

# **China Tower Corporation Limited**

## **Articles of Association**

(Considered and approved as a special resolution at the  
second extraordinary meeting in 2018)

(The Articles of Association were prepared in Chinese. The English translation is not an official version and is for your reference only. In case of any inconsistencies and discrepancies between the Chinese and the English versions, the Chinese version shall prevail.)

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# Articles of Association of China Tower Corporation Limited

## CHAPTER I GENERAL RULES

**Article 1** These Articles have been prepared in accordance with the requirements under the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Special Regulations of the State Council on Overseas Offering and Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as the “Special Regulations”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (hereinafter referred to as the “Mandatory Provisions”), the Letter of Opinions on the Supplementation and Amendment of Articles of Association of Companies Listing in Hong Kong, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”) and other relevant laws of the State, administrative regulations and rules of the State Council (hereinafter referred to as the “laws and regulations”) in order to govern the organization and actions of the China Tower Corporation Limited (hereinafter referred to as the “Company”), safeguard the legitimate rights of the Company, its shareholders and creditors.

**Article 2** The Company is a joint stock company established in accordance with the Company Law, the Special Regulations and other relevant laws and regulations of the State.

The Company was established by way of promotion. It is registered with and has obtained a business license from Beijing Administration for Industry and Commerce on July 15, 2014. The Company’s uniform social credit code is: 91110000717843275N.

The promoters of the Company include China Mobile Communication Company Limited, China United Network Communications Corporation Limited and China Telecom Corporation Limited.

**Article 3** Name and place of domicile of the Company

Chinese name: 中國鐵塔股份有限公司 (Abbreviation: “中國鐵塔”)

English name: China Tower Corporation Limited (Abbreviation: “China Tower”)

Place of domicile of the Company: 19/F, No. 73, Fucheng Road, Haidian District, Beijing

Postal code: 100142

Tel: (8610) 68708806

Fax: (8610) 68708802

**Article 4** The Chairman of the Company is the legal representative of the Company.

**Article 5** The Company is a joint stock limited company in perpetual existence and is an independent legal entity. The Company shall undertake its liabilities with all of its assets, while the liability of a shareholder of the Company shall be limited to the shares subscribed by him/her.

**Article 6** The Company can invest in other limited liability companies and joint stock limited companies and the Company’s liability to the investee companies is limited to the amount invested. However, the Company shall not become a shareholder with unlimited liability in any other economic organization, unless it is otherwise provided for by any law and regulation.

**Article 7** The Company can establish subsidiaries and branches in accordance with the law.

**Article 8** In accordance with the relevant regulations of the Constitution of the Communist Party of China, organizations of the Communist Party of China shall be established; the Party Committee shall play the core leadership role, providing direction, managing the overall situation and ensuring the implementation. The working organs of the Party shall be established, equipped with sufficient staff to deal with Party affairs and provided with sufficient funds to operate the Party organization.

**Article 9** The Articles of Association, being the code of conduct for the Company, are passed at the general meeting of the Company as a special resolution, and come into effect from the date of listing and commencement of trading in the Company's overseas listed foreign shares on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Stock Exchange"). The former Articles of Associations and its amendment will be lapse automatically upon the effective of the Articles of Association. 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 inter se., which shall have binding effect on the Company and its shareholders, directors, supervisors and senior management members.

Under the perquisite that Chapter XXII in the Articles of Associations will not be contravened, pursuant to the Articles of Associations, the Shareholders may institute legal proceedings against the Company pursuant to the Articles of Associations; the Company may institute legal proceedings against the Shareholders pursuant to the Articles of Associations; the Shareholders may institute legal proceedings against the Shareholders pursuant to the Articles of Associations; and the Shareholders may institute legal proceedings against the Directors, the Supervisors and senior management members of the Company pursuant to the Articles of Associations.

"Legal proceedings" referred to in the preceding paragraph includes any legal action brought before a court and any arbitration application submitted to an arbitration institution.

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

**Article 10** The business objectives of the Company is: to implement the "Cyber Power" strategy consistently, to provide telecommunications infrastructure and the relevant value-added services to the telecommunications industry, to reduce duplicated construction of the telecommunications industry, to reduce industry operating costs to help the industry to increase the quality and efficiency; to commit to sharing, to reform and innovate consistently, to serve the industry and society, sharing and win-win, to establish an efficient and effective enterprise, to be a world-class information communications infrastructure service provider, to create value for the Shareholders.

**Article 11** The business scope of the Company: principally engage in towers construction, maintenance and operation, and also engage in construction, maintenance and operation of ancillary facilities such as shelters, power supply and air conditioners for base stations and indoor distributed systems, as well as outsourcing maintenance of base station equipment.

The business scope of the Company shall be subject to the projects approved by the authority responsible for the Company's registration.

### **CHAPTER III SHARES AND REGISTERED CAPITAL**

**Article 12** The Company shall have ordinary shares at all times. The Company may set other types of shares subject to needs, upon approval by authorities that are authorized by the State Counsel.

**Article 13** All shares issued by the Company are shares with par value, which it shall have a par value of RMB1 per share.

RMB mentioned in the preceding paragraph refers to the lawful currency of the People's Republic of China.

**Article 14** The Company shall issue shares in an open, fair and just manner, and each share of the same class shall have the equal rights.

The issuing conditions and price for each share of the same class issued at the same time shall be the same and each share subscribed by any entity or individual shall be subscribed at the same price.

**Article 15** Upon approval by the securities regulatory authority of the State Council or other relevant regulatory authorities, the Company may offer its shares to both domestic and foreign investors.

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

**Article 16** Shares issued by the Company to domestic investors for subscription in RMB are referred to as domestic shares. Shares issued by the Company to overseas investors for subscription in foreign currencies are referred to as foreign shares. Overseas listed foreign shares are referred to as overseas listed foreign shares, which the overseas listed foreign shares listed in the Hong Kong Stock Exchange refer to “H Shares”. H shares refer to the shares approved to be listed on the Hong Kong Stock Exchange, the par value of which are denominated in RMB, and are subscribed for and traded in Hong Kong dollars. With approval by the State Council or the institution authorized by the State Council, and with approval by the Hong Kong Stock Exchange, the Domestic Shares can be converted into the H Shares. Qualified investors may purchase the shares of the Company through the stock connect schemes between Chinese Mainland and Hong Kong or other overseas stock markets.

Foreign currency mentioned in the preceding paragraph shall include the legal tenders of other countries or territories, other than Renminbi, which are recognized by the foreign exchange competent authority of the State for payment of share subscription monies to the Company.

**Article 17** The total number of ordinary shares that the Company may issue upon approval by the examination and approval departments authorized by the State Council is [•]. The Company issued [•] ordinary shares to its promoters upon its establishment, representing [•]% of the total shares issued by the Company.

**Article 18** Upon the establishment of the Company, there are [•] shares in the H shares initial public offering. After the completion of the initial public offering of the Company, the total share capital will be [•] shares, which the promoters held [•] shares, representing [•]% of the total share capital of the Company.

The share capital structure of the Company: China Mobile Communication Company Limited held [•] shares, representing [•]% of the total shares issued by the Company, China United Network Communications Corporation Limited held [•] shares, representing [•]% of the total shares issued by the Company, China Telecom Corporation Limited held [•] shares, representing [•]% of the total shares issued by the Company, China Reform Holdings Corporation Ltd. held [•] shares, representing [•]% of the total shares issued by the Company, H shareholders held [•] shares, representing [•]% of the total shares issued by the Company.

**Article 19** Subject to approval of the Company's plans to issue overseas-listed foreign shares and domestic shares by the securities regulatory authorities of the State Council, the Board of the Company may make arrangement to implement such plans for the issue of such shares.

The Company may separately implement its plan for issuing overseas-listed foreign shares and domestic shares pursuant to the preceding provision within 15 months from the date of approval of the securities regulatory authorities of the State Council, unless otherwise stipulated by the securities regulatory authorities under the State Council.

**Article 20** If the Company separately issues overseas-listed foreign shares and domestic shares within the total number specified in the issue scheme, the said shares shall be issued respectively at one time. Where special circumstances make it impossible for full subscription at one time, the shares may be issued in several stages, subject to approval of the securities regulatory authority of the State Council.

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

**Article 22** Unless otherwise provided by laws, administrative regulations and the Hong Kong Stock Exchange, shares of the Company are freely transferable according to laws and are not subject to any lien. However, the shares held by the promoters of the Company shall not be transferable within one year from the date of our establishment. Shares issued prior to the Bank's public offering shall not be transferable within one year from the date on which the Company's shares are listed on the stock exchange.

The Company shall not accept its shares being held as security under a pledge.

**Article 23** Subject to the Articles of Associations, laws and administrative regulations, the Company may increase of the capital in the following manners:

- (I) offer new shares to non-specified investors for subscription;
- (II) issue new shares to existing shareholders;
- (III) issue bonus shares to existing shareholders;
- (IV) other manners permitted under laws and administrative regulations.

For increase of registered capital of the Company, the Board of the Company shall formulate the proposal in accordance with the resolution at the general meeting of the Company, and follow the procedures specified by the relevant laws and regulations.



## **CHAPTER IV DECREASE OF SHARE CAPITAL AND REPURCHASE OF SHARES**

**Article 24** The Company may reduce the registered capital in accordance with the laws upon the approval by a resolution at the general meeting.

**Article 25** The Company shall prepare a balance sheet and a list of property inventory for reduction of registered capital.

The Company shall notify its creditors within 10 days from the date of the resolution on reduction of registered capital and shall publish an announcement in a newspaper within 30 days from such resolution. The creditors shall, within 30 days of receiving the written notice, or within 45 days of the date of the public announcement for those who have not received the written notice, be entitled to require the Company to pay its debts in full or to provide a corresponding security for repayment.

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

**Article 26** The Company may, in the following circumstances, repurchase its outstanding shares by the procedure provided for in this Articles of Association, after approval by the competent state authorities:

- (I) canceling shares in order to reduce the registered capital of the Company;
- (II) merging with other companies holding shares of the Company;
- (III) awarding shares to employees of the Company;
- (IV) shareholders objecting to resolutions of the general meeting concerning merger or division of the Company, requiring the Company to buy their shares;
- (V) other circumstances permitted by laws and administrative regulations.

Purchase of its own shares by a company due to the reasons specified in Subparagraph (I), (II) to (III) of the preceding paragraph shall be subject to resolution adopted by the shareholders' general meeting. Where the Company purchases its shares in accordance with the above requirements, in case (I) circumstances, the shares shall be cancelled within ten

days from the day of the purchase; in case (II) or (IV) circumstances, the shares shall be transferred or cancelled within six months; and in case (III) circumstances, the maximum number of the shares purchased shall not exceed 5% of its total issued shares and the shares purchased shall be transferred to the employees within one year.

Where shares are repurchased lawfully, such shares shall be cancelled within the period required by the laws and administrative regulations, the Company shall apply to the original company registration authority for registration of the change of its registered capital. The amount of the Company's registered share capital shall be reduced by the aggregate par value of those cancelled shares.

**Article 27** The Company may repurchase its shares in any of the following ways with approval from the relevant competent authorities:

- (I) making a general offer to repurchase shares from all shareholders in proportion to their shareholdings;
- (II) repurchasing shares through open transactions in the stock exchange;
- (III) repurchasing shares based on an off-market agreement;
- (IV) in other circumstances permitted and approved by laws, administrative regulations, and normative documents and regulatory authorities.

**Article 28** When repurchasing shares based on an off-market agreement, the Company shall obtain prior approval at the general meeting according to this Articles of Association. Where prior approval has been obtained from the shareholders in a shareholders' meeting in the same manner, the Company may release or modify the contract entered into in the aforesaid manner or waive any rights granted under such contract.

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

The contract to repurchase its shares or any rights provided therein shall not be assigned by the Company.

For the purpose of the redeemable shares which the Company has the right to repurchase, the prices for shares repurchasing shall be limited to a certain maximum price if they are not repurchased through the market or by tender. In case of repurchase by tender, tenders shall be offered to all shareholders on equal conditions.

**Article 29** Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to repurchase of its issued shares:

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

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

Where the laws, regulations, normative documents and relevant requirements of the securities regulatory authorities or the stock exchange in the place where the Company's shares are listed contain any other provisions in respect of the accounting treatment related to the aforementioned share repurchases, such provisions shall prevail.

## **CHAPTER V FINANCIAL ASSISTANCE FOR PURCHASING SHARES OF THE COMPANY**

**Article 30** Neither the Company nor its subsidiaries shall at any time provide any financial assistance in any form to purchasers or prospective purchasers of shares of the Company. The said purchasers of shares of the Company shall include persons who directly or indirectly assume obligations as a result of purchasing shares of the Company.

Neither the Company nor its subsidiaries shall at any time provide any financial assistance in any form to the above obligors in order to reduce or release them from their obligations.

This provision does not apply to the circumstances mentioned in the Article 32.

**Article 31** "Financial assistance" referred to in this chapter includes (without limitation to) the following:

- (I) gift;
- (II) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), or compensation (other than compensation in respect of the Company's own default) or release or waiver of any rights;
- (III) provision of loan or any other contract under which the obligations of the Company are to be fulfilled before the obligations of another party, and a change in the parties to, or the assignment of rights arising under, such loan or contract; and
- (IV) 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.

Incurs any obligations referred to in the Articles of Associations includes the incurrence of obligations by the changing of the obligor's financial position by way of contract or the making of an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or by any other means.

**Article 32** Actions listed below are not deemed as actions restricted pursuant to Article 30 of this Articles of Association:

- (I) where the Company provides the relevant financial assistance genuinely for the benefit of the Company and the main purpose of the financial assistance is not to purchase the shares of the Company, or the financial assistance is an incidental part of some overall plan of the Company;
- (II) lawful distribution of the Company's property in the form of dividends;
- (III) distribution of dividends in the form of shares;
- (IV) reduction of registered capital, buyback of shares, adjustment of the equity structure, etc. in accordance with this Articles of Association;
- (V) provision of a loan by the Company within its scope of business for ordinary business (provided that the same does not lead to a reduction in the net assets of the Company or that even if the same constitutes a reduction, the financial assistance is paid out of the Company's distributable profit);
- (VI) the provision of money by the Company for an employee shareholding scheme (provided that the same does not lead to a reduction in the net assets of the Company or that even if the same constitutes a reduction, the financial assistance is paid out of the Company's distributable profit).

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

**Article 33** The share certificates of the Company shall be in registered form.

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

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

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

**Article 34** During the period when H shares are listed on the Hong Kong Stock Exchange, the Company must ensure that the relevant H shares listing document shall include the following statements, and shall instruct and cause each of its share registrar not to register the subscription, purchase or transfer of any of its shares in the name of any individual holder unless and until such holder delivers to such share registrar a completed and signed form in respect of such shares bearing the following statements.

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

**Article 35** The share certificates shall be signed by the Chairman of the Board. Where the signatures of other senior management of the Company are required by the stock exchange(s) where the Company's shares are listed, the share certificates shall also be signed by such other senior management. The share certificates shall become valid after the Company seal is affixed thereto or imprinted thereon. The affixing of the Company seal or printing to the share certificates shall be authorized by the Board. The signature of the Chairman of the Board or such other senior management of the Company on the share certificates may also be in printed form.

In case of paperless issuance and trading of the shares of the Company, provisions otherwise provided by the Securities Regulatory Authorities, the stock exchange(s) in the place where the Company's shares are listed shall apply.

**Article 36** The Company shall keep a register of members containing the following particulars:

- (I) the name, address (place of domicile), occupation or nature of business of each shareholder;
- (II) the class and number of shares held by each shareholder;
- (III) the amount paid-up or payable in respect of shares held by each shareholder;
- (IV) the share certificate numbers of the shares held by each shareholder;
- (V) the date on which each shareholder was registered as a shareholder;
- (VI) the date on which any shareholder ceased to be a shareholder.

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

**Article 37** The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authorities of the State Council and overseas securities regulatory authorities, keep its original register of holders of overseas listed foreign shares outside of the PRC and appoint overseas agent(s) to manage such register. The original registrar of H shares listed in Hong Kong Stock Exchange shall be maintained in Hong Kong.

The Company shall maintain a duplicate of the register of holders of overseas listed foreign shares at its place of domicile. The appointed overseas agent(s) shall ensure consistency between the original version and the duplicate register of holders of overseas listed foreign shares at all times.

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

**Article 38** The Company shall maintain a complete register of members.

The register of members shall include the following parts:

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

**Article 39** Different parts of the register of members shall not overlap one another. No transfer of the shares registered in any part of the register shall, during the existence of share registration, be registered in any other parts of the register of members.

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

Unless otherwise required by the laws, administrative regulations, departmental rules and the listing rules of the stock exchange where the Shares of the Company are listed, all fully paid-up share capital of H shares is freely transferable without any lien attached pursuant to the Articles of Association. The Board may refuse to recognize any instrument of transfer without explanation, unless such transfer is in compliance with the following conditions:

- (I) the instrument of transfer and any other documents related to or affecting the title of any shares shall be registered, and payment shall be made to the Company for such registration according to the standard charges stipulated by the Hong Kong Listing Rules, and such payment shall not exceed the maximum amount stipulated by the Hong Kong Listing Rules from time to time;



- (II) the instrument of transfer solely involves the H shares listed in Hong Kong;
- (III) the stamp duty payable on the instrument of transfer has been paid;
- (IV) the relevant share certificates and evidence reasonably required by the Board showing that the transferor has the right to transfer such shares shall be provided;
- (V) if the shares are intended to be transferred to joint holders, the number of such joint holders shall not exceed 4;
- (VI) the Company has not created any lien over the relevant shares.

Transfer of H Shares shall be registered with the share registrar designated by the Company in Hong Kong.

**Article 40** All transfers of overseas listed foreign shares listed in Hong Kong shall be effected by instruments of transfer in writing in a general or common form or in any other form acceptable to the Board, including the standard transfer form or form of transfer specified by the Hong Kong Stock Exchange from time to time. The instruments of transfer may be signed by hand only or (where the transferor or transferee is a corporation) stamped with the corporation's chop. If the transferor or transferee is a recognized clearing house as defined by the relevant provisions that come into effect from time to time according to the laws of Hong Kong (the "Recognized Clearing House") or its nominee, the form of transfer may be signed by hand or in a machine imprinted format.

All instruments of transfer shall be deposited with the legal address of the Company or such places as the Board may designate from time to time.

**Article 41** No changes in the shareholders' register due to the transfer of shares may be made within 30 days before the date of a general meeting or within 5 days before the record date for the Company's distribution of dividends.

**Article 42** When the Company convenes a general meeting, distributes dividends, enters into liquidation and engages in other activities that involve confirmation of equity interests, the Board shall determine a specific day for confirmation of equity interests. Shareholders named in the register of members by the end of the date of confirmation of equity interests shall be the shareholders of the Company.

**Article 43** Any person who objects to the register of members and requests to have his name included in or removed from the register of members may apply to the court of relevant jurisdiction to amend the register of members.

**Article 44** Any shareholder who is registered in, or any person requests to have his name entered into, the register of members may, if his/her share certificate (the “Original Certificate”) is lost, apply to the Company for a replacement share certificate in respect of such shares (the “Relevant Shares”).

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

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

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

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

- (IV) prior to the publication of its intention to issue a replacement share certificate, the Company shall have delivered to the Hong Kong Stock Exchange a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from the Hong Kong Stock Exchange that the announcement has been displayed at the premises of the Hong Kong Stock Exchange. The announcement shall be displayed at the premises of the Hong Kong Stock Exchange for a period of 90 days. In case an application to issue a replacement share certificate has been made without the consent of the registered holder of the Relevant Shares, the Company shall deliver by mail to such registered shareholder a copy of the announcement to be published.
- (V) if, upon expiration of the 90-day period of announcement and display referred to in paragraphs (3) and (4) of this Article, the Company has not received from any person any objection to such application, the Company may issue a replacement share certificate to the applicant accordingly.
- (VI) where the Company issues a replacement share certificate in accordance with this Article, it shall forthwith cancel the Original Certificate and record the cancellation and replacement matters in the register of members accordingly.
- (VII) all expenses relating to the cancellation of an Original Certificate and the issuance of a replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant.

**Article 45** After the Company issues a replacement share certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new share certificate or a shareholder who thereafter registers as the owner of such shares (in the case where he/she is a bona fide purchaser) shall not be deleted from the register of members.

**Article 46** The Company shall not have any obligation to indemnify any person for any damages suffered thereby arising out of the cancellation of the Original Certificate or the issuance of a replacement share certificate, unless such person concerned can prove that the Company has committed a fraudulent act.

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

## CHAPTER VII SHAREHOLDERS' RIGHTS AND OBLIGATIONS

**Article 47** The Company's shareholders are persons that lawfully hold shares of the Company and whose names are listed on the register of shareholders. Shareholders shall enjoy rights and bear obligations according to the class and number of shares held by them. Holders of shares of the same class shall enjoy equal rights and bear equal obligations.

Holders of ordinary shares of the Company are entitled to:

- (I) to collect dividends and other distributions in other forms in proportion to the number of shares held by them;
- (II) to attend or appoint a proxy to attend general meetings in accordance with the laws and to exercise voting rights according to their respective shareholding;
- (III) to oversee the business activities of the Company, and to make recommendations or inquiries;
- (IV) to transfer or pledge shares held by them in accordance with laws, administrative regulations and Articles of Association;
- (V) to obtain relevant information in accordance with the Articles of Association, which shall include:
  1. obtaining a copy of the Articles of Association after paying the cost;
  2. being entitled to examine and, after payment of reasonable charges, make a copy of:
    - (1) all parts of the register of shareholders;
    - (2) personal data of Directors, Supervisors, managers and other senior management of the Company, including:
      - (a) present and former names and aliases;
      - (b) present and former names and aliases;
      - (c) principal address (residence);
      - (d) full-time and all other part-time occupations and positions;
      - (e) documents of identity and their numbers.

- (3) shareholding in the Company;
- (4) reports containing details of the aggregate par value, quantity, and highest and lowest prices of each class of shares repurchased by the Company since the last accounting year as well as all the expenses paid by the Company therefor;
- (5) minutes of general meetings (only available for reference by shareholders); special resolutions of general meetings.
- (6) the latest audited financial statements, reports of the Board, auditor's report and the Supervisory Committee's report of the Company;
- (7) a copy of the latest annual return filed with the State Administration for Industry and Commerce or other competent authorities of the PRC;
- (8) stubs of corporate bonds, resolutions of Board meetings, resolutions of the Supervisory Committee meetings, and financial reports;

Save for item (2), the Company shall make available documents referred in items (1) to (7) at its address in Hong Kong for inspection by the public and the shareholders free of charge pursuant to the requirements of the Hong Kong Listing Rules.

- (VI) shareholders having objection to resolutions of the general meeting concerning merger or division of the Company may require the Company to buy the shares held by them;
- (VII) in the event of the termination and liquidation of the Company, the right to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;
- (VIII) other rights conferred by laws, administrative regulations, relevant requirements from the regulatory authority and stock exchange on which shares of the Company are listed and the Articles of Association.

No powers shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

Rights of legal person shareholders of the Company are exercised by their legal representatives or agents on their behalf.

**Article 48** In the event of any loss caused to the Company as a result of violation of laws, administrative regulations or the Articles of Association by the Directors or senior management when performing their duties, any of the shareholders who holds 1% or more of the shares individually or jointly for no less than 180 consecutive days shall have the right to request the Supervisory Committee in writing to initiate litigation before the People's Court. In the event of any loss caused to the Company as a result of violation of laws, administrative regulations or the Articles of Association by the Supervisory Committee when performing its duties, any of the shareholders may request the Board in writing to initiate litigation before the People's Court. In the event that the Supervisory Committee or the Board dismisses the written request of any of the shareholders as specified in the preceding provision, or withholds from instituting litigation within 30 days of the receipt of the request, or that the failure to institute litigation immediately may otherwise cause irreparable damage to the interest of the Company in an urgent circumstance, such shareholder(s) as mentioned in the preceding paragraph shall have the right to initiate litigation before the People's Court in the name(s) of such shareholder(s) in the interest of the Company.

If any other person infringes on the Company's interest and therefore has caused loss to the Company, the shareholders specified in the first paragraph of this Article may initiate legal proceedings at a people's court pursuant to procedures stated in the two preceding paragraphs.

**Article 49** In the event that any Director or senior management violates laws, administrative regulations or the Articles of Association to the detriment of the interest of the shareholders, the shareholders may initiate litigation before the People's Court.

**Article 50** The holders of ordinary shares of the Company shall be subject to the following obligations:

- (I) to comply with the laws, administrative regulations and the Articles of Association;
- (II) to make capital contribution with respect to the shares subscribed for and the method of subscription;
- (III) to be liable to the Company to the extent of the shares they subscribed;
- (IV) save as stipulated by laws or regulations, no share refund is allowed after registration with the Company;

- (V) to safeguard the Company's legitimate rights and interests, to support the Company's operation and management; not to jeopardize the Company's development; not to participate in any business which directly competes with the Company's business;
- (VI) not to abuse their rights as shareholders to jeopardize the Company's or other shareholder's rights; not to abuse of the Company's status as an independent legal person or any abuse of the limited liability of a shareholder to jeopardize the interests of the Company's creditors;
- (VII) other obligations imposed by laws, administrative regulations and the Articles of Association.

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

In the event of any damage caused to the Company or other shareholders arising from any abuse of the shareholder's right, such shareholder shall be liable for compensation in accordance with laws. In the event of any material damage caused to the interest of the creditors of the Company arising from any abuse of the Company's independent legal person status and the limited liability of the shareholders by any shareholder to evade from debts, such shareholder shall be jointly and severally liable for the Company's debts.

Shareholders shall not be liable to any further contribution of the share capital other than such terms as agreed by the subscriber(s) of the relevant shares at the time of subscription.

**Article 51** Except for the obligations as required by laws, administrative regulations or the listing rules of the stock exchange in the place where the shares of the Company are listed, the controlling shareholders in exercising their voting rights shall not make any decisions affecting the benefits of all or part of the shareholders in respect of the following matters:

- (I) exempting the responsibility of any director or supervisor to act in good faith for the best interest of the Company;
- (II) approving any director or supervisor (for the benefit of himself or other persons) to deprive of the property of the Company in any form, including (but not limited to) the opportunities that are favorable to the Company;

(III) approving any director or supervisor (for the benefit of himself or other persons) to deprive of the individual interests of other shareholders, including (but not limited to) any distribution rights or voting rights, but excluding the reorganization of the Company which is submitted to the shareholders' general meeting for approval in accordance with the Articles of Associations.

**Article 52** The term "Controlling Shareholder" referred to in the foregoing Article refers to a person that satisfies any of the following conditions:

- (I) he/she, acting alone or in concert with others, has the power to elect half or more of the total number of Directors;
- (II) he/she, acting alone or in concert with others, has the power to exercise 30% and above of the Company's voting rights (or other ratios occasionally specified in applicable Chinese laws, which are necessary for triggering a compulsory general offer or identifying statutory or managerial control of a business) or control the exercise of 30% and above of the Company's voting rights;
- (III) he/she, acting alone or in concert with others, holds thirty percent or more of the issued and outstanding shares of the Company;
- (IV) he/she, acting alone or in concert with others, has de facto control over the Company in any other manner.

In the Articles of Associations, "acting in concert with others" shall mean two (2) or more persons reaching an agreement (either orally or in writing), pursuant to which any one of them shall obtain voting rights of the Company for control or consolidation of control over the Company.

## **CHAPTER VIII GENERAL MEETING**

### **Section I General Rules of Shareholders' General Meeting**

**Article 53** The general meeting of the Company comprised of all shareholders of the Company, which is on behalf of the interests of the shareholders of the Company. The general meeting of the Company is the organ of authority of the Company and shall exercise its powers in accordance with the laws, administrative regulations and the Articles of Associations.



**Article 54** The General Meeting of the Company shall exercise the following functions:

- (I) to determine the operating policies and investment plans of the Company;
- (II) to elect or remove non-employee representatives Directors, and to determine the remuneration of such Directors;
- (III) to elect or remove non-employee representatives Supervisors, and to determine the remuneration of such Supervisors;
- (IV) to consider and approve reports of the Board;
- (V) to consider and approve reports of the Supervisory Committee;
- (VI) to consider and approve the proposed annual financial budgets and final accounts of the Company;
- (VII) to consider and approve the profit distribution plans and loss recovery plans of the Company;
- (VIII) to decide on any increase or reduction of registered capital of the Company;
- (IX) to decide on the issue of corporate bonds;
- (X) to decide on matters such as merger, division, dissolution, liquidation or change of corporate form of the Company;
- (XI) to amend the Articles of Association;
- (XII) to determine the appointment or dismissal of accounting firms which are responsible for auditing matters of the Company;
- (XIII) to consider proposals from shareholders representing 3% or more of voting rights in the Company;
- (XIV) to consider and approve external guarantees required to be resolved at a general meeting pursuant to laws, administrative regulations and the Articles of Association;
- (XV) to consider the purchase or sale of material assets of the Company within one year, or the amount of guarantee exceeding 30% of the most recently audited total assets;

(XVI) to consider the amount of each investment of the company exceeding 3% of the most recently audited total assets;

(XVII) to consider stock incentive plan;

(XVIII) to consider and approve connected transactions required to be resolved at a general meeting pursuant to laws, administrative regulations, listing rules of the stock exchange of the place in which the shares of the Company are listed and the Articles of Association;

(XIX) to consider and approve other matters required to be resolved at a general meeting pursuant to laws, administrative regulations, listing rules of the stock exchange of the place in which the shares of the Company are listed and the Articles of Association.

**Article 55** Without prior approval from a general meeting, the Company shall not enter into a contract with a person other than a Director, Supervisor, general manager or other senior management members whereby the management of all or a material part of the business of the Company is delegated to such person.

**Article 56** General meetings shall include annual general meetings and extraordinary general meetings.

Annual meetings shall be convened once a year and shall be held within 6 months from the end of the preceding financial year.

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

- (I) when the number of Directors is less than the number as stipulated in the Company Law or less than two-thirds of the number prescribed in the Articles of Association;
- (II) when the uncovered loss of the Company that have not been made up reach one-third of the total share capital;
- (III) when shareholders who individually or collectively hold more than 10% of total number of the Company's shares entitled to vote make a written request to convene an extraordinary general meeting;

(IV) whenever the Board considers necessary or Supervisory Committee proposes to convene a general meeting;

(V) such other circumstances as specified by laws, regulations and the Articles of Association.

## **Section II Convening of General Meeting**

**Article 57** A general meeting shall be convened by the Board and shall be presided over by the Chairman in accordance with the Company Law and the Articles of Association. If the Chairman is unable or fails to perform his duties, such meeting shall be presided over by a Director jointly recommended by the majority of the Directors.

If the Board is unable or fails to fulfill the obligation of convening a general meeting, the Supervisory Committee shall convene and preside over such meeting. If the Supervisory Committee does not convene or preside over such meeting, the shareholders individually or jointly holding no less than 10% of shares of the Company for no less than 90 consecutive days may convene and preside over such meeting on their own.

**Article 58** Shareholders who request an extraordinary general meeting or a general meeting of a class of shareholders shall comply with the following procedures:

- (I) two or more shareholders who together hold 10% or more of the shares carrying the right to vote in the meeting can request the board of Directors to convene an extraordinary general meeting or a class meeting by signing one or several copies of written request(s) in the same form and content, and stating the motions and resolutions proposed. The Board shall convene the extraordinary general meeting or the class meeting as specified in the request as soon as possible. The shareholdings referred to above shall be calculated as at the date of request made.
- (II) if no notice of convening a general meeting was issued within thirty (30) days after the Board receiving the abovementioned written request(s), the shareholders making the request(s) can convene a meeting by themselves within four (4) months after the Board receiving the abovementioned written request(s), and the procedures for convening such meeting shall follow the procedures of the general meeting convened by the Board as much as possible.

All reasonable expenses incurred for such meeting convened by the shareholders as a result of the failure of the Board to convene a meeting as required by the above request(s) shall be borne by the Company and be set off against sums owed by the Company to the defaulting Directors.

### **Section III Proposals at and Notice of the General Meeting**

**Article 59** To convene a general meeting, the Company shall give written notices 45 days before the date of the meeting, informing all registered shareholders of the matters proposed to be considered at the meeting and the date and place of the meeting. Shareholders who will attend the meeting shall return the written replies of attendance to the Company 20 days before the date of the meeting. The general meeting can be convened in the place of domicile of the Company, listing place or other places deemed to be appropriate by the Company

The general meeting shall not make resolutions on the matters not specified in the notice of the general meeting.

**Article 60** As a general meeting is convened, the Board, the Supervisory Committee and any shareholders individually or jointly holding 3% or more of the Company's shares with voting rights in aggregate may propose any written resolution to the Company.

Such shareholders who hold 3% or more of the Company's shares with voting rights in aggregate may submit an interim proposal in writing to the convener at least 15 business days prior to the general meeting date. The convener shall then send a supplemental notice to the shareholders to announce the interim proposal, within 3 business days upon receipt of such proposal.

Other than the above circumstances, the convener shall not make any change in the notice of the general meeting to the existing proposals or add any new proposal after the publication of the notice.

**Article 61** The Company shall, based on the written replies received twenty days before the general meeting date, 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 amounts to not less than half of the Company's total voting shares, the Company may hold the general meeting; if not, the Company shall within five days notify the shareholders by way of public announcement of matters to be considered at and the place and date of the meeting.

No extraordinary meeting shall resolve matters not stipulated on its notice.

**Article 62** A notice of general meetings:

- (I) shall be in writing;
- (II) specifying the place, date and time of the meeting;
- (III) stating the matters to be discussed at the meeting;
- (IV) specify of the equity registration date of shareholders entitled to attend the general meeting;
- (V) providing such information and explanation as are necessary for the shareholders to exercise an informed judgment on the proposals before them, including (but not limited to) where a proposal is made to amalgamate the Company with another company, to repurchase shares of the Company, to reorganize the share capital or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the reasons for and consequences of such proposal must be seriously explained;
- (VI) containing a disclosure of the nature and extent, if any, of material interests of any director, supervisor, general manager or other senior management member in the transaction proposed and the effect of the proposed transaction on such director, supervisor, general manager or other senior management member in their capacity as shareholders in so far as it is different from the effect on the interests of other shareholders of the same class;
- (VII) containing the text of any special resolution proposed to be passed at the meeting;
- (VIII) containing conspicuously a statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not be a shareholder;
- (IX) specifying the time and place for lodging proxy forms for the relevant meeting;
- (X) specifying of the name and telephone number of the coordinator of the meeting.

**Article 63** The notice of a general meeting shall be sent to shareholders (regardless of whether or not they are entitled to vote at the general meeting) by hand or by prepaid mail. The addresses of the recipients shall be such addresses as shown in the register of members. For holders of domestic-invested shares, such notice of the general meeting may also be given by way of announcement.

The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authorities of the State Council during a period from 45 to 50 days prior to the date of the general meeting. Once such announcement is made, all holders of the domestic-invested shares shall be deemed to have received the notice of the relevant general meeting.

The notification, materials or written announcement of the shareholders' assembly meeting should be delivered to the shareholders of overseas-listed foreign shares in any of the following manners, 45 days prior to the said meeting:

- (I) such notification or announcement should be delivered to every shareholder of overseas-listed foreign shares by person or by mail in accordance with the addresses of every shareholders.
- (II) announced at the website of the Company or the websites designated by the securities regulatory authority and stock exchange on which shares of the Company are listed in accordance with relevant laws, regulations and listing rules;
- (III) other manners required by the stock exchange on which shares of the Company are listed and listing rules.

**Article 64** In the case where the listing rules of the place where the Company's securities are listed require the Company to send, post, dispatch, issue, publish or otherwise provide the relevant documents of the Company in both the English version and the Chinese version, if the Company has made appropriate arrangements to confirm whether the shareholders wish to receive the English version only or the Chinese version only, the Company may, to the extent permitted under the applicable laws, only send the English version or the Chinese version of such documents to the relevant shareholder (in accordance with the intention expressed by the shareholder).

**Article 65** The accidental omission to give the notice of a meeting to, or the failure to receive the notice of a meeting by any person entitled to receive such notice, shall not invalidate the meeting or the resolutions passed thereat.

## Section IV Convening of General Meeting

**Article 66** Any shareholder entitled to attend and vote at a general meeting shall be entitled to appoint one or more persons (whether or not a shareholder) as his proxy to attend and vote on his behalf. A proxy so appointed shall be entitled to exercise the following rights in accordance with the authorization from that shareholder:

- (I) the shareholder's right to speak and voting right at the meeting;
- (II) the right to demand, whether on his own or together with others, a poll;
- (III) to exercise the right to vote by a show of hands or by poll; however, if more than one proxy is appointed by a shareholder, such proxies shall only exercise the right to vote on a poll.

**Article 67** The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing, or if the appointor is a legal person either under seal or under the hand of attorney duly authorized.

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

**Article 68** An instrument appointing a proxy shall be deposited at least 24 hours prior to the commencement of the relevant meeting at which the proxy is appointed to vote or 24 hours before the time appointed for voting at the domicile of the Company or such other place as the notice of meeting may specify. If the instrument appointing a proxy is signed by a person authorized by the appointer, the powers of attorney or other instruments of authorization shall be notarized. The powers of attorney or other instruments of authorization so notarized together with the proxy form shall be deposited at the domicile of the Company or such other place as the notice of meeting may specify at the same time as the instrument appointing the proxy is so deposited.

In the event that the appointer is a legal person, such shareholder shall be represented at the shareholders' general meeting of the Company by its legal representative or the person authorized by its Board or other governing body of such appointer.

**Article 69** The proxy form issued by the Board of the Company to the shareholder for the appointment of proxies shall freely allow the shareholder to instruct his/her proxy to vote as he/she sees fit (voting in the affirmative, negative or abstention), and to give separate instructions for each resolution that will be voted on at the meeting.

The power of attorney should indicate that the proxy may vote at his/her discretion if no instructions have been given by the shareholder.

**Article 70** A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or loss of capacity of the appointer or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that no notice in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company before the commencement of the meeting at which proxy is used.

**Article 71** The general meeting shall be convened and presided over the meeting by the chairman. If the chairman is unable to attend a meeting for whatever reason, the chairman can appoint a Director of the Company to convene and preside over the meeting. If no chairman is appointed, shareholders who are present at the meeting may elect a single shareholder to chair the meeting. If the shareholders have failed to elect a chairman for whatever reason, the shareholder that is present at the meeting (including any proxy of such a shareholder) holding the most voting shares shall preside over the meeting.



A shareholders' general meeting convened by the Board of Supervisors shall be chaired and presided over by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors is unable or fails to perform his/her duties, a supervisor shall be elected by above half of the supervisors to preside over the meeting.

A shareholders' general meeting convened by the shareholders shall be chaired and presided over by a representative elected by the convener.

During the course of a shareholders' general meeting, if the chairman of the meeting violates the procedural rules such that the meeting cannot be continued, the shareholders in the shareholders' general meeting may elect one person to act as the chairman of the meeting to continue the meeting so long as the proposed chairman has the consent of more than half of the shareholders with voting rights who are present at the meeting.

**Article 72** A shareholder (including his proxy) may exercise voting rights at the shareholders' general meeting according to the number of shares which carry the right to vote held by him and each share shall have one vote. Nevertheless, the Company's shares held by the Company neither have the right to vote nor will be counted into the total number of the voting shares attending the shareholders' general meeting.

## **Section V Voting and Resolution of the General Meeting**

**Article 73** Resolutions submitted to a general meeting of the Company shall be voted by poll, but subject to the requirements of the Hong Kong Listing Rules, the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

**Article 74** If the matter demanded to be resolved by a poll is the election of the chairman or the termination of the meeting, a poll shall be taken immediately. The chairman can decide when a poll will be taken if it is demanded for any other matters, and the meeting may continue and other matters may be discussed. The results of that poll shall be considered as resolutions passed at the meeting.

**Article 75** On a poll taken at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his votes in the same way.

**Article 76** In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to one additional vote.

**Article 77** Any resolution shall be approved by voting with the identity of the voter stated on the voting paper in the general meeting. The resolutions in the general meeting shall be divided into ordinary resolutions and special resolutions

An ordinary resolution shall be approved by more than the one-half votes represented by shareholders (including proxies) present at the meeting.

A special resolution shall be approved by more than the two thirds votes represented by the shareholders (including proxies) present at the general meeting.

**Article 78** A shareholder attending a general meeting shall express one of the following opinions on any proposal to be voted on: pro, con or abstention

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

**Article 79** Resolutions at General Meeting

(I) Save as otherwise provided in laws, administrative regulations and the Articles of Association, the following matters shall be passed as ordinary resolutions in a general meeting:

- (1) work reports of the Board and the Supervisory Committee;
- (2) profit distribution plans and plans for making up losses drafted by the Board;
- (3) appointment, dismissal and remuneration of the members of the Board and the Supervisory Committee and methods of payment of their remuneration;
- (4) annual financial budgets and final accounts, balance sheets, income statements and other financial statements of the Company;

- (5) matters other than those required to be passed as special resolutions pursuant to laws, administrative regulations and the Articles of Association.
- (II) The following matters shall be passed as special resolutions in a general meeting:
- (1) increase or reduction in share capital of the Company and issuance of shares of any class, warrants and other similar securities;
  - (2) amendments to the Articles of Association;
  - (3) issuance of bonds by the Company;
  - (4) merger, division, dissolution, liquidation or change of corporate form of the Company;
  - (5) any purchase, sale of material assets or guarantee by the Company within one year with an amount exceeding 30% of the Company's total assets, save for requirement from the Company's daily operation and provision of guarantees for the Company and its wholly-owned subsidiaries;
  - (6) other matters specified by laws, regulations or the Articles of Association and matters specified by ordinary resolutions of general meeting that are considered to be significant to the Company and shall be passed as special resolutions in a general meeting.

When a connected transaction is considered at a general meeting, the connected shareholders shall abstain from voting. The voting shares held by connected shareholders shall not be counted in the total number of shares with voting rights. The resolutions of the general meeting shall fully disclose the voting of the shareholders who are not connected parties.

**Article 80** The chairman of the meeting shall decide whether or not a resolution is passed. His/her decision shall be final and shall be announced at the meeting and recorded in the minutes of the meeting.

**Article 81** The resolution which the matters discussed at the general meeting shall be recorded as minutes. The minutes of the general meeting shall contain the discussed matters and its results of voting at the general meeting, and shall be signed by the Directors attend the meeting. The minutes shall be maintained with the attendance register for the shareholders attend the meeting and the proxy forms of proxies.

**Article 82** If the chairman has any doubt as to the result of a resolution which has been put to vote at the general meeting, he may have the ballots counted. If the chairman has not counted the ballots, any shareholder who is present in person or by proxy and who objects to the result announced by the chairman may, immediately after the declaration, demand that the ballots be counted and the chairman shall have the ballots counted immediately.

**Article 83** If ballots are counted at a general meeting, the counting result shall be recorded in the meeting minutes.

The minutes together with the attendance record of shareholders and the powers of attorney of the proxies shall be kept at the domicile of the Company.

**Article 84** Shareholders may examine photocopies of the minutes of meetings during the Company's office hours free of charge. If any shareholder requests for a photocopy of the relevant minutes of meetings, the Company shall send such photocopies within 7 days upon receipt of the payment for reasonable charges.

**Article 85** The contents approved at the general meeting shall be void if violate the requirements under the laws and administrative regulations.

If the convening procedures or voting methods for the general meeting violate the laws, administrative regulations or the Articles of Association, or any content of a resolution runs counter to the Articles of Association, the shareholders on their own initiative may submit to the people's court to cancel the resolution within sixty days after the said resolution is made.

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

**Article 86** Shareholders of different classes of shares are class shareholders. Class shareholders shall enjoy rights and assume obligations in accordance with laws, administrative regulations and provisions of the Articles of Association.

**Article 87** If the Company proposes to change or nullify the rights of a certain class of shareholders, such proposal shall be passed by a special resolution at a general meeting and be passed at the meeting convened according to the requirements of Article 89 to Article 93 of the Articles of Association for the affected class of shareholders.

**Article 88** The rights of a certain class of shareholders shall be deemed to have been changed or nullified in the following circumstances:

- (I) to increase or decrease the number of shares of that class, or to increase or decrease the number of shares of other class which enjoy the same or more voting rights, distribution rights or other privileges;
- (II) to convert part or whole of the shares of that class into another class, convert part or whole of the shares of another class into that class, or grant such conversion rights;
- (III) to nullify or reduce the rights of that class of shares to receive payable dividends or cumulative dividends;
- (IV) to reduce or nullify the privileged rights of that class of shares to acquire dividends or to obtain distribution of assets during liquidation of the Company;
- (V) to increase, nullify or reduce the conversion, option, voting, transfer or privileged allotment rights of that class of shares or the rights of such class of shares to obtain securities issued by the Company;
- (VI) to nullify or reduce the rights of that class of shares to receive amounts payable by the Company in a particular currency;

- (VII) to create a new class of shares which enjoys the same or more voting rights, distribution rights or other privileges as compared with that class of shares;
- (VIII) to restrict the transfer and ownership of that class of shares, or increase the restrictions;
- (IX) to grant the share subscription options or share conversion options of or another class of shares;
- (X) to increase the rights or privileges of another class of shares;
- (XI) any restructuring scheme of the Company that may result in the assumption of disproportionate responsibilities by different classes of shareholders during the restructuring;
- (XII) to revise or nullify the provisions in the Articles of Association.

**Article 89** Shareholders of the affected class, whether or not otherwise having the right to vote at general meetings, shall nevertheless have the right to vote at shareholders' class meetings in respect of matters referred to in items (II) to (VIII) and (XI) to (XII) of Article 88 in this Articles, but Interested Shareholder(s) shall not be entitled to vote at such shareholders' class meetings.

The meaning of an "Interested Shareholder" stated above is:

- (I) in the case of a repurchase of shares by offers to all shareholders in the same proportion or public dealing on a stock exchange in accordance with the provisions of Article 27 of the Articles of Association, a controlling shareholder within the meaning of Article 52 in the Articles of Association;
- (II) in the case of a repurchase of shares by an off-market contract under Article 27 of the Articles of Association, a shareholder to whom the proposed contract is related;
- (III) in the case of a restructure of the Company, a shareholder within a class who bears less than a proportionate amount of obligations imposed on the shareholders of that class or who has an interest different from the interest of the other shareholders of that class.

**Article 90** The quorum for a separate class meeting (other than an adjourned meeting) to consider a variation of the rights of any class of shares shall be the holders of at least one-third of the issued shares of that class.

Resolutions of a class of shareholders shall require the approval of shareholders present representing more than two thirds of the voting rights of that class voting in favor of such resolutions in accordance with Article 89 of the Articles of Association.

**Article 91** Written notice of a class meeting shall be given by the Company 45 days prior to the date of the meeting to notify all the registered shareholders holding shares of that class of the matters to be considered at the meeting and the date and place of the meeting. A shareholder who intends to attend the meeting shall deliver a written reply confirming his attendance at the class meeting to the Company 20 days prior to the date of the meeting.

The Company can convene a class shareholders' meeting, if the number of shares of the class carrying voting rights represented by shareholders intending to attend represents more than one half of the total number of such shares of the Company. If not, the Company shall make an announcement, within five days, once again notifying the shareholders of the matters proposed to be considered and the date and place of the meeting. Once an announcement has been so made, the Company may convene the class meeting.

**Article 92** Notice of class meetings need only be served on shareholders entitled to vote thereat.

Meetings of any class of shareholders shall be conducted in a similar way as closely as possible to the provisions for general meetings of shareholders. The provisions of the Articles of Association relating to the conduct of any general meeting of shareholders shall apply to any class meeting.

**Article 93** In addition to holders of other class shares, holders of domestic shares and overseas listed foreign shares are deemed to be shareholders of different classes. The special voting procedures for class shareholders shall not apply to the following circumstances:

- (I) the Company independently, upon the approval by way of special resolution by general meeting, issues domestic shares and/or overseas listed foreign shares every twelve months, provided that the amount of each of the domestic shares and overseas listed foreign shares intended to be issued is not more than 20% of the issued and outstanding shares of the respective class;
- (II) the Company's plan on issuing domestic shares and overseas listed foreign shares at time of its incorporation, which is completed within fifteen (15) months upon the date of approval from the securities regulatory authorities of the State Council.

## **CHAPTER X THE BOARD**

**Article 94** The Company shall establish a Board. The Board is the decision-making body for business operation of the Company, which is accountable to the shareholders in general meeting.

**Article 95** The Board of the Company shall be composed of 6 to 13 Directors. At least one-third of members of the Board of the Company shall be independent Directors (hereinafter referred to as "Independent Director(s)"), and the total numbers shall not fewer than 3, including at least one member must has appropriate accounting or relevant financial management expertise (refers to person with senior title or qualification of certified public accountant), and satisfies the requirements with Rule 3.10(2) of the Hong Kong Listing Rules.

The aforementioned Independent non-executive Directors refer to the Directors who hold no position in the Company other than the position of independent non-executive Director and have no relationship with the Company and its major shareholder(s) that may prevent them from making objective and independent judgment.

For Independent Directors rules which are not stipulated in the Articles of Association, shall be subject to relevant laws, regulations and relevant provisions of the listing rules of the stock exchange on which the Company's shares are listed.



**Article 96** Nomination of Directors

The Company shall set aside a period of time before convening the meeting in respect of candidates nominated by shareholders taking up the role of directors. Within this period, shareholders may issue a written notice to the Company in respect of nominating a candidate to be a director, and such candidate may issue the written notice regarding the indication of his/her intention to accept the nomination to the Company. The aforementioned period shall be at least seven (7) days and shall commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven (7) days prior to the date of such meeting.

**Article 97** Term of Directors

- (I) Directors shall be elected and replaced at general meetings and serve a term of 3 years. A Director may serve consecutive terms if re-elected upon the expiration of his/her term;
- (II) Any Director can be removed before the expiration of his/her term of office by a resolution passed at a general meeting. But the general meeting shall not dismiss him/her without any reason. Such removal does not affect the rights of such director to make any claim under any contract;
- (III) The term of office of a director shall commence from the date of him/her assuming office until expiry of the term of the prevailing session of the Board. If the term of office of a director expires but re-election is not made forthwith, before the re-elected director takes office, such retiring director shall continue to perform his/her duties as a director pursuant to the requirements of laws, administrative regulations, departmental rules and the Articles of Association;
- (IV) Any person appointed by the board of directors to fill a casual vacancy or as an addition to the board of directors shall hold office until the Company's next annual general meeting and that person shall then be eligible for re-election and reappointment;

(V) General manager or other senior management members of the Company may be appointed concurrently as directors, but the total number of directors who are concurrently serving as general manager or other senior management member shall not be more than half (1/2) of the total number of Board members of the Company.

The directors need not hold share(s) of the Company.

**Article 98** A director may resign prior to the expiration of his/her term of office. To resign from office, the director shall submit a resignation report in writing to the board of directors.

If re-election is not made forthwith or the member of directors falls below the minimum statutory requirement due to a director's resignation, the former directors shall still perform their duties as directors in accordance with the requirements of laws, administrative regulations, departmental rules and the Articles of Association before the appointment of the re-elected directors.

Save for the circumstances referred to in the preceding paragraph, the director's resignation takes effect upon delivery of his/her resignation report to the board of directors.

**Article 99** Any Director who violates the Articles of Association from termination by a Director before his term expires shall be liable for compensation to any loss caused to the Company.

Subject to the relevant laws and administrative regulations, Directors can be removed before the expiration of his/her term of office (but without prejudice to any claim for damages under any contracts) by an ordinary resolution passed at a general meeting.

Where a Director fails to attend the meetings in person twice consecutively and does not appoint another Director to attend the meetings on his/her behalf, the Director will be deemed as failing to perform his/her duties and the Board can propose to the general meeting to replace the supervisor.

**Article 100** The Board shall be accountable to the general meeting and perform the following main duties and powers:

- (I) to convene the general meeting and to propose the general meeting to approve relevant matters as well as report its performance at the general meetings;
- (II) to implement resolutions adopted at the general meetings;
- (III) to make decisions on the Company's business plans and investment plans;
- (IV) to formulate the Company's annual financial budgets and annual final accounting plans;
- (V) to formulate the Company's profit distribution plans and loss recovery plans;
- (VI) to formulate the proposals on the increase or reduction of the Company's registered capital, the proposals on the issuance of corporate bonds and securities listing plans;
- (VII) to formulate the plans for merger, division, dissolution or other changes in corporate form of the Company;
- (VIII) to determine the establishment of internal management departments and the establishment of branches;
- (IX) to appoint or dismiss the general manager and determine the remunerations; and to appoint or dismiss the deputy general manager and the responsible financial officer as nominated by the general manager and to determine their remunerations and rewards and punishments;
- (X) to formulate the basic management system of the Company;
- (XI) to formulate the proposals for any amendment to the Articles of Association;
- (XII) to propose the engagement or replacing of accounting firm which undertakes the audit business of the Company to the general meeting;

- (XIII) to determine the external guarantee matter of the Company other than those to be considered by the general meeting;
- (XIV) to determine the purchase or sale of major assets of the Company within a year, or the amount of guarantee, which does not exceed 30% of the most recently audited total assets;
- (XV) to determine the amount of each investment of the Company which exceeds 0.03% but does not exceed 3% of the most recently audited total assets (or the amount of the investment does not exceed 0.03% of the total assets of the Company, or may have a significant impact on the Company);
- (XVI) to approve the connected transaction shall be approved by the Board in accordance with the requirements of the laws, administrative regulations, the listing rules of the stock exchange where the Shares of the Company are listed and the Articles of Association;
- (XVII) duties and powers granted by the Articles of Association and the general meeting;
- (XVIII) other matters required in the laws, administrative regulations, departmental rules and the listing rules of the stock exchange where the Shares of the Company are listed.

Resolutions by the Board on the matters referred to in the preceding paragraph shall, be passed by the affirmative vote of more than one half of all of the Directors with the exception of resolutions on the matters referred to in items(VI), (VII) and(XI), which shall require the affirmative vote of at least two-thirds of all of the Directors for adoption.

**Article 101** The Board shall not, without the approval of shareholders in general meeting, dispose or agree to dispose of any fixed assets of the Company where the aggregate of the value of the consideration for the proposed disposition and where any fixed assets of the Company have been disposed of in the period of four months immediately preceding the proposed disposition, the value of the consideration for any such disposition, exceeds 33% of the value of the Company's fixed assets as shown in the last balance sheet placed before the shareholders in general meeting.

For the purposes of this Article, disposition of fixed assets includes an act involving a transfer of an interest in assets, however excluding providing security by fixed assets.

The validity of a transaction for the disposition of fixed assets by the Company shall not be affected by a breach of the first paragraph of this Article.

**Article 102** The Board shall seek opinions from the Party Committee before making decisions on the material issues of the Company.

**Article 103** The Board shall have 1 chairman. The chairman of the Board shall be elected by more than one-half of all the directors.

The chairman shall hold office for a term of three (3) years, and may serve consecutive terms if re-elected.

**Article 104** The chairman of the Board shall perform the following duties and powers:

- (I) to preside over the general meetings, and to convene and preside over Board meetings;
- (II) to inspect the implementation of the resolutions of the Board;
- (III) to sign the securities issued by the Company;
- (IV) to sign the legally binding document and important documents with external parties;
- (V) other duties and powers granted by the Board.

If the chairman of the Board is unable or fails to perform his or her duties and powers, a director elected jointly by half or more of the directors shall perform the chairman's duties and powers on his or her behalf.

**Article 105** Regular Board meetings shall be convened at least four times a year. Notices of every meeting shall be sent to all directors and supervisors 14 days prior to the convening date of the relevant meeting. The regular Board meetings shall be not convened by circulation of a written resolution.

**Article 106** The chairman of the Board shall convene and preside over an extraordinary Board meeting within ten (10) days from the date of receipt of one of the following requests:

- (I) when proposed by shareholders representing more than one tenth of the total number of shares carrying voting rights of the Company;
- (II) joint request of one-third or more of the Directors;
- (III) request of the Supervisory Committee;
- (IV) request of the general manager.

**Article 107** Notices of the regular Board meetings and extraordinary Board meetings shall be given in person, by facsimile, by express delivery service or by email. Where the notice is not served by direct delivery, telephone acknowledgement and relevant records shall be made.

Notice of a regular Board meeting should be at least 14 days. When an extraordinary Board meeting is required to be convened promptly in emergency situations, the meeting notice can be given via phone or other verbal means but the convener shall make explanations at the meeting.

The notice of the Board meeting shall contain the following:

- (I) Date and venue of the meeting;
- (II) duration of the meeting;
- (III) the reasons for and resolutions at the meeting;
- (IV) the date on which such notice is dispatched.

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

Meetings may be held by way of onsite meetings or written resolutions. Telephone conference or video conference systems may be provided for convenience of the members to attend onsite meetings. Directors attending the meetings by such means shall be deemed to be present at the meeting.

**Article 108** A Board meeting shall not be convened unless more than half of the Directors (including Directors appointed to attend on his or her behalf) are present. Each Director shall have one vote at the Board meeting. Unless otherwise required by the laws, administrative regulations and the Articles of Association, resolutions of the Board shall be passed by a majority vote of all directors.

When the number of dissenting votes is equal to affirmative votes, the Chairman may cast another vote.

When the Board is considering the relevant connected transaction, connected Directors shall not participate in the voting and shall not vote on behalf of other Directors as proxy, and their votes with voting right shall not be counted in the total votes. The Board meeting can be convened with the attendance of over half of the non-connected directors. The resolution of Board meeting shall be passed by a simple majority of non-connected directors, and it shall fully disclose the voting of non-connected Directors. If less than three non-connected directors attend the Board meeting, the matters shall be submitted for the consideration of the general meeting.

**Article 109** Attendance of the Board

- (I) Directors shall attend the meeting of the board of directors in person. If for any reason the directors are unable to attend, they may authorize other directors in written to attend the Board meeting on their behalf, but the scope of authorization shall be stated in the power of attorney. The representatives of the directors attending the meeting shall exercise their authorities within the scope as authorised.
- (II) Any director absents from the meeting of the Board who fails to appoint a representative is deemed to have waived their voting rights at such meeting.

If a substantial shareholder (only provided under this section that substantial shareholders are those shareholders individually or jointly holding more than 10% of total number of the Company's shares with voting rights) or a Director is deemed to have material conflict of interests in the matter to be considered by the Board of Directors, the matter shall be dealt with in a Board meeting rather than by a written resolution. Only the independent Directors who and whose associates (within the meaning of the Hong Kong Listing Rule) have no material interest in the transaction shall be present at that Board meeting.

**Article 110** The Board shall maintain minutes to record its decisions on the matters it has considered. Directors present at the meeting and the minute-taker shall sign on the minutes. A director who has expressly objected to a resolution is entitled to request his/her objection to the resolution to be recorded in minutes of the meeting.

The minutes of the Board meeting shall specify:

- (I) the date, venue and name of convener of the meeting;
- (II) the names of the directors present at the meeting and the names of the directors (proxies) appointed by others to be present at the meeting;
- (III) agenda of the meeting;
- (IV) the gist of directors' speech;
- (V) the voting method and results of each resolution (the voting results shall state the number of affirmative votes, dissenting votes and abstention votes).

The meeting minutes of the board of directors shall be kept as company files and the term of keeping the file shall be no less than ten (10) years.

**Article 111** Directors shall undertake the responsibilities for the resolutions of the board of directors. In the event that any resolution of the board of directors is in breach of the PRC laws, administrative regulations or the Articles of Association, resolutions of the general meetings, which causes severe loss for the Company, those directors voting for such resolution shall be held liable for such losses. However, where any director has been proved to have expressed dissenting opinions on the voting on such resolution which have been recorded in the meeting minutes, such director may be exempted from such liability.



**Article 112** Directors shall be in compliance with laws, administrative regulations and the Articles of Association and bear fiduciary and diligent duties to the Company. A Director shall be personally liable for any loss suffered by the Company as a result of a violation by him/her of any laws, administrative regulations and the Articles of Association in the course of performing his/her duties.

This provision is applicable to Supervisors and senior management of the Company.

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

**Article 113** The Company shall have a Secretary to the Board and shall be accountable to the Board. The Secretary to the Board shall be a senior management officer of the Company.

**Article 114** The office of the Secretary to the Board shall be held by a natural person with necessary professional knowledge and experience, who shall be appointed by the Board.

The primary duties of the Secretary to the Board are:

- (I) to keep the Company's organizational documents and records intact;
- (II) to ensure that the Company timely prepares and submits the reports and documents required by the regulatory departments;
- (III) to prepare the Board meeting and the general meeting, and is responsible for the recording in meeting and keeping of documents and record of meeting;
- (IV) to ensure the proper maintenance of the Company's register of members, and to ensure the persons who are entitled to obtain the relevant records and documents of the Company are able to obtain the same on a timely basis;
- (V) to deal with the information disclosure;
- (VI) other responsibilities required by the applicable laws, regulations, rules, listing rules of the stock exchange and other regulations and the Articles of Association.

**Article 115** A director or other senior management officer of the Company may concurrently serve as the secretary to the Board. No accountant of the accounting firm engaged by the Company shall concurrently serve as the secretary to the Board.

Where a director concurrently serves as the secretary to the Board and a certain matter is required to be done by Directors and the secretary to the Board respectively, he/she shall not do the act in his/her double capacities.

## **CHAPTER XII SUPERVISORY COMMITTEE**

**Article 116** The Company shall have a Supervisor Committee. The Supervisor Committee shall exercise supervision function in accordance with laws, administrative regulations and the Articles of Association.

**Article 117** Supervisory Committee shall be composed of 6 persons. Supervisory Committee shall have one chairman, which shall be elected or dismissed by two-thirds or more of the Supervisors. The chairman of Supervisory Committee convenes and presides over meeting of Supervisory Committee; when the chairman of the Supervisory Committee is unable or fails to perform his or her duties, a supervisor appointed by half or more of all supervisors shall convene and preside over the meetings of the Supervisory Committee.

**Article 118** The members of the Supervisor Committee shall comprise 4 representatives of shareholders and 2 representatives of staff and workers. The election and removal of the representatives of shareholders shall be decided by shareholders in general meeting, while the representative of staff and workers shall be elected and removed by staff and workers of the Company in the staff and workers' congress, the assembly of staff and workers and other democratic ways. The number of supervisors assumed by representatives of staff and workers shall not be less than one third of the supervisors.

**Article 119** Directors, general manager, assistant general manager, financial officer and other senior officers of the Company shall not act concurrently as supervisors.

**Article 120** Terms of Supervisors

- (I) Supervisors serve a term of 3 years. A Supervisor may serve consecutive terms if re-elected upon the expiration of his/her term;
- (II) Any Supervisor can be removed before the expiration of his/her term of office by a resolution in the general meeting pursuant to the Articles of Association. But the general meeting shall not dismiss him/her without any reason.

Where a Supervisor fails to attend the meetings in person twice consecutively, the Supervisor will be deemed as failing to perform his/her duties and such Supervisor can be replaced at the general meeting or staff and workers' congress.

**Article 121** A Supervisor may resign prior to the expiration of his/her term of office. To resign from office, the Supervisor shall submit a resignation report in writing to the Supervisor Committee.

If re-election is not made forthwith or the member of the Supervisor Committee falls below the minimum statutory requirement due to a Supervisor's resignation, the former Supervisors shall still perform their duties as Supervisors in accordance with the requirements of laws, administrative regulations, departmental rules and the Articles of Association before the appointment of the re-elected Supervisors.

Save for the circumstances referred to in the preceding paragraph, the Supervisor's resignation takes effect upon delivery of his/her resignation report to the Supervisor Committee.

**Article 122** The Supervisory Committee shall be accountable and report on its work to the general meeting and perform the following duties and powers:

- (I) to monitor whether the Directors, general manager and other senior management act in contravention to the laws, administrative regulations and the Articles of Association, and to propose suggestion of dismissal to the Directors and senior management who violates laws, administrative regulations, the Articles of Association and the resolutions of the general meeting;

- (II) to demand rectification from the Directors, general manager and other senior management when their acts are detrimental to the interests of the Company, and to report to the general meeting or the relevant competent authorities of the State when necessary;
- (III) to check the financial condition of the Company;
- (IV) to propose to convene the extraordinary general meeting, and to convene and preside over the general meeting when the Board fails to perform its responsibilities under the requirements of the Articles of Association to convene and preside over the general meeting;
- (V) to check financial reports, operation reports and profit distribution proposals submitted by the Board to the shareholders' general meeting, and to engage, on behalf of the Company, certified accountants and auditors to review such reports if any problems are identified;
- (VI) to propose proposals to the general meeting;
- (VII) to propose to convene the extraordinary Board meeting;
- (VIII) to bring a lawsuit against Directors and senior management in accordance with the requirements of the Company Law;
- (IX) to perform other duties as required by the laws, administrative regulations and the Articles of Association.

Supervisors have the right to attend the Board meetings as non-voting observers and make inquiries or suggestions on matters to be resolved by the Board.

**Article 123** Supervisor Committee meetings shall be convened at least once every 6 months, and it shall be convened by the chairman of Supervisor Committee. Supervisor Committee can suggest to convene the extraordinary Supervisor Committee meetings.

The regular Supervisor Committee meetings shall not be convened by circulation of a written resolution.

Notices of the regular Supervisor Committee meetings and extraordinary Supervisor Committee meetings may be given, in person, by facsimile, by courier or by registered airmail; notice period of meeting: at least 10 days prior to the convening of the Supervisor Committee meeting. When an extraordinary Supervisor Committee meeting is required to be convened promptly in emergency situations, the meeting notice can be given via phone or other verbal means but the convener shall make explanations at the meeting.

The notice of the Supervisor Committee meeting shall contain the following: Date, venue, reasons for and resolutions of the meeting, as well as the date on which such notice is dispatched.

**Article 124** Each supervisor shall have one vote. The resolution made by the Supervisor Committee shall be passed by two-thirds or more of the members of the Supervisors.

**Article 125** The discussed issues shall be recorded in the minutes of the meeting of the Supervisory Committee. Supervisors attending the meeting shall sign on the minutes of meetings.

Supervisors are entitled to request that an explanation of their comments made at the meetings be noted in the minutes. Minutes of meeting of the Supervisory Committee shall be maintained as company files for at least ten years.

**Article 126** A supervisor may attend meetings of the Board. He/she can also question or make suggestions concerning proposed resolutions at the Board meeting.

**Article 127** Supervisory Committee shall conduct investigations upon discovery of abnormality in the business operation and engage professional firms such as lawyers, certified accountants and auditors to assist its work where necessary. The Company shall bear reasonable cost generated therefrom;

**Article 128** A supervisor shall faithfully perform his or her supervisory duties in accordance with the provisions of laws, administrative regulations and the Articles of Association.

### **CHAPTER XIII PARTY COMMITTEE**

**Article 129** The Company shall establish the Party Committee consisting of one secretary and several other members. Eligible members of the Party Committee may join the Board, the Supervisory Committee and the management through legal procedures, and eligible Party members in the Board, the Supervisory Committee and the management may join the Party Committee in accordance with relevant regulations and procedures. The Company shall establish the Discipline Committee in accordance with relevant regulations.

**Article 130** The Party Committee shall perform its duties in accordance with the internal laws and regulations of the Party including the Constitution of the Communist Party of China and the Working Rules of the Communist Party Committee of China (Trial).

- (i) to ensure and supervise the Company's implementation of policies and guidelines of the Communist Party of China and the State, and implement major strategic decisions of the Central Committee of the Communist Party of China and the State Council, as well as important work arrangements of the Party committee of the SASAC and the Party organizations of higher levels;

- (ii) to uphold a principle combining (a) the principle of management of cadres by the Party, (b) the Board's legitimate right to appoint the management, and (c) the management's legitimate right to staffing; to consider and opine on the candidates nominated by the Board or the general manager of the Company, or recommend nominees to the Board or the general manager of the Company; to evaluate the proposed candidates in conjunction with the Board, and to collectively consider and provide relevant suggestions;
- (iii) to consider and discuss matters on the reform, development and stability of the Company, major operation and management matters as well as key issues involving the vital interests of employees, and provide relevant suggestions; and
- (iv) to take responsibility for comprehensive and strict management of the Party; to lead the ideological and political work, united front work, construction of spiritual civilization, construction of enterprise culture, and the work of the trade union, the Communist Youth League and other mass groups and organizations of the Company; to lead the improvement of conduct and uphold the integrity of the Party, and to support the supervision work by the discipline inspection commission of the Party.

#### **CHAPTER XIV OPERATIONAL AND MANAGEMENT BODY**

**Article 131** The Company shall have one general manager, who shall be appointed and dismissed by the Board and shall have certain number of deputy general managers, who shall be appointed and dismissed by the Board. Directors can hold a concurrent post as general manager, deputy general managers or any other senior management post. The positions of chairman of the Board and general manager are taken up by different persons in general.

**Article 132** The general manager shall be accountable to the Board and perform the following duties and powers:

- (I) to lead the management of production and operation, and to organize and implement the resolutions of the Board;
- (II) to organize and implement the annual operation plan and investment proposal of the Company;
- (III) to propose the establishment proposal of the internal management departments;

- (IV) to formulate the basic management system of the Company;
- (V) to formulate the basic rules of the Company;
- (VI) to propose the Board to appoint or dismiss deputy general manager, responsible financial officer of the Company;
- (VII) to appoint or dismiss the management other than appointment or dismissal by the Board;
- (VIII) other duties and powers granted by the Articles of Association and the general meeting.

**Article 133** General manager should attend the Board meetings as non-voting observers and the general manager who is not a Director has no voting right.

**Article 134** When exercising his/her functions and powers, the general manager of the Company shall bear the duties of good faith and due diligence in accordance with law, administrative regulations and the Articles of Association.

## **CHAPTER XV QUALIFICATIONS AND DUTIES OF THE DIRECTORS, SUPERVISORS AND OTHER SENIOR MANAGEMENT OF THE COMPANY**

**Article 135** In the conditions as set out below, the following persons shall not serve as Directors, Supervisors, general manager or other senior management of the Company:

- (I) persons without civil capacity or with limited civil capacity;
- (II) persons who have committed corruption, bribery, embezzlement, misappropriation of property or disruption of the order of socialist market economy and have been sentenced to criminal punishment, where less than five years have elapsed since the date of completion of the sentence, or who have been deprived of their political rights due to the commission of a criminal offense, where less than five years have elapsed since the date of restoring their political rights;



- (III) persons who were former directors, factory managers or managers of a company or enterprise which was declared bankrupt and was liquidated and who were personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of completion of the bankruptcy and liquidation of the company or enterprise;
- (IV) persons who were legal representatives of a company or enterprise which had its business license revoked and had been ordered to shut down due to violation of the laws and who were personally liable, where less than three years have elapsed since the date of the revocation;
- (V) persons who have a substantial amount of debts due and outstanding;
- (VI) persons who were investigated by judicial offices and the lawsuit is not settled yet;
- (VII) persons who cannot serve as corporate leaders according to laws and administrative regulations;
- (VIII) non-natural person;
- (IX) persons who have been convicted by the competent authority for violation of securities regulations and acting fraudulently or dishonestly, where less than five years have elapsed since the date of conviction;
- (X) circumstances as required by the relevant laws and regulations of a place where the Company's securities are listed.

**Article 136** The validity of the conduct of Directors, general manager or other senior management who act in good faith on behalf of the Company with respect to third parties shall not be affected by any irregularity in their appointment, election or qualification.

**Article 137** Besides the obligations as stipulated in the laws, administrative regulations or the listing rules of the stock exchanges where the stocks of the Company are listed, the Directors, Supervisors, general manager and other senior management of the Company shall perform the following obligations on each shareholder when exercising the powers conferred on them by the Company:

- (I) not to allow the Company to operate beyond the scope stated in the business license;
- (II) to act, bona fide, in the best interests of the Company;
- (III) not to deprive in any way the properties of the Company, including but not limited to opportunities advantageous to the Company;
- (IV) not to deprive the personal interests of shareholders, including but not limited to the right to distributions and the right to vote; however, company restructuring proposed to the general meeting for approval in accordance with the Articles of Association is excluded.

**Article 138** Each of the Company's directors, supervisors and senior management owes a duty, in the exercise of their rights and discharge of their duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise under similar circumstances.

**Article 139** The directors, supervisors, general manager and other senior management of the Company shall perform their duties in accordance with the principle of honesty and shall not put themselves in a position where their duties and their interests may conflict. These principles include but not limited to the following:

- (I) to act, bona fide, in the best interests of the Company;
- (II) to exercise powers within the scope of their powers;
- (III) to exercise their discretion vested in them and not to allow themselves to act under the control of another and, unless and to the extent permitted by the laws, administrative regulations or with the consent of shareholders' general meeting, not to delegate others to exercise their discretion;
- (IV) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (V) not to enter into any contract, transaction or arrangement with the Company unless otherwise provided by the Articles of Association or with the consent of shareholders' general meeting;

- (VI) not to use the Company's property for their own benefit without the consent of shareholders' general meeting;
- (VII) not to exploit their positions to accept bribes or other illegal income or expropriate the property of the Company by any means, including but not limited to opportunities advantageous to the Company;
- (VIII) not to accept commissions in connection with the transactions of the Company without the consent of shareholders' general meeting;
- (IX) to abide by the Articles of Association, perform their official duties faithfully and protect the interests of the Company, and not to exploit their positions and powers in the Company for their own interests;
- (X) not to compete with the Company in any way unless with the consent of shareholders' general meeting;
- (XI) not to misappropriate the Company's funds, not to open accounts in their own names or other names for the deposit of the assets or funds of the Company; not to violate the provisions of the Articles of Association by lending the Company's funds to others or providing guarantees to a shareholder of the Company or other individual(s) with the assets of the Company, without consent by a general meeting or of the Board;
- (XII) unless otherwise permitted by shareholders' general meeting, to keep confidential the information acquired by them in the course of and during their tenure and not to use the information other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other government authorities is permitted if the disclosure is:
  - 1. by order of the laws;
  - 2. in the interests of the public;
  - 3. in the interest of the relevant Director, Supervisor, general manager or other senior management.

Proceeds from violating this Article of the persons mentioned in this Article shall belong to the Company; losses caused to the Company by such persons shall be indemnified by the same.

**Article 140** Directors, Supervisors, general manager or other senior management of the Company shall not direct the following persons or bodies (hereinafter referred to as the “Relevant Person”) to do anything to which the Directors, Supervisors, general manager or other senior management are not permitted:

- (I) the spouse or minor children of the Directors, Supervisors, general manager or other senior management of the Company;
- (II) the trustee of the Directors, Supervisors, general manager or other senior management of the Company or of the persons stated in (I) of this Article;
- (III) the partners of the Directors, Supervisors, general manager or other senior management of the Company or of the persons stated in (I) and (II) of this Article;
- (IV) the company(ies) solely controlled in fact by the Directors, Supervisors, general manager and other senior management or the company(ies) jointly controlled in fact by the persons mentioned in (I), (II) and (III) of this Article or other Directors, Supervisors, general manager and other senior management of the Company; and
- (V) the directors, supervisors, general manager and other senior management of the company(ies) so controlled as referred to in (IV) of this Article.

**Article 141** The fiduciary duties of the directors, supervisors, general manager and the senior management of the Company do not necessarily cease with the termination of their tenure while their obligation to treat such trade secrets of the Company confidential survives the termination of their tenure. Other duties may continue for such period as fairness may require, depending on the time lapse between the termination of tenure and the occurrence of the event concerned, and the circumstances and conditions under which the relationship between them and the Company is terminated.

**Article 142** Except for such circumstances provided in Article 51 of the Articles of Association, a director, supervisor, general manager and the senior management of the Company may be relieved from such liability for the violation of his/her specific duty by the informed consent of shareholders given at a general meeting.

**Article 143** Where a director, supervisor, general manager and other senior management of the Company has significant relationship in any way, directly or indirectly, in an established or proposed contract, transaction or arrangement entered into by and with the Company, (other than the service contract entered into by and between a director, Supervisor, general manager and other senior management of the Company and the Company), he/his shall disclose the nature and extent of his interests to the Board promptly whether or not such contract, transaction or arrangement is subject to the approval of the Board under normal circumstances.

Subject to the exceptions specified in Article 4(1) and Note 1 of Appendix 3 of the Hong Kong Listing Rules or otherwise allowed by Hong Kong Stock Exchange, a director shall not vote on any resolution approving the contract or arrangement or any other proposal in which he or any of his associates (within the meaning of the Hong Kong Listing Rules) has a material interest nor shall he be counted in the quorum present at the meeting.

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

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

**Article 144** In the event that a director, supervisor, general manager and other senior management of the Company gives a written notice to the Board before the Company considers to establish the contract, transaction or arrangement for the first time, stating that due to the contents of the notice, such director, supervisor or senior management of the Company has an interest in the contract, transaction or arrangement that may subsequently be made by the Company, such director, supervisor, general manager and other senior management shall be deemed, for the purposes of the preceding Articles of this Chapter, to have declared his/her interest, insofar as attributable to the scope stated in the notice.

**Article 145** The Company may not, in any manner, pay tax for or on behalf of its directors, supervisors, general manager or other senior management.

**Article 146** The Company may not directly or indirectly provide a loan or loan security for a director, supervisor, general manager or other senior management of the Company and of its controlling shareholders, or Connected Persons of the foregoing persons.

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

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

**Article 147** As for such loan provided by the Company in violation of the preceding Article, the recipient of such loan shall immediately repay such loan regardless of the terms of the loan.

**Article 148** As for such loan guarantee provided by the Company in breach of paragraph 1 of Article 146, no enforcement shall be imposed upon the Company, except for the following conditions:

- (I) when the loan is provided to a Connected Person of a director, supervisor, general manager and other senior management of the Company or its controlling shareholders, the loan provider is not aware of the circumstance;

- (II) the collateral provided by the Company has been lawfully sold by the loan provider to a bona fide purchaser.

**Article 149** For the purposes of the preceding Articles of this Chapter, the term “security” shall include an act whereby a guarantor assumes its liability or provides property to guarantee in order to secure the performance of obligations by an obligator.

**Article 150** When a director, supervisor, general manager and other senior management of the Company is in breach of his/her duties to the Company, the Company shall have the right to adopt the following measures in addition to various rights and remedies as provided in laws and administrative regulations:

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

**Article 151** The Company shall enter into contract in writing with regards to matters of remuneration of the director and supervisor, and obtain prior approval at the general meeting of shareholders. The foregoing emoluments shall include:

- (I) emoluments in respect of his/her service as a director, supervisor or senior management of the Company;
- (II) emoluments in respect of his/her service as a director, supervisor or senior management of a subsidiary of the Company;
- (III) emoluments in connection with the provision of other service for the management of the Company and its subsidiary; and
- (IV) funds received by such directors or supervisors as compensation for their loss of office or for their retirement.

A director or supervisor may not sue the Company for such benefits due to him on the grounds of the foregoing matters, except for under such contract as mentioned above.

**Article 152** The contract regarding emoluments entered into by and between the Company and its directors and supervisors may 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 for loss of their office or for their retirement. For the purposes of the preceding paragraph, the term "a takeover of the Company" shall refer to any of the following occasions:

- (I) anyone makes a tender offer to all the shareholders;
- (II) anyone making a tender offer aims at that the offeror becomes a controlling shareholder which has the same definition as that provided in Article 52 of the Articles of Association.

If the relevant director or supervisor fails to comply with this Article, any fund received by him/her shall belong to those persons that have sold their shares as a result of their acceptance of foregoing offer, and the expenses incurred from the distribution of such fund on a pro rata basis shall be borne by the relevant director and supervisor and may not be paid out of such fund.

**Article 153** The Company shall enter into a contract in writing with each director, supervisor, general manager and other senior management and such contract shall at least include, inter alia, the following provisions:



- (I) The directors, supervisors, general manager and other senior management of the Company shall undertake that he/she shall observe and comply with the Company Law, the Special Provisions, these Articles of Association, the Codes on Takeovers and Mergers in Hong Kong, the Codes on Takeovers and Mergers and Share Buy-backs, and other regulations formulated by the Hong Kong Stock Exchange, and shall agree that the Company shall be entitled to the remedies provided in these Articles of Association and that neither the contract nor his office may be transferred;
- (II) The directors, supervisors, general manager and other senior management of the Company shall undertake that he/she shall observe and perform his/her duties to the shareholders as stipulated in these Articles of Association;
- (III) The arbitration clause shall be provided for in Article 197 hereof and in the Hong Kong Listing Rule.

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

**Article 154** The Company shall formulate its own financial and accounting systems in accordance with the provisions of laws, administrative regulations and the competent finance department under the State Council as well as provisions in the Articles of Association.

**Article 155** The fiscal year of the Company follows the Gregorian calendar and commences on 1st January and ends on December 31 each year. While the first fiscal year of the Company shall commence from the date of the establishment of the Company and ends on December 31 of the same year. The functional currency of the Company is RMB.

**Article 156** Preparation of financial reports of the Company

- (I) The Company shall prepare financial reports at the end of each fiscal year, and such reports shall be examined and verified according to relevant provisions;
- (II) Financial reports shall be prepared in accordance with the provisions of laws, administrative regulations and the competent finance department under the State Council.

**Article 157** At each annual general meeting, the Board shall submit to the shareholders such financial reports prepared by the Company pursuant to the relevant laws, administrative regulations and such regulatory documents promulgated by the local governments and the competent authorities.

**Article 158** The financial reports of the Company shall be made available for inspection by shareholders 20 days prior to an annual general meeting to be convened. Each shareholder of the Company shall have the right to obtain a copy of the financial reports referred herein this Chapter.

Unless otherwise provided in relevant laws, administrative regulations and the listing rules of the stock exchange where the Shares of the Company are listed as well as the Articles of Associations, a copy of either the aforementioned financial report or the Directors' report, accompanied by the balance sheet (including every document required by law to be annexed thereto) and profit and loss account or income and expenditure account, or the summary financial report shall, at least 21 days before the date of the general meeting, be delivered or sent by prepaid post to the address of the shareholder as registered in the register of members. Subject to the obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchange on which the Company's shares are listed, the said reports may also be given by way of public announcement (including publishing on the website of the Company).

**Article 159** In addition to the PRC accounting standards and regulations, the financial statements of the Company shall also be prepared in accordance with the international accounting standards or the accounting standards of the place outside the PRC where the shares of the Company are listed. Any material discrepancy between the financial statements prepared in accordance with two different accounting standards shall be explained in the notes to the financial statements. Distribution of profits after tax of the relevant financial year shall be based on the lower of the profits after tax shown in the two financial statements mentioned above.

**Article 160** Interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations as well as international accounting standards or the accounting standards of the place outside the PRC where shares of the Company are listed.

**Article 161** The Company shall publish two financial reports each accounting year, i.e. an interim financial report to be published within 60 days after the end of the first six months of the accounting year and the annual financial report to be published within 120 days after the end of the accounting year.

**Article 162** The Company shall not keep accounts other than those required by laws. The assets of the Company shall not be kept under the name of any individual.

**Article 163** Profit Distribution Plan

- (I) Should the accumulative balance of the Company's statutory common reserve be insufficient to make up for the losses of the Company of the previous year, the current year's profits shall first be used for making up such losses before the statutory common reserve is allocated according to the provision (II) of this Article;
- (II) During the distribution of its after-tax profit for the current year, the Company shall withdraw 10% after-tax profit as statutory common reserve fund, and the Company may not withdraw statutory common reserve fund if the cumulative amount has exceeded 50% of the Company's registered capital;
- (III) Where the statutory common reserve fund of the Company is not sufficient to recover its losses in the previous years, the profits of the current year shall be used to make up the loss before the withdrawing of the statutory common reserve fund in accordance with the above provisions;
- (IV) After the withdrawing the statutory common reserve fund from the after-tax profit by the Company, the discretionary reserve may be withdrawn from the after-tax profit with the approval from the general meeting;
- (V) The profit after makeup of the loss and withdrawing of the reserves shall be available for distribution by the shareholders and shall be distributed by the Company based on the shareholding proportions of the shareholders pursuant to a resolution of the Company's general meeting.

If the general meeting distributes profits to shareholders before the Company recovers losses and withdraws statutory common reserve fund, in violation of relevant provisions, shareholders must return to our Company the profits so distributed.

The shares of our Company held by our Company shall not be subject to profit distribution.

**Article 164** Capital reserve fund includes the following items:

- (I) premium proceeds from the shares issued over their par value;
- (II) any other income required to be included in the capital reserve fund by the competent finance department of the State Council.

**Article 165** The Company's capital reserve is made up of the premium over the nominal value of the shares of the Company on issue and other amounts required by the competent finance department of the State Council to be included in the capital reserve. The Company's capital reserve shall not be used for recovery of its losses.

**Article 166** The company shall distribute dividends within 6 months upon the end of each fiscal year in proportion to the shareholding of each shareholder.

**Article 167** The Company should distribute dividends in the form of cash or shares.

**Article 168** The Company shall appoint receiving agents on behalf of the holders of overseas-listed foreign invested shares to receive, on behalf of the relevant shareholders, the dividends declared and other receivables, and to keep such payment on behalf of the shareholders for giving to them.

The collection agents appointed by our Company shall meet the requirements in local laws or in relevant stock exchange regulations in the place of listing.

The receiving agents appointed for holders of overseas-listed foreign-invested shares listed in the Hong Kong shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

**Article 169** Any amount paid up in advance of calls on any share of the Company may carry interest but shall not entitle the holders of the share to participate in a dividend subsequently declared in respect thereof such prepaid amount for said share(s).

Subject to complying with the relevant laws, regulations, regulatory documents and relevant requirements of the securities regulatory authorities in the place where the Company's shares are listed, the Company may exercise the right to forfeit unclaimed dividends, but such right shall not be exercised until and upon the expiration of the applicable corresponding limitation period.

The Company has the right to cease delivering such dividend warrants by post to holders of overseas-listed foreign shares, provided that such right shall not be exercised until and such dividend warrants have been so left uncashed on two consecutive occasions. Such right can be exercised by the Company should such dividend warrant be undelivered and returned for the first attempt of delivery by post.

The Company has the right to sell the shares of a holder of the overseas-listed foreign shares where such holder cannot be contacted in such manner deemed to be appropriate by the Board but the Company must observe the following conditions:

- (I) during a period of twelve years, the Company has at least distributed dividends for three times and no dividend during that period has been claimed; and
- (II) upon the expiry of the twelve-year period, the Company shall give a notice stating its intention to sell the shares by way of an announcement published in one or various newspaper in the place where the securities of the Company are listed and shall notify the securities regulatory authorities in the place where the Company's securities are listed of such listing of such shares of such intention.

## **CHAPTER XVII APPOINTMENT OF ACCOUNTING FIRM**

**Article 170** The Company shall appoint an independent accounting firm that is qualified under the relevant national regulations to audit the Company's annual financial reports and to review other financial reports of the Company.

**Article 171** The accounting firm appointed by the Company shall hold office commencing from the end of the annual general meeting of the Company and expiring upon the end of the next annual general meeting.

**Article 172** The accounting firm appointed by the Company shall have the following rights:

- (I) to review the financial statements, records and vouchers of the Company, and to require the Directors, general manager or other senior management of the Company to supply relevant information and explanations;
- (II) to require the Company to take all reasonable measures to obtain from its subsidiaries such information and explanations as are necessary for the discharge of the duties of accounting firm;
- (III) to attend shareholders' general meetings and to receive all notices of meetings or other information to which any shareholders are entitled, and to speak at any shareholders' general meeting in relation to matters concerning its role as the accounting firm of the Company.

**Article 173** If the position of accounting firm becomes vacant, the Board may appoint an accounting firm to fill such vacancy before a general meeting is convened. However, if there are other accounting firms holding the position of accounting firm of the Company while such vacancy still exists, such accounting firms shall continue to act.

**Article 174** Notwithstanding the terms set out in the contract between the Company and the accounting firm, Shareholders at a shareholders' general meeting may, by way of ordinary resolution, remove the accounting firm before the expiration of its term of office, but without prejudice to the right of the firm to claim for damages in respect of such removal.

**Article 175** The remuneration of the accounting firm or the way in which the firm is to be remunerated shall be determined by the shareholders' general meeting. The remuneration of the accounting firm appointed by the Board shall be determined by the Board.

**Article 176** The appointment, dismissal or no re-appointment of an accounting firm for annual audit by the Company shall be decided upon by the general meeting and reported to the securities regulatory authorities under the State Council for the filing and record.

Where it is intended to pass a resolution at a general meeting to appoint an accounting firm which is not holding a currency position to fill any vacancy of the position of the accounting firm, or to reappoint a retiring accounting firm that has been appointed by the Board of Directors to fill a casual vacancy, or to dismiss an accounting firm before the expiry of its term of appointment, such matters shall be handled pursuant to the following provisions:

- (I) Before dispatch of the general meeting notice, the proposal on the appointment or dismissal is delivered to the accounting firm to be appointed or to leave its office or already retired in the relevant fiscal year.

Leaving office shall include the dismissal, resignation and retirement for an accounting firm.

- (II) If the accounting firm to leave its office makes any statement in writing and requires the statement to be informed to shareholders by the Company, unless being too late for the receipt of such statement, the Company shall take the following measures:

- 1. Making instructions on the notice to the resolution that the leaving accounting firm has made such a statement;
- 2. Copies of such a statement as the annex to the notice shall be sent to shareholders in such manner set forth in these Articles of Association.

- (III) If the Company fails to deliver such statement made by the relevant accounting firm in accordance with the provisions in paragraph (II) of this article, the accounting firm concerned may require the statement to be read out at the general meeting and make further complaints.

- (IV) The accounting firm to leave office is entitled to attend the following meetings:

- 1. the general meeting at which its term of office shall expire;
- 2. the general meeting at which the corresponding vacancy caused by its dismissal shall be filled;

3. the general meeting convened for the resignation that it takes initiative to render.

The accounting firm to leave office is entitled to receive all notices or other information related to the foregoing meetings, and to speak at the foregoing meetings regarding such matters related to it as the former accounting firm of the Company.

**Article 177** Prior notice shall be given to the accounting firm if the shareholders' general meeting decides to remove or not to renew the appointment. The accounting firm shall be entitled to make representations at the relevant shareholders' general meeting. If an accounting firm resigns from its position, it shall make representations to the shareholders' general meeting whether there has been any impropriety on the part of the Company.

An accounting firm may resign its office by depositing a written resignation notice at the legal address of the Company. Resignation of the accounting firm shall become effective on the date of such deposit or on such later date stipulated in such notice. Such notice shall contain the following statements:

1. a statement to the effect that there are no circumstances in connection with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or
2. a statement of any other circumstances requiring an explanation.

Where the above notice is deposited, the Company shall within 14 days send a copy of the notice to the relevant governing authority. If the notice contains a statement under Clause (2) aforesaid, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every holder of overseas listed foreign shares at the address registered in the register of shareholders.

If the notice of resignation of an accounting firm contains a statement in respect of any circumstances requiring an explanation, it may require the Board to convene an extraordinary general meeting for the purpose of receiving an explanation of the circumstances in connection with its resignation.



## **CHAPTER XVIII LABOUR MANAGEMENT**

**Article 178** The Company shall establish a remuneration management system and labour management system in accordance with the relevant laws, administrative regulations and the Articles, and shall determine its internal employment, personnel and remuneration matters in accordance with the laws.

**Article 179** The Company shall implement a labour contract system, and stipulates in the labour contract signed between the Company and individual employee the conditions of appointment, hiring, dismissal, rewards, punishment, salary, welfare, social insurance, labour discipline, and labour protection, etc.

**Article 180** The Company shall allow the organization of labour unions and allocate funds to such unions in accordance with laws and administrative regulations. Employees of the Company are entitled to participate in union activities in accordance with laws and administrative regulations. The Company shall listen to the opinions of the labour union of the Company, and listen to the opinions and recommendations of the workers through the employee representative meeting or other means when the Company is studying major issues of conversion and operations, as well as formulating important regulations and systems.

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

**Article 181** Upon the approval by way of special resolution by general meeting, the Company shall conduct division and merger with other companies pursuant to provisions of laws, administrative regulations, and the Article of Association.

The merger or division of the Company shall require the proposal put forward by the Board. After such proposal has been passed in accordance with the procedures specified in the Articles of Association of the Company, the relevant examination and approval procedures regarding such proposal shall be carried out according to laws. Shareholders that object to such proposal on the merger or division of the Company shall have the right to require the Company or shareholders who are in favor of such proposal on merger or division to purchase their shares at a fair price. The contents of such resolutions approving the merger or division of the Company shall be compiled into a special document for inspection by shareholders.

For holders of H shares, the foregoing documents shall be served by post or in a manner specified in the Article of Association.

**Article 182** The merger of a company may be effected by way of a merger and a new consolidation.

As for a merger of the Company, all parties of the merger shall enter into a merger agreement, and prepare the balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days of the date of the merger of the Company and shall publish a notice in a newspaper within 30 days of the date of such resolution. A creditor is able within 30 days of the date of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within 45 days of the date of the notice, to demand the Company to repay its debts or provide a corresponding guarantee.

In the case of a merger, the respective creditors' rights and debts of all parties thereto the merger shall be inherited by the existing company, or the newly established company upon the merger.

**Article 183** As for the division of a company, the properties thereof shall be divided accordingly.

As for the division of a company, the balance sheets and checklists of properties of the Company shall be prepared. The companies involved shall notify the creditors within 10 days of the date of the division of a company and shall publish a notice in a newspaper within 30 days of the date of such resolution.

Debts owed by the Company prior to the division shall be jointly assumed by the existing companies upon the division, save as otherwise agreed by written agreement with the Company and the creditors prior to the division.

**Article 184** Where any of the registered items is changed due to a merger or division of a company, the Company shall process the changes of registration with the company registration authority. Should the Company be dissolved, it shall be deregistered according to laws. If a new company is established, it shall go through the registration for company establishment according to laws

## CHAPTER XX DISSOLUTION AND LIQUIDATION OF THE COMPANY

**Article 185** The Company shall be dissolved and liquidated according to the laws upon the occurrence of the following events:

- (I) the term of business operation expires;
- (II) the general meeting has resolved to dissolve the Company by a special resolution;
- (III) merger or division of the Company entails dissolution;
- (IV) the Company is legally declared insolvent due to its failure to repay due debts;
- (V) the business license is revoked or it is ordered to close down or be dissolved in accordance with the law;
- (VI) when serious difficulties occur to our Company's operation and management and significant losses will be incurred to the shareholders by its continuance, and such difficulties cannot be solved by other means, the shareholders holding more than 10% of the total voting rights of all the shareholders may request the people's court to dissolve our Company.

**Article 186** If the Company is dissolved pursuant to (I), (II), (V) and (VI) above, it shall establish a liquidation committee, within 15 days after the dissolution circumstance arises, which members shall be determined by way of an ordinary resolution of the general meeting. If the liquidation committee is not duly set up, the creditors may request the people's court to designate related persons to form a liquidation committee to carry out liquidation.

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

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

**Article 187** If the Board decides to perform the liquidation, other than a liquidation due to the Company's declaration of bankruptcy, it shall state in the notice for convening the general meeting in this regard that a thorough inspection in respect of the Company's status has been made and that all the Company's debts can be settled by it within twelve months upon commencement of the liquidation.

The Board and general manager shall lose their powers immediately after the resolution for liquidation is passed at the Shareholders' meeting. During the liquidation, the Company shall be forbidden to carry out any new operating activities.

In compliance with the instructions of the general meeting, the liquidation committee shall report to the general meeting at least once annually the income and expenses of the committee, the business operations of the Company and the progress of the liquidation, and to make a final report to the general meeting when the liquidation is completed.

**Article 188** The liquidation committee shall perform the following duties during the liquidation:

- (I) to examine and take possession of the Company's assets and prepare a balance sheet and an inventory of assets;
- (II) to inform creditors by notice or announcement;
- (III) to deal with the outstanding affairs of the Company relating to liquidation;
- (IV) to settle outstanding taxes as well as taxes arising in the course of liquidation;
- (V) to settle claims and debts of the Company;
- (VI) to dispose of the remaining assets of the Company after the settlement of debts;
- (VII) to represent our Company in civil proceedings.

**Article 189** Liquidation Procedures

- (I) The liquidation committee shall notify all creditors of the Company within 10 days after its establishment and shall make a public announcement in a newspaper within 60 days;
- (II) The creditors shall declare their rights to the liquidation committee within 30 days after receipt of the notice or within 45 days after announcement if the creditors have not received the notice. The creditors shall explain matters relating to their rights and provide relevant supporting documents. The liquidation committee shall register the creditor's rights.
- (III) If creditor's right is not declared by the creditor according to provision (II) of this article, his/her right shall not be included in the debt of the Company during the liquidation;
- (IV) In the creditor's rights declaration period, the liquidation committee shall not make repayment to the creditors.

**Article 190** After the Company has examined and taken possession of its assets and prepared a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan for approval of the shareholders' general meetings or the People's Court.

**Article 191** The Company shall, according to the types of shares and in proportion to the shares held by the shareholders, distribute the properties of the Company remaining after successive payment of the liquidation expenses, employees' wages, social insurance expenses and statutory compensations, outstanding taxes, and the Company's debts.

During the liquidation period, the Company continues to exist but cannot carry out operating activities irrelevant to the liquidation.

The Company's property shall not be distributed to the shareholders before repayment according to the preceding provision.

**Article 192** For dissolution due to the Company's liquidation, after the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, if it discovers that the Company's assets are insufficient to repay its debts in full, the liquidation shall be stopped immediately and the liquidation committee shall apply to the People's Court to declare the Company bankrupt pursuant to law.

Following a ruling by the People's Court that the Company is bankrupt, the liquidation committee shall transfer to the People's Court all matters relating to the liquidation.

**Article 193** Upon completion of the Company's liquidation, the liquidation committee shall prepare a liquidation report and a statement of the receipts and payments and the financial accounts for the liquidation period which shall be submitted to the shareholders' general meeting or the People's Court for confirmation upon verification by a certified public accountant in the PRC. The liquidation committee shall, within 30 days after the confirmation of the liquidation report by the shareholders' general meeting or the relevant competent authorities, submit the liquidation report to the authorities governing the administration of industry and commerce and apply for cancellation of registration of the Company, and publish an announcement relating to the termination of the Company.

**Article 194** Obligations of the liquidation committee

- (I) The members of the liquidation committee shall devote themselves to their duties and perform their obligations of liquidation strictly according to the law;
- (II) The members of the liquidation committee shall not accept any bribes or other illegal income by making use of their powers, nor may they seize any assets of the company.
- (III) Where members of the liquidation committee cause any loss to the Company or any creditor due to the deliberate acts or gross negligence of such members, they shall be liable to pay compensations.

**CHAPTER XXI AMENDMENT PROCEDURE OF THE ARTICLES  
OF ASSOCIATION OF THE COMPANY**

**Article 195** According to the requirements of laws, administrative regulations and the Articles of Association, the Company may amend the Articles of Association.

**Article 196** The Articles of Association shall be amended according to the following procedures:

- (I) The Board shall approve a resolution to amend the Articles of Association, and prepare the proposed amendments;
- (II) The Board shall convene a general meeting to vote on the amendments to the Articles of Association in general meeting;
- (III) The amendments to the Articles of Association are passed by way of a special resolution approved by the general meeting;
- (IV) For any amendment to the Articles involving registration requirements specified in laws and regulations, such registration procedures shall be conducted accordingly; For any amendment to the Articles involving the Mandatory Provisions, no amendment shall come into effect until it is approved by the department in charge of company approval under the State Council and by CSRC. If such amendment involves registration of the Company, the involved change shall be registered pursuant to law.

## CHAPTER XXII SETTLEMENT OF DISPUTES

**Article 197** The Company follows the following rules for settlement of disputes:

- (I) All disputes and claims arose between shareholders of overseas-listed foreign shares and the Company, between shareholders of overseas-listed foreign shares and the Company's Directors, Supervisors, general manager or other senior management, or between shareholders of overseas-listed foreign shares and shareholders of domestic shares arising from these Articles, any rights or obligations conferred or imposed by the Companies Law and other relevant laws and administrative regulations concerning the affairs of the Company shall be referred by the relevant parties to arbitration.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the claim or dispute must be referred to arbitration as a whole, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall, where such person is our Company or our Company's shareholders, Directors, Supervisors, general manager or other senior management, comply with the decisions made in the arbitration.

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

- (II) A claimant may elect for arbitration to be carried out 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 institution elected by the claimant. If a claimant elects for arbitration to be carried out at the Hong Kong International Arbitration Centre, 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 Centre.



- (III) If any disputes or claims of rights as set out in (I) are referred to arbitration, the laws of the PRC, excluding the Special Administration Region of Hong Kong, the Special Administration of Macau and the Taiwan region, shall apply, unless otherwise provided in the laws and administrative regulations.
- (IV) The arbitration award of an arbitral institution shall be final and conclusive and binding on parties thereto.
- (V) Any arbitration referred to an arbitration institution shall be deemed, as being authorized, to be subject to public hearing, and an award to be published, by the arbitration institution.

### CHAPTER XXIII BY-LAWS

**Article 198** Notices of the Company may be served through delivery by hand, by post, by email, by fax or in other manners. If the notice is served by hand, the date of service is the date of acknowledgment of receipt by signature (or affixed seal) on the service return slip. If the notice is sent by post, the date of service is the fifth working day from the date of delivery at the post office.

**Article 199** All notices or other documents required under Chapter 13 of the Hong Kong Listing Rules to be sent by the Company to the Hong Kong Stock Exchange shall be in English language, or accompanied by a certified English translation.

**Article 200** “No less than”, “within”, “no more than” as referred to in the Articles of Association are inclusive of the stated figure, while “more than”, “over”, “other than” are not inclusive of the stated figure.

**Article 201** The term “accounting firm” as used in these Articles of Association shall have the same meaning as “auditor”.

**Article 202** The term “senior management” as used in these Articles of Association shall refer to the general manager, deputy general manager, financial officers and other personnel confirmed by the Board.

**Article 203** The Board shall be responsible for the interpretation of these Articles of Association.