3 to the Listing Rules)

Article 206 Where a notice is sent by post, the notice shall be deemed to be served by putting the notice into a properly addressed, prepaid postage envelope and depositing the same in a mail box. Such notice shall be deemed to have been served upon expiration of 5 days after the envelope containing the notice has been posted.

Article 207 Any notices, documents, information or written statements issued by shareholders or directors to the Company shall be delivered by hand or sent by registered mail to the legal address of the Company.

Article 208 In order to prove that such notices, documents, information or written statements have been already sent, shareholders or directors shall provide evidence to prove that such notice, document, information or written statement have been sent within the prescribed time in the normal way of

sending with postage prepaid to the correct address of the Company.

## **Chapter 25 Supplementary Articles**

- Article 209 The newspapers and periodicals mentioned in these Articles for making public announcements, shall be those appointed or required by the relevant laws and administrative regulations of the State. If a public announcement is made to the holders of overseas listed foreign invested shares according to the provisions in these Articles of Association, such announcement shall be made in the newspapers and periodicals according to the “publication on the newspapers and periodicals” defined by the Listing Rules of the Hong Kong Stock Exchange.
- Article 210 In these Articles of Association, the meaning of an accounting firm shall be the same as that of “auditors”.
- (Article 165 of the Mandatory Provisions)
- Article 211 The board of the Company shall have the power to interpret these Articles of Association within the scope granted by the laws and administrative regulations of the State.
- Article 212 These Articles are written in Chinese. If there is any discrepancy between the Chinese version and that in any other languages, the Chinese version shall prevail.

Baoye Group Company Limited