



**河北建設集團股份有限公司**  
**HEBEI CONSTRUCTION GROUP CORPORATION LIMITED**  
*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**ARTICLES OF ASSOCIATION OF**  
**HEBEI CONSTRUCTION GROUP CORPORATION LIMITED**

**Adopted at the annual general meeting for 2016 on June 5, 2017**  
**Amended by the ninth extraordinary general meeting for 2017 on November 10, 2017**  
**Amended by the annual general meeting for 2017 on June 25, 2018**  
**Amended by the annual general meeting for 2018 on June 20, 2019**

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## CHAPTER 1. GENERAL PROVISIONS

**Article 1** These Articles of Association have been formulated in accordance with the *Company Law of the People's Republic of China* (the “**Company Law**”), the *Securities Law of the People's Republic of China* (the “**Securities Law**”), the *Special Regulations of the State Council for the Issue and Listing of Shares Overseas by Joint Stock Limited Companies* (the “**Special Regulations**”), the *Mandatory Provisions for the Articles of Association of Companies Listed Overseas* (the “**Mandatory Provisions**”), the *Guidelines for the Articles of Association of Listed Companies* (the “**AOA Guidelines**”), the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* (the “**SEHK Listing Rules**”) and other relevant requirements in order to protect the lawful rights and interests of Hebei Construction Group Corporation Limited (the “**Company**”) and its shareholders and creditors, and regulate the organization and acts of the Company.

**Article 2** The Company is a joint stock limited company reorganized and established by way of promotion by Zhongru Investment Co., Ltd. and Qianbao Investment Co., Ltd. in accordance with the Company Law, the Securities Law, the Special Regulations and other relevant laws of the People's Republic of China (the “**PRC**”, which, for the purposes of these Articles of Association, does not include the Hong Kong Special Administrative Region, the Macao Special Administrative Region or Taiwan). The Company was registered with Baoding Administration for Industry and Commerce on April 7, 2017, and obtained a business license. The unified social credit code is 911306007006711044.

**Article 3** The Company's registered name:

Full name in Chinese: 河北建設集團股份有限公司

Chinese abbreviation: 河北建設

Full name in English: Hebei Construction Group Corporation Limited

English abbreviation: HEBEI CONS

**Article 4** The Company's domicile: 125 Lugang Road, Jingxiu District, Baoding

Postal code: 071023

Telephone number: 0312-3311000

Facsimile number: 0312-3019434

**Article 5** The legal representative of the Company shall be the chairman of the board of directors.

**Article 6** The Company is a joint stock limited company existing in perpetuity.

**Article 7** These Articles of Association shall come into force on the date that the Company's overseas listed foreign investment shares are listed and begin trading on The Stock Exchange of Hong Kong Limited (the "SEHK") and replace the Articles of Association which have been formerly registered and filed with the Administration for Industry and Commerce.

These Articles of Association shall become legally binding documents that regulate the organization and acts of the Company and the rights and obligations between the Company and the shareholders and between shareholders inter se from the date on which they become effective.

**Article 8** The Articles of Association shall be binding on the Company and its shareholders, directors, supervisors and senior management members of the Company, all of whom shall be entitled to, according to the Articles of Association, make claims in respect of rights concerning the matters of the Company.

Subject to Article 242 of these Articles of Association, shareholders may sue shareholders; shareholders may sue directors, supervisors and other senior management members of the Company; shareholders may sue the Company; and the Company may sue shareholders, directors, supervisors and other senior management members in accordance with these Articles of Association.

For the purposes of the preceding paragraph, the term "sue" shall include the institution of proceedings in a

**Article 13** The scope of business of the Company shall be that approved by the Baoding Municipal Administration for Industry and Commerce and shall include: construction of general contracting business and project management and related skills and management services; construction design, feasibility study and technical consultancy service; construction and technical consultancy; building construction, municipal and public construction, electrical and mechanical installation, road construction, railway construction, port and waterways construction, water resources and hydropower construction, subgrade and pavement construction, steel structure construction, airport runway construction, pipeline construction, earthwork construction, renovation and decoration construction, foundation construction, bridge construction, tunnel construction, lifting equipment installation construction; sales, leasing and maintenance of construction materials, decoration materials, reusable materials, construction machine and equipment; undertaking of overseas engineering projects appropriate for its capabilities, scale and results performance; dispatch of work force to overseas (excluding seaman) (the business qualification certificate for operating overseas labor service cooperation business will be valid until 21 July 2020); civil defence construction, decoration construction, curtain wall construction, light steel structure construction, intelligent construction system, design of lighting engineering and fire safety equipment engineering; to conduct itself or act as an agent for the import and export of products except those exported under the unified joint operations organised by the State and those imported by companies approved by the PRC government; land formation; the design of pressure containers; manufacture of pre-stressed concrete steel cylinder pipe; manufacture and sales of ready mixed concrete products; manufacture of precast concrete structure and manufacture of metal structure (operated by subsidiaries only) (for businesses that require approval by laws, they may only be commenced after obtaining approval from the relevant authorities).

The Company may change its scope of business based on its own development needs in accordance with laws.

### **CHAPTER 3. SHARES AND REGISTERED CAPITAL**

**Article 14** All the shares issued by the Company are ordinary shares. The Company may create other classes of shares according to its needs, 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 15** 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” or “Renminbi” refers to the legal currency of the PRC.

**Article 16** 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 in 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 17** The Company may offer shares to domestic investors and foreign investors subject to the approval by the China Securities Regulatory Commission (the “CSRC”).

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

**Article 18** Shares issued by the Company to domestic investors to be subscribed for in Renminbi are referred to as “domestic investment shares”. Shares issued by the Company to foreign investors to be subscribed for in foreign currency are referred to as “foreign investment shares”. Foreign investment shares which are listed outside the PRC are referred to as “overseas listed foreign investment shares”.

For the purposes of the preceding paragraph, the term “foreign currency” means the legal currency of other countries or regions (other than the Renminbi) that can be used to pay the subscription monies to the Company and which is recognized by the competent state foreign exchange administration authority.

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

Upon obtaining an approval from the securities regulatory authorities of the State Council, domestic shareholders of the Company may transfer the Company’s shares held by them to overseas investors and have such shares listed and traded overseas. Shares so transferred that are listed and traded on an overseas stock exchange shall also be subject to the regulatory procedures, regulations and requirements of the overseas stock exchange. The listing and trading on such overseas stock exchange do not require the approval by voting at any meetings of class shareholders.

**Article 19** The domestic investment shares issued by the Company shall be collectively deposited with China Securities Depository and Clearing Corporation Limited. The overseas listed foreign investment shares issued by the Company in Hong Kong are mainly deposited at securities registration and settlement companies in Hong Kong and may also be held in the name of individual shareholders.

**Article 22** After the Company's plan for the offering of domestic investment shares and overseas listed foreign investment 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 issues.

The Company's plans for the offerings of domestic investment shares and overseas listed foreign investment shares in accordance with the preceding paragraph may be implemented separately within 15 months from the date of approval by the CSRC.

**Article 23** If the Company offers domestic investment shares and overseas listed foreign investment shares separately within the total number of shares specified in the offer plan, each offering shall be fully subscribed for in one lump sum. In case of special circumstances that make it impossible for each offering to be fully subscribed for in one lump sum, the shares may be offered in installments, subject to the approval of the CSRC.

**Article 24** Registered capital of the Company before the issue of H shares was RMB1,300,000,000. Upon completion of the abovementioned issue of H shares, the registered capital of the Company shall be RMB1,761,383,500. The change of the Company's registered capital shall be registered with the administration department for industry and commerce.

**Article 25** Save as otherwise provided in laws, administrative regulations and by the SEHK, shares of the Company may be transferred freely and shall be clear of any lien.

**Article 26** The Company shall not accept its own share certificates as the subject matter of a pledge.

**Article 27** The shares of the Company held by the promoter 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. 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 a year 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 resignation from the Company. The transfer restriction on H shares shall also be subject to the relevant requirements of the SEHK Listing Rules of and other applicable laws and regulations.

**Article 28** If a director, supervisor or senior management members of the Company, or a holder of at least 5 percent of the shares of the Company, sells the shares of the Company that he or she holds within six months after acquiring the same, or buys such shares back within six months after selling the same, the gains obtained therefrom shall belong to the Company and the board of directors of the Company shall recover such gains from him or her. The transfer restriction on H shares shall also be subject to the relevant requirements of the SEHK Listing Rules of and other applicable laws and regulations. However, a securities company that underwrote shares on a firm commitment basis and which, after purchasing the shares remaining after the sale, holds at least 5 percent of the shares shall not be subject to the six-month time limit when selling such shares.

If the board of directors of the Company fails to act in accordance with the preceding paragraph, shareholders shall have the right to demand that the board of directors act within 30 days. If the board of directors of the Company fails to act within such time period, shareholders shall have the right, in the interests of the Company, to directly institute a legal action in a court in their own name.

If the board of directors of the Company fails to act in accordance with the first paragraph, the responsible directors shall be jointly liable in accordance with the law.

#### **CHAPTER 4. INCREASE AND REDUCTION OF CAPITAL AND BUYBACK OF SHARES**

**Article 29** Based on its business and development requirements, the Company may increase its capital in accordance with the laws and subject to relevant requirements of these Articles of Association, by any of the following methods:

- (I) public offering of shares;
- (II) private placement of shares;
- (III) allotment of new shares to existing shareholders;
- (IV) conversion of capital reserve to share capital; or
- (V) other methods permitted by laws and administrative regulations or approved by the securities regulatory department of the State Council.

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 and regulations after such increase has been approved in accordance with these Articles of Association.

**Article 30** 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 these Articles of Association.

**Article 31** If the Company is to reduce its registered 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 recognized by the relevant regulator of the place where the Company's shares are listed 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 Company 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 registered capital of the Company after reduction shall not be less than the statutory minimum.



**Article 32** The Company may, in the following circumstances, buy back its own outstanding shares by the procedures provided for in laws and these Articles of Association, after the approval by the company approval authority authorized by the State Council:

- (I) cancellation of shares in order to reduce its registered capital;
- (II) merger with another company holding shares of the Company;
- (III) grant of shares as an incentive to its employees;
- (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; or
- (V) other circumstances approved in laws or administrative regulations or by the approval authority authorized by the State Council.

Except under the above circumstances, the Company may not trade in its own shares.

**Article 33** Following the approval by the 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 of an offer to all of the shareholders 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 approval authority authorized by the State Council.

**Article 34** 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 these Articles of Association. Upon the 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, “buy back shares by agreements” 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 on the same conditions.

**Article 35** The purchase of its own shares by the Company for a reason specified in items (I) to (III) of Article 32 of these Articles of Association shall require a resolution of the general meeting. If the Company purchases its shares for the reason specified in item (I) of Article 32, it shall cancel such shares within 10 days from the date of the purchase. If the Company purchases its shares for the reason specified in item (II) or item (IV), it shall transfer or cancel such shares within six months.

The number of shares purchased by the Company pursuant to item (III) of Article 32 will not exceed 5 per cent of its total outstanding shares, and the funds used for such purchase shall be paid from the Company's after-tax profits. The shares so purchased shall be transferred to the employees within one year.

If the Company cancels shares, it shall carry out the registration of the change in its registered capital with the original registrar.

The amount of the Company's registered capital shall be reduced by the total par value of the shares canceled.

**Article 36** 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 the new share offer made to repurchase the old 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 the new share offer made to repurchase the old shares; and the portion in excess of the par value shall be handled according to the following methods:
  - (i) 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;
  - (ii) 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 the new share offer made to repurchase the old shares; however, the amount deducted from the proceeds of the new share offer may not exceed the total premium obtained at the time of issuance of the old shares nor may it exceed the amount in the Company's premium account (or capital reserve account) (including the premiums from the new 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:
  - (i) acquisition of the right to buy back its own shares;
  - (ii) amendment to any contract for the buy back of its own shares;
  - (iii) 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 for the repurchase of shares which corresponds to the par value of the shares shall be credited to the Company's premium account (or capital reserve account).

## CHAPTER 5. FINANCIAL ASSISTANCE FOR THE PURCHASE OF COMPANY SHARES

**Article 37** Neither the Company nor its subsidiaries shall at any time provide any financial assistance in any form to purchasers or prospective purchasers of shares of the Company. Purchasers of shares of the Company as referred to above shall include persons that directly or indirectly assume obligations (the “**obligor**”) as a result of purchasing shares of the Company.

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

The provisions of this Article shall not apply to the circumstances described in Article 39 of this Chapter.

**Article 38** 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 change of parties to the contract, or the transfer of rights under such loan or contract; and
- (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 “undertaking of liability” referred to in this Chapter includes the incurring of obligations by the change 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 39** The acts listed below shall not be regarded as acts prohibited under Article 37 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 these Articles of Association;
- (V) provision of a loan by the Company within its scope of business and in the ordinary course of its business (provided that the 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 is paid out of the Company’s distributable profit); and

- (VI) the provision of money by the Company for an employee shareholding scheme (provided that the same does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance is paid out of the Company's distributable profit).

## **CHAPTER 6. SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS**

**Article 40** The Company's shares shall be registered shares.

In addition to those provided in the Company Law and the Special Regulations, a share certificate of the Company shall also contain any other items required to be specified by the stock exchange(s) on which the shares of the Company are listed.

During the period when the H shares are listed on the SEHK, the Company shall ensure that all of the title documents relating to the securities listed on the SEHK (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/she submits such properly executed forms to the share registrars which shall include the following statements:

- (I) 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 these Articles of Association;
- (II) the share purchaser agrees with each shareholder, director, supervisor, president and senior management members of the Company and the Company acting for itself and for each director, supervisor, president and senior management members agrees with each shareholder to refer all differences and claims arising from these Articles of Association, or any disputes or claims arising out of the rights or obligations conferred or imposed by the Company Law or other relevant PRC laws and administrative regulations and concerning the affairs of the Company, to arbitration in accordance with these Articles of Association, and any submission to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearing in open session and to publish its award; such arbitration shall be final and conclusive;
- (III) the share purchaser agrees with the Company and each shareholder of the Company that the shares of the Company are freely transferable by the holder thereof;
- (IV) the share purchaser authorizes the Company to enter into a contract on his or her behalf with each director, president and other senior management members whereby such directors, president and other senior management members undertake to observe and comply with their obligations to the shareholders stipulated in these Articles of Association;

**Article 41** 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 the Company's 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's 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.

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.

**Article 42** The Company shall keep a register of shareholders, in which the following particulars shall be recorded:

- (I) the name, address (domicile), profession or nature of each shareholder;
- (II) the class and quantity of shares held by each shareholder;
- (III) the amount paid or payable for the shares held by each shareholder;
- (IV) the serial numbers of the shares held by each shareholder;
- (V) the date on which each shareholder is registered as such; and
- (VI) the date on which each shareholder ceases to be a shareholder.

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

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

If two or more persons are registered as the joint shareholders of any shares, they shall be deemed to be joint holders of such shares and be subject to the following provisions:

- (I) the Company is not obliged to register more than four persons as the joint shareholders of any shares;
- (II) all the joint shareholders of any shares shall jointly and severally assume the liability to pay all amounts payable for the relevant shares;
- (III) if one of the joint shareholders deceased, only the surviving joint shareholders shall be deemed by the Company to be the persons owning the relevant shares. Nevertheless, the board of directors shall, for the purpose of revising the register of shareholders, have the right to demand evidence of death of such shareholder where it deems appropriate; and
- (IV) As to the joint shareholders of any shares, only the joint shareholder whose name appears first in the register of shareholders is entitled to receiving the share certificate for the relevant shares and the notices of the Company. Any notice served on the aforesaid person shall be deemed to have been served on all joint shareholders of the relevant shares. Any one of the joint shareholders may sign the proxy form. In case of more than one joint shareholders attending in person or by proxy, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose, seniority will be determined by the order in which the names stand in the register of members in respect of the joint shareholding.

**Article 43** 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 investment 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 investment shares. The appointed overseas agent shall ensure that the register of holders of overseas listed foreign investment shares and its duplicate are consistent at all times.

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

**Article 44** The Company shall keep a complete register of shareholders. The register of shareholders shall include the following parts:

- (I) a register of members 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 investment shares kept in the place of the overseas stock exchange on which the shares are listed; the original of the register of holders of overseas listed shares listed on the SEHK shall be kept in Hong Kong; and
- (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 45** 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 of members.

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 46** Unless otherwise provided by laws and regulations as well as the relevant rules and regulations of the securities regulatory authorities of the place where the Company's shares are listed, all overseas listed foreign investment shares listed in Hong Kong 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\$2.00 or higher charge as agreed by the SEHK 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 investment 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 lien of the Company.

All transfers of overseas listed foreign investment shares of the Company shall be effective with a written instrument of transfer in general or ordinary form adopted by SEHK or such other form as acceptable to the board of directors. The said instrument of transfer may be signed by hand without seal. If the transferor or transferee of the Company's shares is a recognized clearing house as defined in the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (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 47** No changes resulting from share transfers may be made to the register of shareholders within 30 days prior to a general meeting or 5 days prior to the date of record set by the Company for the purpose of distribution of dividends.

**Article 48** 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 of members at closing on the date of record shall be the shareholders entitled to the relevant rights and interests.

**Article 49** Any person that challenges the register of shareholders and requests that his or her name be entered into or removed from the register of members may apply to the competent court for rectification of the register of members.

**Article 50** Any shareholder who is registered in the register of shareholders or any person who requests that his or her name be entered into the register of shareholders may apply to the Company for issuance of a replacement certificate in respect of such shares (the "**relevant shares**") if his or her share certificate (the "**original share certificate**") is lost.

Applications for the replacement of share certificates from holders of domestic investment 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 investment shares who have had their certificates stolen or damaged, or who have lost the same may be handled in accordance with the laws, rules of stock exchange or other relevant regulations of the place where the original of the register of holders of overseas listed foreign investment 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 has not 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 such 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 51** After the Company has issued a replacement share certificate in accordance with these 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 52** 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 7. RIGHTS AND OBLIGATIONS OF THE SHAREHOLDERS**

**Article 53** 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 investment shares and H 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 its legal representative or the person resolved or authorized by its board of directors or other decision making body.



**Article 54** Holders of ordinary shares of the Company shall enjoy the following rights in accordance with applicable laws and these 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 voting rights;
- (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, relevant regulations of the securities regulator of the place where Company shares are listed and these Articles of Association;
- (V) to obtain relevant information in accordance with these Articles of Association, which shall include:
  - (i) obtaining a copy of these Articles after payment of a charge to cover costs;
  - (ii) being entitled, after payment of reasonable charges, to examine and copy:
    - (1) all parts of the register of shareholders;
    - (2) personal information on the directors, supervisors, president 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;
    - (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) minutes of general meetings, access to (only for inspection) counterfoils of corporate bonds, resolutions of meetings of the board of directors, resolutions of Supervisory Committee and financial and accounting reports; and

- (6) copy of the latest annual return filed with the State Administration for Industry & Commerce of the PRC or other authorities (if applicable).

The Company shall make the foregoing documents of (1), (3), (4), (5) and (6) available at its domicile and at its place of business in Hong Kong for review by the public and shareholders for free pursuant to the requirements of SEHK Listing Rules. The Company may refuse to provide any of the aforementioned documents if the documents to be inspected or photocopied contain the Company's trade secrets and inside information.

- (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 purchases 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, department rules and these Articles of Association.

**Article 55** If a shareholder requests to review the information mentioned in Article 54 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 56** The Company may not exercise any power to freeze or otherwise impair any of the rights attaching to any share by reason only that the person who is interested directly or indirectly therein has failed to disclose his interests to the Company.

**Article 57** If a resolution of the general meeting or board of directors of the Company violates the laws or administrative regulations, 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 the laws, administrative regulations or these Articles of Association, or if the contents of a resolution breaches these 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 58** Subject to Article 242 hereof, if a director or a senior management member violates the laws or breaches these Articles of Association in performing his or her duties for the Company, 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 institutes a legal action in a People's Court. If the Supervisory Committee violates the laws or breaches these Articles of Association in performing its duties for the Company, thereby causing the Company to sustain a loss, shareholders may request in writing that the board of directors institutes 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 names.

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 59** If a director or senior management member violates the laws or breaches these Articles of Association, thereby harming the interests of a shareholder, such shareholder may institute a legal action in a People's Court.

**Article 60** Holders of ordinary shares of the Company bear the following obligations:

- (I) to comply with laws, administrative regulations and these Articles of Association;
- (II) to pay subscription moneys according to the shares subscribed for by them and the method of acquiring such shares;
- (III) to assume liabilities to the Company to the extent of the shares they have subscribed for;
- (IV) not to return their shares except in circumstances specified in laws and regulations;
- (V) not to abuse their rights as the shareholders to harm the interests of the Company or those of other shareholders; not to abuse the status of the Company as an independent legal person or shareholders' limited liability to harm the interests of the Company's creditors; If a shareholder abuses his or her rights as shareholder, 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 status of the Company as an independent legal person or shareholders' limited liability to evade a debt, thereby materially harming the interests of the creditors of the Company, he or she shall bear joint liability for the debt of the Company.
- (VI) other obligations imposed by laws and these Articles of Association.

Shareholders are not liable for further contributions to share capital other than the conditions agreed to by the subscribers for the shares at the time of subscription.

**Article 61** 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 and public shareholders. The controlling shareholder shall exercise its rights as an investor in strict accordance with the laws. He or she may not use such means as 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 and the public shareholders.

In addition to the obligations imposed by laws and the listing rules of the stock exchange on which Company

- (XII) to consider motions raised by a shareholder alone or shareholders together holding at least 3 percent of the Company's voting shares;
- (XIII) to consider and approve matters relating to the purchase or disposal of material assets by the Company within one year in an amount representing more than 30 percent of the Company's latest audited total assets;
- (XIV) to consider and approve the changes in the use of proceeds;
- (XV) to consider and approve equity incentive plans;
- (XVI) to consider and approve matters relating to the provision of guarantee for third parties as specified in these Articles of Association;
- (XVII) to consider connected transactions required to be considered and approved by the general meeting as prescribed by laws, administrative regulations, departmental rules, regulatory documents and the securities regulatory rules of the place where shares of the Company are listed; and
- (XVIII) to consider other matters that require to be resolved by the general meeting as prescribed by laws, administrative regulations, departmental rules, regulatory documents and relevant regulations of the securities regulator of the place where Company shares are listed and these Articles of Association.

Subject to the laws, regulations and mandatory provisions of the listing rules of the listing place, the general meeting may authorize or entrust the board of directors to handle the matters authorized or entrusted by it.

**Article 64** The provision of guarantee by the Company to third parties as set forth below shall be subject to the consideration and approval of the general meeting:

- (I) any guarantee to be provided after the total amount of guarantee provided by the Company to third parties reaches or exceeds 30 percent of the latest audited total assets;
- (II) any guarantee to be provided to a shareholder, the actual controller or a connected person thereof; and
- (III) other provisions of guarantees that are required to be submitted to the general meeting for approval as prescribed by the laws and these Articles of Association.

The provision of guarantee to third parties other than as mentioned above shall be subject to the consideration and approval of the board of directors as authorized by the general meeting.

The guarantee as mentioned in item (I) of the preceding paragraph shall be approved by more than two-thirds of voting rights held by shareholders who attend the meeting. The shareholders as mentioned in item (II) of the preceding paragraph or the shareholders controlled by actual controller as mentioned in the above paragraph shall not participate in voting on the matters as mentioned in the preceding paragraph. Such matters require the affirmative votes of more than half of the other shareholders attending the meeting.

If a director, the president, the vice president and other senior management member violate the provisions on the approval authority or consideration procedure of guarantee to third parties as specified in laws or these Articles of Association, thereby causing the Company to sustain a loss, he or she shall be liable for the damages and the Company may institute a legal action against him or her in accordance with the law.

**Article 65** 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 president 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 66** 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 convened once a year and within six months after the end of the preceding fiscal year.

The Company shall convene 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 these 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) such is requested in writing by a shareholder alone or shareholders together holding at least 10 percent of the Company's shares (the number of shares held by the shareholders shall be counted based on the date of the written request);
- (IV) the board of directors considers it necessary;
- (V) the Supervisory Committee proposes that such a meeting shall be held;
- (VI) at least one-half of all of the independent non-executive directors agree to propose that such a meeting shall be held;
- (VII) other circumstance as specified by laws and these Articles of Association.

**Article 67** The Company shall hold general meetings at its domicile or other specific location as notified in the notice of the general meeting.

A meeting venue will be established for general meetings and meetings shall be held on site. The Company will also enable shareholders to have access to the general meeting by other means as permitted by the listing rules of the place where the shares of the Company are listed. The shareholders that have participated in the meeting through access of any aforesaid means shall be deemed as present at the meeting.

**Article 68** 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 they call an extraordinary general meeting. The board of directors shall, in accordance with laws and these 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 69** 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 and these 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 is required for any changes to be made to the original proposal 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 the 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 70** 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 call an extraordinary general meeting. The board of directors shall, in accordance with laws and these 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) is required for any changes to be made in the notice to the original proposal.

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) is required for any changes 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 or shareholders who together holding at least 10 percent of the shares of the Company for at least 90 days in succession may himself/herself/themselves convene and preside over such meeting.

**Article 71** 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 aggregate at least 10 percent of the shares carrying the voting right at the meeting to be held may sign one or more written requests of identical form and content requesting that the board of directors convene a class shareholders' meeting and stating the topics 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 for the shareholders to convene such meeting shall, to the extent possible, be identical to the procedure for the board of directors to convene the shareholders' meetings.

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 72** When the Supervisory Committee or shareholders themselves convene a general meeting, the board of directors and the secretary to the board of directors shall cooperate. The board of directors shall provide the register of shareholders as of the date of record. If the board of directors fails to provide the register of shareholders, the convener may apply to the securities depository or the agency to obtain the same on the strength of the relevant notice or announcement convening the general meeting. The register of shareholders obtained by the convener may not be used for any purpose other than to hold the general meeting.

**Article 73** When the Supervisory Committee or shareholders themselves convene a general meeting, the necessary expenses shall be borne by the Company.

**Article 74** When the Company is to hold a general meeting, it shall issue a written notice 45 days (exclusive of the date when the meeting is held) prior to the meeting informing all the registered shareholders of the matters to be considered and the date and place of the meeting. Shareholders who intend to attend the general meeting shall, within 20 days prior to the day on which the meeting is to be held, revert the reply slip to the Company stating that they will attend the meeting. Regarding the calculation of the notice period, the date of the meeting shall not be included. For notices given under this article, the date posted shall be the date of delivering the relevant notice to post office by the Company or the share registrar appointed by the Company.

**Article 75** The contents of proposals before the general meeting shall fall within the authority of the general meeting, contain a clear topic and a specific resolution and comply with relevant provisions of laws and these Articles of Association.

Proposal before the general meeting shall be in writing.

**Article 76** When the Company is to hold an annual general meeting, the board of directors, the Supervisory Committee and a shareholder alone or shareholders together holding 3 percent or more 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 authority 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 in breach of Article 75 of these Articles of Associations.

**Article 77** Based on the written replies received 20 days before the general meeting is to be held, the Company shall calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders intending to attend the meeting is more than half of the total number of the Company's voting shares, the Company may hold the general meeting. If not, the Company shall, within five days, inform the shareholders once again of the matters to be considered and the date and place of the meeting in the form of a public announcement. After such notification is informed by public announcement, the Company may hold the general meeting.

**Article 78** 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, which include but not limited to, when the Company proposes a merger, buyback of shares, restructuring of share capital or other reorganization, the specific conditions and contract (if any) of the transaction contemplated and earnest explanation of 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, president 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, president 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 the 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.

**Article 79** Notice of a general meeting shall be delivered to the shareholders (whether or not entitled to vote thereat) by hand or prepaid mail at the recipient's address shown in the register of shareholders, or given by way of a public announcement.

The "public announcement" referred to in the preceding paragraph shall, for holders of domestic investment shares, be published in one or more newspapers or periodicals designated by the CSRC and the regulator of the place of listing, and on the Company's website and the website of the stock exchange during the period between 45 and 50 days before the meeting is to be held. Once the announcement is made, all holders of domestic investment shares shall be deemed to have received notice of the relevant general meeting.

For holders of H shares, subject to the laws, regulations, the listing rules of the place where the shares of the Company are listed and these Articles of Association, the notice of a general meeting, circular of shareholders and relevant documents may be published on the websites of the Company and the SEHK.

**Article 80** A meeting and the resolutions adopted thereat shall not be invalidated due to the accidental omission to give notice of the meeting to, or the non-receipt of notice of the meeting by, a person entitled to receive the notice.

**Article 81** All holders of ordinary shares 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 and these Articles of Association.

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

**Article 82** 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 83** 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 ballot, except that if a shareholder has appointed more than one proxy, such proxies may only exercise their voting rights by ballot.

**Article 84** 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 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.

**Article 85** 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 at least 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 resolved and authorized by the board of directors or other decision-making body shall attend the general meeting of the Company on its behalf.

If the shareholder in question is a recognized clearing house (or its proxy) as defined in the relevant provisions of Hong Kong laws promulgated from time to time, it may appoint one or more person(s) as it thinks fit to act as its representative(s) at any general meeting or any class shareholders' meetings. However, if more than one proxy obtains the authorization, the instrument of appointment shall specify the number and class of shares that each proxy represents and shall be duly signed by the authorized personnel recognized by the clearing house. Such duly authorized person may represent the clearing house (or its proxy) to attend the meeting (without showing share certificates, the notarized authorization and/or further evidence of duly authorization to serve as the proof of due authorization) and exercise the same power as if he/she is an individual shareholder of the Company.

**Article 86** Any instrument of appointment 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 topic 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 87** 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 88** If the Company convenes a general meeting, all directors, supervisors, and the secretary to the board of directors of the Company shall attend the meeting. The president who is not a director of the Company and other senior management members shall be present at the meeting.

**Article 89** If a general meeting is convened by the board of directors, the chairman of the board of directors shall serve as host and preside over the meeting. If the chairman of the board of directors fails or is unable to perform his or her duties, the meeting shall be presided over by the vice chairman of the board of directors. If the vice chairman of the board of directors 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 vice chairman of the Supervisory Committee. If the vice 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/herself 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 90** The Company shall formulate the Rules of Procedure for General Meetings which shall specify in detail the procedures for calling and voting at general meeting, and cover notification, registration, the consideration of motions, voting, vote counting, announcement of voting results, the adoption of meeting resolutions, the keeping and signing of meeting minutes, announcement, etc., as well as the principles for the authorization of the board of directors by the general meeting.

**Article 91** 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 92** 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 93** 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.

Minutes shall be kept of general meetings and the secretary to the board of directors shall be responsible therefor.

**Article 94** The convener shall ensure that the meeting minutes are true, accurate and complete. The directors, supervisors and secretary to the board of directors who attended the meeting, the convener or his/her 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 cast online or by other means for a period of not less than 10 years.

**Article 95** The convener shall ensure that the general meeting continues until the final resolution has been adopted. If a general meeting is suspended or if it is unable to reach a resolution due to force majeure or other such special reason, necessary measures shall be taken to resume the general meeting as soon as possible or the general meeting shall be directly adjourned and the same announced in a timely manner.

**Article 96** 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 97** 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 applicable laws and regulations and the listing rules of the stock exchange where the Company's shares are listed, 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 98** Votes at a general meeting shall be taken by a show of hands, unless otherwise provided in laws and regulations, or the regulations of the securities regulator of the place where shares of the Company are listed or the stock exchange or unless a vote by ballot is demanded before or after any vote by show of hands by:

- (I) the chairman of the meeting;
- (II) at least two shareholders with voting rights or proxies with voting rights; or
- (III) one or several shareholders (including proxies) holding, alone or together, at least 10 percent of the shares carrying the right to vote at the general meeting.

Unless as otherwise required by the laws, the securities regulatory authorities or the stock exchange where the shares of the Company are listed, or a vote is held by ballot in accordance with the preceding paragraph, the chairman of the meeting shall announce whether the motion has been carried in accordance with the results of the vote by show of hands, and shall record the same in the minutes of the meeting (without need to evidence the number of votes for or against the resolutions adopted at the meeting, or the percentages thereof), which shall be conclusive evidence.

The demand for a vote by ballot may be withdrawn by the person who made it.

**Article 99** If the matter demanded to be voted upon by ballot is the election of the chairman or the adjournment of the meeting, a ballot shall be taken immediately. If a ballot is demanded for any other matter, such ballot shall be taken at the time decided upon by the chairman and the meeting may proceed with the discussion of other matters; the result of the ballot shall still be regarded as a resolution passed at that meeting.

**Article 100** 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 101** 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 102** Decisions of the general meeting on any of the following matters shall be adopted by ordinary resolution:

- (I) work reports of the board of directors and the Supervisory Committee;
- (II) the profit distribution plans and plans for making up losses drafted by the board of directors;
- (III) the appointment, dismissal and remuneration of the members of the board of directors and the Supervisory Committee and the method of payment of the remuneration;
- (IV) the Company's annual budgets and final accounts;
- (V) balance sheets, profit statements and other financial statements;

- (VI) the Company's annual reports; and
- (VII) matters other than those which the laws, administrative regulations, the listing rules of the stock exchange on which the shares of the Company are listed, or these Articles of Association require to be adopted by special resolution.

**Article 103** 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 of the Company;
- (V) 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, alone or in the aggregate, 30 percent of the audited total assets of the Company as at the most recent period;
- (VI) equity incentive plans; and
- (VII) other matters which the laws, administrative regulations, the listing rules of the stock exchange on which the shares of the Company are listed, or these 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 104** The chairman of the meeting shall decide, based on the voting results, whether or not a resolution of the general meeting has been carried. His decision shall be final and shall be announced at the meeting and recorded in the minutes of the meeting.

**Article 105** When the general meeting considers matters relating to a connected transaction, the connected

**Article 107** 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 these 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 14 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 these 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. The nomination of candidates for independent non-executive directors shall be carried out in accordance with laws and regulations and the regulatory requirements of the places where the Company's shares are listed;
- (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 14 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 (counting from the day immediately following the date of issuance of the notice of 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 of 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 108** With the exception of the cumulative voting system, the general meeting will hold a vote on each motion. If there are different motions concerning a certain matter, the votes thereon shall be taken in the order the motions were proposed. The general meeting will not set aside or not vote on a motion, unless the general meeting is suspended or if it is unable reach a resolution due to force majeure or other such special reason.

**Article 109** When considering a motion, the general meeting may not revise it, and should it do so, such amendment shall be deemed as a new motion and may not be voted on at the current general meeting.

**Article 110** Votes at general meeting shall be cast by disclosed ballot.



**Article 111** 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 112**

- (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, preemptive 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 scheme of the Company as would cause shareholders of different classes to bear disproportionate liabilities under the restructuring; or
- (XII) the amendment or abrogation of the provisions of this Chapter.

**Article 117** 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 (II) to (VIII) and items (XI) to (XII) of Article 116, 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 32 of these Articles of Association, the controlling shareholder as defined in Article 117 of these 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 Article 32 of these Articles of Association, holders of shares to which such agreements relate shall be "interested shareholders";
- (III) shareholders that, under a proposed restructuring scheme 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 118** Resolutions of a class shareholders' meeting may be passed only by shareholders present at the meeting representing two-thirds or more of the voting rights in accordance with Article 117.

**Article 119** When the Company is to hold a class shareholders' meeting, it shall issue a written notice 45 days (exclusive of the date of the meeting) prior to the meeting informing all the registered shareholders of that class of the matters to be considered at and the date and place of the meeting. Shareholders that intend to attend the meeting shall, within 20 days prior the day on which the meeting is to be held, serve a written reply on the Company stating that they will attend the meeting.

If the number of shares carrying the right to vote at the meeting represented by the shareholders intending to attend the meeting is more than half of the total number of shares of that class carrying the right to vote at the meeting, the Company may hold the class shareholders' meeting. If not, the Company shall, within five days, inform the shareholders once again of the matters to be considered at and the date and place of the meeting in the form of a public announcement. After such notification by public announcement, the Company may hold the class shareholders' meeting.

**Article 120** If a class shareholders' meeting is to be called by issuance of a meeting notice, notice of such meeting needs to 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 these Articles of Association relevant to procedures for the holding of general meetings shall be applicable to class shareholders' meetings.

**Article 121** Except for holders of other classes of Shares, holders of domestic investment shares and overseas listed foreign investment shares are deemed to be Shareholders of different classes.

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 investment shares and overseas listed foreign investment shares every 12 months, and the quantity of domestic investment shares and overseas listed foreign investment 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 investment shares and overseas listed foreign investment 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, as approved by the securities regulatory authorities of the State Council, the transfer of domestic investment shares held by the holders of domestic investment shares of the Company to foreign investors and the listing and trading of such shares on overseas stock exchange.

## **CHAPTER 10. BOARD OF DIRECTORS**

### **Section 1. Directors**

**Article 122** The Company shall have a board of directors which shall be accountable to the general meetings. The board of directors shall consist of 10 directors, including one honorary chairman, one chairman, one vice chairman and 4 independent non-executive directors.

**Article 123** Directors shall be elected at general meetings with a term of office of 3 years.y c6Up1.

Subject to applicable laws and 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 130** 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 shareholders 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 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. At least one-third of the members of the board of directors of the Company shall be independent non-executive directors, of whom at least one shall be a financial or accounting professional.

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.

If an independent non-executive director fails to meet the conditions of independence or other circumstance arises which makes it inappropriate for him or her to perform his or her duties and responsibilities as an independent non-executive director, thereby causing the failure of the Company to meet the requirements of these Articles of Association concerning the number of independent non-executive directors, the Company shall make up the number of independent non-executive directors in accordance with regulations.

**Article 131** 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 132** Before expiration of their terms of office, independent non-executive directors shall not be dismissed without proper reasons. In case of an independent director being dismissed before expiration of his term of office, the Company shall disclose it as a special discloseable matter.

Should an independent non-executive director fail to attend in person the meetings of the board of directors for three times in succession, the board of directors may propose to the shareholders' general meeting for replacing such director.

**Article 133** All matters not prescribed in this section for the independent non-executive director system shall be dealt with 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 134** 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 the Company's registered capital and the issuance of shares, debentures or other securities and the listing project of the Company;
- (VII) to formulate plans for major acquisition, repurchase of the shares of the Company or the merger, division, dissolution or change of the nature of incorporation of the Company;
- (VIII) to decide on such matters as the Company's investments in third parties, purchase and sale of assets, asset mortgages, the provision of security for third parties, entrustment of financial services, connected transactions, banking facilities, loans (including but not limited to working capital loans, commercial bank acceptance, letter of guarantee, and letter of credit), etc., except those required to be considered by the general meeting in accordance with the relevant laws and regulations and the Articles of Association;
- (IX) to determine on the establishment of the Company's internal management bodies;
- (X) to engage or dismiss the Company's president and secretary to the board of directors; to engage or dismiss such senior management members as vice president, head of Financial Management Department and etc, as proposed by the president, and deciding on matters relating to their remuneration, rewards and punishments;
- (XI) to formulate the basic management systems of the Company;
- (XII) to formulate proposals for amendments to the Articles of Association;
- (XIII) to manage the information disclosure of the Company;
- (XIV) 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;

(XV) to listen to the work reports of the Company's president and inspect his or her work;

(XVI) to decide the establishment of special committees and their compositions;

(XVII) to exercise other functions and powers conferred by the laws, regulations and the listing rules of the stock exchange on which the shares of the Company are listed, at general meetings and these Articles.

Resolutions relating to the above, with the exception of items (VI), (VII) and (XII) above which shall be approved by more than two thirds of the directors, shall be approved by more than half of the directors.

**Article 135** 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 members;
- (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 136** The board of directors shall give explanations to the general meeting in respect of audit reports with non-standard audit opinions issued by certified public accountants in respect of financial reports of the Company.

**Article 137** The board of directors shall formulate the rules of procedures of meetings of the board of directors 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 138** 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 139** The chairman of the board of directors shall exercise the following functions and 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 sign the share certificates, corporate bonds and other marketable securities of the Company;
- (V) 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 emergency caused by force majeure such as wars and natural disasters, and to report to the board of directors and general meetings after exercising such powers;
- (VI) to receive the work reports of the president, other senior management members of the Company and the persons-in-charge of the invested enterprises of the Company;
- (VII) to exercise other functions and powers conferred by the law, regulations, Articles of Association or the board of directors.

**Article 140** The vice chairman shall assist the chairman in work. If the chairman of the board of directors is unable to perform his or her duties or fails to perform his or her duties, his or her duties shall be performed by the vice chairman of the board of directors as entrusted by the chairman of the board of directors; if the vice chairman of the board of directors is unable or fails to perform these duties, a director elected by at least one half of the directors shall perform such duties on his or her behalf.

**Article 141** 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 of directors.

An extraordinary meeting of the board of directors 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, president or the board of supervisors. Chairman of the board of directors shall convene and chair the meeting of the board of directors within 10 days after receiving such proposal.

**Article 142** The notice of meetings of the board of directors shall be served to all directors, supervisors, the president and the secretary to the board of directors by means of hand, mail or facsimile 14 days before the date of the meeting (for regular meetings) or by means of written notice five days before the date of the meeting (for extraordinary meetings).

If an extraordinary meeting of the board of directors needs to be held as soon as possible 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 143** A notice of a meeting of the board of directors shall include the following particulars:

(I)

For a motion considered and passed at a meeting of the board of directors and adopted as the corresponding resolution, more than half of all of the Company's directors must cast an affirmative vote therefor. When the numbers of votes for and against are equal, the chairman of the board of directors is entitled to a cast one more vote. If laws or these Articles of Association require the consent of a larger number of directors for the adoption of a resolution, such provisions shall prevail.

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

**Article 147** 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 or her right to vote regarding such resolution, nor may he or she exercise the voting right of another director as such director's proxy thereon. Such a meeting of the board of directors 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 meeting of the board of directors shall require adoption by more than one half of the directors without a connected relationship. If the meeting of the board of directors is attended by less than three directors without a connected relationship, the matter shall be submitted to the general meeting for consideration.

The definition and scope of connected director are subject to relevant requirements of the securities regulatory authority and stock exchange of the place where the shares of the Company are listed.

**Article 148** If at least one-quarter of the directors in attendance or at least two independent non-executive 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 149** The board of directors shall keep minutes of its decisions on the matters considered at its meetings. The directors attending a meeting and the person taking the minutes shall sign the minutes of the meeting. The minutes of the board of directors shall be kept 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 these 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 150** The minutes of meetings 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 (proxy) being appointed to attend on the other's behalf;
- (III) the agenda;

- (IV) the main point of director's speech;
- (V) the method of voting and the result (the result shall state the number of votes for, against or abstention) of each resolution.

**Article 151** Where necessary, the board of directors may establish relevant special committees such as the nomination committee, audit committee, and remuneration and appraisal 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 11. SECRETARY TO THE BOARD OF DIRECTORS**

**Article 152** The Company shall have a secretary to the board of directors, 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 153** The secretary to the board of directors 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 meetings of the board of directors and general meetings, be responsible for recording of the meetings and keeping meeting documents and records;
- (III) to handle information disclosure of the Company;
- (IV) to ensure that individuals who are entitled to obtain relevant records and documents of the Company may access to them in time;
- (V) other duties as provided by laws, regulations and these Articles of Association and required by the securities regulators of the place where the shares of the Company are listed.

**Article 154** A director or other senior management member of the Company other than the president and head of Financial Management Department may also act as the secretary to the board of directors of the Company. Any accountant from accounting firm or lawyer from law 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 12. PRESIDENT AND OTHER SENIOR MANAGEMENT MEMBERS

**Article 155** The Company shall have a president and several vice president, all of whom shall be appointed or dismissed by the board of directors.

The president and vice president shall serve terms of three years and may serve consecutive terms if reappointed. A director may concurrently serve as the president or vice president. However, the chairman of the board of directors may not concurrently serve as the president.

**Article 156** Persons who hold any position other than that of director with the Company's Controlling Shareholder or Actual Controller may not serve in senior management members positions of the Company.

**Article 157** The president shall be accountable to the board of directors and exercise the following functions and powers:

- (I) to be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the board of directors, and to report on his or her work to the board of directors;
- (II) to arrange for the implementation of the Company's annual business plans and investment plans;
- (III) to draft the plan for establishment of the Company's internal management organization;
- (IV) to draft the Company's basic management system;
- (V) to formulate the basic rules and regulations of the Company;
- (VI) to request the board of directors to engage or dismiss the Company's vice president and head of the Financial Management Department;
- (VII) to engage or dismiss management personnel other than those to be engaged or dismissed by the board of directors;
- (VIII) to propose the holding of interim meetings of the board of directors;
- (IX) to decide on matters including the investment, financing, contract, transaction of the Company as authorized by these Articles of Association or the board of directors; and
- (X) other duties conferred by the Articles of Association or the board of directors.

**Article 158** The president shall attend meetings of the board of directors as non-voting delegates. If the president is not also a director, he or she shall not have the right to vote at meetings of the board of directors.

**Article 159** The president shall formulate Detailed Rules for the Work of the President and implement the same after obtaining approval of the board of directors.

**Article 160**

**Article 169** 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 170** Supervisors shall perform their supervisory duties faithfully and diligently in accordance with laws and these Articles of Association.

If a supervisor violates a law or breaches these Articles of Association in performing his or her duties, thereby causing the Company to sustain a loss, he or she shall be liable for damages.

**Section 2. Supervisory Committee**

**Article 171** The Company shall have a Supervisory Committee, which shall consist of five 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 supervisors who are not representatives of employees shall be elected or removed by the general meeting, and the supervisors who represent the employees shall be democratically elected or removed by the Company’s employees. The supervisors who represent the employees shall not be less than one-third of the supervisors.

**Article 172** The Supervisory Committee shall be accountable to the general meeting and exercise the following functions and powers in accordance with the law:

- (I) to review the regular reports of the Company prepared by the board of directors and to submit written review opinions thereon;
- (II) to examine the Company’s finances, and, when necessary, it may appoint a separate accounting firm in the Company’s name to independently review the Company’s finances;
- (III) to supervise the directors, the president and other senior management members in the performance of their duties and to propose the removal of directors or senior management members who violate laws or breach these Articles of Association or resolutions of the general meeting;
- (IV) if an act of a director or of the president or another senior management member is detrimental to the Company’s interests, to require him or her to correct such act;
- (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 directors or senior management members in accordance with relevant laws; and
- (VIII) to conduct an investigation and, if necessary, 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 engaging a professional, such as a lawyer, certified public accountant, professional auditor, etc., by the Supervisory Committee in exercising its functions and powers shall be borne by the Company.

**Article 173** At least one regular meeting of the Supervisory Committee shall be held every six months and shall be convened by the chairman of the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to perform his or her duties, a supervisor jointly elected by at least one half of the supervisors shall convene and preside over the meeting.

**Article 174** 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 of the Supervisory Committee so as to ensure the efficiency of work and rationality of the decisions of the Supervisory Committee.

**Article 175** Votes at meetings of the Supervisory Committee shall be conducted by disclosed ballot and each supervisor shall have one vote.

Votes at on-site meetings of the Supervisory Committee (including meetings held by video conference) may be conducted by a show of hands or disclosed ballot. If a supervisor attends an on-site meeting by way of 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 conducted and resolutions may be 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.

The voting options open to supervisors are consent, opposition or abstention. The supervisors present at a meeting shall select one from 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.

Resolutions of the Supervisory Committee shall require the affirmative vote of at least two-thirds of the members of the Supervisory Committee for adoption.

**Article 176** The Supervisory Committee shall record the decisions of all matters considered at the meeting into the meeting minutes. Participating supervisors shall sign the meeting minutes for confirmation. If a supervisor has different opinions on the meeting minutes, he or she may give a written explanation thereof at the time of signing.

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

**Article 177** 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 and the vote ballots shall serve as Company files and be kept by the office of the Supervisory Committee for a period of not less than 10 years.

**Article 178** A notice of a meeting of the Supervisory Committee shall include the following particulars:

(I)



**Article 180** The validity of an act of a director, the president or other senior management members 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 holding of such office, election or qualifications.

**Article 181** In addition to obligations imposed by laws and the listing rules of the stock exchanges on which shares of the Company are listed, the Company's directors, supervisors, president 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, unless pursuant to a restructuring of the Company submitted to and adopted by the general meeting in accordance with these Articles of Association of the Company.

**Article 182** The Company's directors, supervisors, president 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 due care, diligence and skill that a reasonably prudent person should exercise in comparable circumstances.

**Article 183** The Company's directors, supervisors, president and other senior management members shall, 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 functions and powers and not to act ultra vires;
- (III) to personally exercise the discretion vested in him or her and not allow himself or herself to be manipulated by another person and, unless permitted by laws or with the informed consent of the general meeting, not to delegate the exercise of his or her discretion;
- (IV) to accord equal treatment to shareholders of the same class and fair treatment to shareholders of different classes;
- (V) not to enter into a contract, transaction or arrangement with the Company except as otherwise provided in these Articles of Association or with the informed consent of the general meeting;
- (VI) not to use Company property for his or her own benefit in any way without the informed consent of the general meeting;
- (VII) not to use his or her functions and powers as 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's transactions without the informed consent of the general meeting;
- (IX) to abide by these Articles of Association, to perform his or her duties faithfully, to protect the interests of the Company, and not to use his or her position, and functions and powers in the Company to seek personal gain;
- (X) not to use the advantages of his or her office to appropriate for himself/herself or for others, business opportunities which rightly belong to the Company, operate a business for his own account or on behalf of others which is of the same type with the Company's business or 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 his or her own or in another name, and not to use Company property as security for the debts of Company's shareholders or other individuals;
- (XII) without the informed consent of the general meeting, not to disclose confidential information relating to the Company that was acquired by him or her during his or her 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:
  - (i) provided for by law;
  - (ii) required in the public interest; or
  - (iii) required in the personal interest of such director, supervisor, president or other senior management members of the Company.

**Article 184** A director, a supervisor, the president or other senior management members of the Company shall not direct the following persons or organizations ("**connected persons**") to do what such director, supervisor, president or other senior management members are forbidden to do:

- (I) the spouse or a minor child of such director, supervisor, president or other senior management members of the Company;
- (II) a trustee of such director, supervisor, president or other senior management members of the Company or of any person referred to in item (I) hereof;
- (III) a partner of such director, supervisor, president or other senior management members of the Company or of any person referred to in items (I) and (II) hereof;
- (IV) a company over which such director, supervisor, president or other senior management members of the Company, alone or jointly with any person referred to in items (I), (II) and (III) hereof or any other director, supervisor, president or other senior management members of the Company, has de facto control;
- (V) a director, a supervisor, the president or other senior management members of a company being controlled as referred to in item (IV) hereof.

**Article 185** The fiduciary obligation of the Company's directors, supervisors, president and other senior management members shall not necessarily cease upon the termination of their tenure. Their confidentiality obligation 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 decided upon in accordance with the principle of fairness, depending on the time which has elapsed between the termination of tenure and the occurrence of the matter and the circumstances and conditions under which the relationship with the Company is terminated.

**Article 186** A director, a supervisor, the president or other senior management members of the Company

**Article 189** The Company may not in any manner pay tax on behalf of its directors, supervisors, president or other senior management members.

**Article 190** The Company may not directly or indirectly provide a loan to, or loan guarantees for, its directors, supervisors, president and other senior management members or those of its parent company, or provide loans to or loan guarantees 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 to, a loan guarantee for or other moneys to a director, a supervisor, the president or other senior management members 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 to the Company; or
- (III) the provision by the Company of a loan or a loan guarantee to a relevant director, a supervisor, the president or other senior management members 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 191** 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 192** A loan guarantee provided by the Company in breach of the first paragraph of Article 190 shall be unenforceable against the Company, unless:

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

**Article 193** 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 194** If a director, a supervisor, the president or other senior management members 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, president or other senior management members 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, president or other senior management members and contracts or transactions with a third party (where such third party is well aware or should know that the director, supervisor, president or other senior management members representing the Company was in breach of his or her obligations to the Company);

- (III) require the relevant director, supervisor, president or other senior management members to surrender the gains derived from the breach of his or her obligations;
- (IV) recover any moneys received by the relevant director, supervisor, president or other senior management members that should have been received by the Company, including but not limited to commissions; and
- (V) require the relevant director, supervisor, president or other senior management members to return the interest earned or possibly earned on the moneys that should have been given to the Company.

**Article 195** The Company shall conclude written contracts 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 members of the Company;
- (II) remuneration in respect of his service as a director, supervisor or senior management members of a subsidiary of the Company;
- (III) remuneration for other services provided toward the management of the Company or a subsidiary thereof; and
- (IV) the payment by way of compensation for his or her loss of office or retirement to the aforementioned directors and supervisors.

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.

**Article 196** 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 moneys obtainable for loss of office or retirement.

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

- (I) anyone making a purchase offer to all of the shareholders; or
- (II) anyone making a purchase offer such that the offeror will become a controlling shareholder as defined in these 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 15. FINANCIAL AND ACCOUNTING SYSTEMS AND DISTRIBUTION OF PROFITS**

**Article 197** The Company shall formulate its financial and accounting systems in accordance with the PRC laws and the PRC accounting standards formulated by relevant state authorities.

**Article 198** 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 shall adopt the Renminbi as its bookkeeping base currency and its account books shall be kept in Chinese.

**Article 199** 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.

**Article 200** The board of directors of the Company shall place before the shareholders at each annual general meeting such financial reports as relevant laws require the Company to prepare.

**Article 201** 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 the above report or the report of the board of directors together with the balance sheet (including all annexes to the balance sheet as prescribed by the applicable laws), profit and loss account or income and expenditure statement, or summary financial report to each holder of overseas listed foreign investment 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. Subject to the laws, administrative regulations and the listing rules of the place where the Company is listed, the Company may do so by way of announcement (including publication on the Company's website).

**Article 202** The Company shall prepare its financial statements in accordance with the Chinese Accounting Standards and regulations.

**Article 203** The interim results or financial information announced or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations.

**Article 204** 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 205** The capital 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 reserve.

**Article 206** When the Company distributes its after-tax profits for a given year, it shall allocate 10 percent of profits to its statutory reserve.

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

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

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

After the Company has made up its losses and made allocations to its reserves, the remaining profits of the Company shall be distributed in proportion to the shareholdings of its shareholders, unless these 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 reserve, the shareholders must return to the Company the profits that were distributed in breach of the said provisions.

Shares of the Company that are held by the Company itself shall not participate in the distribution of profits.

**Article 207** The Company's 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 reserve will not be used to make up the Company's losses.

When funds in the statutory 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 208** The Company may distribute dividends in either of the following manners (or both of them):

- (I) cash;
- (II) share certificates.

**Article 209** 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 210** The Company shall appoint receiving agents for holders of overseas listed foreign investment shares to collect on behalf of the relevant shareholders the dividends distributed and other moneys payable in respect of overseas listed foreign investment 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 investment shares listed on the SEHK 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 investment 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 general meeting the shares of a holder of overseas listed foreign investment shares who is untraceable, provided that it complies with the following conditions:

- (I) the Company was, during a period of 12 years, required to pay 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 regulator of the place where its shares are listed of such intention.

**Article 211** 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 212** Cash dividends and other payments by the Company to holders of domestic investment shares shall be distributed and paid in Renminbi, whereas those to holders of overseas listed foreign investment 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 investment shares and other holders of foreign investment shares shall be handled in accordance with state regulations on foreign exchange control.

**Article 213** When distributing dividends to shareholders, the Company shall withhold and turn over the tax payable on the dividend income of shareholders based on the amount distributed and in accordance with PRC tax laws.

**Article 214** The Company shall implement an internal auditing system and appoint dedicated auditing personnel to carry out internal auditing and supervision of the Company's financial revenues and expenditures, and economic activities.

**Article 215** The Company's internal auditing system and the responsibilities of its auditing personnel shall be implemented after the approval thereof by the board of directors. The person in charge of auditing shall be accountable and report to the board of directors.



## CHAPTER 16. ENGAGEMENT OF ACCOUNTING FIRMS

**Article 216** The Company shall engage an independent accounting firm that complies with relevant provisions of PRC laws to audit the annual financial reports and review other financial reports of the Company.

The first accounting firm of the Company may be engaged by the inaugural general meeting prior to the first annual general meeting. Such accounting firm shall hold office until the conclusion of the first annual general meeting.

If the inaugural general meeting does not exercise its power under the preceding paragraph, the board of directors shall exercise such power.

**Article 217** The term of engagement of an accounting firm engaged by the Company shall commence upon the adjournment of the annual general meeting of the Company and end upon the adjournment of the next annual general meeting.

**Article 218** 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 president and 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 shareholders' meetings in a non-voting capacity, to receive notice of or other information concerning any shareholders' meetings which shareholders are entitled to receive notice or other information, and to be heard at any shareholders' meetings on any matter which relates to it as the accounting firm of the Company.

**Article 219** 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 220** The general meeting may by ordinary resolution decide to dismiss any accounting firm prior to the expiration of its term of engagement, notwithstanding provisions in 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 221** The remuneration or method of determining the remuneration of an accounting firm shall be decided upon 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 222** The engagement, dismissal or non-renewal of engagement of an accounting firm shall be decided upon 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 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 the Company to notify its shareholders of such representations, the Company shall (unless the representations are received too late):

- (i) 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
- (ii) serve a copy of the representations as an attachment to the notice on the shareholders by the method specified in these 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 make further appeal;

- (IV) an accounting firm that is leaving its post shall be entitled to attend:

- (i) the general meeting at which its term of office would otherwise have expired;
- (ii) any general meeting at which it is proposed to fill the vacancy caused by its removal; and
- (iii) any general meeting convened on its resignation;

and 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 223** When the Company dismisses or does not renew the engagement of an accounting firm, it shall give advance notice to the accounting firm. The accounting firm shall have the right to present its views before the general meeting. Where the accounting firm resigns from its post, it shall make clear to the general meeting whether there has been any impropriety on the part of the Company.

- (I) Any accounting firm may resign from its office by depositing at the Company's legal residence a 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:

- (i) a statement to the effect that there are no circumstances connected to its resignation which it considers should be brought to the attention of the shareholders or creditors of the Company; or
- (ii) a statement of any matters of which an account should be given.

- (II) Where a notice is deposited under the paragraph (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 paragraph (I) (ii) 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 every holder of overseas listed foreign investment shares by prepaid post, and it shall be sent to the addresses recorded in the register of shareholders.
- (III) Where the notice of resignation of an accounting firm contains a statement of paragraph (I) (ii) of this Article of any matters of which an account should be given, 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 224** 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 regulator of the place where Company shares are listed and relevant provisions of these Articles of Association.

**Article 225** 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**

**Article 226** 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 these 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.

Holders of overseas listed foreign investment shares shall additionally be served copies of the aforementioned document by mail.

**Article 227** 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 designated by the CSRC, on its website and on the website of the stock exchange. A creditor may, within 30 days from the date of receipt of the written notice or, if he did not receive a written notice, within 45 days from the date of the announcement, require the Company to pay its debt to him 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 228** 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 designated by the CSRC, on its website and on the website of the stock exchange.

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

**Article 229** 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.

**Article 230** 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;
- (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; or
- (VI) other circumstances where the Company is required to be dissolved by laws and regulations.

**Article 231** 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 directors or the general meeting. 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, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

**Article 232** If the board of directors decides that the Company should be liquidated (otherwise than because 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 take instructions from the general meeting, and not less than once a year make a report to the general meeting on the committee's receipts and expenditures, the business of the Company and the progress of the liquidation. It shall make a final report to the general meeting when the liquidation is completed.

**Article 233** The liquidation committee shall notify creditors within a period of 10 days from the date of its establishment and make announcements on the newspapers 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 234** The liquidation committee shall exercise the following functions and powers during liquidation:

- (I) to liquidate 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 unfinished business of the Company relating to the liquidation;
- (IV) to make full payment of taxes owed and of taxes incurred during the liquidation process;
- (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 proceedings.

**Article 235** After the liquidation committee has liquidated the Company's property and prepared a balance sheet and property list, it shall formulate a liquidation plan and submit such plan 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 premiums 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 liquidation, the Company shall continue to exist but may not engage in any business activities unrelated to the liquidation. The Company's property will not be distributed to the shareholders until repayment of its debts in accordance with the preceding paragraph.

**Article 236** If the liquidation committee, having liquidated 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

- (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 241** If an amendment to these Articles of Association involves matters provided for in the Mandatory Provisions of Articles of Association of Companies That List Overseas, it shall become effective upon approval by the authority that is authorized by the State Council to examine and approve companies. If an amendment to these 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 242** 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;
- (V) other ways as recognized by the securities regulatory authorities of the place where the Company is listed or as required by these Articles of Association.

Unless otherwise specified in these Articles, if a notice is issued by the Company to the shareholders of overseas listed foreign investment shares by way of announcement, the Company shall on the same day submit an electronic version of such announcement to the SEHK through the electronic publishing system of the SEHK for immediate release on the website of the SEHK 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 investment 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 investment 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.

**Article 243** For a Company notice given by hand, the person on whom it is served shall sign on (or affix his or her seal to) the note of receipt, and the date on which he or she signed in receipt shall be the date of service.

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

For a Company 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 Company 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 or periodical that satisfies relevant regulations or given by the method set forth in Article 242 of these Articles of Association.

**Article 244** If the listing rules in the place of listing require the Company to send, mail, issue, dispatch, publish or otherwise provide relevant Company documents 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 245** Unless otherwise provided in these Articles of Association, the Company shall comply with the following rules for dispute resolution:

- (I) If any dispute or claim that concerns Company affairs and is based on rights or obligations provided for in these Articles of Association, the Company Law or other relevant laws arises between a holder of overseas listed foreign investment shares and the Company, between a holder of overseas listed foreign investment shares and a director, a supervisor, the president or other senior management members of the Company or between a holder of overseas listed foreign investment shares and a holder of domestic investment shares, the parties concerned shall submit 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 president 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 submit to arbitration.

Disputes regarding the definition of shareholders and the register of shareholders may be resolved by means other than arbitration.

- (II) A dispute or claim submitted to arbitration may be arbitrated, at the option of the arbitration applicant, by either the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. After the arbitration applicant has submitted the dispute or claim to arbitration, the other party must submit to the arbitration institution selected by the applicant.

If the arbitration applicant opts for arbitration by the Hong Kong International Arbitration Centre, either party may request arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.



- (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 246** For the purposes of these Articles of Association, the term “accounting firm” shall have the same meaning as the term “auditor” used in the SEHK Listing Rules.

**Article 247** These 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 these Articles of Association, the most recent Chinese version hereof registered with the company registration authority shall prevail. In case of any inconsistency between the Chinese version and other versions, the Chinese version shall prevail.

**Article 248** Unless otherwise required by the context, the following terms used in these Articles of Association shall have the meanings assigned to them below:

- (I) “controlling shareholder” means a person that satisfies any of the following conditions:
  - (i) he or she, acting alone or in concert with others, has the power to elect at least one half of the directors;
  - (ii) 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;
  - (iii) he or she, acting alone or in concert with others, holds at least 30 percent of the outstanding shares of the Company; or
  - (iv) he or she, acting alone or in concert with others, actually controls the Company in any other manner;
- (II) “acting in concert” means action taken by two or more persons pursuant to an agreement (whether oral or written) to obtain or consolidate control of the Company through the acquisition by any of them of voting rights of the Company;
- (III) “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;
- (IV) “connected relationship” means the relationship between the Company’s controlling shareholder, actual controller, a director, a supervisor or senior officer (including the associates of the above parties as defined in the Listing Rules of Hong Kong Stock Exchange) on the one hand and an enterprise he or she directly or indirectly controls 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 of the fact that such enterprises are under the common control of the state.

**Article 249** Unless otherwise provided in these Articles of Association, for the purposes of these Articles of Association, the terms “at least”, “within” and “not more than” shall include the number itself; and the terms “less than”, “lower than”, “other than”, “more than”, “over”, “exceed”, “before” and “after” shall not include the number itself.

**Article 250** The board of directors is responsible for explaining these Articles of Association.