

# **FINANCIAL STREET PROPERTY CO., LIMITED**

## **金融街物業股份有限公司**

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

**(Stock Code: 1502)**

**(hereinafter the “Company”)**

### **Articles of Association**

(Approved at the 2022 annual general meeting of the Company on 8 June 2023)

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## CHAPTER 1 GENERAL PROVISIONS

**Article 1** In order to protect the lawful interests of Financial Street Property Co., Limited (hereinafter referred to as the “Company”), its shareholders and creditors, and to regulate the organization and activities of the Company, the Articles of Association (hereinafter referred to as the “Articles of Association”) is formulated in accordance with the Company Law of the People’s Republic of China (《中華人民共和國公司法》) (hereinafter referred to as “Company Law”), the Securities Law of the People’s Republic of China (《中華人民共和國證券法》), the Special Regulations of the State Council on Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) (hereinafter referred to as the “Special Regulations”), the Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》) (hereinafter referred to as the “Mandatory Provisions”), the Letter of Opinions on Supplementary Amendments to Articles of Association of Companies to be Listed in Hong Kong (《關於到香港上市公司對公司章程作補充修改的意見的函》) (the “Opinions on Supplementary Amendments”), the Official Reply of the State Council on the Adjustment of the Notice Period for the General Meeting and Other Matters Applicable to the Overseas Listed Companies (State Council Circular No. 97 [2019]) (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批復》(國函[2019]97號)) and other relevant laws of the People’s Republic of China (hereinafter referred to as the “PRC”, for the purpose of the Articles of Association, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan) as well as the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (《香港聯合交易所有限公司證券上市規則》) (hereinafter referred to as the “Listing Rules of the Hong Kong Stock Exchange”).

**Article 2** The Company is a joint stock limited company established in accordance with the Company Law and other laws and regulations.

The Company was established by Beijing Huarong Comprehensive Investment Co., Ltd. (北京華融綜合投資有限公司), Beijing Tiantai Properties Co., Ltd. (北京天泰置業有限公司) and Beijing Rongxin Hetai Enterprise Management Co., Ltd. (北京融信合泰企業管理股份有限公司) by way of promotion and registered at the Xicheng Branch of Beijing Municipal Market Supervision and Administration Bureau (北京市市場監督管理局西城分局) and has obtained an enterprise legal person business license. The unified social credit code of the Company is 91110102101389262G.

- Article 3** Registered name of the Company:
- Full name in Chinese: 金融街物業股份有限公司
- Full name in English: Financial Street Property Co., Limited
- Article 4** Domicile of the Company: 33 Jinrong Street, Xicheng District, Beijing
- Postal code: 100033
- Article 5** The registered capital of the Company is RMB373,500,000.
- Article 6** The chairman of the board of directors is the legal representative of the Company.
- Article 7** The Company is a perpetually existing joint stock limited company.
- Article 8** The Articles of Association shall come into force on the date on which the overseas listed foreign shares of the Company are listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”). The original articles of association of the Company shall automatically become invalid from the effective date of the Articles of Association.
- From the effective date of the Articles of Association, the Articles of Association shall become a legally binding document, regulating the organization and activities of the Company, and the rights and obligations between the Company and its shareholders, and among the shareholders.
- Article 9** The Articles of Association shall be binding upon the Company and its shareholders, directors, supervisors, general manager and other senior management members once it becomes effective. All the above persons may make claims in respect of the matters of the Company in accordance with the Articles of Association.
- Article 10** For the purposes of the Articles of Association, the term “other senior management members” means the Company’s general manager, the secretary to the board of directors, the person in charge of finance, the assistant to the general manager and other senior management members engaged by the Company.
- Article 11** All the assets of the Company are divided into shares of equal value. Shareholders shall be liable to the Company to the extent of the shares they have subscribed for. The Company shall be liable for its debts to the extent of all of its assets.

**Article 12** The Company may invest in other limited liability companies, joint stock limited companies, limited liability partnership (as a limited liability partner only) and other entities or engage in other lawful investment activities, and its liabilities towards an investee company shall be limited to the extent of the amount of capital contributed thereto.

## **CHAPTER 2 PURPOSE AND SCOPE OF BUSINESS**

**Article 13** The business purpose of the Company is to become a leader in the field of commercial property services in the PRC by focusing on the management of commercial properties and the construction of happy and liveable communities.

**Article 14** The business purpose of the Company: property management; catering management; public parking service of motor vehicles; professional contracting; cleaning service; urban landscaping planning; flower rental; sales of flowers, construction materials, metal materials, auto parts, chemical products (excluding Class I precursor chemicals and dangerous goods), machinery and equipment, hardware and electrical equipment, daily necessities, furniture, cultural supplies, sporting goods, crafts, photographic equipment, clothing, fresh vegetables; sports events management; enterprise management consultation; household management service; conference service; vehicle washing service; vegetable planting; laundry service; health management (excluding diagnosis and treatment activities that need approval); car rental (excluding passenger vehicles with more than nine seats); corporate property loss insurance agency; and sale of food products; centralized elderly care service, home-based elderly care service, leasing of commercial premises, organisation of exhibitions and fairs, stadium management service, greening management and maintenance, hotel management, hospital management, cleaning, collection and transportation services for municipal wastes, garbage sorting, project management, etc.

The scope of business of the Company shall be the scope of business as approved by company registration authorities.

**Article 15** The Company may adjust its business scope and way of operation in view of the changes in the market and the needs of business development. If the Company adjusts its business scope and way of operation, it shall amend its articles of association in accordance with the Articles of Association and file the change of registration with the company registration authorities. If the adjusted scope of business involves business restricted by the laws and regulations of the PRC, such adjustments shall be subject to approval by competent authorities in accordance with laws.

### CHAPTER 3 PARTY ORGANIZATION AND LABOUR UNION

**Article 16** In accordance with the provisions of the Constitution of the Communist Party of China, organizations of the Communist Party of China shall be established by the Company. The Party organization shall play the core leadership and political role to provide directions, manage the overall situation and ensure the implementation. Working organs of the Party shall be established by the Company to deal with Party affairs. The Company shall provide necessary conditions for the Party organization to implement its normal activities. The establishment of the Party organization and the staffing of Party members shall be included in the enterprise management organization and staffing systems and the working funds of the Party organization shall be included in the Company's budget as management expenses.

The Company has established the Party Committee of Financial Street Property Co., Limited (hereinafter referred to as the "Party Committee") and the Party Discipline Inspection Committee of Financial Street Property Co., Limited (hereinafter referred to as the "Discipline Inspection Committee"). Qualified team members of the Party Committee may be elected or appointed as directors and senior management members via legal procedures, and qualified party members among directors and senior management members may enter the Party Committee in accordance with relevant regulations and procedures.

The posts of party secretary, deputy party secretary and member of the Party Committee and the Discipline Inspection Commission of the Company shall be set up upon approval by a party committee at a higher level and subject to election. When the party congress (or congress of party members) is not in session, the party committee at a higher level may appoint the secretary, deputy secretary and members of the Party Committee and the secretary of the Discipline Inspection Commission if it thinks it is necessary.

**Article 17** The Party Committee of the Company shall perform its duties in accordance with the Constitution of the Communist Party of China and other party rules.

(I) To ensure and supervise the thorough implementation of the guidelines and policies of the party and the state throughout the Company.

- (II) To adhere to the principles of the party exercising leadership over officials, the board of directors selecting operation managers and the operating managers exercising powers with regards to the appointment of officials in accordance with laws. The Party Committee shall recommend nominees to the board of directors or the general manager, or contemplate and/or give suggestions on the candidates nominated by the board of directors or the general manager. The Party Committee, together with the board of directors, shall observe the proposed candidates and discuss jointly to provide opinions and suggestions thereon. To perform the duty of exercising leadership over talents and proceed with the strategy of reinvigorating enterprises through human resource development.
- (III) To study and discuss the stable reform and development, substantial operational and management issues of the Company as well as material issues relating to the interests of the employees, and provide advice and recommendations.
- (IV) To take full responsibility to comprehensively strengthen the party's discipline, lead the Company's ideological and political work, united front work, spiritual civilization construction as well as corporate culture construction, and work of mass organizations such as the trade union and the Communist Youth League. Play a leading role in building a party with a clean and honest image, support the Discipline Inspection Committee of the Company in fulfilling its responsibility of supervision in practice.
- (V) Other major issues to be decided by the Party Committee of the Company.

**Article 18** The Company shall exercise democratic management through employee representatives' meeting or other means in accordance with the provisions of the Constitution and other relevant laws.

The Company shall exercise democratic management in accordance with the provisions of the Constitution of the People's Republic of China, the Trade Union Law of the People's Republic of China and relevant laws. The Company shall organize a labour union in accordance with laws, which shall carry out union activities and safeguard the lawful rights and interests of the employees. The Company shall provide necessary conditions for its labour union to carry out activities.



The labour union shall, on behalf of the employees, conclude the collective contract with the Company with respect to the remuneration, working hours, welfare, insurance, work safety and sanitation and other matters in accordance with laws.

To make a decision on restructuring or any important issue relating to business operation, or to formulate any important regulation, the Company shall solicit the opinions of its labour union, and shall solicit the opinions and proposals of the employees through the meeting of the employee representatives or in any other way.

#### **CHAPTER 4 SHARES AND REGISTERED CAPITAL**

**Article 19** All the shares issued by the Company are ordinary shares. The Company may have other classes of shares according to its needs and upon approval by the authorities that are authorized by the State Council. The shares of the Company shall take the form of share certificates.

**Article 20** All the shares issued by the Company shall have a par value, which shall be RMB1 for each share.

For the purposes of the preceding paragraph, “RMB” means the lawful currency of the PRC.

**Article 21** The shares of the Company shall be issued in accordance with the principles of openness, equitability and fairness. Each share of the same class shall carry the same rights.

Shares of the same class and the same issue shall be issued on the same conditions and at the same price. Any entity or individual shall pay the same price for each of the shares it/he/she subscribes for.

**Article 22** The Company may issue shares to domestic investors and foreign investors upon approval by the China Securities Regulatory Commission (the “CSRC”).

For the purposes of the preceding paragraph, the term “foreign investors” shall mean investors from foreign countries or from the Hong Kong Special Administrative Region, the Macao Special Administrative Region or Taiwan that subscribe for shares issued by the Company, and the term “domestic investors” shall mean investors inside the PRC, excluding the above-mentioned regions, that subscribe for shares issued by the Company.

**Article 23** Shares issued by the Company to domestic investors to be subscribed for in RMB are referred to as “domestic shares”. Shares issued by the Company to foreign investors to be subscribed for in foreign currency are referred to as “foreign shares”. Foreign shares which are listed outside the PRC are referred to as “overseas-listed foreign shares”.

For the purposes of the preceding paragraph, the term “foreign currency” means the lawful currency, other than the RMB, of another country or region that can be used to pay subscription moneys to the Company and which is recognized by the competent state foreign exchange control authority.

Overseas-listed foreign shares issued by the Company and listed in Hong Kong are referred to as “H Shares”. H Shares are shares which have been admitted for listing on the Hong Kong Stock Exchange with a par value denominated in RMB and are subscribed and traded in Hong Kong dollars. Domestic shares can be converted into H Shares upon approval by the State Council or its authorized bodies or the consent of the Hong Kong Stock Exchange.

Upon approval by the securities regulatory authorities under the State Council, domestic shareholders of the Company may transfer the Company’s shares held by them to foreign investors and have such shares listed and traded publicly overseas. All or part of the domestic shares are convertible into foreign shares, and the resulting foreign shares may be listed and traded on overseas stock exchange(s). The shares transferred or converted shall comply with the regulatory procedures, provisions and requirements of the overseas securities market when listed and traded in an overseas stock exchange. The conversion of domestic shares into foreign shares for listing and trading on foreign stock exchange(s) is not subject to the holding of a shareholders’ general meeting or a class meeting for voting. The overseas listed foreign shares converted from domestic shares shall be of the same class with the existing overseas listed foreign shares.

**Article 24** The domestic shares issued by the Company shall be centrally deposited with China Securities Depository and Clearing Corporation Limited.

**Article 25** The Company issued a total of 270 million ordinary shares to its promoters at the time of its establishment, representing 100 percent of the Company's issuable ordinary shares, and all of them were subscribed for, and are held by, the promoters. At the time of establishment of the Company, the promoters subscribed for the shares of the Company by converting the net assets represented by their equity interests in the former Beijing Financial Street Property Management Co., Ltd. (北京金融街物業管理有限責任公司) into shares and the registered capital of the Company has been fully paid up at the time of establishment.

The names of promoters, the number of shares subscribed for, the shareholding percentages and the way of contribution are as follows:

| No. | Names of Promoters                                                       | Number of Shares Held | Shareholding Percentages <sup>1</sup> | Way of Contribution              |
|-----|--------------------------------------------------------------------------|-----------------------|---------------------------------------|----------------------------------|
| 1   | Beijing Huarong Comprehensive Investment Co., Ltd. (北京華融綜合投資有限公司)        | 128,299,270           | 47.52%                                | Net assets converted into shares |
| 2   | Beijing Tiantai Properties Co., Ltd. (北京天泰置業有限公司)                        | 79,620,438            | 29.49%                                | Net assets converted into shares |
| 3   | Beijing Rongxin Hetai Enterprise Management Co., Ltd. (北京融信合泰企業管理股份有限公司) | 62,080,292            | 22.99%                                | Net assets converted into shares |
|     | Total                                                                    | 270,000,000           | 100%                                  | –                                |

**Article 26** Upon approval by the CSRC, the Company issued 103,500,000 overseas-listed foreign shares (H shares).

Upon the issuance, the share capital structure of the Company shall comprise 373,500,000 ordinary shares, including 270,000,000 shares held by the promoters, 0 share held by other domestic shareholders and 103,500,000 shares held by H shareholders.

<sup>1</sup> The shareholding percentages are rounded to two decimal places. If rounded to one decimal place, the shareholding percentage of each promoter would be 47.5%, 29.5% and 23%, respectively.

- Article 27** After the Company's plan for the offering of domestic shares and overseas listed foreign shares has been approved by the CSRC, the board of directors of the Company may arrange for implementation of such plan by means of separate offerings.
- The Company's plans for the offerings of domestic shares and overseas listed foreign shares in accordance with the preceding paragraph may be implemented separately within 15 months from the date of approval by the CSRC.
- Article 28** If the Company offers domestic shares and overseas listed foreign shares separately within the total number of shares specified in the offering plan, each offering shall be fully subscribed for in one time. If special circumstances make it impossible for each offering to be fully subscribed for in one time, the shares may be offered in separate offerings, subject to the approval of the CSRC.
- Article 29** Registered capital of the Company before the issue of H shares was RMB270,000,000. Upon completion of the issue of H shares, the registered capital of the Company shall be RMB373,500,000. Changes in the Company's registered capital shall be registered with company registration authorities.
- Article 30** Save as otherwise provided in laws, administrative regulations and the Hong Kong Stock Exchange, shares in the Company may be transferred freely and shall be clear of any lien. The transfer of overseas-listed foreign shares listed in Hong Kong shall be registered with the local share registrar appointed by the Company.
- Article 31** The Company shall not accept its own share certificates as the subject matter of a pledge.
- Article 32** The shares of the Company held by the promoters shall not be transferred within a year from the date of establishment of the Company. Shares in issue prior to the public offering of the Company shall not be transferred within one year from the date of their listing on any stock exchange.

The directors, supervisors and senior management members of the Company shall report to the Company the shares of the Company that they hold and the changes in their shareholdings (including direct or indirect equity interests of the Company's shares). During his or her term of service, he or she may not transfer more than 25% of his or her total holding of the Company's same class of shares each year; holding of the Company's shares may not be transferred within 36 months from the date of their listing. Any of them may not transfer the Company's shares he or she holds within 6 months after his or her departure from the Company. If the transfer restriction involves H shares, the relevant requirements of the Listing Rules of the Hong Kong Stock Exchange shall be complied with.

## **CHAPTER 5   REDUCTION OF CAPITAL AND BUYBACK OF SHARES**

**Article 33**      Based on business and development demands, the Company may increase its capital in accordance with laws and the relevant requirements of the Articles of Association by any of the following methods:

- (I)    public offering of shares;
- (II)   non-public offering of shares;
- (III)   distributing bonus shares to the existing shareholders;
- (IV)   conversion of reserve funds into share capital;
- (V)   other methods required by laws and administrative regulations and approved by relevant competent authorities.

If the Company is to increase its capital by an offering of new shares, it shall do so by the procedure provided for in relevant state laws after such increase has been approved in accordance with the Articles of Association.

**Article 34** The Company may reduce its registered capital. If the Company reduces its registered capital, it shall do so by the procedures set forth in the Company Law, other relevant regulations and the Articles of Association.

**Article 35** If the Company is to reduce its capital, it must prepare a balance sheet and a list of its property.

The Company shall notify its creditors within 10 days from the date of adoption of the resolution to reduce its registered capital and publish a public announcement of the resolution in newspapers within 30 days and post the same on its website and the website of the relevant stock exchange in accordance with the requirements of the place where the Company's shares are listed. Creditors shall, within 30 days of receiving written notice, or within 45 days of the date of the public announcement for those who have not received 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 36** The Company shall not purchase its own shares. However, under the following circumstances, the Company may, through the procedures prescribed by laws and the Articles of Association, report to the examination and approval department authorized by the State Council and, upon approval, repurchase the shares issued by the Company:

- (I) to reduce its capital;
- (II) merger with another company holding shares of the Company;
- (III) Use shares for employee stock ownership plans or equity incentive;
- (IV) a shareholder opposes a resolution on the merger or division of the Company adopted at a general meeting and requests that the Company purchase his or her shares;

- (V) conversion of shares into convertible bonds issued by listed companies;
- (VI) when it is necessary for a listed company to maintain its value and shareholders' interests.

Where the Company purchases its own shares due to the reasons in items (I) to (II) of the preceding paragraph, a resolution shall be adopted at a general meeting in this regard. Where the Company purchases its own shares due to the circumstances specified in items (III), (V) and (VI) of the preceding paragraph, a resolution shall be adopted at a meeting of the board of directors attended by more than two-thirds of the directors in this regard.

Save as otherwise provided by laws, regulations or the Listing Rules of the Hong Kong Stock Exchange, if the Company purchases its own shares in accordance with the provisions of paragraph 1 of this article, the shares shall be cancelled within 10 days from the date of acquisition in case of item (I); or transferred or cancelled within six months in case of items (II) and (IV); or cancelled within six months in case of items (III), (V) and (VI), and the total number of shares held by the Company shall not exceed 10% of its total issued shares, and such shares shall be transferred or cancelled within three years.

**Article 37** Upon approval by the examination and approval authority authorized by the State Council to buy back its own shares, the Company may elect to do so by any of the following methods:

- (I) issuance to all of the shareholders of a buyback offer on a pro rata basis;
- (II) buyback through open transactions on a stock exchange;
- (III) buyback by agreements outside a stock exchange; or
- (IV) another method approved in laws, administrative regulations or by the examination and approval authority authorized by the State Council.

**Article 38** If the Company is to buy back shares by agreements outside a stock exchange, prior approval shall be obtained from the general meeting in accordance with the Articles of Association. Upon prior approval by the general meeting obtained in the same manner, the Company may terminate or vary a contract concluded in the manner set forth above or waive any of its rights under such contract.

For the purposes of the preceding paragraph, “contracts for the buyback of shares” shall include but not be limited to agreements whereby buyback obligations are undertaken and buyback rights are acquired.

The Company may not transfer a contract for the buyback of its own shares or any of its rights thereunder.

With respect to redeemable shares which the Company has the right to buy back, if the buyback is to be made in a manner other than through the market or by tender, the buyback price must be limited to a maximum price; if the buyback is to be made by tender, tenders shall be available to all shareholders alike.

**Article 39** Unless the Company has already entered the liquidation stage, it must comply with the following provisions in buying back its outstanding shares:

- (I) if the Company buys back shares at their par value, the amount thereof shall be deducted from the book balance of distributable profit and/or from the proceeds of a fresh share offer made to buy back the existing shares;
- (II) if the Company buys back shares at a price higher than their par value, the portion corresponding to their par value shall be deducted from the book balance of the Company’s distributable profit and/or from the proceeds of a fresh share offer made to buy back the existing shares; and the portion in excess of the par value shall be handled according to the following methods:
  - (1) if the shares being bought back were issued at their par value, the amount shall be deducted from the book balance of the Company’s distributable profit;



- (2) if the shares being bought back were issued at a price higher than their par value, the amount shall be deducted from the book balance of distributable profit and/or the proceeds of a fresh share offer made to repurchase the existing shares; however, the amount deducted from the proceeds of the fresh share offer may not exceed the total premium obtained at the time of issuance of the existing shares nor may it exceed the amount in the Company's premium account (or capital common reserve account) (including the premiums from the fresh share offer) at the time of the buyback;
- (III) the sums paid by the Company for the purposes set forth below shall be paid out of the Company's distributable profit:
  - (1) acquisition of the right to buy back its own shares;
  - (2) amendment of any contract for the buy back of its own shares;
  - (3) release from any of its obligations under a buyback contract.
- (IV) after the par value of the cancelled shares has been deducted from the registered capital of the Company in accordance with relevant regulations, that portion of the amount deducted from the distributable profit and used to buy back shares which corresponds to the par value of the shares bought back shall be credited to the Company's premium account or capital common reserve account.

Where laws, administrative regulations, departmental rules, normative documents and relevant provisions of the securities regulatory authority in the place where the Company's shares are listed have otherwise provisions on the financial treatment involved in the aforesaid share buyback, such provisions shall prevail.

## **CHAPTER 6 FINANCIAL ASSISTANCE FOR PURCHASE OF THE COMPANY'S SHARES**

**Article 40** Neither the Company nor the companies wholly owned or controlled by it or within the scope of its consolidated statements (hereinafter referred to as “subsidiaries”) shall at any time provide any financial assistance in any form to purchasers or prospective purchasers of shares of the Company. Purchasers of shares of the Company as referred to above shall include persons that directly or indirectly assume obligations due to 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.

The provisions of this Article shall not apply to the circumstances described in Article 42 of this Chapter.

**Article 41** For the purposes of this Chapter, the term “financial assistance” shall include but not be limited to financial assistance in the forms set forth below:

- (I) gift;
- (II) security (including the undertaking of liability or provision of property by the guarantor in order to secure the performance of the obligation by the obligor), indemnity (not including, however, indemnity arising from the Company's own fault), release or waiver of rights;
- (III) provision of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled before the obligations of the other party to the contract, or the changes in the parties of, or the transfer of rights under, such loan or contract;
- (IV) financial assistance in any other forms if the Company is insolvent or has no net assets or if such assistance would lead to a major reduction in the Company's net assets.

The expression “incurring an obligation” referred to in this Chapter includes the incurring of obligations by the changing of the obligor's financial position by way of a 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 42**      The acts listed below shall not be regarded as acts prohibited under Article 40 of this Chapter:

- (I)    where the Company provides the relevant financial assistance genuinely for the benefits of the Company and the main purpose of the financial assistance is not the purchase of 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 the Articles of Association;
- (V)    provision of a loan by the Company within its scope of business and in the ordinary course of its business (provided that the same does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance was paid out of the Company's distributable profit); and
- (VI)   the provision of money by the Company for an employee stock ownership plan (provided that the same does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance was paid out of the Company's distributable profit).

## **CHAPTER 7 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS**

**Article 43** The Company's shares shall be registered shares.

The Company's share certificates shall clearly state the following main particulars:

- (I) the Company's name;
- (II) the date of incorporation of the Company;
- (III) the class of shares, par value and the number of shares represented thereby;
- (IV) the serial number of the share certificate;
- (V) During the period when the H shares are listed on the Hong Kong Stock Exchange, the Company shall ensure that all of the title documents relating to the securities listed on the Hong Kong Stock Exchange (including the H share certificates) contain the following statements, and shall instruct and procure the shares registrars not to register any subscription, purchase or transfer of share in the name of any individual holder unless and until he submits such properly executed forms to the share registrars which shall include the following statements:
  - (1) the share purchaser agrees with the Company and each shareholder of the Company, and the Company agrees with each shareholder, to observe and comply with the Company Law, other relevant laws and the Articles of Association;
  - (2) the share purchaser agrees with each shareholder, director, supervisor, general manager and senior officer of the Company and the Company acting for itself and for each director, supervisor, general manager and senior officer agrees with each shareholder to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant PRC laws and administrative regulations concerning the affairs of the Company 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;

- (3) the share purchaser agrees with the Company and each shareholder of the Company that the shares of the Company are freely transferable by the holder thereof;
- (4) the share purchaser authorizes the Company to enter into a contract on his or her behalf with each director, general manager and other senior officer whereby such directors, general manager and other senior management members undertake to observe and comply with their obligations to the shareholders stipulated in the Articles of Association;
- (VI) other particulars that the Company Law, the Special Regulations and the Hong Kong Stock Exchange require to be recorded thereon.

The overseas-listed foreign shares issued by the Company may, in accordance with the laws of the place of listing and securities depository practice, take the form of overseas depository receipts or other forms of share derivatives.

**Article 44** The share certificates shall be signed by the legal representative of the Company. If the signatures of other senior management members of the Company are required by the stock exchange on which Company shares are listed, the share certificates shall also be signed by such other senior management members. The share certificates shall become effective after the Company seal is affixed thereto or printed thereon. The affixing of the Company's seal on the share certificates shall require the authorization of the board of directors. The signature of the chairman of the board of directors or of other relevant senior management members on the share certificates may also be in printed form.

The shares of the promoters shall be marked with the words "promoters' shares".

If the Company's shares are issued and traded in paperless form, the regulations of the securities regulator of the place where the shares of the Company are listed shall apply.

Where the Company issuing share warrants to bearers, that no new share warrant shall be issued to replace one that has been lost, unless the issuer is satisfied beyond reasonable doubt that the original has been destroyed.

**Article 45** The Company shall keep a register of shareholders, in which the following particulars shall be recorded:

- (1) the name, address (domicile), profession or nature of each shareholder;
- (2) the class and quantity of shares held by each shareholder;
- (3) the amount paid or payable for the shares held by each shareholder;
- (4) the serial numbers of the shares held by each shareholder;
- (5) the date on which each shareholder is registered as such; and
- (6) the date on which each shareholder ceases to be a shareholder.

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

All movements or transfer of overseas listed foreign shares shall be recorded in the register of holders of overseas listed foreign shares of the Company which is required to be kept in the place where such shares are listed pursuant to the Articles of Association.

**Article 46** The Company may, pursuant to an understanding or agreement reached between the CSRC and foreign securities regulators, keep its register of holders of overseas listed foreign shares outside the PRC, and appoint an overseas agent to administer the same. The original copy of register of holders of H shares shall be maintained in Hong Kong.

The Company shall keep at its domicile a duplicate of the register of holders of overseas listed foreign shares. The appointed overseas agent shall ensure that the register of holders of overseas listed foreign shares and its duplicate are consistent at all times.

If the original and duplicate of the register of holders of overseas listed foreign shares are inconsistent, the original shall prevail.

**Article 47** The Company shall keep a complete register of shareholders. The register of shareholders shall include the following parts:

- (I) a register kept at the Company's domicile other than those provided for under items (II) and (III) of this paragraph;
- (II) the register of holders of overseas listed foreign shares kept in the place of the overseas stock exchange on which the shares are listed;
- (III) registers of shareholders kept in such other places as the board of directors may decide necessary for listing of the Company's shares.

**Article 48** The various parts of the register of shareholders shall not overlap. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register.

Changes to and corrections of each part of the register of shareholders shall be carried out in accordance with the laws of its situs.

**Article 49** All overseas listed foreign shares for which the share capital has been paid in full may be transferred freely in accordance with the Articles of Association. The board of directors may refuse to recognize any instrument of transfer without giving any reason unless such transfer is carried out in compliance with the following conditions:

- (I) payment of HK\$2.50 per instrument of transfer or the charge as agreed at such time by the Hong Kong Stock Exchange has been made to the Company for the purpose of registering the instrument of transfer and other documents relating to or which may affect the title to the shares;
- (II) the instrument of transfer only involves overseas listed foreign shares listed in Hong Kong;
- (III) the stamp duty payable on the instrument of transfer as required by Hong Kong laws has been paid;

- (IV) relevant share certificates and evidence that the transferor has the right to transfer such shares as reasonably required by the board of directors have been provided;
- (V) if the shares are to be transferred to joint holders, the number of registered joint holders may not exceed four; and
- (VI) the relevant shares are not encumbered by any company lien.

All transfers of overseas listed foreign shares shall be effective with a written instrument of transfer in general or ordinary format or such other format as acceptable to the board of directors (including the standard format of transfer or form of transfer as required by the Hong Kong Stock Exchange from time to time). If the transferor or transferee of the Company's shares is a recognized clearing house as defined by relevant ordinances of Hong Kong laws in force from time to time (a "Recognized Clearing House") or an agent thereof, the signature on the written instrument of transfer may be signed by hand or in mechanically-printed form. All instruments of transfer must be kept at the legal address of the Company or other place as may be designated by the board of directors from time to time.

**Article 50** Where there are provisions in applicable laws, regulations and the Listing Rules of the Hong Kong Stock Exchange on the period during which the registration of share transfer is suspended before the convening of a general meeting of shareholders or the record date for the Company to decide to distribute dividends, such provisions shall prevail.

**Article 51** When the Company is to convene a general meeting, to distribute dividends, to be liquidated or to carry out other acts requiring confirmation of equity interests, the board of directors shall decide upon a date as the date of record. Shareholders whose names appear on the register at closing on the date of record shall be the shareholders entitled to the relevant rights and interests.

**Article 52** Any person that challenges the register of shareholders and requests that his or her name be entered into or removed from the register may apply to the competent court for rectification of the register.



**Article 53** Any shareholder who is registered in the register of shareholders or any person who requests that his name be entered into the register of shareholders may, if his share certificate (the “original share certificate”) is lost, apply to the Company for issuance of a replacement certificate in respect of such shares (the “relevant shares”).

Applications for the replacement of share certificates from holders of domestic shares who have had their certificates stolen or damaged, or who have lost the same shall be handled in accordance with relevant provisions of the Company Law.

Applications for the replacement of share certificates from holders of overseas listed foreign shares who have had their certificates stolen or damaged, or who have lost the same may be handled in accordance with the laws, stock exchange rules or other relevant regulations of the place where the original of the register of holders of overseas listed foreign shares is kept.

Where a holder of H shares who has lost his or her share certificate applies for replacement thereof, such replacement shall comply with the following requirements:

- (I) the applicant shall submit the application in the standard form prescribed by the Company accompanied by a notarial certificate or statutory declaration; the notarial certificate or statutory declaration shall include the applicant’s reason for the application, the circumstances and evidence of the loss of the share certificate and a declaration that no other person may request registration as a shareholder in respect of the relevant shares;
- (II) the Company shall not have received any declaration requesting registration as a shareholder in respect of the shares from any person other than the applicant before it decides to issue a replacement share certificate;
- (III) if the Company decides to issue a replacement share certificate to the applicant, it shall publish a public announcement of its intention to do so in the newspapers or periodicals designated by the board of directors; the period of the public announcement shall be 90 days, during which its publication shall be repeated at least once every 30 days;

- (IV) before publishing the public announcement of its intention to issue a replacement share certificate, the Company shall submit a copy of the announcement to be published to the stock exchange where it is listed and may proceed with publication after having received a reply from the stock exchange confirming that the announcement has been displayed in the stock exchange; the announcement shall be displayed in the stock exchange for a period of 90 days;

If the application for issuance of a replacement share certificate was made without the consent of the registered holder of the relevant shares, the Company shall mail to such shareholder a photocopy of the public announcement that it intends to publish;

- (V) if, at the expiration of the 90-day periods provided for in items (III) and (IV) hereof, the Company has not received any objection to the issuance of a replacement share certificate from any person, it may issue a replacement share certificate in accordance with the application of the applicant;
- (VI) when the Company issues a replacement share certificate under this Article, it shall immediately cancel the original share certificate and record such cancellation and the issuance of the replacement share certificate in the register of shareholders; and
- (VII) all expenses of the Company for the cancellation of the original share certificate and the issuance of a replacement share certificate shall be borne by the applicant. The Company shall be entitled to refuse to take any action until the applicant has provided reasonable security.

**Article 54** After the Company has issued a replacement share certificate in accordance with the Article of Association, it may not delete from the register of shareholders the name of a bona fide purchaser of the replacement share certificate mentioned above or of a shareholder that is subsequently registered as the owner of the shares (provided that he or she is a bona fide purchaser).

**Article 55** The Company shall not be liable for damages in respect of any damage suffered by any person from the cancellation of the original share certificate or the issuance of the replacement share certificate, unless the claimant can prove fraud on the part of the Company.

## CHAPTER 8 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

**Article 56** The Company's shareholders are persons that lawfully hold shares of the Company and whose names are entered in the register of shareholders.

Shareholders shall enjoy rights and bear obligations according to the class and quantity of shares held by them. Holders of shares of the same class shall enjoy equal rights and bear equal obligations.

The holders of domestic shares and overseas listed foreign shares are shareholders of different classes. Holders of each class of shares of the Company shall enjoy equal rights in any distribution of dividends or otherwise.

A legal person that is a shareholder of the Company shall have its rights exercised by the person authorized by its legal representative or by way of a resolution of its board of directors or other decision making body.

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

**Article 57** With respect to holders of overseas listed foreign shares, if two or more persons are registered as joint holders of any share, they shall be deemed co-owners of the relevant share, and shall be subject to the following restrictions:

- (I) the Company may not register more than four persons as the joint holders of any share;
- (II) the joint holders of any share shall be jointly and severally liable for the payment of all amounts payable in connection with the relevant share;
- (III) if one of the joint shareholders should die, only the surviving joint shareholder(s) shall be deemed by the Company as owner(s) of the relevant share; however, the board of directors shall have the right for the purpose of revising the register of shareholders to require the surviving joint shareholder(s) to provide a death certificate deemed appropriate by it;

- (IV) with respect to the joint holders of any share, only the joint shareholder listed first on the register of shareholders shall have the right to receive the certificate for the relevant share from the Company or receive notices from the Company, and any notices served on the aforementioned person shall be deemed served on all of the joint holders of the relevant share.

If one joint shareholder issues the Company a receipt in respect of any dividends, bonus or capital returns payable to such joint shareholders, the same shall be deemed a valid receipt issued to the Company by the joint shareholders.

**Article 58** Holders of ordinary shares of the Company shall enjoy the following rights in accordance with applicable laws and the Articles of Association:

- (I) to collect dividends and other distributions in proportion to the quantity of shares held by them;
- (II) to request, convene, preside over, attend or appoint a proxy to attend general meetings in accordance with the law and to exercise the corresponding right to speak and vote;
- (III) to oversee the Company's business activities, and to make recommendations or inquiries;
- (IV) to transfer, gift or pledge shares held by them in accordance with laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange and the 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 payment of a reasonable charge;

2. to inspect free of charge, and to copy after payment of reasonable charges :
  - (1) all parts of the register of shareholders;
  - (2) personal information on the directors, supervisors, general manager and other senior management members of the Company, including:
    - (a) current and previous names and aliases;
    - (b) principal address (domicile);
    - (c) nationality;
    - (d) full-time and all other, part-time occupations and positions;
    - (e) documents of identity and their numbers;
  - (3) the state of the Company's issued share capital and shareholders' special resolution;
  - (4) reports of the aggregate par value, quantity, and highest and lowest prices of each class of shares bought back by the Company since the last fiscal year as well as all the expenses paid by the Company therefor;
  - (5) the counterfoils of corporate bonds, minutes of general meetings, board resolutions, supervisory committee resolutions and financial and accounting reports; and
  - (6) copy of the latest annual return filed with the company registration authorities or other authorities in the PRC (if applicable).

The Company shall make the foregoing documents available at its domicile and at its place of business in Hong Kong for review by shareholders.

- (VI) upon termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion to the quantity of shares held by them;
- (VII) to request that the Company purchase their shares when they oppose a resolution on the merger or division of the Company adopted at a general meeting; and
- (VIII) other rights conferred by laws, administrative regulations and the Articles of Association.

A corporate shareholder shall have its legal representative or the person authorized by its board of directors or other decision-making bodies as its representative to exercise its rights.

**Article 59** If a shareholder asks to review the information mentioned in the preceding Article or makes a request for information, he or she shall submit to the Company written documents evidencing the class and number of shares he or she holds. The Company shall provide the same as requested by the shareholder after authenticating his or her identity.

**Article 60** If a resolution of the general meeting or board of directors of the Company violates a law or administrative regulation, shareholders have the right to petition a court to invalidate the resolution.

If the procedure for convening or the method of voting at a general meeting or a meeting of the board of directors violates a law, administrative regulation or the Articles of Association, or if the contents of a resolution breaches the Articles of Association, shareholders have the right to petition a court to revoke such resolution within 60 days from the date on which the resolution was adopted.

**Article 61** If a director or a senior officer violates a law, administrative regulation or breaches the Articles of Association in performing his or her Company duties, thereby causing the Company to sustain a loss, a shareholder who alone has held or shareholders who together have held at least 1 percent of the Company's shares for at least 180 days in succession have the right to request in writing that the supervisory committee institute a legal action in a People's Court. If the supervisory committee violates a law, administrative regulation or breaches the Articles of Association in performing its Company duties, thereby causing the Company to sustain a loss, shareholders may request in writing that the board of directors institute a legal action in a People's Court.

If the supervisory committee or the board of directors refuses to institute a legal action after receipt of the written request from the shareholders as mentioned in the preceding paragraph, or fails to institute a legal action within 30 days from the date of receipt of the request, or if the circumstances are urgent and failure to promptly institute a legal action would cause irreparable harm to the Company's interests, the shareholders mentioned in the preceding paragraph have the right, in the interests of the Company, to directly institute a legal action in a People's Court in their own name.

If a third party infringes on the lawful rights and interests of the Company, thereby causing the Company to sustain a loss, the shareholders mentioned in the first paragraph of this Article may institute a legal action in a People's Court pursuant to the preceding two paragraphs.

**Article 62** If a director or senior officer violates a law or administrative regulation or breaches the Articles of Association, thereby harming the interests of a shareholder, such shareholder may institute a legal action in a People's Court.

**Article 63** Shareholders of the Company bear the following obligations:

- (I) to comply with laws, administrative regulations and the Articles of Association;
- (II) to pay subscription moneys according to the shares subscribed for by them and the method of acquiring such shares;
- (III) not to return their shares except in circumstances specified in laws and regulations;
- (IV) not to abuse their shareholders' rights to harm the interests of the Company or those of other shareholders; not to abuse the Company's independent legal person status or shareholders' limited liability to harm the interests of the Company's creditors;

If a shareholder abuses his or her shareholder rights, thereby causing the Company or another shareholder to sustain a loss, he or she shall be held liable for damages in accordance with the law;

If a shareholder abuses the Company's independent legal person status or shareholders' limited liability to evade a debt, thereby materially harming the interests of a creditor of the Company, he or she shall bear joint and several liability for the debt of the Company;

- (V) other obligations imposed by laws and the Articles of Association.

Shareholders shall not bear any liability for further contributions to share capital other than the conditions agreed to by the subscribers for the shares at the time of subscription.

**Article 64** If a holder of at least 5 percent of the voting shares of the Company wishes to create a pledge over his or her shares, he or she shall report the same in writing to the Company on the date such pledge is created.



**Article 65** The controlling shareholder and actual controller of the Company may not take advantage of their connected relationships to harm the interests of the Company, and they shall be held liable for damages if, as a result of violating a regulation, they cause the Company to sustain a loss.

The controlling shareholder and the actual controller of the Company bear a fiduciary duty toward the Company. The controlling shareholder shall exercise its rights as an investor in strict accordance with the law. It may not use such means as a profit distribution, asset restructuring, investment in a third party, appropriation of funds, loan security, etc. or use its controlling position to harm the lawful rights and interests of the Company.

In addition to the obligations imposed by laws and the Listing Rules of the Hong Kong Stock Exchange, the controlling shareholder of the Company may not, in exercising its shareholder powers, make decisions prejudicial to the interests of all or some of the shareholders due to the exercise of its voting rights on the issues set forth below:

- (I) relieving a director or supervisor of the responsibility to act honestly in the best interest of the Company;
- (II) approving that a director or supervisor (for his or her own or another person's benefit) deprive the Company of its property in any way, including but not limited to any opportunities that are advantageous to the Company;
- (III) approving that a director or supervisor (for his or her own or another person's benefit) deprive other shareholders of their individual rights or interests, including but not limited to rights to distributions and voting rights, but excluding a restructuring of the Company submitted to the general meeting for adoption in accordance with the Articles of Association.

## **CHAPTER 9 GENERAL MEETINGS**

### **Section 1 General Provisions on the Convening of General Meetings**

**Article 66** The general meeting shall be the organ with supreme authority of the Company and shall exercise its functions and powers in accordance with the law. The general meeting shall comprise all shareholders of the Company and shall exercise its powers according to laws, administrative regulations and the Articles of Association.

**Article 67** The general meeting shall exercise the following functions and powers:

- (I) to decide on the business policies and investment plans of the Company;
- (II) to elect and replace directors and to decide on matters relating to their remuneration;
- (III) to elect and replace supervisors who are not representatives of the employees and to decide on matters relating to their remuneration;
- (IV) to consider and approve reports of the board of directors;
- (V) to consider and approve reports of the supervisory committee;
- (VI) to consider and approve the Company's annual financial budgets and final accounts;
- (VII) to consider and approve the Company's profit distribution plans and plans for making up losses;
- (VIII) to pass resolutions concerning the increase or reduction of the Company's registered capital;
- (IX) to pass resolutions on the issuance of corporate bonds;
- (X) to pass resolutions on the merger, division, dissolution, liquidation or change in corporate form of the Company;
- (XI) to pass resolutions on the engagement, dismissal or non-renewal of the engagement of accounting firms by the Company;

- (XII) to amend the Articles of Association and its annexes;
- (XIII) to consider and approve matters relating to the provision of security for external parties;
- (XIV) to consider and approve matters relating to the purchase and/or sale by the Company within one year of material assets valued at more than 30 percent of the Company's audited total assets as at the most recent period;
- (XV) to consider and approve equity incentive plans;
- (XVI) to consider and approve other matters that, pursuant to laws, administrative regulations, department rules and the Articles of Association, require a decision by the general meeting.

**Article 68** The provision by the Company of security for third parties shall be subject to the consideration and approval of the general meeting. If a director, the general manager or other senior officer violates a provision on the approval authority or consideration procedure for the provision of security to third parties as specified in laws or the Articles of Association, thereby causing the Company to sustain a loss, he or she shall be liable for damages and the Company may institute a legal action against him or her in accordance with the law.

**Article 69** Except under unusual circumstances such as a crisis, the Company may not conclude any contract with any person other than a director, a supervisor, the general manager or other senior management members of the Company whereby such person is put in charge of the management of the whole or a substantial part of the Company's business without the prior approval of the general meeting by way of a special resolution.

**Article 70** General meetings include annual general meetings and extraordinary general meetings. In general, general meetings shall be convened by the board of directors. Annual general meetings shall be called once a year and shall be held within six months after the end of the preceding fiscal year.

**Article 71**      The Company shall call an extraordinary general meeting within two months from the date of the occurrence of any of the following circumstances:

- (I)    the number of directors is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in the Articles of Association;
- (II)   the losses of the Company that have not been made up reach one-third of its total paid in share capital;
- (III)   At the written request of the shareholders who individually or collectively hold more than 10% of the voting shares issued by the Company, the number of shares held by such shareholders shall be calculated according to the number of shares held at the close of the day when the shareholders make the written request, and if the day when the written request is made is not a trading day, the number of shares shall be calculated on the basis of the number of shares held at the close of the previous trading day;
- (IV)   the board of directors considers it necessary;
- (V)    the supervisory committee proposes that such a meeting be held;
- (VI)   other circumstance as specified in laws or the Articles of Association.

## **Section 2 Convening of General Meetings**

**Article 72** If the board of directors considers it necessary or more than half of the independent non-executive directors propose and the board of directors agrees, it has the right to convene an extraordinary general meeting.

Independent non-executive directors accounting for at least one-half of the Company's independent non-executive directors shall have the right to propose to the board of directors in writing that it calls an extraordinary general meeting. The board of directors shall, in accordance with laws and the Articles of Association, give a written response on whether or not it agrees to call such an extraordinary general meeting within 10 days after receipt of the proposal from the independent non-executive directors aforesaid.

If the board of directors agrees to call an extraordinary general meeting, it shall issue a notice calling such meeting within 5 days after the resolutions are made; if the board of directors does not agree to call such meeting, it shall give the reasons therefor in writing and publish the same in a public announcement.

**Article 73** The supervisory committee shall have the right to propose to the board of directors in writing that it calls an extraordinary general meeting. The board of directors shall, in accordance with laws, administrative regulations and the Articles of Association, give a written response on whether or not it agrees to call such meeting within 10 days after receipt of the proposal.

If the board of directors agrees to call an extraordinary general meeting, it shall issue a notice calling such meeting within 5 days after the resolutions are made. The consent of the supervisory committee shall be secured if any change is to be made to the original motion in the notice.

If the board of directors does not agree to call such meeting, or fails to give a response within 10 days after receipt of the proposal, it shall be deemed to be unable to or have failed to perform its duty of convening the general meeting, and the supervisory committee may itself convene and preside over such meeting.

**Article 74** A shareholder alone or shareholders together holding at least 10 percent of the Company's shares shall have the right to make a request to the board of directors in writing that it calls an extraordinary general meeting. The board of directors shall, in accordance with laws, administrative regulations and the Articles of Association, give a written response on whether or not it agrees to call such a meeting within 10 days after receipt of the request.

If the board of directors agrees to call an extraordinary general meeting, it shall issue a notice calling such meeting within 5 days after it has so resolved. The consent of the relevant shareholder(s) shall be secured if any change is to be made in the notice to the original request.

If the board of directors does not agree to call such meeting, or fails to give a response within 10 days after receipt of the request, the shareholder alone or shareholders together holding at least 10 percent of the shares shall have the right to propose to the supervisory committee in writing that it call the extraordinary general meeting.

If the supervisory committee agrees to call the extraordinary general meeting, it shall issue a notice calling such meeting within 5 days after receipt of the request. The consent of the relevant shareholder(s) shall be secured if any change is to be made in the notice to the original request.

If the supervisory committee fails to issue a notice calling the general meeting by the prescribed deadline, it shall be deemed to have failed to convene and preside over such meeting, and a shareholder who alone has held or shareholders who together have held at least 10 percent of the shares of the Company for at least 90 days in succession may himself/themselves convene and preside over such meeting.

**Article 75** Shareholders requesting the convening of a class shareholders' meeting shall do so by the procedure set forth below:

- (I) two or more shareholders holding in the aggregate at least 10 percent of the shares carrying the right to vote at the meeting sought to be held may sign one or more written requests of identical form and substance requesting that the board of directors convene a class shareholders' meeting and stating the subject to be discussed at the meeting; the board of directors shall convene the class shareholders' meeting as soon as possible after having received the aforementioned written request; the shareholding referred to above shall be calculated as of the day on which the written request is made;
- (II) if the board of directors fails to issue a notice to convene such meeting within 30 days after having received the aforementioned written request, the shareholders who made such request may themselves convene the meeting within four months after the board of directors received the request. The procedure according to which they convene such meeting shall, to the extent possible, be identical to the procedure according to which shareholders' meetings are to be convened by the board of directors.

If shareholders convene and hold a meeting themselves because the board of directors failed to hold such meeting pursuant to a request as mentioned above, the reasonable expenses incurred by such shareholders shall be borne by the Company and shall be deducted from the sums owed by the Company to the negligent directors.

**Article 76** Save as otherwise provided in the Articles of Association, if the supervisory committee or shareholders decide(s) to itself/themselves convene a general meeting, it or they must notify the board of directors thereof, report the same to relevant securities regulatory authorities of the place where the Company is listed and relevant stock exchange for record in accordance with applicable regulations and issue the notice calling the extraordinary general meeting by itself/themselves. In addition to complying with the provisions of Article 82 of the Articles of Association, such notice shall comply with the following provisions:

- (I) the motions may not add new content, otherwise the proposing shareholder(s) or supervisory committee shall submit a new request to the board of directors to call a general meeting by the aforementioned procedure;
- (II) the venue of the meeting shall be the domicile of the Company. Until the resolution(s) of the general meeting is/are made, the percentage of voting shares held by the convening shareholders shall not be less than 10 percent.

### **Section 3 Proposal and Notice of General Meetings**

**Article 77** When the Company is to hold a general meeting, it shall issue a written notice 20 clear business days prior to an annual general meeting or 15 days prior to an extraordinary general meeting, informing all shareholders of the date, time and place of the meeting and the matters to be considered at the meeting and stating that shareholders may appoint a proxy in writing to attend the meeting and vote on their behalf. Regarding the calculation of the notice period, the date of the meeting shall not be included.

**Article 78** The notice of the general meeting shall be delivered by hand or prepaid mail to the shareholders (whether or not such shareholders have a voting right at the general meeting) or issued by way of public announcement. The address of the recipient shall be the address registered in the register of shareholders. For the holders of domestic shares, notice of the general meeting may be issued by way of public announcement.



**Article 79** The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions passed at the meeting.

**Article 80** Motions before the general meeting shall be in writing. The contents of motions before the general meeting shall fall within the scope of the functions and powers of the general meeting, contain a clear topic and a specific resolution and comply with relevant provisions of laws and the Articles of Association.

**Article 81** When the Company is to hold a general meeting, the board of directors, the supervisory committee and a shareholder alone or shareholders together holding at least 3 percent of the Company's shares shall be entitled to propose motions to the Company.

A shareholder alone or shareholders together holding at least 3 percent of the shares of the Company may submit extempore motions in writing to the convener 10 days prior to the date of such meeting. The convener shall issue a supplementary notice of the general meeting and make a public announcement of the contents of such extempore motion within two days after receipt of the motion, and submit such extempore motion to the general meeting for consideration. The contents of such an extempore motion shall fall within the scope of the functions and powers of the general meeting, and contain a clear topic and a specific resolution.

Except as provided in the preceding paragraph, the convener may not make any changes to the motions set forth in the notice of the general meeting or add any new motions once the notice and announcement of the general meeting have been issued.

The general meeting may not vote and pass resolution on motions that are not set forth in the notice of the general meeting or that are not consistent with Article 80 of the Articles of Association.

**Article 82**      The notice of a general meeting shall:

- (I)    be made in writing;
- (II)   specify the date, place and duration of the meeting;
- (III) the matters and motions submitted to the meeting for consideration;
- (IV) provide to the shareholders the information and explanations necessary to make informed decisions on the matters to be discussed; without limiting the generality of the foregoing, when the Company proposes a merger, buyback of shares, restructuring of share capital or other reorganization, it shall provide the specific conditions and contract (if any) of the transaction contemplated and earnestly explain the cause and effect of the transaction;
- (V) contain a disclosure of the nature and extent of the material interests, if any, of any director, supervisor, the general manager or other senior management members in any matter to be discussed; and an explanation of the difference, if any, between the way in which the matter to be discussed would affect such director, supervisor, the general manager or other senior management members in his capacity as shareholder and the way in which such matter would affect other shareholders of the same class;
- (VI) contain the full text of any special resolution proposed to be approved at the meeting;
- (VII) contain conspicuously a statement that all shareholders are entitled to attend and vote, that they may appoint proxies in writing to attend and vote at such meeting on their behalves and that such proxies need not be shareholders of the Company;
- (VIII) state the time and place for serving the instruments of appointment for voting at the meeting;

- (IX) the date of record for the shareholders who are entitled to attend the meeting; and
- (X) the name and contact information of the contact person for the meeting.

If the independent non-executive directors are required to express their opinions on a matter to be discussed, such opinion and the reasons therefor shall be disclosed when the notice or supplementary notice of the general meeting is issued.

**Article 83** If the election of directors or supervisors is to be discussed at a general meeting, detailed information on the candidates for such positions will be fully disclosed in the notice of the general meeting, which shall at minimum include the following:

- (I) personal information, such as their educational backgrounds, working experience, concurrent positions, etc.;
- (II) whether they have a connected relationship with the Company or the Company's controlling shareholder or actual controller;
- (III) the quantity of the Company's shares held by them; and
- (IV) whether they have been punished by the CSRC or other relevant authority or reprimanded by a stock exchange.

**Article 84** Once a general meeting notice has been issued, such meeting may not be postponed or cancelled or the motions listed therein cancelled without a legitimate reason. In the event of a postponement or cancellation, the convener shall make a public announcement and give the reason therefore at least two working days prior to the originally scheduled date for the meeting.

## **Section 4 Holding of General Meetings**

**Article 85** All ordinary shareholders registered on the record date or their proxies shall have the right to attend a general meeting and exercise their voting rights in accordance with relevant laws, regulations and the Articles of Association.

Shareholders may attend general meetings in person or, alternatively, they may appoint a proxy to attend and vote at the meeting on their behalves.

**Article 86** The Company shall set up a venue, which can hold the general meeting on site. In accordance with laws, regulations and relevant regulations of the place where the Company is listed, on the premise of ensuring the legality and effectiveness of the general meeting, other ways for shareholders to attend the meeting can be provided. Shareholders who attend the general meeting in such ways shall be deemed to be present.

**Article 87** An individual shareholder who attends a meeting in person shall produce his or her own identity card or other valid document or proof evidencing his or her identity and his or her share account card. If he or she appoints a proxy to attend the meeting on his or her behalf, such proxy shall produce his or her own valid proof of identity and the instrument of appointment from the shareholder.

Shareholders that are legal persons shall be represented at a meeting by their legal representative or a proxy appointed by their legal representative. If the legal representative attends the meeting, he or she shall produce his or her own identity card and valid proof of his or her legal representative status. If a proxy has been appointed to attend the meeting, such proxy shall produce his or her own identity card and the lawful written instrument of appointment issued by the legal representative of the legal person shareholder.

**Article 88** Any shareholder entitled to attend and vote at a shareholders' meeting shall have the right to appoint one or more persons (who need not be shareholders) as his or her proxies to attend and vote on his or her behalf. Such proxy may exercise the following rights in accordance with his or her appointment by the shareholder:

- (I) the shareholders right to be heard at the general meeting;
- (II) the right to demand or join in the demand for a ballot; and
- (III) the right to vote by show of hands or by poll, except that if a shareholder has appointed more than one proxy, such proxies may only exercise their voting rights by poll.

**Article 89** Shareholders shall appoint their proxies by written instruments, which shall be signed by the principals or their agents appointed in writing. If the principal is a legal person, the instrument shall be under the seal of the legal person or signed by its director(s) or duly authorized agent(s).

The instrument of appointment by which a shareholder appoints another person to attend a general meeting shall specify the following particulars:

- (I) the names of the principal and of the proxy;
- (II) the number of shares of the principal that the proxy represents;
- (III) whether the proxy has the right to vote;
- (IV) separate instructions as to whether to vote for, vote against, or abstain from voting on, each item included on the agenda of the general meeting as an item for consideration thereat;
- (V) whether the proxy has the right to vote on extempore motions that may be added to the agenda of the meeting and the specific instructions as to what vote to cast if he or she has such right to vote;

- (VI) the date of issuance and term of validity of the instrument of appointment; and
- (VII) the signature (or seal) of the principal; if the principal is a legal person shareholder, the power of attorney shall bear the seal of the legal person.
- (VIII) If more than one proxy is appointed, the power of attorney shall indicate the type and number of shares represented by each proxy.

**Article 90** The instrument appointing a voting proxy shall be deposited at the domicile of the Company or at such other place as specified in the notice of the meeting within 24 hours prior to the meeting at which the proxy is authorized to vote or 24 hours prior to the specified time of the vote. If the instrument is signed by another person authorized by the principal, the power of attorney or other document authorizing the signature shall be notarized. The notarized power of attorney or other authorizing document shall be deposited together with the instrument appointing the voting proxy at the domicile of the Company or at such other place as specified in the notice of the meeting.

If the principal is a legal person, its legal representative or the person authorized by a resolution of its board of directors or other decision-making body shall attend the general meeting of the Company as the representative of such legal person.

If the shareholder is a Recognized Clearing House (or an agent thereof) as defined in the relevant regulations under the Hong Kong laws in effect from time to time, one or more individuals that it deems suitable may be appointed by it to act as its representative(s) at any general meeting , any class shareholders' meeting or creditors meeting; however, if two or more individuals are appointed as representatives, their powers of attorney shall specify the number and class of shares involved in the appointment of each such individual. The individual(s) so appointed may exercise the rights of the Recognized Clearing House (or its agent) (without the need to produce evidence of shareholding, notarized authorization and/or further evidence to prove that he, she or they are duly authorized), including the right to speak and vote, as if he, she or they was or were (an) individual shareholder(s) of the Company.

- Article 91** Any form issued by the board of directors of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast an affirmative or negative vote and enable the shareholders to give separate instructions on each matter to be voted on in connection with each point of discussion of the meeting. The instrument of appointment shall specify that in the absence of instructions from the shareholder, the proxy may vote as he or she thinks fit.
- Article 92** A vote made in accordance with the terms of an instrument of appointment shall be valid notwithstanding the previous death or loss of capacity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the relevant shares, as long as the Company did not receive written notice of the event before the relevant meeting commenced.
- Article 93** The Company shall be responsible for preparing the attendance register of persons attending the meeting in person. The attendance register shall specify such particulars as an attendee's name (or the name of his entity), identity card number, home address, number of voting shares held or represented, name of the proxy's principal (or the name of the principal's entity), etc.
- Article 94** The convener will verify the lawfulness of shareholders' qualifications against the register of shareholders provided by the securities depository and clearing institution and register the shareholders' names and the number of voting shares that they hold. Registration shall be completed by the time the chairman of the meeting announces the number of shareholders and proxies present at the meeting conducted in person and the total number of voting shares that they hold.
- Article 95** When a general meeting is held on site, all of the Company's directors, supervisors and the secretary to the board shall attend, and the general manager and other senior management members shall attend in a non-voting capacity.

**Article 96** If a general meeting is convened by the board of directors, the chairman of the board shall serve as host and preside over the meeting. If the chairman of the board fails or is unable to perform his or her duties, the meeting shall be presided over by the director jointly elected by at least one half of the directors.

At a general meeting convened by the supervisory committee, the chairman of the supervisory committee shall preside. If the chairman of the supervisory committee fails or is unable to perform his or her duties, the meeting shall be presided over by the supervisor jointly elected by at least one half of the supervisors.

If a general meeting is convened by a shareholder himself or shareholders themselves, the meeting shall be presided over by the representative selected by the convener(s).

When a general meeting is held, if the chairman of the meeting violates the rules of procedure, making continuance of the general meeting impossible, with the consent of shareholders holding more than one half of the voting rights present at the meeting, the general meeting may elect a person to serve as chairman of the meeting and the meeting shall continue. If, for any reason, the shareholders are unable to elect a meeting chairman, the shareholder (including his or her proxy) present who holds the greatest number of voting shares shall serve as the meeting chairman.

**Article 97** The Company shall formulate the rules of procedure of the general meeting of shareholders and specify the convening and voting procedures of the general meeting of shareholders. The rules of procedure of the general meeting of shareholders shall be formulated by the board of directors and approved by the general meeting of shareholders as an annex to the Articles of Association.

**Article 98** The board of directors and the supervisory committee shall report on their work during the past year to the general meeting at annual general meetings. Each independent non-executive director shall also give a report on the performance of his or her duties.

**Article 99** The directors, supervisors and senior management members shall provide explanations in response to the queries and suggestions made by shareholders at a general meeting, unless a matter involves trade secrets of the Company that cannot be disclosed at a general meeting.



- Article 100** The chairman of the meeting shall announce the number of shareholders and proxies present at the meeting held in person and the total number of voting shares that they hold before a vote is held. The meeting registration shall prevail in respect of the number of shareholders and proxies present at the meeting held in person and the total number of voting shares held by them.
- Article 101** Minutes shall be kept of general meetings and the Secretary to the Board shall be responsible therefor. The meeting minutes shall record the following particulars:
- (I) the number, date and venue of, and the agenda for, the meeting, and the name of the convener;
  - (II) the names of the chairman of the meeting and of the directors, supervisors, the general manager, the secretary to the board of directors and other senior management members in attendance or present in a non-voting capacity;
  - (III) the number of, and the total number of voting shares held by, shareholders (and their proxies) present at the meeting, and the percentages of the Company's total number of shares accounted for thereby;
  - (IV) the deliberations on each motion, key points of each speaker's statements in respect thereof and the results of the vote thereon;
  - (V) the queries and suggestions of the shareholders and the relevant replies or explanations;
  - (VI) the names of the vote counter and scrutineer; and
  - (VII) other particulars which the general meeting deems necessary or the Articles of Association require to be recorded in the minutes.
- Article 102** The convener shall ensure that the meeting minutes are true, accurate and complete. The directors, supervisors and secretary to the board who attended the meeting, the convener or his representative and the chairman of the meeting shall sign the minutes. The meeting minutes shall be kept together with the sign-in register of the shareholders present in person, the instruments of appointment of proxies and valid information on votes for a period of not less than 10 years.

## **Section 5 Voting and Resolutions of General Meetings**

**Article 103** Resolutions of the general meeting are divided into ordinary resolutions and special resolutions.

Ordinary resolutions of the general meeting shall be adopted by shareholders in attendance (including proxies) holding at least half of the voting rights.

Special resolutions of the general meeting shall be adopted by shareholders in attendance (including proxies) holding at least two-thirds of the voting rights.

**Article 104** When a shareholder (or a proxy) exercises his or her voting rights based on the number of voting shares which he or she represents, each share shall entitle him or her to one vote.

No voting rights shall attach to the Company shares held by the Company, and such shares shall not be counted among the total number of voting shares present at a general meeting.

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

**Article 105** Votes at a general meeting shall be taken by ballot.

**Article 106** Except for the matters required to be deliberated and approved by special resolution of the general meeting as stipulated in Article 109, other matters shall be approved by ordinary resolution of the general meeting.

**Article 107** When a ballot is held, shareholders (including proxies) having the right to two or more votes need not use all of their voting rights in the same way.

**Article 108** When the numbers of votes for and against are equal, regardless of whether the vote was taken by show of hands or by ballot, the chairman of the meeting shall be entitled to one additional vote.

**Article 109** Decisions of the general meeting on any of the following matters shall be adopted by special resolution:

- (I) the increase or reduction of the registered capital and issuance of any class of shares, warrants or other, similar securities by the Company;
- (II) the issuance of corporate bonds;
- (III) the division, merger, dissolution, liquidation or change in the corporate form of the Company;
- (IV) the amendment of the Articles of Association and its annexes;
- (V) equity incentive plans;
- (VI) the purchase or sale by the Company within one year of (a) material asset(s) exceeding, or the provision of security the amount(s) of which exceeds, 30 percent of the total assets of the Company;
- (VII) other matters which laws, administrative regulations or the Articles of Association require to be adopted by special resolution or which the general meeting considers will have a material impact on the Company and therefore require, by an ordinary resolution, to be adopted by special resolution.

**Article 110** The list of candidates for the position of director or supervisor shall be put in the form of a motion before the general meeting for resolution. The method of, and procedure for, nominating directors and supervisors are as set forth below:

- (I) a shareholder alone or shareholders together holding at least 3 percent of the total outstanding voting shares of the Company may propose to the general meeting candidates for the position of director or supervisor who is not a representative of the employees in the form of a written motion, provided that the number of persons nominated complies with the Articles of Association and is not greater than the number of persons to be elected; the aforementioned motion submitted to the Company by (a) shareholder(s) shall be served on the Company at least 7 days before the date the general meeting is to be held;

- (II) the board of directors or the supervisory committee may, to the extent of the number of persons specified in the Articles of Association, propose a list of recommended director candidates or supervisor candidates consistent with the number of persons to be elected, and submit the same to the board of directors or the supervisory committee, as the case may be, for review; once the board of directors or the supervisory committee has conducted its review and adopted a resolution determining the director or supervisor candidates, it shall bring the same before the general meeting in the form of a written motion;
- (III) the written notices of the intention to nominate director or supervisor candidates and of the nominees indicating their willingness to accept the nomination as well as relevant written materials on the nominees shall be dispatched to the Company at least 7 days before the date of the general meeting; the board of directors or the Supervisory Committee shall provide to the shareholders the résumés and basic particulars of the director or supervisor candidates;
- (IV) the period accorded by the Company to the nominators and candidates to submit the aforementioned notices and documents shall not be less than 7 days (commencing from the day immediately following the date of issuance of the notice of the general meeting and ending no later than 7 days before the general meeting);
- (V) the general meeting votes on each of the director or supervisor candidates;
- (VI) if the need arises for an additional or replacement director or supervisor at short notice, the same shall be proposed by the board of directors or the supervisory committee, recommending that the general meeting elect or replace the same.

**Article 111** The shareholders present at a general meeting shall express one of the following opinions on motions that are put to a vote: consent, opposition or abstention.

If a ballot is blank, marked erroneously, illegible or has not been cast, the voter shall be deemed to have waived his or her right to vote and the voting results for the number of shares that he or she holds shall be recorded as “abstained”.

**Article 112** If the chairman of the meeting has any doubts concerning the result of the vote on any resolution, he or she may organize a recount of the number of votes cast. If the chairman of the meeting does not conduct a recount of the votes and an attending shareholder or proxy challenges the result of a vote announced by the chairman of the meeting, he or she has the right to demand a vote recount immediately following the announcement of the result, in which case the chairman of the meeting shall promptly organize a recount of the votes.

**Article 113** If a vote recount is conducted at a general meeting, the result thereof shall be recorded in the minutes of the meeting.

The minutes of meetings together with the sign-in register of attending shareholders and the instruments of appointment of proxies shall be kept at the Company’s domicile.

**Article 114** Shareholders may examine photocopies of the minutes of meetings during the Company’s office hours without charge. If any shareholder demands from the Company a photocopy of relevant minutes of meetings, the Company shall send such photocopies within seven days after verifying the identity of the shareholder and receiving payment of reasonable charges.

## **CHAPTER 10 VOTING PROCEDURES FOR CLASS SHAREHOLDERS**

**Article 115** Shareholders that hold different classes of shares shall be class shareholders.

Class shareholders shall enjoy rights and bear obligations in accordance with laws and the Articles of Association.

In addition to the holders of other classes of shares, holders of domestic shares and holders of overseas listed shares shall be deemed to be different classes of shareholders.

Where the Company issues shares which do not carry voting rights, the words “nonvoting” shall appear in the designation of such shares.

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

**Article 116** If the Company intends to vary or abrogate rights of class shareholders, it may do so only after such variation or abrogation has been approved by way of a special resolution of the general meeting and by a separate class shareholders’ meeting convened by the affected class shareholders in accordance with Articles 118 to 122.

Neither the approval of the general meeting or a class shareholders’ meeting shall be required if a variation or abrogation of the rights of class shareholders arises due to a change in domestic or foreign laws or the listing rules of the place of listing, or due to a decision made in accordance with the law by the domestic or foreign regulator.

The transfer of all or part of the shares held by domestic shareholders of the Company to overseas investors for listing and trading abroad, or the conversion of all or part of domestic shares to the overseas listed foreign shares for listing on overseas stock exchanges, shall not be deemed as the Company’s intention to change or abolish the rights of the class of shareholders.

**Article 117** Rights of shareholders of a certain class shall be deemed to be varied or abrogated under the following circumstances:

- (I) the increase or decrease of the number of shares of such class, or increase or decrease of the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (II) the conversion of all or part of the shares of such class into shares of another class, or the conversion of all or part of the shares of another class into shares of such class or the grant of the right to such change;
- (III) the removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;
- (IV) the reduction or removal of a dividend preference, or a property distribution preference during liquidation of the Company, attached to shares of such class;
- (V) the addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, pre-emptive rights to rights issues or rights to acquire securities of the Company attached to shares of such class;
- (VI) the removal or reduction of rights to receive amounts payable by the Company in particular currencies attached to shares of such class;
- (VII) the creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that class;
- (VIII) the imposition of restrictions or additional restrictions on the transfer or ownership of shares of such class;
- (IX) the issuance of rights to subscribe for, or convert into, shares of such class or another class;

- (X) the increase of the rights and privileges of shares of another class;
- (XI) such restructuring of the Company as would cause shareholders of different classes to bear disproportionate liabilities under the restructuring; or
- (XII) the amendment or deletion of the provisions of this Chapter.

**Article 118** Shareholders of the affected class, whether or not otherwise having the right to vote at general meetings, shall have right to vote at class shareholders' meetings in respect of any of the matters referred to in items (2) to (8) and items (11) to (12) of Article 117, except that interested shareholders shall not have the right to vote at class shareholders' meetings.

For the purposes of the preceding paragraph, the term "interested shareholders" shall have the following meaning:

- (I) if the Company is to issue a buyback offer to all of the shareholders in the same proportion or is to buy back its own shares through open transactions on a stock exchange in accordance with Article 37 of the Articles of Association, the controlling shareholder as defined in Article 237 of the Articles of Association shall be an "interested shareholder";
- (II) if the Company is to buy back its own shares by agreements outside a stock exchange in accordance with Articles 37 and 34 of the Articles of Association, holders of shares to which such agreements relate shall be "interested shareholders";
- (III) shareholders that, under a proposed restructuring of the Company, would bear liabilities in a proportion smaller than that of the liabilities borne by other shareholders of the same class, and shareholders that have an interest in a proposed restructuring of the Company that is different from the interest in such proposed restructuring of other shareholders of the same class, shall be "interested shareholders".

**Article 119** Resolutions of a class shareholders' meeting may be passed only by two-thirds or more of the equity interests carrying voting rights that are represented at the meeting in accordance with Article 118.



**Article 120** When the Company holds a class meeting, it shall issue a written notice within the notice time limit of a non-class meeting held together with the class meeting. If there are special provisions in the place where the Company's shares are listed, such provisions shall prevail.

The quorum required for a class meeting (other than an adjourned meeting) to change or abolish the rights of the holders of a class of shares must be at least one-third of the holders of the issued shares of that class.

**Article 121** If a class shareholders' meeting is to be called by issuance of a meeting notice, notice of such meeting need be delivered only to the shareholders entitled to vote thereat.

The procedure according to which class shareholders' meetings are held shall, to the extent possible, be identical to the procedure according to which general meetings are held. Provisions of the Articles of Association relevant to procedures for the holding of general meetings shall be applicable to class shareholders' meetings.

**Article 122** The special voting procedures for class shareholders shall not apply in the following circumstances:

- (I) where, as approved by way of a special resolution of the general meeting, the Company issues, either separately or concurrently, domestic shares and overseas listed foreign shares every 12 months, and the quantity of domestic shares and overseas listed foreign shares intended to be issued does not exceed 20 percent of the outstanding shares of the respective classes;
- (II) where the plan for the issuance of domestic shares and overseas listed foreign shares upon the establishment of the Company is completed within 15 months from the date of approval by the State Council's securities authority;
- (III) where, subject to the approval of the State Council or the approval authority authorized thereby, the Company's domestic shares are converted into foreign shares, and listed and traded on a foreign stock exchange.

## **CHAPTER 11 BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 123** Directors shall be elected or replaced by general meetings, and may be dismissed by general meetings before the expiration of their term of office. The term of office of directors shall be three years and upon the maturity of the term of office, a director shall be eligible to offer himself for re-election.

**Article 124** A director may resign before the expiry of his/her term of office. The resigning director shall submit to the board of directors a written resignation.

In case that the number of directors falls below the quorum as a result of the resignation of a director, the existing directors shall continue to perform their duties in accordance with laws, administrative regulations and rules from regulatory authorities and the Articles of Association until the re-elected directors assume their office.

Other than the circumstances specified in the preceding paragraph of this Article, the resignation of a director shall take effect upon receipt of the resignation by the board of directors.

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

**Article 125** When a director resigns or his or her term of office expires, he or she shall duly carry out all handover procedures with the board of directors. His or her fiduciary duty to the Company and the shareholders shall not, as a matter of course, terminate at, and shall survive, the end of his or her term of office. The director's obligation to maintain the confidentiality of the Company's trade secrets shall survive the end of his or her term, until such secrets enter the public domain.

**Article 126** No director may act on behalf of the Company or the board of directors in his or her own name unless the Articles of Association specify that he or she may do so or he or she is lawfully authorized to do so by the board of directors. A director shall declare his position and capacity in advance if, when such director is acting in his or her private capacity, a third party would reasonably assume him or her to be acting on behalf of the Company or the board of directors.

**Article 127** A director who causes the Company to sustain a loss due to his or her unauthorized departure from office prior to the end of his or her term of office shall be liable for damages.

Subject to applicable laws and administrative regulations, the general meeting may remove any director by ordinary resolution before the expiration of his/her term of office without prejudice to any claim for damages by such director pursuant to any contract.

## **Section 2 Independent Non-Executive Directors**

**Article 128** The Company shall establish an independent non-executive director system. The term “independent non-executive director of the Company” means a director who does not hold any position in the Company other than director and who has no relationship with the Company or its major shareholder(s) (only provided under this Article that major shareholder are those shareholders individually or jointly holding more than 5% of total number of the Company’s shares with voting rights) that could hinder his or her making independent and objective judgments, and who is in compliance with independence provisions of the rules of the stock exchange in the place where Company shares are listed.

The term of office for independent non-executive directors shall be three years, and renewable upon re-election and re-appointment, but shall not exceed nine years, unless otherwise provided by relevant laws, regulations and the listing rules of the stock exchange where the Company’s shares are listed.

- Article 129** A person holding the position of independent non-executive director shall satisfy the basic conditions set forth below:
- (I) to be qualified for directors of a listed company as provided in laws, administrative regulations, listing rules of the stock exchange where the Company's shares are listed and other relevant regulations;
  - (II) to comply with the requirements on independence as stipulated in the listing rules of the stock exchange where the Company's shares are listed;
  - (III) to possess the basic knowledge of the operations of listed companies, and be familiar with relevant laws, administrative regulations, and rules and regulations;
  - (IV) having at least five years of working experience in legal or economic areas, or other experience indispensable for performing the duties as independent non-executive directors; and
  - (V) other requirements provided in the Articles of Association.
- Article 130** Should an independent non-executive director fail to attend in person the board meetings for three times in succession, the board of directors may propose to the shareholders' general meeting for replacing such director.
- Article 131** All matters not prescribed in this section for the independent non-executive director system shall be handled pursuant to relevant laws, regulations, rules and listing rules of the stock exchange where the Company's shares are listed.

### **Section 3 Board of Directors**

**Article 132** The Company shall have a board of directors which shall be accountable to the general meetings. The board of directors shall consist of 9 directors, including 3 independent directors. The board of directors shall have a chairman, who shall be elected and removed by more than half of all directors. The term of office of the chairman shall be three years, renewable upon re-election.

**Article 133** The board of directors shall be accountable to the general meetings and exercise the following functions and powers:

- (I) to convene general meetings and report its work to the general meetings;
- (II) to implement the resolutions of the general meetings;
- (III) to decide on the Company's business plans and investment plans
- (IV) to formulate the Company's annual financial budgets and final accounts;
- (V) to formulate the Company's profit distribution plan and the plan for making up losses;
- (VI) to formulate proposals for the increase or reduction of registered capital and the issuance of shares, debentures or other securities of the Company.
- (VII) to formulate plans for major acquisition and repurchase of the shares of the Company;
- (VIII) to formulate plans for the merger, division, dissolution or change of the nature of incorporation of the Company
- (IX) to decide on such matters as the Company's investments in third parties, purchase and sale of assets, asset mortgages, entrustment of financial services, etc., to the extent authorized by the general meeting;

- (X) to determine on the establishment of the Company's internal management structure;
- (XI) to engage or dismiss the Company's general manager and secretary to the board; to engage or dismiss such other senior management members as deputy general manager, financial controller and etc., as proposed by the general manager, and deciding on matters relating to their remuneration, rewards and punishments;
- (XII) to formulate the basic management systems of the Company;
- (XIII) to formulate proposals for amendments to the Articles of Association;
- (XIV) to manage the information disclosure of the Company;
- (XV) to propose to the general meeting the appointment or replacement of an accounting firm that provides audit service of annual financial statement to the Company and decide the audit fee under the authorization of the general meeting of shareholders;
- (XVI) to listen to the work reports of the Company's general manager and inspect his or her work;
- (XVII) to decide the establishment of special committees and their compositions;
- (XVIII) to exercise other functions and powers prescribed by laws and regulations and conferred by general meetings and the Articles of Association.

Resolutions relating to the above, with the exception of items (VI), (VIII) and (XIII) above which shall be approved by more than two thirds of the directors, shall be approved by more than half of the directors. When the numbers of votes for and against are equal, the chairman of the board of directors shall be entitled to a casting vote.

Matters beyond the authorization scope of the general meeting shall be put forward to the general meeting for deliberation.

**Article 134** The board of directors shall also be responsible for the followings:

- (I) to implement, review and improve the corporate governance system and condition of the Company;
- (II) to review and supervise the training and continuing professional development of directors and senior management;
- (III) to review and supervise the compliance of the Company's policies with laws and relevant regulations of the securities regulatory authority where the shares are listed and to make the relevant disclosure;
- (IV) to formulate, review and supervise the code of conduct and relevant compliance manual of employees and directors.

The board of directors shall be responsible for the aforementioned corporate governance functions. It may also delegate the duties to one or more of its special committees.

**Article 135** The board of directors shall formulate the rules of procedures of board meetings to ensure the implementation of the resolutions of the general meeting, its work efficiently and decision making in proper manner. The rules of procedures shall be formulated by the board of directors and approved at the general meetings.

**Article 136** In cases where the expected value of fixed assets proposed for disposal by the board of directors, when aggregated with value of fixed assets disposed within four months before the proposed disposal, exceeds 33% of the fixed assets value set out in the latest balance sheet reviewed by the general meetings, the board of directors shall not dispose or consent to dispose such fixed assets without prior approval at the general meetings.

The term "fixed assets disposal" referred to in this Article represents (among other things) transferring certain interests in assets, but not including provision of guarantees with fixed assets.

The validity of transactions regarding fixed assets disposal by the Company shall not be affected due to a breach of the first paragraph of this Article.

**Article 137** The chairman of the board of directors shall exercise the following powers:

- (I) to preside over general meetings, to convene and preside over meetings of the board of directors;
- (II) to supervise and check on the implementation of the resolutions of the general meetings and the board of directors;
- (III) to sign the significant documents of the board of directors and other documents required to be signed by the legal representative of the Company;
- (IV) to exercise certain powers of the board of directors in accordance with authorization of the board of directors during adjournment of the board meeting;
- (V) to sign the share certificates and other securities issued by the Company;
- (VI) to organise the formulation of relevant systems and to coordinate the operation of the board of directors;
- (VII) to exercise special powers of discretion and disposal regarding the Company's affairs in compliance with the laws and regulations and in the interests of the Company in the event of wars and emergency caused by force majeure such as natural disasters, and to report to the board of directors and general meetings after exercising such powers;
- (VIII) to receive the work reports of the general manager, other senior management of the Company and the persons-in-charge of the invested enterprises of the Company;
- (IX) to exercise other functions and powers conferred by the law, regulations, the Articles of Association or the board of directors.



**Article 138** If the chairman of the board is unable to perform his or her duties or fails to perform his or her duties, a director elected by at least one half of the directors shall perform such duties.

**Article 139** Meetings of the board of directors are divided into regular meetings and interim meetings.

The board of directors shall hold at least four regular meetings each year. Meetings shall be convened by the chairman of the board.

An extraordinary board meeting may be convened upon the proposal of chairman of the board of directors, shareholders holding more than one tenth of the total number of shares carrying voting rights of the Company, more than one third of the directors, more than a half of the independent directors, general manager or the board of supervisors. Chairman of the board of directors shall convene and chair the board meeting within 10 days after receiving such proposal.

**Article 140** The notice of board meeting shall be served to all directors by hand, mail or facsimile. The notice of a regular meeting shall be issued 14 days before the date of the meeting. The meeting notice shall at least contain the time and venue of the meeting, and the specific proposal and content of the meeting may be delivered five days before the meeting.

If an extraordinary meeting of the board of directors needs to be held quickly due to urgent circumstances, a meeting notice may be given at any time by telephone or other oral method, provided that the convener gives an explanation thereof at the meeting and the same is entered into the meeting minutes.

**Article 141** Meetings of the board of directors may be held only if more than one half of the directors are present.

Meetings of the board of directors shall be attended by the directors in person. If a director is unable to attend a meeting for any reason, he shall appoint another director in writing to attend the meeting on his behalf. Such instrument of appointment shall specify the names of the proxy, the issues, the scope of authorization granted by the principal and the term of validity of the appointment and with principal's signature or seal. The director attending the meeting on behalf of the absent director shall exercise the director's rights to the extent authorized. If a director fails to attend a meeting of the board of directors and has not appointed a proxy to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at such meeting.

Senior management members shall attend the meetings of the board of directors in a non-voting capacity for consideration of relevant resolutions of the annual general meetings. When he or she deems it necessary, the meeting convener may notify other supervisors, senior management members and other relevant persons to attend a meeting of the board of directors in a non-voting capacity.

**Article 142** Once each motion has been fully discussed, the chairman shall propose that the directors present at the meeting vote thereon. When voting on board resolutions, each director shall have one vote.

The voting options open to directors are consent, opposition or abstention. The directors present at a meeting shall select one from among the foregoing options. If a director fails to select any of the options or selects two or more of the options, the chairman of the meeting shall require him or her to select again. If he or she refuses to make a selection, he or she shall be deemed to abstain. If a director leaves the venue during the course of a meeting without returning to make a selection, he or she shall be deemed to abstain.

**Article 143**     Votes at meetings of the board of directors held in person shall be held by disclosed ballot. If a director attends a meeting held in person by telephone conference or by way of other such communication equipment, so long as the directors attending the meeting in person can clearly hear what he or she says and communicate with him or her, all the directors in attendance shall be deemed to have attended the meeting in person.

Subject to ensuring the full expression by the directors of their opinions at a meeting of the board of directors, votes may be held and resolutions adopted by means of correspondence, and such resolutions shall be signed by the directors in attendance, but a regular meeting of the board of directors, a meeting at which a major shareholder (for the purpose of this section only, major shareholders refer to shareholders who individually or jointly hold more than 10% of total voting shares of the Company) or a director has a conflict of interest in a matter to be considered which the board of directors has determined to be material and a meeting held to discuss the appointment and a meeting at which the dismissal of the secretary to the board to be considered shall not be held by means of correspondence. A deadline shall be set for votes held by means of correspondence, and if a director fails to express his or her opinion by the specified deadline, he or she shall be deemed to abstain.

In the event of a conflict on the content of different resolutions, the resolution adopted the later in time shall prevail.

**Article 144** If a director has a connected relationship with an enterprise involved in a matter on which a resolution is to be made at a meeting of the board of directors, he or she may not exercise his right to vote regarding such resolution, nor may he or she the voting right of another director as such director's proxy thereon. Such a board meeting may be held only if more than one half of the directors without a connected relationship are present, and the resolutions made at such a board meeting shall require adoption by more than one half of the directors without a connected relationship. If the board meeting is attended by less than three directors without a connected relationship, the matter shall be submitted to the general meeting for consideration.

**Article 145** If at least one-quarter of the directors believe that they are unable to reach a determination on a relevant matter because the motion before the board of directors is unclear or unspecific, the meeting materials are insufficient or other such reason, they may jointly propose that discussion of the motion in question be postponed to a later time. In such circumstances the board of directors shall accept the proposal.

The directors who proposed postponement of the discussion shall put forth clear requirements in respect of the conditions that are to be satisfied for the motion to be submitted again for consideration.

**Article 146** The board of directors shall keep minutes of its decisions on the matters considered at its meetings. If a director has an objection to the meeting minutes or a board resolution, he or she may give a written explanation thereof.

The minutes of the board of directors shall be kept as records of the Company for a period of ten years.

The directors shall be liable for the resolutions of the board of directors. If a resolution of the board of directors is in violation of laws, administrative regulations or the Articles of Association, thereby causing the Company to sustain a material loss, the directors who took part in the resolution shall be liable to the Company for damages. However, if a director is proved to have expressed his opposition to such resolution when it was put to the vote, and such opposition is recorded in the minutes of the meeting, such director may be released from such liability.

**Article 147** The minutes of the board of directors shall consist of the following:

- (I) the date and venue for the convention of meeting and name of person summoning the meeting;
- (II) the name of the director present and name of director being appointed to attend on the other's behalf;
- (III) the agenda;
- (IV) the main point of director's speech;
- (V) the voting result of each agenda and the result (the result shall state the number of votes for and against).

**Article 148** Where necessary, the board of directors may establish relevant special committees such as the audit committee, nomination committee and remuneration committee to provide advice and suggestions for the material decisions of the board of directors and the exercise of duties by the chairman of the board of directors within the scope of authorization of the board of directors. The board of directors shall formulate separate terms of reference for each of the special committees of the board of directors to determine the composition, duties and procedures of meetings of such special committees.

## **CHAPTER 12 SECRETARY TO THE BOARD**

**Article 149** The Company shall have a secretary to the board, who shall be engaged and dismissed by the board of directors. The secretary to the board shall be a member of the senior management members of the Company and be accountable to the Company and the board of directors.

**Article 150** The secretary to the board shall be a natural person with the necessary professional knowledge and experience. He or she shall be appointed by the board of directors. His or her main duties shall be as set forth below:

- (I) to prepare and deliver reports and documents issued by the board of directors and general meetings as required by competent authorities;
- (II) to organize board meetings and general meetings, be responsible for recording of the meetings and keep meeting documents and records;
- (III) to ensure that individuals who are entitled to obtain relevant records and documents may access to them in time;
- (IV) other duties as provided in the Articles of Association.

**Article 151** A director or other senior management of the Company may also act as the secretary to the board of directors of the Company. Any accountant from accountancy firm which has been appointed by the Company shall not act as the secretary to the board of directors.

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

## **CHAPTER 13 SUPERVISORY COMMITTEE**

### **Section 1 Supervisors**

- Article 152** Directors, the general manager and other senior management members may not concurrently serve as supervisors.
- Article 153** Supervisors shall serve terms of three years. Upon expiration of their term, supervisors may serve consecutive terms if re-elected.
- Article 154** A supervisor may tender his or her resignation before the end of his or her term. When a supervisor wishes to resign, he or she shall submit a written resignation to the supervisory committee.
- Article 155** If the number of members of the supervisory committee falls below the statutory number due to a failure to timely elect a supervisor upon expiration of a supervisor's term of office or due to the resignation of a supervisor during his or her term of office, the incumbent supervisor shall continue to perform his or her duties as supervisor in accordance with laws and the Articles of Association until the incoming supervisor takes up his or her position.
- Article 156** Supervisors shall ensure that the information disclosed by the Company is true, accurate and complete.
- Article 157** Supervisors may attend meetings of the board of directors in a non-voting capacity and raise questions and make suggestions in respect of matters that are the subject of resolutions of the board of directors.
- Article 158** A supervisor may not use his or her connected relationships to harm the interests of the Company and shall be liable for damages if the Company suffers loss as a result thereof.
- Article 159** Supervisors shall comply with laws, administrative regulations and the Articles of Association and bear fiduciary and diligent duties to the Company. Supervisors are prohibited from abusing their power to accept bribes or other illegal income and from misappropriating the Company's properties.

Supervisors shall perform their supervisory duties faithfully and diligently in accordance with laws and the Articles of Association. If a supervisor violates a law or breaches the Articles of Association in performing his or her company duties, thereby causing the Company to sustain a loss, he or she shall be liable for damages.

## **Section 2 Supervisory Committee**

**Article 160** The Company shall have a supervisory committee, which shall consist of three supervisors. The supervisory committee shall have one chairman, whose appointment and dismissal shall be subject to the affirmative vote of at least two-thirds of the members of the supervisory committee. The chairman of the supervisory committee shall convene and preside over meetings of the supervisory committee. If the chairman of the supervisory committee is unable or fails to perform his or her duties, a supervisor jointly selected by at least one half of the supervisors shall convene and preside over a meeting.

The supervisory committee shall include two supervisors who represent the shareholders and one supervisor who represents the employees. The supervisors who represent the shareholders shall be recommended by the controlling shareholders and elected or removed from office by the general meeting, and the supervisor who represents the employees shall be democratically elected or removed from office by the Company's employees.

**Article 161** The supervisory committee shall be accountable to the general meeting and exercise the following functions and powers in accordance with the law:

- (I) to examine the Company's finances, and, when necessary, to appoint a separate accounting firm in the Company's name to independently review the Company's finances;
- (II) to supervise the directors, the general manager and other senior management members in the performance of their duties and to propose the removal of directors, the general manager and other senior management members who violate laws or breach the Articles of Association or resolutions of the general meeting;
- (III) if the act of the directors, the general manager and senior management members is detrimental to the Company's interests, to require the directors, the general manager and other senior management members to correct such act;



- (IV) to review the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the board of directors to the general meetings and, to engage certified public accountants or practicing auditors in the name of the Company to assist in the review whenever queries arise;
- (V) to propose the holding of extraordinary general meetings and, in the event that the board of directors fails to perform its duty of convening and presiding over a general meeting, to convene and preside over such a meeting in accordance with the law;
- (VI) to submit motions to the general meeting;
- (VII) to sue the directors, the general manager and other senior management members in accordance with relevant laws; and
- (VIII) to conduct an investigation and, if necessary, to engage professional organizations, such as accounting firms and law firms, to assist it in its work in the event that it discovers any irregularities in the Company's operations.

The reasonable expenses incurred in respect of engaging a professional, such as a lawyer, certified public accountant, practicing auditors, etc., by the supervisory committee in exercising its functions and powers shall be borne by the Company.

**Article 162** Meetings of the supervisory committee are classified as regular meetings and interim meetings.

At least one regular meeting of the supervisory committee shall be held every six months, which shall be convened by the chairman of the supervisory committee.

Supervisors may propose the calling of interim meetings of the supervisory committee.

**Article 163** The supervisory committee shall formulate the Rules of Procedure for the Supervisory Committee, which shall specify the procedures for the discussion of matters and voting at such meetings so as to ensure the efficiency of the work and rationality of the decisions of the supervisory committee.

**Article 164** Votes at meetings of the supervisory committee shall be held by disclosed ballot and each supervisor shall have one vote.

Votes at meetings of the supervisory committee held in person may be conducted by a show of hands or disclosed ballot. If a supervisor attends a meeting held in person by telephone conference or by way of other such communication equipment, so long as the supervisors attending the meeting in person can clearly hear what he or she says and communicate with him or her, all the supervisors in attendance shall be deemed to have attended the meeting in person.

Subject to ensuring the full expression by the supervisors of their opinions at a meeting of the supervisory committee, votes may be held and resolutions adopted by means of communication, and such resolutions shall be signed by the supervisors in attendance. A deadline shall be set for votes held by means of communication, and if a supervisor fails to express his or her opinion by the specified deadline, he or she shall be deemed to abstain from voting.

The voting options open to supervisors are consent, opposition or abstention. The supervisors present at a meeting shall select one from among the foregoing options. If a supervisor fails to select any of the options or selects two or more of the options, the chairman of the meeting shall require him or her to select again. If he or she refuses to make a selection, he or she shall be deemed to abstain from voting.

Resolutions of the supervisory committee shall be approved by the affirmative vote of at least two-thirds of the members of the supervisory committee.

**Article 165** The supervisory committee shall record the decision made in relation to matters considered at the meeting into the minutes of meetings. If a supervisor has dissenting opinion on the minutes of meetings or the resolutions of the supervisory committee, he or she may give a written explanation thereof.

If a supervisor fails to sign the minutes of meetings in confirmation in accordance with the preceding paragraph, or does not give a written explanation of his or her dissenting opinion, he or she shall be deemed as being in full agreement with the minutes of meetings.

**Article 166** The minutes of meetings of the supervisory committee, together with the meeting notice, meeting materials, meeting sign-in register, the instruments of appointment of supervisor proxies, the sound recording of the meeting (if any) and the vote ballots shall be kept by the supervisory committee as company files for a period of not less than 10 years.

## **CHAPTER 14 THE GENERAL MANAGER AND OTHER SENIOR MANAGEMENT MEMBERS**

**Article 167** The Company shall have one general manager, several deputy general managers, one person in charge of finance, several assistants to the general manager and other senior management members, all of whom shall be appointed or dismissed by the board of directors.

The general manager and deputy general managers shall serve terms of three years and may serve consecutive terms if re-appointed.

A director may concurrently serve as general manager or deputy general manager.

**Article 168** The general manager shall be accountable to the board of directors and perform the following duties and powers:

- (I) to lead the management of production and operation, to organize and implement the resolutions of the board of directors and report to the board of directors;
- (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 of the Company;
- (IV) to formulate the basic management system of the Company;
- (V) to propose the board of directors to appoint or dismiss management members who shall be appointed or dismissed by the board of directors;

- (VI) to appoint or dismiss the management members other than those to be appointed or dismissed by the board of directors;
- (VII) to propose the holding of interim meetings of the board of directors; and
- (VIII) other duties and powers granted by the Articles of Association or the board of directors.

**Article 169** When working out issues that involve the vital interests of the Company's employees, such as the wages, benefits, work safety, labor protection, social insurance or staff resettlement, the general manager shall first listen to the opinions of the labor union and the employee representative congress.

**Article 170** At the request of the board of directors and the supervisory committee, the general manager shall timely report on the execution and performance of material contracts, on the application of funds and on profits and losses of the Company. The general manager shall ensure the truthfulness, objectivity and completeness of such reports.

**Article 171** The general manager shall be present at meetings of the board of directors. The general manager shall not have voting rights at the board meetings unless he is also a director.

**Article 172** The general manager may tender his or her resignation before the end of his or her term. The specific procedure and method for resignation by the general manager shall be provided for in the engagement contract between the general manager and the Company.

**Article 173** In the exercise of their functions and powers, the general manager and other senior management members shall perform their fiduciary duty and obligation of diligence in accordance with laws and the Articles of Association.

If the general manager and other senior management members violate the law or the provisions of the Articles of Association in the course of performing their duties, thereby causing the Company to sustain a loss, they shall be liable for the damages.

## **CHAPTER 15 QUALIFICATIONS AND OBLIGATIONS OF THE DIRECTORS, SUPERVISORS, GENERAL MANAGER AND OTHER SENIOR MANAGEMENT MEMBERS**

**Article 174** None of the following persons may serve as directors, supervisors, the general manager or other senior management members of the Company:

- (I) persons without capacity or with limited capacity for civil acts;
- (II) persons who were sentenced to criminal punishment for the crime of corruption, bribery, misappropriation of property or diversion of property or for disrupting the order of the socialist market economy, where not more than five years have elapsed since the expiration of the period of punishment; or persons who were deprived of their political rights for committing a crime, where not more than five years have elapsed since the expiration of the period of deprivation;
- (III) persons who served as directors, or factory directors or managers, who bear personal liability for the bankruptcy liquidation of their companies or enterprises, where not more than three years have elapsed since the date of completion of the bankruptcy liquidation of their companies or enterprises;
- (IV) persons who served as the legal representatives of companies or enterprises that had their business licenses revoked for breaking the law, where such representatives bear individual liability therefor and not more than three years have elapsed since the date of revocation of the business license;
- (V) persons with comparatively large debts that have fallen due but have not been settled;
- (VI) persons whose cases have been placed on the docket and are being investigated by the judicial authorities because they violated the criminal law, and such cases are still pending;
- (VII) persons who cannot serve as directors, supervisors, the general manager or other senior management members according to laws and administrative regulations;

(VIII) non-natural persons; and

(IX) persons ruled by a competent authority to have violated relevant securities regulations, where such violation involved fraudulent or dishonest acts and not more than five years have elapsed since the date of the ruling.

If the directors, supervisors, the general manager or other senior management members are elected or appointed in violation of this Article, such election, appointment or engagement shall be invalid.

**Article 175** The validity of an act of a director, the general manager or other senior management member of the Company on behalf of the Company shall not, vis-à-vis a bona fide third party, be affected by any non-compliance in his or her holding of such office, election or qualification.

**Article 176** In addition to obligations imposed by laws, regulations or the Listing Rules of the Hong Kong Stock Exchange, the Company's directors, supervisors, general manager and other senior management members shall owe each shareholder the following obligations in the exercise of the functions and powers granted to them by the Company:

- (I) not to cause the Company to exceed the scope of business stipulated in its business license;
- (II) to act honestly in the best interest of the Company;
- (III) not to deprive the Company of its property in any way, including (but not limited to) any opportunities that are advantageous to the Company; and
- (IV) not to deprive shareholders of their individual rights or interests, including (but not limited to) rights to distributions and voting rights, except the restructuring of the Company submitted to the general meeting for approval in accordance with the Articles of Association.

**Article 177** The Company's directors, supervisors, general manager and other senior management members shall have an obligation, in the exercise of their rights or discharge of their obligations, to perform their acts with the care, diligence and skill that a reasonably prudent person should exercise in comparable circumstances.

**Article 178** The Company's directors, supervisors, general manager and other senior management members must, in the performance of their duties and responsibilities, abide by the fiduciary principle and shall not place themselves in a position where their personal interests and their duties may conflict. This principle shall include but not be limited to the fulfillment of the following obligations:

- (I) to act honestly in the best interest of the Company;
- (II) to exercise powers within the scope of their powers and not to exceed such powers;
- (III) to personally exercise the discretion vested in them and not allow themselves to be manipulated by others and, unless permitted by laws or with the informed consent of the general meeting, not to delegate the exercise of their discretion;
- (IV) to accord equal treatment to shareholders of the same class and fair treatment to shareholders of different classes;
- (V) not to conclude a contract or enter into a transaction or arrangement with the Company except as otherwise provided in the Articles of Association or with the informed consent of the general meeting;
- (VI) not to use Company property for their own benefit in any way without the informed consent of the general meeting;
- (VII) not to use their functions and powers as a means to accept bribes or other forms of illegal income, and not to illegally appropriate Company property in any way, including but not limited to any opportunities that are advantageous to the Company;
- (VIII) not to accept commissions in connection with Company transactions without the informed consent of the general meeting;
- (IX) to abide by the Articles of Association, to perform their duties faithfully, to protect the interests of the Company, and not to use their position, functions and powers in the Company to seek personal gain;

- (X) not to use the advantages of their office to appropriate for themselves or for others, business opportunities which rightly belong to the Company and operate a business for their own account or on behalf of others which is of the same type as the Company's business, and not to compete with the Company in any way without the informed consent of the general meeting;
- (XI) not to divert Company funds, not to deposit Company assets or funds in accounts opened in their own or in another name;
- (XII) not to, in breach of the Articles of Association, lend Company funds to others, and not to use Company property as security for the debts of Company shareholders or other individuals without the consent of the general meeting or board of directors;
- (XIII) not to use their connected relationships to harm the interests of the Company; and
- (XIV) without the informed consent of the general meeting, not to disclose confidential information relating to the Company that was acquired by them during their tenure; and not to use such information except in the furtherance of the interests of the Company; however, such information may be disclosed to a court or other competent government authorities if:
  - 1. provided for by law;
  - 2. required in the public interest; and
  - 3. required in the personal interest of such directors, supervisors, general manager and other senior management members of the Company.

**Article 179** The directors, supervisors, the general manager and other senior management members of the Company may not incite the following persons or organizations ("connected persons") to do what such directors, supervisors, general manager and other senior management members may not do:

- (I) the spouses or minor children of such directors, supervisors, general manager and other senior management members of the Company;



- (II) the trustees of such directors, supervisors, general manager and other senior management members of the Company or of persons referred to in item (I) hereof;
- (III) the partners of such directors, supervisors, general manager and other senior management members of the Company or of persons referred to in items (I) and (II) hereof;
- (IV) the companies over which such directors, supervisors, general manager and other senior management members of the Company, alone or jointly with persons referred to in items (I), (II) and (III) hereof or any other directors, supervisors, general manager and other senior management members of the Company, have de facto control; and
- (V) the directors, supervisors, the general manager and other senior management members of the companies being controlled as referred to in item (IV) hereof.

**Article 180** The fiduciary obligations of the Company's directors, supervisors, general manager and other senior management members do not necessarily cease with the termination of their tenure. Their confidentiality obligations in relation to the Company's trade secrets shall survive the termination of their tenure. The terms for which other obligations shall continue shall be determined in accordance with the principle of fairness, depending on the time lapse between the termination and the occurrence of the matter and the circumstances and conditions under which the relationship with the Company terminated.

**Article 181** The directors, supervisors, general manager or other senior management members of the Company may, by informed decision of the general meeting, be relieved from liability for a specific breach of their obligations, except in circumstances as specified in Article 65 of the Articles of Association.

**Article 182** If the directors, supervisors, general manager or other senior management members of the Company are, directly or indirectly, materially interested in contracts, transactions or arrangements entered into or contemplated by the Company (excluding their engagement contract with the Company), they shall disclose the nature and extent of their interests to the board of directors at the earliest opportunity, whether or not the relevant matters are subject to the approval of the board of directors under normal circumstances.

A director may not vote on any contract, transaction or arrangement in which he or she or any of his or her associate (as defined in the securities listing rules in force from time to time) has a material interest and which is to be approved by the board of directors or any other proposals related thereto. Additionally, he or she may not count in the quorum for the meeting. Unless the interested director, supervisor, general manager or other senior management member has disclosed such interest to the board of directors as required under the first paragraph hereof and the matter has been approved by the board of directors at a meeting in which he or she was not counted in the quorum and had refrained from voting, the Company shall have the right to void the contract, transaction or arrangement, unless 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 member concerned.

A director, a supervisor, the general manager or other senior management member of the Company shall be deemed to be interested in any contract, transaction or arrangement in which a connected person of that director, supervisor, general manager or other senior management member is interested.

**Article 183** If a director, a supervisor, the general manager or other senior management members of the Company gives a written notice to the board of directors before the conclusion of the contract, transaction or arrangement is first considered by the Company stating that, by reason of the contents of the notice, he is interested in the contract, transaction or arrangement that may subsequently be made by the Company, such director, supervisor, general manager or other senior management member of the Company shall be deemed for the purposes of the preceding Article of this Chapter to have declared his or her interest, to the extent stated in the notice.

**Article 184** The Company may not in any manner pay tax on behalf of its directors, supervisors, general manager and other senior management members.

**Article 185** The Company may not directly or indirectly provide a loan to, or a loan guarantee for, its directors, supervisors, general manager and other senior management members or those of its parent company, or provide a loan to or a loan guarantee for connected persons of the above-mentioned persons.

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

- (I) the provision by the Company of a loan to or a loan guarantee for a subsidiary of the Company;
- (II) the provision by the Company of a loan, loan guarantee or other money to a director, a supervisor, the general manager and other senior management member of the Company under an engagement contract approved by the general meeting, so as to enable him to meet the expenses incurred for the purposes of the Company or for the performance of his or her duties; and
- (III) the provision by the Company of a loan or a loan guarantee to the relevant director, supervisor, general manager and other senior management member of the Company or to a connected person thereof on normal commercial terms, if the ordinary scope of business of the Company includes the lending of money or the provision of loan guarantees.

**Article 186** A loan provided by the Company in breach of the preceding Article shall be immediately repayable by the recipient of the loan, regardless of the terms of the loan.

**Article 187** A loan guarantee provided by the Company in breach of Article 185 shall be unenforceable against the Company, unless:

- (I) the loan was provided to a connected person of a director, a supervisor, the general manager and other senior management member of the Company or of its parent company, and at the time the loan was advanced, the lender did not know the relevant circumstances; and
- (II) the collateral provided by the Company has been lawfully sold by the lender to a bona fide purchaser.

- Article 188** For the purposes of the preceding Articles of this Chapter, the term “guarantee” shall include an act whereby the guarantor assumes liability or provides property to guarantee or secure the performance of obligations by the obligor.
- Article 189** If a director, a supervisor, the general manager and other senior management member of the Company breaches his or her obligations to the Company, the Company shall, in addition to any rights and remedies provided by law, have the right to:
- (I) require the relevant director, supervisor, general manager and other senior management member to compensate for the losses sustained by the Company as a consequence of his or her dereliction of duty;
  - (II) rescind any contract or transaction concluded by the Company with the relevant director, supervisor, general manager and other senior management member, and any contract or transaction concluded by the Company with a third party (where such third party is well aware or should know that the director, supervisor, general manager and other senior management member representing the Company was in breach of his or her obligations to the Company);
  - (III) require the relevant director, supervisor, general manager and other senior management member to surrender the gains derived from the breach of his or her obligations;
  - (IV) recover any money received by the relevant director, supervisor, general manager and other senior management member that should have been received by the Company, including but not limited to commissions; and
  - (V) require the relevant director, supervisor, general manager and other senior management member to return the interest earned or possibly earned on the money that should have been given to the Company.

**Article 190** The Company shall enter into a written contract with each director and supervisor of the Company concerning his or her remuneration. Such contracts shall be approved by the general meeting before they are entered into. The aforementioned remuneration shall include:

- (I) remuneration in respect of his or her service as a director, supervisor or senior management member of the Company;
- (II) remuneration in respect of his service as a director, supervisor or senior management member of a subsidiary of the Company;
- (III) remuneration for other services provided toward the management of the Company and a subsidiary thereof; and
- (IV) the payment to the aforementioned director and supervisor by way of compensation for his or her loss of office or in connection with his or her retirement from office.

A director or supervisor may not sue the Company for benefits due to him or her on the basis of the aforementioned matters, except under a contract as mentioned above.

The Company shall enter into a written contract with each director, supervisor and senior management member containing at least the following provisions:

- (I) the director, supervisor and senior management member shall undertake to the Company, to comply with the Company Law, the Special Regulations, the Articles of Association and other regulations of the Hong Kong Stock Exchange, and agree that the Company will be entitled to the remedies as specified in the Articles of Association, and that neither the contract nor his or her office is assignable;
- (II) the director, supervisor and senior management member shall undertake to the Company, to comply with and perform the duties to the shareholders as required by the Articles of Association; and
- (III) the arbitration provisions as specified in Article 236 of the Articles of Association.

**Article 191** The Company shall specify in the contract concluded with a director or supervisor of the Company concerning his or her remuneration that in the event of a takeover of the Company, a director or supervisor of the Company shall, subject to prior approval of the general meeting, have the right to receive the compensation or other money for his or her loss of office or in connection with his or her retirement from office.

For the purposes of the preceding paragraph, the term “a takeover of the Company” shall mean:

- (I) a takeover offer made by any person to all shareholders; or
- (II) a takeover offer made by any person with a view to the offeror becoming a controlling shareholder as defined in the Articles of Association.

If the relevant director or supervisor has failed to comply with this Article, any sums received by him or her shall belong to those persons that have sold their shares as a result of their acceptance of the aforementioned offer, and the expenses incurred in the pro rata distribution of such sums shall be borne by the relevant director or supervisor and may not be paid out of such sums.

## **CHAPTER 16 FINANCIAL AND ACCOUNTING SYSTEMS AND DISTRIBUTION OF PROFITS**

### **Section 1 Financial and Accounting Systems**

**Article 192** The Company shall formulate its financial and accounting systems in accordance with PRC laws and the PRC accounting standards formulated by relevant state authorities.

**Article 193** The Company shall prepare financial reports at the end of each fiscal year. Such reports shall be audited by an accounting firm in accordance with the law.

The Company shall adopt the Gregorian calendar year as its fiscal year, which shall commence on January 1 and end on December 31 of the same Gregorian calendar year. The Company’s accounts shall be prepared in Chinese with amounts denominated in Renminbi.

**Article 194** The Company shall publish financial reports twice every fiscal year, namely an interim financial report within 60 days after the end of the first six months of the fiscal year and an annual financial report within 120 days after the end of the fiscal year.

The aforementioned financial reports shall be prepared in accordance with relevant laws.

**Article 195** The board of directors of the Company shall place before the shareholders at each annual general meeting such financial reports prepared by the Company as required by relevant laws.

**Article 196** The financial reports of the Company shall be made available for inspection by shareholders 20 days prior to an annual general meeting. Each shareholder of the Company shall have the right to obtain a copy of the financial reports referred to in this Chapter.

The Company shall send a copy of the report of the board of directors, the financial report together with the balance sheet (including all annexes to the balance sheet as prescribed by the applicable laws), profit and loss statement or income and expenditure statement, or summary financial report to each holder of overseas listed foreign shares by pre-paid mail at least 21 days before the convening of the annual general meeting. The address of the recipient shall be the registered address as shown on the register of shareholders.

**Article 197** The Company shall prepare its financial statements in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the place where the Company's shares are listed overseas. If there is any material discrepancy between the financial statements prepared in accordance with the two accounting standards respectively, explanations shall be made in the notes to the financial statements. Distribution of the after-tax profits for the relevant fiscal year shall be based on the lower of the after-tax profits as shown in the two sets of financial statements.

**Article 198** The interim results or financial information announced or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the place where the Company's shares are listed overseas.

**Article 199** The Company shall not keep accounts other than those provided by law. Any assets of the Company shall not be kept under any account opened in the name of any individual.

**Article 200** The capital common reserve shall include the following funds:

- (I) the premiums obtained from the issue of shares above par; and
- (II) other revenue required by the State Council's finance authority to be included in the capital common reserve.

**Article 201** When the Company distributes its after-tax profits for a given year, it shall set aside 10 percent of profits for its statutory common reserve.

The Company shall no longer be required to make allocations to its statutory common reserve once the aggregate amount of such reserve reaches at least 50 percent of its registered capital.

If the Company's statutory common reserve is insufficient to make up losses for previous years, the Company shall use its profits for the current year to make up such losses before making the allocation to its statutory common reserve in accordance with the preceding paragraph.

After making the allocation from its after-tax profits to its statutory common reserve, the Company may, subject to a resolution of the general meeting, make an allocation from its after-tax profits to the discretionary common reserve.

After the Company has made up its losses and made allocations to its common reserves, the remaining after-tax profits of the Company shall be distributed in proportion to the shareholdings of its shareholders, unless the Articles of Association provide that distributions are to be made otherwise than proportionally. If the general meeting breaches the provisions of the preceding paragraph by distributing profits to shareholders before the Company has made up its losses and made allocations to the statutory common reserve, the shareholders must return to the Company the profits that were distributed in breach of the said provisions.

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



**Article 202** The Company's common reserves shall be used to make up the Company's losses, to expand the Company's production and operations or, through conversion into capital, to increase the Company's capital. However, the capital common reserve will not be used to make up the Company's losses.

When funds in the statutory common reserve are converted into capital, the funds remaining in such reserve will not be less than 25 percent of the Company's registered capital before the conversion.

**Article 203** Any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.

**Article 204** The Company shall appoint receiving agents for holders of overseas listed foreign shares to collect on behalf of the relevant shareholders the dividends distributed and other money payable in respect of overseas listed foreign shares, and hold the same until they can be paid to the relevant shareholders.

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

The receiving agents appointed by the Company for the holders of overseas listed foreign shares listed on the Hong Kong Stock Exchange shall be trust companies registered under the Trustee Ordinance of Hong Kong.

Subject to the laws of the PRC, the Company may exercise the power to forfeit unclaimed dividends, provided that it does so only after the expiration of the applicable relevant period.

The Company has the power to cease sending dividend warrants by post to a given holder of overseas listed foreign shares, but may exercise such power only if such warrants have been left uncashed on two consecutive occasions. However, the Company may exercise such power after the first occasion on which such a warrant is returned undelivered.

The Company has the power to sell by a method deemed fit by the board of directors the shares of a holder of overseas listed foreign shares who is untraceable, provided that it complies with the following conditions:

- (I) the Company has paid, during a period of 12 years, at least three dividends in respect of the shares in question but no dividend during that period was claimed; and
- (II) on expiry of the 12 years, the Company gives notice of its intention to sell the shares by way of an announcement published in one or more newspapers in the place where the Company is listed and notifies the securities regulatory authority of the place where its shares are listed of such intention.

**Article 205** After the Company's general meeting has passed a resolution on the profit distribution plan, the Company's board of directors must complete the dividend (or share) distribution within two months after the general meeting.

**Article 206** Cash dividends and other payments by the Company to holders of domestic shares shall be distributed and paid in Renminbi, whereas those to holders of overseas listed foreign shares shall be denominated and declared in Renminbi and paid in foreign currency. The foreign currency for the cash dividends and other payments by the Company to holders of overseas listed foreign shares and other holders of foreign shares shall be handled in accordance with state regulations on foreign exchange control.

Unless otherwise provided in relevant laws, where cash dividends and other payments are paid in a foreign currency, the average selling price of the relevant foreign exchange posted by the People's Bank of China for the Gregorian calendar week immediately preceding the date of declaration of the dividends or other payments shall be used as the exchange rate.

## **Section 2 Engagement of Accounting Firms**

- Article 207** The Company shall engage an accounting firm which has obtained relevant business qualifications to audit the financial statements, verify net asset and provide other relevant consultancy service. The accounting firm to be engaged by the Company shall be appointed or dismissed by the general meeting, and the term of engagement shall commence upon the conclusion of the annual general meeting of the Company and end upon the conclusion of the next annual general meeting.
- Article 208** An accounting firm engaged by the Company shall have the following rights:
- (I) the right of accessing to the account books, records or vouchers of the Company and the right to require directors, the general manager or other senior management members of the Company to provide relevant information and explanations;
  - (II) the right to require the Company to take reasonable measures to obtain from its subsidiaries the information and explanations necessary for the accounting firm to perform its duties; and
  - (III) the right to attend a general meeting in a non-voting capacity, to receive notice of, or other information concerning, any meetings which shareholders have a right to receive, and to be heard at any general meeting on any matter which relates to it as the accounting firm of the Company.
- Article 209** If the position of accounting firm becomes vacant, the board of directors may appoint an accounting firm to fill such vacancy before a general meeting is held. However, if there are other accounting firms holding the position of accounting firm of the Company while such vacancy persists, such accounting firms may continue to act.
- Article 210** The general meeting may by ordinary resolution decide to dismiss any accounting firm prior to the expiration of its term of engagement, notwithstanding the terms of the contract between the accounting firm and the Company, but without prejudice to such accounting firm's right, if any, to claim damages from the Company in respect of such dismissal.

**Article 211** The remuneration or method of determining the remuneration of an accounting firm shall be determined by the general meeting. The remuneration of an accounting firm engaged by the board of directors shall be determined by the board of directors.

**Article 212** The engagement, dismissal or non-reappointment of an accounting firm shall be determined by the general meeting and be reported to the State Council's securities authority for the record.

Where a resolution at a general meeting is to be passed to appoint as accounting firm an accounting firm other than an incumbent accounting firm, to fill a casual vacancy in the office of accounting firm, or to remove an accounting firm before the expiration of its term of office, matters shall be handled in accordance with the following provisions:

(I) the motion of engagement or dismissal shall be sent, before issuance of the notice of the general meeting, to the accounting firm proposed to be appointed or the accounting firm proposing to leave its post or the accounting firm that has left its post in the relevant fiscal year.

Leaving includes leaving by removal, resignation and retirement.

(II) if the accounting firm leaving its post makes representations in writing and requests their notification to the shareholders, the Company shall (unless the representations are received too late):

1. in any notice of the resolution given to shareholders, state the fact of the representations having been made by the accounting firm that is leaving its post; and
2. serve a copy of the representations as an attachment to the notice on the shareholders by the method specified in the Articles of Association.

(III) if the accounting firm's representations are not sent under item (II) of this Article, the relevant accounting firm may require that the representations be read out at the general meeting, and further complaints may be lodged.

- (IV) an accounting firm that is leaving its post shall be entitled to attend:
1. the general meeting at which its term of office would otherwise have expired;
  2. any general meeting at which it is proposed to fill the vacancy caused by its removal; and
  3. any general meeting convened on its resignation.

The leaving accounting firm shall be entitled to receive all notices of, and other information relating to, any such meeting, and to be heard at any such meeting on matters which concern it as former accounting firm of the Company.

**Article 213** 30 days' prior notice shall be given to the accounting firm if the Company decides to remove such accounting firm or not to renew the appointment thereof. The accounting firm shall be entitled to make representations when the resolution regarding the removal of the accounting firm is considered at the general meeting of the Company.

- (I) Any accounting firm may resign from its office by depositing at the Company's legal residence a written resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following:
1. a statement to the effect that there are no circumstances connected to its resignation which shall be brought to the attention of the shareholders or creditors of the Company; or
  2. a statement of any matters which shall be explained.
- (II) Where a notice is deposited under the item (I) of this Article, the Company shall within 14 days send a copy of the notice to the competent authority. If the notice contains a representation referred to in item (I) 2 of this Article, a copy of such representation shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such representation to each shareholder entitled to receive report on the financial position of the Company by prepaid post at his or her address shown on the register of shareholders.

- (III) Where the notice of resignation of an accounting firm contains a statement of Item (I) 2 of this Article, the accounting firm may require the board of directors to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

## **CHAPTER 17 INFORMATION DISCLOSURE**

**Article 214** The board of directors of the Company shall formulate the criteria, method, means, etc. for the disclosure of information and establish and enhance the Company's information disclosure system in accordance with laws, relevant regulations of the securities regulatory authority of the place where the Company shares are listed and relevant provisions of the Articles of Association.

**Article 215** The Company shall compliantly disclose information in accordance with the principles of truthfulness, accuracy, completeness and timeliness.

## **CHAPTER 18 MERGER, DIVISION, DISSOLUTION AND LIQUIDATION OF THE COMPANY**

### **Section 1 Merger and Division of the Company**

**Article 216** The Company may carry out mergers or divisions in accordance with the law. Mergers and divisions of the Company shall comply with relevant laws.

A merger may take either the form of a merger by absorption or the form of a merger by new establishment. The absorption of one company by another company constitutes a merger by absorption, in which case the absorbed company shall be dissolved. The merger of two or more companies into a new company constitutes a merger by new establishment, in which case all the parties to the merger shall be dissolved.

**Article 217** The merger or division of the Company shall require the preparation of a proposal by the board of directors. After such proposal has been adopted in accordance with the procedures specified in the Articles of Association, relevant approval procedures shall be carried out in accordance with the law. Shareholders that oppose the proposal for the merger or division of the Company shall have the right to require the Company or shareholders that are in favor of such proposal to purchase their shares at a fair price. The contents of resolutions approving the merger or division of the Company shall be compiled in a special document for inspection by shareholders.

**Article 218** If the Company is involved in a merger, the parties to the merger shall enter into a merger agreement and prepare a balance sheet and a property list. Within 10 days from the date of adoption of the merger resolution, the Company shall notify its creditors and within 30 days it shall make an announcement in the newspapers. A creditor may, within 30 days from the date of receipt of the written notice or, if he or she did not receive a written notice, within 45 days from the date of the announcement, require the Company to pay its debt owed to him or her in full or to provide commensurate security.

When the Company is merged, the claims and debts of each party to the merger shall be succeeded to by the company surviving the merger or the new company established subsequent to the merger.

**Article 219** If the Company is divided, its property shall be divided accordingly.

When the Company is divided, it shall prepare a balance sheet and a property list. Within 10 days from the date of adoption of the resolution on the division, the Company shall notify its creditors and within 30 days it shall make an announcement in the newspapers.

The post-division companies shall be jointly and severally liable for the pre- division debts of the Company, unless provided otherwise in a written agreement on debt repayment reached between the Company and its creditors prior to the division.

**Article 220** If a change occurs in the Company's registered particulars due to its merger or division, the change shall be registered with the Company's registrar in accordance with the law. If the Company is dissolved, de-registration of the Company shall be carried out in accordance with the law. If a new company is established, registration of the establishment of such company shall be carried out in accordance with the law.

## **Section 2 Dissolution and Liquidation**

**Article 221** The Company shall be dissolved in accordance with the law if:

- (I) the general meeting resolves to dissolve the Company;
- (II) dissolution is necessary as a result of the merger or dissolution of the Company;
- (III) the Company is legally declared bankrupt because it is unable to pay its debts as they fall due;
- (IV) the Company has its business license revoked, is ordered to close down or is shut down in accordance with the law; or
- (V) serious difficulties arise in the operation and management of the Company and its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding at least 10 percent of all shareholders' voting rights may petition a People's Court to dissolve the Company.

**Article 222** If the Company is dissolved pursuant to item (I), (IV) or (V) of the preceding Article, it shall establish a liquidation committee and liquidation shall commence within 15 days from the date on which the cause for dissolution arose. The liquidation committee shall be composed of persons determined by the general meeting by ordinary resolution. If the Company fails to establish the liquidation committee and carry out the liquidation within the time limit, its creditors may petition a People's Court to designate relevant persons to form a liquidation committee and carry out the liquidation.

If the Company is to be dissolved pursuant to item (III) of the preceding Article, the People's Court shall, in accordance with relevant laws, organize the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.



**Article 223** If the board of directors decides that the Company should be liquidated (other than liquidation as a result of a declaration of bankruptcy), the notice of the general meeting convened for such purpose shall include a statement to the effect that the board of directors has made full inquiry into the position of the Company and that the board of directors is of the opinion that the Company can pay its debts in full within 12 months after the commencement of liquidation.

The functions and powers of the board of directors shall be terminated immediately upon the adoption by the general meeting of a resolution to carry out liquidation.

The liquidation committee shall follow the instructions from the general meeting, and make at least one report each year to the general meeting on the receipts and expenditures of the liquidation committee, the business of the Company and the progress of the liquidation, and make a final report to the general meeting when the liquidation is completed.

**Article 224** The liquidation committee shall notify creditors within a period of 10 days from the date of its establishment and make announcements of the liquidation in the newspapers designated by the CSRC, and on the Company's website and the website of the stock exchange within 60 days. Claims shall be registered by the liquidation committee.

Creditors shall declare their claims to the liquidation committee within 30 days from the date of receipt of the written notice or, if they did not receive a written notice, within 45 days from the date of the announcement.

When declaring their claims, creditors shall explain the particulars relevant to their claims and submit supporting documentation. The liquidation committee shall register the claims.

During the claim declaration period, the liquidation committee shall not pay any debts to creditors.

**Article 225** The liquidation committee shall exercise the following functions and powers during liquidation:

- (I) to check the Company's property, and to prepare a balance sheet and property list;
- (II) to notify creditors by notice and public announcement;
- (III) to dispose of outstanding affairs of the Company relating to the liquidation;
- (IV) to settle outstanding taxes as well as taxes arising in the course of liquidation;
- (V) to liquidate claims and debts;
- (VI) to dispose of the Company's property remaining after the debts are paid in full; and
- (VII) to represent the Company in civil actions.

**Article 226** After checking the Company's property and preparing a balance sheet and property list, the liquidation committee shall formulate a liquidation plan and submit the same to the general meeting or the People's Court for confirmation.

The Company's property remaining after payment of the liquidation expenses, the wages, social insurance funds and statutory compensation of the employees, the taxes owed and all the Company's debts shall be distributed by the Company to the shareholders in proportion to the shares they hold.

During the liquidation, the Company shall continue to exist but shall not engage in any business activities unrelated to the liquidation. The Company's property shall not be distributed to the shareholders until it has been applied to the making of the payments mentioned in the preceding paragraph.

**Article 227** If the liquidation committee, having checked the Company's property and prepared a balance sheet and property list, discovers that the Company's property is insufficient to pay its debts in full, it shall apply to the Peoples Court for a declaration of bankruptcy.

After the People's Court has ruled to declare the Company bankrupt, the liquidation committee shall turn over the liquidation matters to the People's Court.

**Article 228** Following completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report, as well as the receipts and expenditures statement and financial account books in respect of the liquidation period, and, after verification thereof by a PRC certified public accountant, submit the same to the general meeting or the People's Court for confirmation. Within 30 days from the date of confirmation of the aforementioned documents by the general meeting or the People's Court, the liquidation committee shall submit the same to the company registrar, apply for cancellation of the Company's registration and publicly announce the Company's termination.

**Article 229** The members of the liquidation committee shall be faithful in the discharge of their duties and perform their liquidation obligations in accordance with the law.

The members of the liquidation committee shall not use their authority to accept bribes or other illegal income or misappropriate company property.

If the Company or a creditor sustains a loss due to a wilful act or gross negligence on the part of a member of the liquidation committee, such liquidation committee member shall be liable for damages.

## **CHAPTER 19    AMENDMENT OF THE COMPANY’S ARTICLES OF ASSOCIATION**

**Article 230**    The Company may amend the Articles of Association in accordance with laws and the Articles of Association. The Company shall amend the Articles of Association if:

- (I)    provisions of the Articles of Association conflict with the Company Law or relevant laws after such laws are amended;
- (II)   a change occurs in the Company’s situation and such change is inconsistent with the matters stated in the Articles of Association;  
or
- (III)   the general meeting decides to amend the Articles of Association.

**Article 231**    Unless otherwise provided in the Articles of Association, the Articles of Association shall be amended by the following procedure:

- (I)    the board of directors adopts a resolution in accordance with the Articles of Association and drafts the amendments, or a shareholder puts forward a motion to amend the Articles of Association;
- (II)   the shareholders are notified of the amendments and a general meeting is convened to vote thereon;
- (III)   the amendments submitted to the general meeting for a vote shall be adopted by a special resolution.

**Article 232**    If an amendment to the Articles of Association involves matters provided for in the Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas (《到 境 外 上 市 公 司 章 程 必 備 條 款 》), which is subject to the approval of relevant competent authority before it can take effect, such amendment shall be submitted to relevant competent authority for approval. If an amendment to the Articles of Association involves a registered particular of the Company, registration of the change shall be carried out in accordance with the law.

## CHAPTER 20 NOTICES AND ANNOUNCEMENTS

**Article 233** Notices (for the purposes of this Chapter, the term “notice” includes company communications and other written materials) of the Company shall be given or provided by one or more of the following means:

- (I) by hand;
- (II) by mail;
- (III) by such electronic means as e-mail, fax, etc. or on information media;
- (IV) by way of a public announcement; and
- (V) other ways required by the Articles of Association.

Unless otherwise specified in the Articles of Association, if a notice is issued by the Company to the shareholders of overseas listed foreign shares by way of announcement, the Company shall on the same day submit an electronic version of such announcement to the Hong Kong Stock Exchange through the electronic publishing system of the Hong Kong Stock Exchange for immediate release on the website of the Hong Kong Stock Exchange in accordance with the requirements of the local listing rules. Such announcement shall also be published on the website of the Company at the same time. In addition, the notice shall be delivered to each of the registered addresses as set forth in the register of holders of overseas listed foreign shares by way of personal delivery or pre-paid mail so as to give the shareholders sufficient notice and time to exercise their rights or take any action in accordance with the terms of the notice.

Holders of the Company's overseas listed foreign shares may elect in writing to receive corporate communication that the Company is required to deliver to shareholders either by electronic means or by post, and may also elect to receive either the Chinese or English version only, or both the Chinese and English versions. Such holders shall have the right to change their choices as to the manner of receiving and the language versions of the aforesaid information by giving a written notice to the Company in advance within a reasonable period in accordance with applicable procedures.

The Company may serve a notice to the shareholders whose registered address are located outside Hong Kong.

**Article 234** For a notice given by hand, the person on whom it is served shall sign (or affix his or her seal to) the acknowledgement slip, and the date on which he or she signed in receipt shall be the date of service.

For a notice given by mail, the date of service shall be 48 hours from the date of consignment to the post office.

For a notice given by fax, e-mail or publication on a website, the date on which such notice is dispatched shall be the date of service.

For a notice given by way of a public announcement, the first day of publication shall be the date of service. Such announcement shall be published in a newspaper that satisfies relevant regulations or given by the method set forth in Article 233 of the Articles of Association.

**Article 235** If the listing rules in the place of listing require the Company to send, mail, issue, dispatch, publish or otherwise provide relevant documents of the Company in both English and Chinese versions, the Company may, to the extent permitted by laws and regulations and in accordance with applicable laws and regulations, (if a shareholder has so indicated) only send him or her the English versions or Chinese versions of documents if the Company has made sufficient arrangements to ascertain whether its shareholders wish to only receive English versions or Chinese versions of documents.

## CHAPTER 21 DISPUTE RESOLUTION

**Article 236** Unless otherwise provided in the Articles of Association, the Company shall comply with the following rules for dispute resolution:

- (I) if any dispute or claim that concerns the Company's affairs and is based on rights or obligations provided for in the Articles of Association, the Company Law and other relevant laws arises between a holder of overseas listed foreign shares and the Company, between a holder of overseas listed foreign shares and a director, a supervisor, the general manager or other senior management member of the Company or between a holder of overseas listed foreign shares and a holder of domestic shares, the parties concerned shall refer the dispute or claim to arbitration.

When a dispute or claim as described above is submitted to arbitration, the dispute or claim shall be submitted in its entirety, and all persons (being the Company or shareholders, directors, supervisors, the general manager or other senior management members of the Company) that have a cause of action due to the same facts or whose participation is necessary for the resolution of such dispute or claim shall abide by the arbitration.

Disputes regarding the definition of shareholders and the register of shareholders specified in the Articles of Association shall be resolved by means other than arbitration.

- (II) the claimant shall refer a dispute or claim to the China International Economic and Trade Arbitration Commission for arbitration which shall be conducted in accordance with the arbitration rules in force at that time. The place of arbitration is Beijing. The arbitration shall be conducted by normal procedure and the arbitration tribunal shall be composed of three arbitrators.
- (III) unless otherwise provided by laws or administrative regulations, PRC laws shall apply to the resolution by arbitration of disputes or claims referred to in item (I).
- (IV) the award of the arbitration institution shall be final and binding upon each party.

## CHAPTER 22 SUPPLEMENTARY PROVISIONS

**Article 237** Unless otherwise required by the context, the following terms used in the Articles of Association shall have the meanings ascribed to them below:

- (I) “controlling shareholder” means a person that satisfies any of the following conditions:
  - 1. he or she, acting alone or in concert with others, has the power to elect at least one half of the directors;
  - 2. he or she, acting alone or in concert with others, has the power to exercise or to control the exercise of, at least 30 percent of the Company’s voting rights;
  - 3. he or she, acting alone or in concert with others, holds at least 30 percent of the outstanding shares of the Company; or
  - 4. he or she, acting alone or in concert with others, actually controls the Company in any other manner.
- (II) “actual controller” means a person who, although not a shareholder of the Company, is nevertheless able to actually direct the acts of the Company by virtue of an investment relationship, agreement or other arrangement.
- (III) “connected relationship” means the relationship between the Company’s controlling shareholder, actual controller, director, supervisor or senior management member on the one hand and an enterprise directly or indirectly controlled by him or her on the other hand, as well as any other relationship that may result in a diversion of the Company’s interests; however, enterprises controlled by the state shall not be deemed to have a connected relationship merely by virtue the fact that such enterprises are under the common control of the state.



- Article 238** For the purposes of the Articles of Association, the term “accounting firm” shall have the same meaning as the term “auditor” used in the Listing Rules of the Hong Kong Stock Exchange.
- Article 239** The Articles of Association are written in Chinese. In the event that there is a discrepancy between any other language version or different version hereof and the Articles of Association, the most recent Chinese version hereof registered with the administration for market regulation shall prevail.
- Article 240** Unless otherwise provided in the Articles of Association, for the purposes of the Articles of Association, the terms “at least”, “within” and “not less than” shall include the number itself; and the terms “less than”, “lower than”, “other than”, “more than”, “before” and “after” shall not include the number itself.
- Article 241** The board of directors is responsible for the daily interpretation of the Articles of Association.