



**Datang Environment Industry Group Co., Ltd.\***

**大唐環境產業集團股份有限公司**

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

**(Stock Code: 1272)**

## **Articles of Association**

**Important Note:** **The original version of the Articles of Association of the Company is in Chinese, and the English version is translated from the Chinese original. Should there be any discrepancies or inconsistencies between the Chinese and English versions, the Chinese version shall prevail.**

Considered and passed at the 2015 Fourth Extraordinary General Meeting of the Company  
Implemented on the date when the Company's H Shares are Listed

\* *For identification purpose only.*

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*Note:* In the margin notes to the provisions of the Articles of Association, the “Company Law” refers to the “Company Law of the People’s Republic of China” (amended in 2013); the “Mandatory Provisions” refers to the “Mandatory Provisions for Articles of Association of Companies Listed Overseas” (Zheng Wei Fa [1994] No. 21) jointly issued by the former State Council Securities Policy Committee and the former State Commission for Restructuring the Economic System; the “Letter of Opinions on Supplementary Amendments” refers to the “Letter of Opinions on the Supplementary Amendments to Articles of Association of Companies Listed in Hong Kong” (Zheng Jian Hai Han [1995] No. 1) jointly issued by the Overseas-Listing Department of the China Securities Regulatory Commission (“CSRC”) and the Production System Department of the former State Commission for Restructuring the Economic System; the “Guidelines” refers to the Guidelines on Articles of Association of Listed Companies (as amended in 2014) issued by CSRC (CSRC Announcement [2014] No. 47); the “Listing Rules” refers to the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited”; the “Appendix 3 to the Main Board Listing Rules” refers to the Appendix 3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; the “Appendix 13D to the Main Board Listing Rules” refers to Part D of the Appendix 13 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

# Datang Environment Industry Group Co., Ltd.

## Articles of Association

### Chapter I General Provisions

**Article 1** To safeguard the legitimate rights and interests of Datang Environment Industry Group Co., Ltd. (the “**Company**”), its shareholders and creditors, and to regulate the organization and activities of the Company, these Articles of Association are 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 on the Overseas Offer and Listing of Shares by Joint Stock Limited Companies (the “**Special Regulations**”), the Mandatory Provisions for Articles of Association of Companies Listed Overseas, the Letter of Opinions on Supplementary Amendment to Articles of Association of Companies Listed in Hong Kong, the Guidelines on Articles of Association of Listed Companies (as amended in 2014), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other relevant regulations.

**Article 2** The Company is a joint stock limited company incorporated pursuant to the Company Law, the Special Regulations and other relevant laws and administrative regulations of the People’s Republic of China (“**PRC**”).

The Company was registered with the Beijing Administration for Industry and Commerce and was granted the Business License on June 26, 2015. The number of the Business License of the Company is: 100000000043855.

The Company’s promoters are China Datang Corporation and China Datang Group Capital Holding Co., Ltd.

**Article 3** The registered name of the Company:

Chinese name (in full): 大唐環境產業集團股份有限公司

English name (in full): Datang Environment Industry Group Corp Co., Ltd.

**Article 4** Corporate Domicile: No. 120 Zizhuyuan Road, Haidian District, Beijing, PRC

Postcode: 100097

Telephone: 08-10-58389999

Facsimile: 08-10-58389810

**Article 5** The Chairman of the Company is the legal representative of the Company.

**Article 6** The Company is a joint stock limited company in perpetual existence.

The Company is an independent legal entity, owns independent properties of a legal entity, enjoys property rights of a legal entity, and possesses the civil rights and assumes the civil liabilities prescribed by law.

All assets of the Company are classified as shares with same par value per share. The shareholders shall assume liability based on their shares subscribed, and the Company is liable for its debts to the extent of its entire assets.

**Article 7** The Articles of Association shall come into effect from the date on which the Company's overseas-listed foreign-invested shares are listed on the Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") upon approval by shareholders at the general meeting of the Company through special resolution. The Articles of Association will replace the original one registered and filed with the industrial and commercial administration authorities by the Company.

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

**Article 8** The Articles of Association are binding on the Company and its shareholders, directors, supervisors, general managers and other senior management members, all of whom are entitled to claim rights regarding the Company's affairs in accordance with the Articles of Association.

Subject to Article 215 of the Articles of Association, the Articles of Association are actionable by a shareholder against the Company; by the Company against shareholders, directors, supervisors, general managers and other senior management members, by a shareholder against each other; and by a shareholder against directors, supervisors, general manager and other senior management members of the Company.

The actions referred to in the preceding clause include court proceedings and arbitration proceedings.

Other senior management members referred to in the preceding clause include deputy general managers, chief accountant, chief engineer, secretary of the board of directors (the "Board") and other personnel appointed by the Board.

**Article 9** The Company may, based on its business development requirements, establish subsidiaries or branches, representative offices, offices, etc. in foreign countries and such regions as Hong Kong, Macau Special Administrative Region and Taiwan.

**Article 10** The Company may invest in other enterprise(s), but, shall not be liable to such enterprise(s) for their liabilities as their investor, unless otherwise stipulated by laws.

## **Chapter II Purposes and Scope of Business**

**Article 11** The business purpose of the Company are: to persist in guiding the development of environmental protection and energy conservation business by technological innovation, to provide conventional energy, new energy and water resource in a clean and efficient manner through advanced technologies, quality products and reliable services, to build a domestic and international famous environmental industry group, and to seek for economic benefits, perform social responsibilities and maximum interests for shareholders.

**Article 12** The business scope of the Company shall be based on the items approved by the industry and commerce administration authority.

The business scope of the Company includes: development of environmental protection projects, investment and operating management of environmental facilities; research and development, design, production, examination, sales and technical services of flue gas desulfurization catalysts; research and development, manufacture and sales of self-controlled system; development and testing of environmental protection technologies; production and sales of environmental protection equipment; design, construction and general contracting of environmental protection engineering; treatment of sewage and seawater; design and contracting of power engineering system; energy saving techniques as well as development and usage of new energy technology; design and contracting of material transportation system and corrosion prevention engineering system; building materials and chemical products (excluding hazardous chemicals); sales of machinery equipment, electronic products and hardware; contracting of overseas projects; import and export business; consultation services in relation to above businesses. (For the projects subject to approval pursuant to the laws, the operation of which shall be commenced upon approval by the relevant authority).

According to the domestic and international market needs and its own growth capability and business needs, the Company may change its business scope according to law.

### **Chapter III Shares, Share Transfer and Registered Capital**

**Article 13** There must, at all times, be ordinary shares in the Company. Subject to the approval from the approval authority authorized by the State Council, the Company may issue other classes of shares according to its needs.

**Article 14** The shares of the Company are evidenced by share certificates, all shares issued by the Company are stocks with a par value of RMB 1 each.

The Renminbi referred to in the preceding paragraph is the legal currency of the PRC.

**Article 15** Shares of the Company shall be issued in an open, fair and just manner. Shares of the same class shall rank *pari passu* with each other.

For the same class of shares issued in the same tranche, each share shall be issued at same price and subject to same conditions. For the shares subscribed by any organisation or individual under the same offering, the price payable for each of such share shall be the same.

**Article 16** Subject to the approval of the securities regulatory authority of the State Council and other competent authorities, the Company may issue shares to domestic and foreign investors.

The foreign investors referred to in the preceding paragraph mean those investors from foreign countries and from the regions of Hong Kong, Macau and Taiwan who subscribe for shares issued by the Company. Domestic investors mean those investors within the territory of the PRC (excluding investors from the regions referred to in the preceding sentence) who subscribe for shares issued by the Company.

**Article 17** Shares issued by the Company to domestic investors for subscription in Renminbi shall be referred to as domestic shares. Shares issued by the Company to overseas investors for subscription in foreign currency shall be referred to as foreign-invested shares. Foreign-invested shares which are listed outside the PRC shall be referred to as overseas-listed foreign-invested shares.

The foreign currency referred to in the preceding paragraph is a legal currency (other than Renminbi) of other countries or regions which is recognized by foreign exchange administration authority of the State and can be used for payment of the Company's shares.

Overseas-listed foreign-invested shares issued by the Company and listed in Hong Kong shall be referred to as H shares for short. H shares refer to the shares approved to be listed on the Hong Kong Stock Exchange, denominated in Renminbi for par value, and subscribed and traded in Hong Kong dollar.

Shares held by holders of domestic shares may be transferred to overseas investors upon approval by the securities regulatory authority of the State Council and other competent authorities, and shall be listed and traded overseas stock exchange. The listing and trading of the transferred shares on an overseas stock exchange shall be subject to the regulatory procedure, regulations and requirements of such overseas stock market. The listing and trading of the transferred shares on an overseas stock exchange does not require a class meeting to be called for voting.

**Article 18** The number of ordinary shares issued by the Company at the time of the Company's establishment totalled 1.2 billion shares, including 1,188 million shares subscribed and held by China Datang Corporation, representing 99% of total ordinary shares of the Company in issue; and 12 million shares subscribed and held by China Datang Corporation Capital Holding Co., Ltd., representing 1% of total ordinary shares of the Company in issue.

On June 30, 2015, the Company's share capital was increased by RMB1.2 billion to RMB2.4 billion. The shareholding structure of the Company comprised 2,376 million shares and 24 million shares subscribed and held by China Datang Corporation and China Datang Corporation Capital Holding Co., Ltd., respectively, representing 99% and 1% of total ordinary shares of the Company in issue, respectively.

In accordance with the authorisation at the general meeting, the Board may, upon the determination of the number of domestic shares and overseas-listed foreign-invested shares placed or issued either separately or concurrently by the Company, appropriately adjust the number of the aforesaid shares within its scope of power.

**Article 19** Subsequent to its establishment, the Company may issue not more than 1,182,857,142 overseas-listed foreign-invested shares (including 154,285,714 shares upon the exercise of over-allotment option) upon approval by the securities regulatory authority under the State Council and other competent authorities, and the state-owned shareholders of the Company will transfer not more than 102,857,142 (or 118,285,714 if the over-allotment option representing 15% of the total new share in issue is fully exercised) state-owned shares to the National Council for Social Security Fund of the PRC at the time of the issuance of the overseas-listed foreign-invested shares pursuant to relevant PRC regulations regarding the disposal of state-owned shares.

Upon completion of the issuance of the overseas-listed foreign-invested shares (no exercise of the over-allotment option) as aforementioned, the shareholding structure of the Company shall be as follows: 2,322,540,000, 23,460,000, 54,000,000 and 540,000,000 shares were held by China Datang Corporation, China Datang Corporation Capital Holding Co., Ltd., National Council for Social Security Fund and other holders of H shares, respectively, representing 79.00%, 0.80%, 1.84% and 18.37% of the total share capital of ordinary shares, respectively.

Upon completion of the issuance of the overseas-listed foreign-invested shares (full exercise of the over-allotment option) as aforementioned, the shareholding structure of the Company shall be as follows: 2,314,521,000, 23,379,000, 62,100,000 and 621,000,000 shares were held by China Datang Corporation, China Datang Corporation Capital Holding Co., Ltd., National Council for Social Security Fund and other holders of H shares, respectively, representing 76.61%, 0.77%, 2.06% and 20.56% of the total share capital of ordinary shares, respectively.

**Article 20** Upon approval by the securities regulatory authorities of the State Council and other competent authorities of the proposal for issue of overseas-listed foreign-invested shares and domestic shares, the Board may make implementation arrangements of separate issue.

The Company's proposal for separate issue of overseas-listed foreign-invested shares and domestic shares pursuant to the preceding paragraph may be implemented within fifteen months from the date of approval by the securities regulatory authority of the State Council and other competent authorities.

**Article 21** Where the Company issues overseas-listed foreign-invested shares and domestic shares respectively within the total number of shares as stated in the issuance proposal, the respective shares shall be subscribed for in full at one time. If they cannot be subscribed for in full at one time under special circumstances, these shares may be issued in several tranches subject to the approval of the securities regulatory authority of the State Council and other competent authorities.

**Article 22** Upon completion of the issue of the aforesaid overseas-listed foreign-invested shares (no exercise of the over-allotment option), the registered capital of the Company will be RMB2,940,000,000 million.

**Article 23** The Company may, based on its operation and development requirements, approve an increase in its capital in accordance with the relevant provisions of the Articles of Association.

The Company may increase its capital in the following manners:

- (1) offering new shares to non-specific investors;
- (2) placing new shares to investors particularly designated and/or existing shareholders;
- (3) distributing new shares to existing shareholders;
- (4) transferring capital reserve to share capital; or
- (5) other means as permitted by laws and administrative regulations and those approved by the securities regulatory authorities of the State Council and other competent authorities.

The Company's increase of capital by issuing new shares shall, after being approved pursuant to the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated by relevant laws and administrative regulations.

After increase of its capital, the Company shall file the change with the Company's original industrial and commercial administration authority and make relevant announcement.

**Article 24** Unless otherwise provided by laws, administrative regulations, the Hong Kong Stock Exchange or the Articles of Association, shares of the Company are freely transferable and are not subject to any lien.

**Article 25** The Company shall not accept any shares of the Company as the subject of a pledge.

**Article 26** Shares of the Company held by the promoters shall not be transferred within one year from the date of the establishment of the Company. Shares issued prior to the public offering of shares by the Company shall not be transferred within one year from the date the shares of the Company were listed on the stock exchange(s).

During their tenure, directors, supervisors and senior management members of the Company shall report to the Company their shareholdings in the Company and changes therein and shall not transfer more than 25% of the total number of shares held by them per year. The shares held by them shall not be transferred within one year from the date on which the shares of the Company were listed and traded on the stock exchange(s). The aforesaid person(s) shall not transfer the shares of the Company held by them within six months commencing from the termination of their service.

**Article 27** Any gains from sale of shares of the Company by any directors, supervisors, senior management members or shareholders holding 5% or more of the shares of the Company within six months after their purchase of the same, and any gains from purchase of shares of the Company by any of the aforesaid parties within six months after sale of the same shall be disgorged to the Company. The Board shall forfeit such gains from the abovementioned parties. However, if a securities company holds 5% or more of shares by buying the remaining shares under an underwriting arrangement, the six-month limitation for selling the said shares shall not apply.

Should the Board does not observe the preceding paragraph, shareholders shall be entitled to request the Board to effect the same within 30 days. If the Board fails to do so within the aforesaid time limit, the shareholders may directly initiate court proceedings in their own name for the interests of the Company.

Should the Board fail to comply with the requirements set out in the first paragraph, the responsible director(s) shall assume joint and several liabilities under laws.

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

**Article 28** The Company may reduce its registered capital. Where the Company reduces its registered capital, it shall be handled in accordance with the Company Law and other relevant provisions and procedures prescribed in the Articles of Association.

**Article 29** The Company shall prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within ten days from the date of the Company's resolution on reduction of its registered capital and shall publish an announcement in the newspaper as accepted by the stock exchange on which the shares of the Company are listed within thirty days from the date of such resolution. A creditor has the right, within thirty days of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within forty-five days from the date of the announcement, to require the Company to repay its debt or provide a corresponding guarantee for such debt.

**Article 30** In the following circumstances, the Company may repurchase its issued shares in accordance with the statutory procedures provided in the Articles of Association and with the approval of the competent authorities:

- (1) to cancel shares for the purpose of reducing the registered capital of the Company;
- (2) to amalgamate with other company which owns shares in the Company;
- (3) to transfer shares to employees of the Company as incentives;
- (4) to acquire the shares of shareholders (upon their request) who vote against any resolution adopted at any general meetings on the merger or demerger of the Company; and
- (5) other circumstances which are permitted by laws and administrative regulations.

**Article 31** The Company may, with the approval of the competent authorities for repurchasing its shares, conduct the repurchase in one of the following manners:

- (1) making a pro rata general offer of repurchase to all of its shareholders;
- (2) repurchasing shares through open transactions on a stock exchange;
- (3) repurchasing through an off-market agreement; or
- (4) other means as permitted by relevant regulatory authority.

**Article 32** Where the Company repurchases its shares through an off-market agreement, it shall seek prior approval of the shareholders at general meeting in accordance with the Articles of Association. The Company may release or vary a contract so entered into by the Company or waive its rights thereunder with prior approval by shareholders at a general meeting obtained in the same manner.

The contract to repurchase shares as referred to in the preceding paragraph includes, but not limited to, an agreement to become obliged to repurchase or to acquire the right to repurchase shares.

The Company shall not assign a contract to repurchase its shares or any of its right thereunder.

Where the Company has the rights to repurchase the redeemable shares, repurchases shall be limited to a maximum price unless they are made through the market or by tender; if repurchases are made by tender, relevant tenders shall be available to all shareholders alike.

**Article 33** Shares repurchased by the Company in accordance with subparagraphs (1), (2) and (4) of the Article 30 herein shall be transferred or cancelled within the period prescribed by laws and administrative regulations. Shares repurchased under subparagraph (1) shall be cancelled within ten days from the date of acquisition; for those circumstances described under subparagraphs (2) and (4), the shares shall be transferred or cancelled within six months. The shares repurchased by the Company in accordance with subparagraph (3) of the Article 30 shall not exceed 5% of the total issued shares of the Company and shall be transferred to its employees within one year; and the acquisition shall be financed out of the Company's after-tax profit.

Changes in the registered capital of the Company arising from transfer or cancellation of shares due to acquisition shall be registered with the original company registration authority, and the relevant announcement shall be made. The aggregate par value of the cancelled shares shall be deducted from the Company's registered capital.

**Article 34** Unless the Company is in the course of liquidation, it must comply with the following provisions in respect of repurchase of its issued shares:

- (1) where the Company repurchases its shares at par value, payment shall be made out of book balance of the distributable profits of the Company or out of proceeds of a fresh issue of shares made for that purpose;
- (2) where the Company repurchases its shares at a premium to the par value, payment up to the par value shall be made out of the book balance of the distributable profits of the Company or out of the proceeds of a fresh issue of shares made for that purpose; Payment of the portion in excess of the par value shall be effected as follows:
  - (i) if the shares being repurchased were issued at par value, payment shall be made out of the book balance of the distributable profits of the Company;
  - (ii) if the shares being repurchased were issued at a premium to the par value, payment shall be made out of the book balance of the distributable profits of the Company or out of the proceeds of a fresh issue of shares made for that purpose; provided that the amount paid out of the proceeds of the fresh issue shall not exceed the aggregate of premiums received by the Company on the issue of the shares repurchased nor the current amount of the Company's share premium account (or capital reserve account) (including the premiums from the fresh issue);
- (3) payment by the Company in consideration of the followings shall be made out of the Company's distributable profits:
  - (i) acquisition of rights to repurchase shares of the Company;
  - (ii) variation of any contract for repurchasing shares of the Company;
  - (iii) release of any of the Company's obligation under any contract for repurchasing its shares.

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

## **Chapter V Financial Assistance for the Acquisition of Shares of the Company**

**Article 35** The Company and its subsidiaries shall not provide any kind of financial assistance to a person who is acquiring or is proposing to acquire shares of the Company. The said acquiror of shares of the Company includes a person who directly or indirectly incurs any obligations due to the acquisition of shares of the Company.

The Company and its subsidiaries shall not, by any means at any time, provide financial assistance to the said acquiror for the purpose of reducing or discharging the obligations assumed by that person.

This provision does not apply to the circumstances as stated in Article 37 of the Articles of Association.

**Article 36** The financial assistance as referred to in this Chapter includes, but not limited to, the followings:

- (1) gift;
- (2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), or compensation (other than compensation in respect of the Company's own default), or release or waiver of any rights;
- (3) provision of loan or any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, and a change in the parties to, or the assignment of rights arising under, such loan or agreement; and
- (4) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

The expression “incurring an obligation” as referred to in this Chapter includes the incurring of obligations by way of contract or by way of arrangement (irrespective of whether such contract or arrangement is enforceable or not, and irrespective of whether such obligations are to be borne by the obligor solely or jointly with other persons), or by any other means which results in a change in the obligor’s financial position.

**Article 37** The following activities shall not be deemed to be activities as prohibited in Article 35:

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

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

**Article 38** Share certificates of the Company shall be in registered form.

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 listing of the Company's H shares on the Hong Kong Stock Exchange, the Company shall ensure that the following statements are included in all title documents (including H shares certificates) relating to its securities listed on the Hong Kong Stock Exchange and shall instruct and procure its share registrar to reject the registration of the subscription, acquisition or transfer of shares in the name of any individual holder unless and until the individual holder submit the appropriately signed form relating to such shares to the share registrar and the form shall contain the following statements:

- (1) the share purchaser and the Company and each of the shareholders, and the Company and each of the shareholders agree to observe and comply with the requirements of the Company Law, Special Regulations and other relevant laws, administrative regulations and the Articles of Association;
- (2) the share purchaser agrees with each of the shareholders, directors, supervisors, general manager and other senior management members of the Company, and the Company, acting on behalf of itself and each of directors, supervisors, general manager and other senior management members of the Company, agrees with each of the shareholders that, they will refer to arbitration for settlement all disputes and claims arising from the Articles of Association, or disputes and claims of rights in relation to the Company's affairs arising from any rights or obligations under the Company Law or other relevant laws and administrative regulations in accordance with the provisions of the Articles of Association, and that any referral to arbitration shall be deemed as an authorisation to an arbitral court to hold a public hearing and announce its arbitration award to the public. Such award shall be final and conclusive;

- (3) the share purchaser agrees with the Company and each of the shareholders of the Company that the shares of the Company may be freely transferable;
- (4) the share purchaser authorizes the Company to enter into a contract on his behalf with each of the directors, general manager and other senior management members, pursuant to which the directors, general manager and other senior management members undertake to observe and fulfil their responsibilities under the Articles of Association to the shareholders.

**Article 39** The share certificates shall be signed by the Chairman of the Company. Where the stock exchange on which the shares of the Company are listed requires the share certificates to be signed by othersenior management members, the share certificates shall also be signed by such senior management members. The share certificates shall take effect after being affixed, or affixed by way of printing, with the seal of the Company. The share certificates shall only be affixed with the Company's seal under the authorization of the Board. The signatures of the Chairman of the Company or other relevant senior management members on the share certificates may also be in printed form.

**Article 40** The Company shall maintain the register of shareholders and register the following particulars:

- (1) the name, address (residence), occupation or nature of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the amount paid-up or payable in respect of shares held by each shareholder;
- (4) the serial numbers of the shares held by each shareholder;
- (5) the date on which a person registers as a shareholder; and
- (6) the date on which a person ceases to be a shareholder.

The register of shareholders shall be the sufficient evidence for the shareholders' shareholding in the Company, except in cases with evidence to the contrary.

The issuance and transfer of all the overseas-listed foreign-invested shares shall be recorded on the register of shareholders for holders of overseas-listed foreign-invested shares deposited at the place of listing in accordance with the Articles of Association.

Where two or more than two persons are registered as joint holders of any share, they shall be deemed as joint owner of such share and subject to the following restrictions:

- (1) The Company may not register more than four persons as joint shareholders of any share;
- (2) All joint holders of any share are jointly and severally assume obligation for all amounts payable for relevant shares;
- (3) If one of the joint holders dies, only the surviving joint holders shall be deemed by the Company to be such persons as having the ownership of the relevant shares. The Board of the Company shall have the right, for the purpose of making amendments to the register of shareholders, to demand a death certificate where it deems appropriate to do so; and
- (4) In case of any joint holders of shares, only the joint holder whose name appears first in the register of members is entitled to receive the share certificates of relevant shares and the Company's notices, and to attend and exercise voting rights at a general meeting of the Company. Any notice delivered to that person shall be deemed as having been delivered to all joint holders of the relevant shares;

**Article 41** The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authority of the State Council and other competent authorities and overseas securities regulatory authorities, maintain its original register of holders of overseas-listed foreign-invested shares outside China and appoint overseas agent(s) to manage such register. The original copy of register of holders of overseas-listed foreign-invested shares listed in Hong Kong shall be maintained in Hong Kong.

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

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

**Article 42** The Company shall maintain a complete register of shareholders.

The register of shareholders shall include the followings:

- (1) the register of shareholders maintained at the Company's corporate domicile (other than those parts as described in subparagraphs (2) and (3) of this Article);
- (2) the register of shareholders in respect of the holders of overseas-listed foreign-invested shares of the Company maintained at the place where the overseas stock exchange on which the shares are listed is located; and
- (3) the register of shareholders maintained at such other place as the Board may consider necessary for the purpose of listing of the Company's shares.

**Article 43** Different parts of the register of shareholders shall not overlap one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of shareholders.

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

**Article 44** All fully paid-up overseas-listed foreign-invested shares which are listed in Hong Kong are freely transferable pursuant to the Articles of Association; However, the Board may refuse to recognise any instrument of transfer without giving any reason, unless:

- (1) a fee (for each instrument of transfer) of HK\$2.50 or such higher fees as agreed by the Hong Kong Stock Exchange has been paid to the Company to register the instrument of transfer of shares and other documents relating to or which may affect the ownership of such shares;
- (2) the instrument of transfer involves only the overseas-listed foreign-invested shares listed in Hong Kong;

- (3) the stamp duty payable on the instrument of transfer has been paid;
- (4) the relevant share certificates and evidence reasonably required by the Board showing that the transferor has the right to transfer such shares have been provided;
- (5) if the shares are to be transferred to joint holders, the number of such joint holders shall not exceed four;
- (6) the Company does not have any lien over the relevant shares; and
- (7) any share shall not be transferred to a minor or those with mental incompetence or those without capacity of civil conduct at law.

If it refuses to register any transfer of shares, the Company shall provide the transferor and the transferee of the shares with a notification of refusal in relation to registration of shares within two months from the application for registration.

**Article 45** All transfers of overseas-listed foreign-invested shares listed in Hong Kong shall be effected by instruments of transfer in writing in an ordinary or usual form or in any other form acceptable to the Board (including the standard transfer form or form of transfer as prescribed by the Hong Kong Stock Exchange from time to time); The instruments of transfer may only be signed by hand, or (where the transferor or transferee is a company) affixed with the common seal of the Company. Where the transferor or transferee is a recognized clearing house (the “**Recognized Clearing House**”) as defined by relevant ordinances in force from time to time in accordance with Hong Kong laws or its nominee, the instruments of transfer may be signed by hand or in a machine-imprinted format.

All instruments of transfer shall be maintained at the legal address of the Company or such other places as the Board may specify from time to time.

**Article 46** Transfers may not be entered in the register of shareholders within thirty days prior to the date of a shareholders’ general meeting or within five days before the record date set by the Company for the purpose of distribution of dividends. This Article shall not be applicable to the registration of changes in shareholder’ register in issuing new shares in accordance with Article 23 of these Articles of Association.

**Article 47** Where the Company convenes a shareholders' general meeting, distributes dividends, liquidates or carries out other activities which would require the determination of shareholdings, the Board shall fix a date for ascertainment of the shareholding. Upon the close of such date, the shareholders who remain on the register shall be deemed as the shareholders of the Company.

**Article 48** Any person who objects to the register of shareholders and requests to have his name entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

**Article 49** Any shareholder who is registered in, or any person who requests to have his name entered in, the register of shareholders may, if his share certificates (the "**Original Certificates**") are lost, apply to the Company for a replacement share certificate in respect of such shares (the "**Relevant Shares**").

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

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

In the case that the Company goes public in Hong Kong, the issue of replacement certificates to holders of overseas-listed foreign-invested shares shall comply with the following requirements:

- (1) the applicant shall submit an application to the Company in prescribed form accompanied by a notarial act or statutory declaration, containing the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as declaring that no other person shall be entitled to request to be registered as the shareholder in respect of the Relevant Shares.
- (2) no statement has been received by the Company from a person other than the applicant for having his name registered as a holder of the Relevant Shares before the Company came to a decision to issue the replacement certificates.

- (3) the Company shall, if it decides to issue a replacement certificate to the applicant, make an announcement of its intention to issue the replacement certificate in such newspapers designated by the Board; The announcement shall be made at least once every thirty (30) days in a period of ninety (90) days.
- (4) the Company shall have, prior to the publication of its announcement of intention to issue a replacement certificate, delivers to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited at the premises of the stock exchange. The announcement shall be exhibited at the premises of the stock exchange for a period of 90 days.

In case an application to issue a replacement certificate has been made without the consent of the registered holder of the Relevant Shares, the Company shall send by post to such registered shareholder a copy of the announcement to be published.

- (5) if, upon expiration of the 90-day period referred to in subparagraphs (3) and (4) of this Article, the Company has not received from any person any objection to such application, the Company may issue a replacement share certificate to the applicant according to his application.
- (6) where the Company issues a replacement certificate under this Article, it shall forthwith cancel the Original Certificate and enter the cancellation and issue in the register of shareholders accordingly.
- (7) all expenses relating to the cancellation of an Original Certificate and the issue of a replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

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

**Article 50** Where the Company issues a replacement certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new share certificate or a shareholder who thereafter registers as the owner of such shares (in the case where he is a bona fide purchaser) shall not be removed from the register of shareholders.

**Article 51** The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original certificate or the issuance of the replacement certificate, unless the claimant proves that the Company has acted fraud action.

## **Chapter VII Rights and Obligations of Shareholders**

**Article 52** A shareholder is a person who lawfully holds shares in the Company and whose name is entered in the register of shareholders.

A shareholder shall enjoy rights and assume obligations according to the class and number of shares he holds; shareholders holding the same class of shares shall enjoy same rights and undertake same obligations. All classes of shareholders of the Company shall have equal rights in any profit distribution in the form of a dividend or any other form.

A legal person shareholder shall appoint his legal representative or a proxy authorised by the legal representative to exert its rights on his behalf.

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

**Article 53** Holders of ordinary shares of the Company shall have the following rights:

- (1) the right to dividends and other distributions in proportion to the number of share held;
- (2) the right to attend or appoint a proxy to attend shareholders' general meetings and to exercise the corresponding voting right thereat;
- (3) the right to supervise and manage the Company's business operations, and to put forward proposals and raise inquiries;

- (4) the right to transfer shares in accordance with laws, administrative regulations and provisions of the Articles of Association;
- (5) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:
  - (i) a copy of the Articles of Association upon payment of the costs thereof;
  - (ii) the right to inspect and copy, subject to payment of reasonable charge:
    - 1. register of all shareholders;
    - 2. personal particulars of directors, supervisors, general manager and other senior management members of the Company, including:
      - (a) present and former forename and surnames and any aliases;
      - (b) principal address (domicile);
      - (c) nationality;
      - (d) occupation and all other part-time occupation and positions;
      - (e) identification documents and its number.
  - (iii) state of the share capital of the Company;
  - (iv) the latest audited financial statements of the Company, and the reports of the Board, auditors and Board of Supervisors;
  - (v) special resolutions of the Company;
  - (vi) reports stating the aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose;

(vii) copy of the latest annual returns filed with the State Administration for Industry and Commerce or other competent authorities; and

(viii) minutes of the shareholders' general meetings (for inspection by shareholders only).

The Company shall place the documents referred to in the above subparagraphs (i) to (viii) at the Company's address in Hong Kong in accordance with the Listing Rules for inspection by the public and holders of overseas-listed foreign-invested shares free of charge.

Shareholders demanding inspection of the relevant information or copies of the materials mentioned in the preceding provision shall provide to the Company written documents evidencing the class and number of shares of the Company they hold. Upon verification of the shareholder's identity, the Company shall provide such information at the shareholder's request.

(6) in the event of the termination or liquidation of the Company, to participate in the distribution of the remaining assets of the Company according to the number of shares held; and

(7) other rights conferred by laws, administrative regulations and the Articles of Association;

#### **Article 54**

If a resolution passed at the Company's general meeting or Board meeting violates the laws and administrative regulations, the shareholders shall have the right to submit a petition to the people's court to render the same as invalid.

If the procedures for convening, or the methods of voting at, a shareholders' general meeting or Board meeting violate the laws, administrative regulations or the Articles of Association, or the contents of a resolution violate the Articles of Association, shareholders shall be entitled to submit a petition to the people's court to rescind such resolutions within sixty days from the date on which such resolution is passed.

**Article 55** Where the Company incurs losses as a result of directors' and senior management members' violation of the laws, regulations or the Articles of Association in the course of performing their duties, shareholders individually or jointly holding 1% or more of the Company's shares for not less than 180 consecutive days shall be entitled to request in writing the Board of Supervisors to initiate proceedings in the people's court. Where the Company incurs losses as a result of the Board of Supervisors' violation of any provision of laws, regulations or the Articles of Association in the course of performing its duties, the shareholders shall be entitled to make a request in writing to the Board to initiate proceedings in the people's court.

In the event that the Board of Supervisors or the Board refuses to initiate proceedings after receiving the written request of shareholders stated in the foregoing paragraph, or fails to initiate such proceedings within thirty days from the date on which such request is received, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company's interests, shareholders described in the preceding paragraph shall have the right to initiate proceedings in the people's court directly in their own names in the interest of the Company.

Shareholders described in the first paragraph of this Article may also initiate proceedings in the people's court in accordance with the preceding two paragraphs in the event that the lawful interests of the Company are infringed upon by any third parties.

**Article 56** If any director or senior management member damages the shareholders' interests by violating any law, regulation or the Articles of Association, the shareholders may lodge a lawsuit in the people's court.

**Article 57** Holders of ordinary shares of the Company shall assume the following obligations:

- (1) to abide by the Articles of Association;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) to assume liability based on their shares subscribed;
- (4) not to divest the shares other than as provided by laws or regulations;

- (5) not to abuse their right as shareholders to prejudice the interests of the Company or other shareholders; not to abuse the independence of the Company as a legal person and the limited liabilities of shareholders to prejudice the interests of creditors of the Company;

Shareholders of the Company who abuse their rights as shareholders and thereby cause losses to the Company or other shareholders shall be liable for indemnity according to the law.

Where shareholders of the Company abuse the Company's position as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

- (6) other obligations imposed by laws, administrative regulations and the Articles of Association.

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

**Article 58** In addition to obligations imposed by laws, administrative regulations or required by the stock exchange on which shares of the Company are listed, a controlling shareholder (as defined in the Article 59 herein) shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders of the Company:

- (1) to relieve a director or supervisor of his duty to act honestly in the best interests of the Company;
- (2) any approval for the directors or supervisor (for their own account or for the account of other parties) to deprive the Company of its assets in any manner, including, but not limited to, any opportunity favourable to the Company;
- (3) any approval for the directors or supervisor (for their own account or for the account of other parties) to deprive another shareholder of his personal interest, including, but not limited to, any allocation right, and voting right, but excluding any corporate restructuring proposal made at the shareholders' general meeting in accordance with the Articles of Association.

The controlling shareholders and de facto controllers of the Company shall not use connected relations to damage the interests of the Company; otherwise they shall make compensation for the loss incurred to the Company.

The controlling shareholder and the de facto controller of the Company have the duty to act in good faith towards the Company and public shareholders of the Company. The controlling shareholder shall strictly exercise its rights as a contributor in accordance with the laws and shall not take advantage of profit distribution, asset restructuring, external investment, capital appropriation and loan guarantee to the detriment of the interests of the Company and public shareholders. Nor shall he take the advantage of its controlling position to the detriment of the Company and public shareholders.

**Article 59** For the purpose of the preceding Article, a controlling shareholder means a person who satisfies any one of the following conditions:

- (1) any person acting on his own or in concert with other parties has the power to elect not less than half of the directors;
- (2) any person acting on his own or in concert with other parties has the power to exercise or control the exercise of 30% or more of the voting rights of the Company;
- (3) any person acting on his own or in concert with other parties holds 30% or more of the outstanding shares of the Company;
- (4) any person acting on his own or in concert with other parties has actual control over the Company in any other manner.

The term of “**acting in concert**” referred to in this article represents an act that any of two or more persons obtains the voting right in a company by way of agreement thereon (whether in oral or in written), so as to realise or reinforce the purpose of controlling the Company.

## **Chapter VIII General Meeting**

**Article 60** As the highest authority of the Company, the general meeting exercises its powers under the laws.

**Article 61** The powers exercisable by the general meeting are as follows:

- (1) to decide the Company's operational guidelines and investment schemes;
- (2) to elect and replace directors not being staff representatives and to determine matters relating to the directors' remunerations;
- (3) to elect and replace supervisors not being staff representatives and to determine matters relating to the supervisors' remunerations;
- (4) to consider and approve the reports of the Board;
- (5) to consider and approve the reports of the Board of Supervisors;
- (6) to consider and approve the Company's annual financial budgets and final accounts;
- (7) to consider and approve the Company's profit distribution plan and plan for recovery of losses;
- (8) to resolve on increases or reduction in the Company's registered capital;
- (9) to resolve merger, demerger, dissolution, liquidation or change of corporate form of the Company;
- (10) to resolve on the issue of bonds and other securities by the Company and the listing proposal of the Company;
- (11) to resolve on the appointment and dismissal of the accounting firms;
- (12) to amend the Articles of Association;

- (13) to consider and approve the following external guarantee:
- (i) any guarantee to be issued when the total amount of guarantees of the Company and its subsidiaries have reached or exceeded 50% of their latest audited net assets;
  - (ii) any guarantee to be issued when the total amount of guarantees of the Company has reached or exceeded 30% of its latest audited total assets;
  - (iii) to provide guarantee to any entity with gearing ratio in excess of 70%;
  - (iv) any single guarantee in excess of 10% of the latest audited net assets;
  - (v) any guarantee provided to the Company's shareholders, actual controlling persons and their connected parties.
- (14) to consider and approve the purchases or sales of any material asset of the Company within a year the amount of which exceeds 30% of its latest audited total assets;
- (15) to consider and approve the share incentive plan;
- (16) to consider the motions put forward by shareholder(s) representing 3% or more of the Company's shares with voting rights;
- (17) to resolve on any other matters as required by the laws, administrative regulations and the Articles of Association.

Subject to the laws, regulations and mandatory provisions of the listing rules in the listing place, the general meeting may authorize or delegate the Board to handle the matters authorized or delegated by it.

**Article 62** Unless a prior approval is obtained in a general meeting, the Company shall not enter into any contract with any party (other than the directors, supervisors, general manager and other senior management members) pursuant to which such party shall be in charge of management of the whole or any substantial part of the Company's business.

**Article 63** A general meeting shall either be an annual general meeting or an extraordinary general meeting. The general meetings shall be convened by the Board. Annual general meetings are held once every year and within six months from the close of the preceding financial year.

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

- (1) the number of directors is less than the quorum required by the Company Law or two-thirds of the number of directors specified in the Articles of Association;
- (2) when the unrecovered losses of the Company amount to one third of the total amount of its share capital;
- (3) where any shareholder holding severally or jointly 10% or more of the Company's issued and outstanding shares carrying voting rights requests in writing for the convening of an extraordinary general meeting;
- (4) when deemed necessary by the Board or when requested by the Board of Supervisors; or
- (5) when proposed by half or more of independent non-executive directors.

**Article 64** The Company shall hold the general meeting at the domicile of the Company or such other place as notified by the convener of the general meeting.

A general meeting shall have a venue where it shall be held in the form of a physical meeting. Subject to the laws, regulations and mandatory provisions of the listing rules in the listing place, the Company will also provide online transmission or other ways for the convenience of shareholders. Shareholders who attend the meeting in the aforesaid manners shall be deemed as present.

On the premise of the lawfulness and validity of general meetings, the Company shall facilitate the participation of shareholders in general meetings by various means and ways, with priority first given to the modern information technology means, such as an online voting platform, etc.

**Article 65** A forty-five days' prior written notice for convening the shareholders' general meeting shall be given to notify shareholders whose names appear in the register of shareholders of the matters proposed to be considered and the date and place of the meeting. Shareholders who intend to attend the meeting shall serve the written reply slip to the Company twenty days prior to the date of the meeting.

The date of the general meeting and the date when the notice is dispatched shall not be included in the calculation of the period for issuing such notice.

**Article 66** When the Company convenes a general meeting, the Board, the Board of Supervisors and the shareholders either individually or collectively holding 3% or more of the Company's shares may put up ad hoc proposals.

When the Company convenes an annual general meeting, shareholders either individually or collectively holding 3% or more of the Company's shares have the right to put up ad hoc proposals in writing to the Company, and the Company shall include such ad hoc proposals into the agenda for such general meeting if they are matters falling within the functions and powers of general meeting.

The ad hoc proposals raised by shareholders shall satisfy the following requirements:

- (1) Free of conflicts with the provisions of laws and regulations, and fall into the terms of reference of the general meeting;
- (2) With definite topics to discuss and specific matters to resolve; and
- (3) Submitted or served to the Board in writing ten days prior to the date of the general meeting.

**Article 67** The Company shall, based on the written replies received twenty days before the date of the general meeting, calculate the number of shares with voting right represented by the shareholders who intend to attend the meeting. If the number of shares with voting rights represented by the shareholders who intend to attend the meeting reaches one half or more of the Company's total shares with voting rights, the Company may hold the general meeting; Otherwise, the Company shall within five days notify the shareholders, again by way of a public announcement, of the matters to be considered at, and the place and date for, the meeting. The Company may then proceed to hold the meeting.

An extraordinary general meeting shall not transact matters not stated in the notice of meeting.

**Article 68** Notice of a shareholders' general meeting shall:

- (1) be in writing;
- (2) specify the place, date and time of the meeting;
- (3) set out the matters and proposals to be considered at the meeting;
- (4) set out the record date for shareholders who are entitled to attend the general meeting;
- (5) provide shareholders with such information and explanation as necessary for them to make informed decisions on the matters to be considered. This principle includes (but not limited to) where a proposal is made to amalgamate the Company with another, to repurchase shares, to reorganize the share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such proposal shall be properly explained;
- (6) disclose the nature and degree of the material interest of any director, supervisor, general manager and other senior management member in the matters to be considered. In case that the impact of the matters to be considered on such director, supervisor, general manager and other senior management member as a shareholder is different from that on other holders of a class of shares, the difference shall be clarified;
- (7) set out the full text of any special resolution proposed to be passed at the meeting;
- (8) contain a striking statement that a shareholder eligible for attending and voting is entitled to appoint one or more proxies to attend and vote on his behalf and that a proxy need not be a shareholder;
- (9) specify the time and place for lodging proxy forms for the relevant meeting; and
- (10) name and telephone number of the contact person.

**Article 69** Notice of a general meeting shall be served on the shareholders (whether or not entitled to vote at the meeting), by personal delivery or prepaid mail to the address of the shareholders as shown in the register of shareholders. Notices of general meetings of the Company can be given by way of public announcement (including publication on the website of the Company) to the extent permitted under all applicable laws and regulations and the listing rules in the place where the Company's shares are listed. For holders of domestic shares, notices of general meeting can be given by way of public announcement.

The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by competent authorities such as the securities regulatory authority of the State Council within the interval between forty-five (45) days and fifty (50) days before the date of the meeting; after the publication of announcement, the holders of domestic shares shall be deemed to have received notice of the relevant shareholders' general meeting.

**Article 70** The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolutions passed at the meeting.

**Article 71** Any shareholder who is entitled to attend and vote at a shareholders' general meeting shall be entitled to appoint one or more persons (whether a shareholder or not) as his proxy to attend and vote on his behalf. A proxy so appointed shall exercise the following rights pursuant to such authorization:

- (1) exercise such shareholder's right to speak at the meeting;
- (2) the right to demand a poll alone or jointly with others; and
- (3) unless otherwise required by applicable listing rules or other securities laws and regulations, the right to vote by a show of hands or on a poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights on a poll.

Where that shareholder is a Recognized Clearing House (or its nominees), it may authorise one or more persons as it thinks fit to act as its proxies at any shareholders' general meeting or any class meetings; However, if one or more persons are so authorised, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorised. The person(s) so authorised

will be entitled to exercise the same power on behalf of the Recognized Clearing House (or its nominees) as if it was an individual shareholder of the Company.

**Article 72** The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorized in writing; if the appointer is a legal entity or other organisations, either under seal or under the hand of a director or attorney duly authorized. The power of attorney shall state the number of shares represented by the said proxy; in the case that more than one proxy is appointed, the instrument shall state the number of shares respectively represented by each proxy of the shareholder.

**Article 73** The proxy form shall be deposited at the address of the Company or another place specified in the notice of the meeting not less than 24 hours prior to the time appointed for the holding of the meeting or 24 hours prior to the time appointed for voting. Where the proxy form is signed by a person authorised by the appointer, the power of attorney or other authorisation instruments shall be notarised. The notarised power of attorney and other authorisation instruments, together with the proxy form, shall be lodged at the address of the Company or such other place as specified in the notice to the meeting.

Where the appointer is a legal entity or other organisations, its legal representative or other persons authorized by the resolutions of the Board or other decision-making organ to act as its representatives may attend the shareholders' general meeting of the Company as a representative of the appointer.

The Company is entitled to require the proxy attending the general meeting on behalf of a shareholder to produce his identification document.

If a shareholder of the legal entity or other organisations appoints its legal representative to attend the meeting, the Company is entitled to require the representative to present his own identification document and a notarially certified copy of the resolution or power of attorney authorized by the Board of such shareholder of the legal entity or other organisations or other competent authorities (except for the Recognized Clearing House or its proxies).

**Article 74** Any form issued to a shareholder by the Board for appointing a proxy by him shall allow the shareholder to freely instruct the proxy to cast vote in favour of, against or abstain each resolution dealing with the businesses to be transacted at the meeting. Such a form shall contain a statement that, in default of instructions, the proxy may vote as he thinks fit.

**Article 75** Where the appointer has deceased, incapacitated to act, withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to the voting, a vote given in accordance with the power of attorney shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

**Article 76** When convening a general meeting, all directors, supervisors and the secretary of the Board shall attend the meeting while the general manager and senior management members shall attend the meeting as non-voting participants unless there is reasonable ground.

**Article 77** Chairman of the meeting should announce the number of shareholders and proxies present at the venue of the meeting and the total shares with voting rights held by them, and the number of shareholders and proxies present at the venue of meeting and the shares with voting rights held by them shall be subject to the register of the general meeting.

**Article 78** Resolutions of general meetings are classified as ordinary resolutions and special resolutions.

To adopt an ordinary resolution, not less than one half of the voting rights represented by the shareholders (including proxies) present at the meeting must be cast in favour of the resolution.

To adopt a special resolution, not less than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting must be cast in favour of the resolution.

**Article 79** Shareholders (including proxies) exercise their voting rights in accordance with the number of shares with voting rights represented by them, and each share entitles the shareholder one voting right upon voting at the general meeting.

The shares held by the Company carry no voting rights and shall not be counted into the total number of shares with voting rights held by shareholders attending the meeting.

The Board, independent non-executive directors and shareholders who meet the relevant conditions may solicit the voting rights from shareholders. When soliciting votes of shareholders, sufficient disclosure of information such as the specific voting preference shall be made to the shareholders from whom voting rights are being solicited. No consideration or other form of de facto consideration shall be involved in the solicitation of voting rights from shareholders. The Company shall not impose any limitation related to the minimum shareholding ratio on the solicitation of voting rights.

For connected transactions to be considered at a general meeting, connected shareholders shall, as provided in the listing rules of the stock exchange where the Company's shares are listed, abstain from voting on such connected transactions and the number of shares they represent carrying voting rights shall not be counted into the valid votes.

Where any shareholder is, under the applicable laws and regulations and listing rules of the stock exchange where the Company's shares are listed, required to abstain from voting on any particular resolution or restricted to voting only for (or only against) any particular resolution at any general meeting, any votes cast by such shareholder (or their proxies) in contravention of such requirement or restriction shall not be counted.

**Article 80** Unless otherwise specified by applicable rules governing the listing of securities or other securities laws and regulations, a resolution shall be voted by a show of hands unless a poll is demanded (before or after a vote is announced to be carried out by a show of hands):

- (1) by the chairman of the meeting;
- (2) by at least two shareholders entitled to vote in person or proxies with voting rights; or
- (3) by one or more shareholders (including proxies) individually or jointly holding 10% or more of all shares carrying voting rights at such meeting.

Unless otherwise specified by applicable rules governing the listing of securities or other securities laws and regulations or a poll is demanded according to the preceding provisions, a declaration by the chairman that a resolution has been passed on a show of hands and an entry to that effect in the minutes of meeting shall be conclusive evidence of the fact that such resolution has been passed. There is no need to provide evidence of the number or proportion of votes in favour of or against such resolution.

The demand for a poll may be withdrawn by the person who demands the same.

**Article 81** A poll demanded on such matters as the election of chairman or the adjournment of the meeting, shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the chairman may decide, and the meeting may proceed to discuss other matters, while the results of the poll to be taken shall still be deemed to be a resolution of that meeting.

**Article 82** On a poll taken at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his votes for, against or abstain in the same way.

**Article 83** The cumulative voting system may be adopted for the election of directors and supervisors at the general meetings according to the requirement of the Articles of Association or as resolved by the shareholders' general meeting.

If the cumulative voting system was adopted by the shareholders' general meeting for election of directors and supervisors, the shareholders (including their proxies) will have the same number of votes which equals to the total number of directors to be elected. Shareholders may cast all their votes on a particular candidate or on multiple candidates with explanation as required.

**Article 84** In the case of equivalency between the dissenting votes and affirmative vote, whether voting by show of hands or on a poll, the chairman of the meeting has the right to cast one more vote.

**Article 85** The following matters shall be resolved by ordinary resolutions at a general meeting:

(1) work reports of the Board and the Board of Supervisors;

- (2) plans formulated by the Board for distribution of profits and for making up losses;
- (3) appointment or removal of non-employee representative director and non-employee representative supervisor, and their remuneration and manner of payment thereof;
- (4) the Company's annual financial budgets and final accounts, balance sheets, income statements and other financial statements; and
- (5) matters other than these required by the laws, administrative regulations, listing rules of the stock exchange where the Company's shares are listed or by the Articles of Association to be approved by special resolution.

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

- (1) increase or reduction of the share capital, repurchase of the Company's shares and issue of shares of any class, stock warrants or other similar securities;
- (2) issuance of bonds or other securities by the Company;
- (3) demerger, merger, dissolution, liquidation or change of corporate form of the Company;
- (4) amendments to the Articles of Association;
- (5) equity incentive scheme;
- (6) material assets purchased or sold within one year exceeding 30% of the latest audited total assets of the Company; and
- (7) any other matter required by laws and regulations or the Articles of Association, approved as an ordinary resolution at a general meeting that may have material impact on the Company and is required to be approved by a special resolution.

**Article 87** The following procedures shall be followed by shareholders or the Board of Supervisors requesting for convening of extraordinary general meetings or class meetings:

- (1) two or more than two shareholders jointly holding not less than 10% of voting shares at such proposed meeting or the Board of Supervisors may request the Board to convene an extraordinary general meeting or class meeting by signing and submitting one or several written requests with the same format and contents and specifying the agenda of the meeting. An extraordinary general meeting or class meeting shall be convened by the Board as soon as practicable upon receipt of the aforesaid written request. The aforesaid proportion of shareholding shall be calculated on the date on which the relevant shareholders submit the written request.
- (2) if the Board fails to despatch a notice of convening such meeting within thirty days upon receipt of the aforesaid written request, shareholders individually or jointly holding 10 per cent or more of the shares carrying voting rights at the proposed meeting shall be entitled to propose to the Board of Supervisors to convene an extraordinary general meeting or class meeting, provided that such proposal shall be made in writing. The Board of Supervisors may convene such a meeting within four months upon receipt of the request by the Board. If the Board of Supervisors fails to convene and preside over an extraordinary general meeting or a class meeting, the shareholders individually or jointly holding 10% or more of the shares of the Company for not less than ninety consecutive days may convene such a meeting by themselves. The procedures for convening such meeting should follow those for convening a general meeting of shareholders by the Board as closely as practicable.

All reasonable expenses incurred by shareholders or the Board of Supervisors arising from convening and holding the aforesaid meeting by shareholders due to the Board's failure to hold such meeting in response to the aforesaid request shall be borne by the Company. Such expenses shall be deducted from the amounts due by the Company to the director(s) who have neglected their duties.

Except for those matters in relation to business secrets of the Company which cannot be made public at the general meeting, the Board and the Board of Supervisors shall make corresponding responses or statements in respect of inquiries and the suggestions of the shareholders.

**Article 88** A general meeting shall be convened and presided over by the Chairman of the Company. If the Chairman is unable to attend the meeting, the Board may designate a director to convene and take the chair of the meeting. If no chairman of the meeting has been so designated, shareholders present may elect one person to be the chairman of the meeting. If for any reason, the shareholders fail to elect a chairman, then the shareholder (including proxy) present and holding the largest number of shares carrying the right to vote thereat shall be the chairman of the meeting.

**Article 89** The chairman of the meeting shall be responsible for determining whether a resolution is passed. His decision, which is final and conclusive, shall be announced at the meeting and recorded in the meeting minutes.

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

**Article 91** Providing that the votes are counted at the general meeting, the counting results shall be recorded into the minutes of the meeting.

The meeting minutes together with the signatures of shareholders and proxy forms shall be kept at the address of the Company. Above minutes, attendance lists and proxy forms shall not be destroyed within ten years.

**Article 92** Copies of the meeting minutes shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder demands from the Company a copy of such minutes, the Company shall send a copy to him within seven days following the receipt of reasonable charges.

## **Chapter IX Special Procedures for Voting by Class Shareholders**

**Article 93** Shareholders holding different classes of shares are referred to as class shareholders.

A holder of class shares shall, in accordance with laws, administrative regulations and the Articles of Association, enjoy rights and assume obligations.

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

Where the share capital of the Company includes shares with different voting rights, the designation of each class of shares (except shares with the most privileged voting rights) shall bear the wording “restricted voting” or “limited voting”.

**Article 94** Rights conferred to class shareholders may not be varied or abrogated unless approved by way of a special resolution at a general meeting and by the affected class shareholders at a separate shareholders’ meeting convened in accordance with Articles 96 to 100.

**Article 95** The following circumstances shall be deemed to be a variation or abrogation of the rights of holders of certain class shares:

- (1) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting rights, distribution rights, or other privileges equal or superior to the shares of such class;
- (2) to effect an exchange of all or part of the shares of such class into those of another class or to effect an exchange or create a right of exchange of all or part of the shares of another class into those of such class;
- (3) to abrogate or reduce the rights in respect of accrued dividends or the cumulative dividends attached to shares of such class;
- (4) to reduce or remove a dividend preference or a liquidation preference attached to shares of such class;
- (5) to add, remove or reduce conversion, options, voting, transfer or pre-emptive rights or rights to acquire securities of the Company attached to shares of such class;

- (6) to remove or reduce rights to receive payables from the Company in a particular currency attached to shares of such class;
- (7) to create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (8) to restrict the transfer or ownership of shares of such class or impose additional restrictions thereto;
- (9) to grant the right to subscribe for, or convert into, shares of such or another class;
- (10) to increase the rights or privileges of shares of another class;
- (11) to restructure the Company where the proposed restructuring scheme will result in holders of different classes of shares bearing a disproportionate burden of obligations of such restructuring; and
- (12) to vary or abrogate the provisions of this Chapter.

**Article 96** Shareholders of the affected class, whether or not otherwise entitled to vote at general meetings, shall nevertheless be entitled to vote at class meetings in respect of matters concerning paragraphs (2) to (8), (11) and (12) of Article 95 set out above, but interested shareholder(s) shall not be entitled to vote at class meetings.

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

- (1) in the case of a repurchase of shares by pro rata offers to all shareholders or public dealing on a stock exchange under Article 31, a “controlling shareholder” within the meaning of Article 59 of the Articles of Association;
- (2) in the case of a repurchase of own shares by an off-market agreement under Article 31, a shareholder who is related to the agreement; and
- (3) in the case of a restructuring of the Company, a shareholder within a class who bears less than a proportionate burden imposed on other shareholders of that class or who has interests different from those of other shareholders of that class.

**Article 97** Resolutions of a class meeting shall be passed by shareholders present at the meeting representing two thirds or more of the voting rights according to Article 96.

**Article 98** A written notice shall be issued to shareholders whose names appear on the register of shareholders of such class forty-five days before the class meeting, specifying the matters proposed to be considered and the date and place of the meeting. The shareholders who intend to attend the meeting shall serve the written reply to the Company twenty days prior to the date of the meeting.

If the number of shares carrying rights to vote at the meeting represented by the shareholders intending to attend the meeting reaches half or more of the total number of shares of such class carrying rights to vote at the meeting, the Company may hold the class meeting; otherwise, the Company shall within five days notify the shareholders again, by way of public announcement, of the matters to be considered at, and the place and date for, the meeting before it proceeds to hold the class meeting.

**Article 99** Notice of a class meeting need only be served on shareholders entitled to vote thereat.

A class meeting shall be conducted as similar as possible as a general meeting. The provisions of the Articles of Association which relate to the convening of general meetings shall apply to class meetings.

**Article 100** Apart from holders of other classes of shares, holders of domestic shares and overseas-listed foreign-invested shares shall be deemed to be shareholders of different classes.

The special voting procedures for class meetings do not apply to the following circumstances:

- (1) where the Company issues, upon the approval by a special resolution of its shareholders in general meeting, either separately or concurrently once every twelve months, not more than 20 per cent of each of its existing issued domestic shares and overseas-listed foreign-invested shares;
- (2) where the Company's plan to issue domestic shares and overseas-listed foreign-invested shares at the time of its establishment is implemented within fifteen months from the date of approval by the securities regulatory authority of the State Council and other competent authorities; or

- (3) where shares held by holders of domestic shares of the Company are transferred to overseas investors upon approval by the securities regulatory authority of the State Council and other competent authorities, and are listed and traded on overseas stock exchanges.

## **Chapter X The Board of Directors**

### **Section 1 Director(s)**

**Article 101** Directors are natural persons who are not required to hold any shares in the Company. The directors of the Company include executive directors, non-executive directors and independent non-executive directors. Executive directors refer to the directors who hold internal management positions of the Company. Non-executive directors refer to directors who do not hold any internal management positions of the Company and are not independent from the Company according to laws. Independent non-executive directors refer to directors as prescribed in section 2 of Chapter X in the Articles of Association. Directors shall be qualified for their positions as provided in laws.

The Company shall have a board of directors which shall consist of 9 directors, including 1 chairman and 3 independent non-executive directors.

**Article 102** Non-employee representative Directors shall be elected at the shareholders' general meeting to hold office for a term of three years. Upon maturity of the term of office, a director shall be eligible to offer himself for re-election and reappointment.

The employee representatives in the Board shall be democratically elected by employees at the congress of workers and staff, assembly of workers and staff or other means.

The chairman shall be elected and removed by more than one half of the directors. The term of office of the chairman is three years, renewable upon re-election.

**Article 103** Written notice specifying the intention to nominate candidates for directors and the acceptance of nomination by the candidates concerned shall be given to the Company no earlier than the date on which the notice of the general meeting was despatched and no later than seven days before holding of the meeting. Time limits for nomination and acceptance of nomination should not be less than seven days.

**Article 104** A director may resign before expiration of his term of office. The directors who resign shall submit to the Board a written report in relation to their resignation.

In the event that a director resigns during his term of office, or the term of a director falls upon maturity whereas new member of the Board has not been re-elected in time, which results in the number of members of the Board falling below the quorum, the existing director shall continue to perform his duties in accordance with the laws, regulations and the Articles of Association until the re-elected director assumes his office.

In case that the number of directors falls short of the quorum of the Board as a result of a director's resignation, the resignation report of the said director shall not become effective until the vacancy resulting from his resignation is filled up by succeeding director. The remaining directors shall convene an extraordinary general meeting as early as possible to elect director and fill up the vacancy resulting from the said resignation.

Other than the circumstances referred to in the preceding paragraph, the resignation of a director becomes effective upon submission of his resignation report to the Board.

**Article 105** Upon submission of a resignation or maturity of the tenure, a director's confidentiality obligations in respect of commercial secrets and other confidential information of the Company shall remain effective after his resignation or the termination of his tenure until such secrets have become open information.

**Article 106** No directors shall act, in their personal capacity, on behalf of the Company or the Board beyond provisions in the Articles of Association or without appropriate authorisation by the Board. A director shall, when acting in his personal capacity, state his standings and identities in advance if a third party has reasons to believe that the said director is acting on behalf of the Company or the Board.

**Article 107** Any director who violates any laws, administrative regulations, rules from regulatory authorities or the Articles of Association during the performance of his duties and causes loss to the Company shall be liable for compensation to such loss.

**Article 108** Any director who has withdrawn from his office without permission prior to the expiration of his term of office, and whereby a loss is incurred to the Company, shall be liable for compensation of such loss.

Subject to the requirements of relevant laws, administrative regulations and the Listing Rules of Hong Kong Stock Exchange, the shareholders' general meeting may by ordinary resolution remove any director before the expiration of his term of office (but without prejudice to such director's rights to claim compensation based on any contract).

A non-independent director will be deemed to have failed to perform his duties if he cannot attend the meetings of the Board in person twice consecutively nor appointed other directors to attend the meetings on his behalf. The Board may make recommendations to shareholders' general meetings to replace such director.

## **Section 2 Independent Non-executive Director(s)**

**Article 109** The Company shall establish an independent non-executive director system. Independent non-executive directors are directors holding no posts other than that of directors in the Company, and having no relationship with the Company and its substantial shareholders as to hinder their independent and objective judgments.

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

**Article 110** Independent non-executive directors shall satisfy the following fundamental requirements:

- (1) 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;
- (2) to comply with the requirements on independence as stipulated in the listing rules of the stock exchange where the Company's shares are listed;
- (3) to be in command of the basic knowledge of the operations of listed companies, and familiar with relevant laws, administrative regulations, and rules and regulations;
- (4) having at least five years of work experiences in legal or economic areas, or other experiences indispensable for performing the duties as independent non-executive directors;

(5) other criteria as may be provided in the Articles of Association.

**Article 111** The independent non-executive directors shall be vested with the following special functions and powers in addition to those vested by the Company Law and other relevant laws, regulations, listing rules of the stock exchange where the Company's shares are listed and the Articles of Association:

- (1) to propose to the Board for the appointment or dismissal of accounting firms;
- (2) to propose to the Board to convene extraordinary general meetings;
- (3) to propose to convene the Board meetings;
- (4) upon unanimous consent of all independent non-executive directors, they may independently appoint external auditors or consultants for auditing and consultancy of specific matters relating to the Company, at the expenses of the Company.

Apart from the preceding subparagraph (4), to exercise the abovementioned powers, the independent non-executive director(s) shall secure the consent of not less than half of the independent non-executive directors of the Company. In the event that the above proposals have not been accepted or above powers can not be exercised in the normal course of business, the Company shall disclose relevant circumstance.

**Article 112** Before expiry of their term, independent non-executive directors shall not be dismissed without proper reasons. In case of an independent director being dismissed before expiry of his term, the Company shall disclose it as a special discloseable matter.

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

**Article 113** All matters not prescribed in this section for the independent non-executive director system shall be subject to relevant laws, administrative regulations, rules from regulatory authorities and listing rules of the stock exchange where the Company's shares are listed.

### **Section 3 The Board**

**Article 114** The Board reports to general meetings and exercises the following powers:

- (1) to convene the general meetings and report its work to the general meeting;
- (2) to implement the resolutions of the general meetings;
- (3) to decide on the Company's business plans, investment plans, detailed annual business objectives, and financing plans other than by ways of issue of corporate debentures or other securities and of listing;
- (4) to formulate the Company's annual financial budgets and final accounts;
- (5) to formulate the Company's profit distribution plan and plan for recovery of losses;
- (6) to formulate proposals for increases or reductions of the Company's registered capital and the issue of corporate debentures or other securities and listing;
- (7) to formulate plans for material acquisition, repurchase of the Company's shares or the proposals for merger, demerger, dissolution, liquidation or change of corporate form of the Company;
- (8) to decide on the establishment of the Company's internal management structure and on the establishment or cancellation of the Company's branches and other sub-branches;
- (9) to elect a chairman of the Company; to nominate, appoint or dismiss the general manager of the Company;
- (10) pursuant to the nominations of the chairman of the Board to appoint or dismiss the secretary of the Board, to appoint or dismiss members of all special committees under the Board;
- (11) pursuant to the general manager's nominations to appoint or dismiss officers including the deputy general managers, chief accountant and chief engineering of the Company and fix their remuneration, bonus and punishment;

- (12) to formulate the Company's basic management system;
- (13) to formulate proposals for amendment to the Articles of Association;
- (14) to formulate share incentive scheme of the Company;
- (15) to manage the information disclosure of the Company;
- (16) to determine the establishment of special committees;
- (17) to decide on the Company's risk management system, including risk assessment, financial control, internal audit and legal risk control, and monitor its implementation;
- (18) to propose to general meetings for the appointment or replacement of the auditors of the Company;
- (19) to hear the regular and non-regular work reports from the general manager of the Company or senior management members appointed by the general manager and to approve the work report of the general manager;
- (20) external guarantees provided by the Company other than those which shall be subject to approval by shareholders' general meeting as required by Articles of Association;
- (21) to decide on the external investment, acquisition and disposal of assets, charge or pledge on assets, trust asset management and connected transactions of the Company within the authorisation of the general meeting;
- (22) to exercise other functions and powers conferred by laws, regulations, listing rules of the stock exchange where the Company's shares are listed, general meetings and the Articles of Association.

Matters beyond the scope of authorization of the general meeting shall be submitted to the general meeting for consideration.

Except for the matters specified in subparagraphs (6), (7) and (13) which shall be passed by two-thirds or more of the directors, the Board's resolutions in respect of any other aforesaid matters may be passed by half or more of the directors. The Board shall perform his duties in accordance with PRC laws, administrative regulations, the Articles of Association and resolutions of shareholders.

The Board shall make explanation to the general meeting in respect of non-standard auditors' report issued by the certified public accountants regarding the financial statements of the Company.

**Article 115** The Board shall formulate the rules of procedure for the Board to ensure the Board to implement the resolutions approved at the general meeting, improve efficiency and make scientific decisions. The rules of procedure for the Board, under which the convening and voting procedures of the Board meetings shall be specified, shall be prepared by the Board and approved at the general meeting.

The Board shall establish certain special committees such as Audit Committee, Remuneration and Assessment Committee and Nomination Committee, and may establish Strategic Committee to assist the directors in exercise their duties or provide consultation or advice for the Board in respect of its decisions under the leadership of the Board; the composition and rules of procedures for such committees shall be decided by the Board separately.

**Article 116** Unless otherwise provided by laws, regulations and the listing rules of the stock exchange where the Company's shares are listed as well as the Articles of Association, the investments in other enterprises or guarantees provided by the Company shall be subject to the resolution of the Board. However, any guarantee to be provided by the Company in favour of shareholders or de facto controllers and its connected parties must be subject to the resolution of a general meeting.

The shareholders referred to in the preceding paragraph or shareholders controlled by the de facto controllers referred to in the preceding paragraph shall abstain from voting in respect of the matters as specified in the preceding paragraph. Such matter shall be approved upon more than one-half of the voting rights held by other shareholders present at the general meeting being cast in favour of it.

The Company shall establish a strict internal control system for external guarantees. All directors shall attach prudence to and exercise strict control on the debt risks resulting from external guarantees.

The other party shall provide risk precautionary measures such as counter-guarantee for the guarantees provided by the Company. The provider of the counter-guarantee shall be competent in accepting the liabilities.

The responsible director(s) shall assume joint and several liabilities for compensation to any loss caused to the Company for provision of external guarantees in violation of relevant laws, regulations, rules and the Articles of Association.

**Article 117** The Board shall not, without the prior approval of shareholders in a general meeting, dispose of or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of the consideration for the proposed disposal and the value of the consideration for any similar disposal of fixed assets in the four months immediately preceding the proposed disposal, exceeds 33% of the value of the Company's fixed assets as stated in the last balance sheet placed before the shareholders in general meeting.

The term of "disposal of fixed assets" referred to in this article includes an act involving the transfer of an interest in certain assets, but does not include provision of guarantees with the fixed assets.

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

**Article 118** The chairman of the Board is entitled to the following functions and powers:

- (1) to preside over general meetings and to convene and preside over the Board meetings;
- (2) to supervise and inspect the implementation of the resolutions of the Board and debrief relevant reports;
- (3) to supervise and organize formulation of rules and regulations on the operation of the Board, and to coordinate the operation of the Board;
- (4) to sign the securities certificates issued by the Company;
- (5) to sign important documents of the Board;
- (6) to sign important legally binding documents on behalf of the Company;

- (7) to exercise special disposal powers that are conferred compliant to the laws and regulations and benefits of the Company in the event of force majeure such as extraordinarily serious natural calamities or an emergency in which it is impossible to convene a Board meeting. A report shall be given to the Board after such event occurs;
- (8) to exercise any other powers specified in laws, regulations or the Articles of Association or conferred by the Board.

**Article 119** If the chairman of the Company is unable or fails to perform his duties, a director jointly elected by not less than half of directors shall perform such duties.

**Article 120** Meetings of the Board shall be held at least four times every year and convened by the chairman of the Board. Notice of the meeting shall be served on all directors fourteen days before the date of the meeting.

Extraordinary meetings of the Board shall be held in any of the following circumstances:

- (1) when proposed jointly by one-third or more of the directors;
- (2) when proposed by the Board of Supervisors;
- (3) when proposed jointly by one half or more of the independent non-executive directors;
- (4) when deemed as necessary by the chairman of the Board;
- (5) when proposed by the shareholders representing one tenth or more of voting rights;
- (6) when proposed by the general manager.

**Article 121** Notice convening the Board meeting and extraordinary Board meeting shall be sent through phone, facsimile or email. The notice of Board meeting shall be dispatched fourteen days prior to the date of the meeting. The notice requirement is not applicable to extraordinary Board meetings.

The time and venue of an ordinary Board meeting can be provided by the Board in advance and recorded in the minutes. If such notice of the meeting has been provided to all the Directors fourteen days prior to the date of the next meeting, there is no need to despatch separate notice for the convening of meeting to the Directors.

Should a director attend a meeting, and does not raise a contention regarding non-receipt of notice of the meeting prior to or at the meeting, such notice shall be deemed as sent out to him.

Board meetings can be held by way of teleconference meeting or by virtue of similar telecommunication device. In such meetings, so long as the participating directors can hear and communicate with each other, all participating directors are deemed as if they had participated in the meeting in person.

**Article 122** The Board meeting may not be held unless half or more of the directors (including directors attending the meeting as proxies pursuant to requirements) are present.

Each director has a ballot for voting. Except for circumstance provided in Article 124 of the Articles of Association where the Board considers connected transactions, resolutions of the Board shall be passed by more than half of all directors.

The resolution signed respectively by all the directors and to which the affirmative opinions reaching the quorum stipulated by laws, regulations and the Articles of Association, shall be deemed as valid as resolutions passed at the Board meeting legally convened. Such written resolution may consist of documents in counterparts, each having been signed by one or more directors. A resolution signed by a director or with his signature and sent to the Company by mail, facsimile or by hand, for the purpose of this article, shall be deemed as a document signed by him.

**Article 123** A director shall attend the Board meetings in person, If a director are not able to attend the meeting due to certain reasons, he may appoint in written other directors to attend the meeting on his behalf. The name of the proxy, the matters for entrustment, the scope of authorization and the validity period shall be specified in the power of attorney which shall be signed and sealed by the appointer.

The appointed director attending the meeting shall only exercise the rights within the power of attorney. Should a director neither attend a Board meeting nor appoint another director to attend on his behalf, the said director shall be deemed as waiving his voting rights at the meeting.

**Article 124** If any director is associated with the enterprises that are involved in the matters to be resolved by the Board meetings (serving as director or senior management members of the counterparty, or serving as director or senior management members of a legal entity directly or indirectly controlling the counterparty or directly or indirectly controlled by the counterparty), he shall not exercise his voting rights for such matters, nor exercise voting rights on behalf of other directors. Such Board meetings shall be convened by a majority of the non-connected directors present thereat. Resolutions made at the Board meetings shall be passed by more than half of the non-connected directors. If the number of non-connected directors attending the Board meetings is less than three, such matters shall be submitted to the general meeting for approval.

**Article 125** If a substantial shareholder (holding 10 percent or more shares) or a director has a material conflict of interest in a matter to be considered by the Board, the matter should be dealt with by way of the meeting of the Board (rather than by written resolution). Also, the independent non-executive directors who do not have material interest in such matter should attend the meeting.

**Article 126** The Board shall keep minutes of resolutions on matters discussed at meetings, on which directors present and the secretary of the Board (minutes taker) shall sign.

The directors shall be liable for the resolutions of the Board. If a resolution of the Board violates laws, administrative regulations or the Articles of Association, and results in the Company sustaining serious losses, the directors participating in the resolution are liable to compensate the Company. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objection is recorded in the minutes of the meeting, such director may be released from such liability.

The minutes of the Board shall record the following contents:

- (1) the date, venue and name of the convener of the meeting;
- (2) the names of the directors present at the meeting and names of the directors (proxies) present at the meeting on behalf of other director(s);

- (3) agenda of the meeting;
- (4) gist of directors' speech;
- (5) voting method and results on each resolution (the voting results shall state the number of affirmative votes, dissenting votes and abstention votes);
- (6) signatures of directors and the secretary of the Board (minutes taker).

The minutes of Board meetings shall be kept for a period of 10 years.

**Article 127** In respect of any matter which needs to be passed at an extraordinary Board meeting, if the Board has already sent out the written proposals to be resolved at such meeting (including through facsimile and email) to all directors and each director was ensured to fully express his opinions, resolutions of extraordinary meeting of the Board may be made by means of telecommunication and no on-site meeting of the Board is required. Such resolution is deemed effectively passed provided that the number of directors who sign and approve such a resolution satisfies the number of directors as required to make such decision under Article 114 of the Articles of Association.

**Article 128** In principle, the Board meetings shall be held at the legal address of the Company. However, it can be held at any other places inside or outside China as approved by a resolution of the Board.

**Article 129** The Company shall bear the reasonable expenses incurred when directors attend meetings of the Board. Such expenses may include costs for transportation to the venue of the meeting (if other than the residence location of directors), accommodation expenses and local transportation costs during the duration of the meeting.

## **Chapter XI Secretary of the Board**

**Article 130** The Company shall have a secretary of the Board. As a senior management member of the Company, the secretary of the Board shall report to the Board.

**Article 131** The secretary of the Board shall be a natural person with the requisite professional knowledge and experience, and shall be appointed or dismissed by the Board. His primary duties include:

- (1) communicate and liaise between the Company and related parties and the stock exchange and other regulatory authorities; and to ensure that the Company prepare and deliver, in accordance with law, the reports and documents required by competent authorities;
- (2) to administer the Company's information disclosure affairs, urge the Company to formulate and implement Management Rules on Information Disclosure and Internal Material Information Reporting System, procure the Company and related parties to perform the disclosure obligation according to law, and disclose regular reports and extraordinary reports to the stock exchange in accordance with relevant regulations;
- (3) to coordinate the relationship between the Company and investors, receive visits of investors, reply to enquiries of investors and provide information disclosed by the Company to investors;
- (4) to organize and prepare the Board meetings and general meetings pursuant to statutory procedures, and prepare and deliver relevant meeting documents and materials;
- (5) to attend the Board meetings, prepare meeting minutes and sign thereon;
- (6) to be responsible for the confidentiality work related to information disclosure of the Company, formulate confidentiality measures, and procures the directors, supervisors, senior management members and relevant insiders to keep secret prior to disclosure of information and timely takes remedial measures as soon as insider information is revealed and report to the stock exchange;

- (7) to be responsible for keeping the Company's register of shareholders, name list of directors, shareholding particulars of substantial shareholders and directors, supervisors, general manager and other senior management members, and resolutions, documents and minutes of general meetings and Board meetings, to ensure that the Company has complete organisational documents and records; to ensure that persons entitled to access to the relevant records and documents are furnished with such records and documents without delay;
- (8) to assist the directors, supervisors, the general manager and other senior management members to apprehend provisions of relevant laws, regulations, rules, listing rules of the stock exchange, other regulations and the Articles of Association, and the content regarding their legal liabilities in the listing agreement;
- (9) to procure the Board to exercise its duties under the law, remind directors present where resolutions made by the Board are in contravention of the laws, regulations, rules, listing rules of the stock exchange and other regulations or the Articles of Association; and request supervisors present to express their opinions; make a record of the opinions of relevant supervisors and persons in the minutes if the Board insists on making the aforesaid resolutions, and report to the stock exchange;
- (10) to perform other duties as provided in applicable laws, regulations, rules, listing rules of the stock exchange, other regulations and the Articles of Association.

**Article 132** The director or other senior management members (excluding the general manager and the chief accountant) of the Company may concurrently act as the secretary of the Board. The accountant(s) of the accounting firm appointed by the Company shall not act as the secretary of the Board.

Where the office of secretary of the Board 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 offices of director and secretary may not perform the act in dual capacity.

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

**Article 133** The Company shall have one general manager and certain deputy general managers, who assist the general manager in his work; as well as one chief accountant and one chief engineer. The general manager, deputy general managers, chief accountant and chief engineer shall be appointed or dismissed by the Board.

The term of office of each of the general manager and other senior management members shall be 3 years, renewable upon re-appointment.

**Article 134** General manager of the Company reports to the Board, and exercises the following functions and powers:

- (1) to preside over the production, operation and management of the Company and report to the Board;
- (2) to organise resources to implement resolutions of the Board;
- (3) to organise resources to implement the Company's annual business, investment and financing plans;
- (4) to propose plans for the establishment of the Company's internal management structure;
- (5) to propose plans for the establishment of branch companies and other branches of the Company;
- (6) to formulate the Company's basic management system;
- (7) to formulate specific rules and regulations for the Company;
- (8) to propose to the Board for appointment and removal of deputy general manager, chief accountant or chief engineer; and provide suggestions on remuneration;
- (9) to appoint or remove the management members (other than those required to be appointed or removed by the Board) and determine their appraisal, remuneration, awards and punishments;
- (10) to exercise other powers conferred by the Articles of Association or the Board.

**Article 135** The general manager of the Company shall attend the Board meetings as non-voting participant.

**Article 136** The general manager of the Company shall, as required by the Board or the Board of Supervisors, report to the Board or the Board of Supervisors on the execution and performance of material contracts entered into by the Company and utilisation of fund. The general manager shall ensure authenticity of such reports.

The general manager shall, when making decisions on such matters of vital interests of the employees of the Company as salaries, welfare, safe production, labour insurance, and dismissal (or disciplinary dismissal), shall consult the trade union and the meeting of staff representatives in advance.

**Article 137** The general manager of the Company shall formulate the work rule of the general manager and submit it to the Board for approval before implementation.

**Article 138** In the exercise of his powers, the general manager shall observe laws, administrative regulations and the Articles of Association, and fulfill the obligation of integrity and diligence.

### **Chapter XIII Board of Supervisors**

**Article 139** The Company shall establish the Board of Supervisors.

**Article 140** The Board of Supervisors comprises three supervisors. The term of office of supervisors shall be three years, renewable upon re-election and re-appointment.

The Board of Supervisors shall consist of one chairman. The appointment of the chairman of the Board of Supervisors shall be passed by two-thirds or more of the members of the Board of Supervisors in voting.

**Article 141** Supervisors who are not employee representatives shall be elected and removed by shareholders at general meetings, while supervisors as staff representatives shall be elected and removed through democratic means by the staff of the Company. The number of supervisors as staff representatives of the Company shall not be less than one third of the number of all the supervisors.

**Article 142** Directors, general manager and other senior management members of the Company shall not assume the position as supervisors.

**Article 143** The Board of Supervisors shall convene at least two meetings each year and one meeting every six months, which shall be convened and presided over by the chairman of Board of Supervisors. The supervisors may propose convening of extraordinary meeting of the Board of Supervisors. Should the chairman of the Board of Supervisors be unable to, or fail to perform his duties, a supervisor elected by half or more of the supervisors shall preside over the meeting.

**Article 144** The Board of Supervisors shall be accountable to the general meeting and exercise the following powers in accordance with laws:

- (1) to examine the Company's financial situation;
- (2) to supervise acts of directors and senior management members during their performance of duties and to propose dismissal of directors and senior management members violating laws, administrative regulations, the Articles of Association or resolutions of general meetings;
- (3) to demand rectification from a director, the general manager or other senior management members when the acts of such persons are harmful to the Company's interest;
- (4) to verify the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board to the shareholders' general meetings and, should any queries arise, to authorize, in the name of the Company, a re-examination by the certified public accountants and practising auditors;
- (5) to propose the convening of a extraordinary general meeting and to convene and preside over the general meeting when the Board fails to perform such duties;
- (6) to submit proposals to the general meeting;
- (7) to represent the Company in negotiation with directors and senior management members or bringing an action against a director and senior management member;
- (8) to propose convening of an extraordinary meeting of the Board;
- (9) to exercise other powers specified in the Articles of Association.

Supervisors shall attend the Board meetings as non-voting participants.

**Article 145** With legitimate grounds, supervisors are entitled to request the chairman of the Board of Supervisors to convene an extraordinary meeting of the Board of Supervisors. The notice shall be dispatched to all supervisors ten days prior to the date of meeting through phone or facsimile. The notice shall include the date and venue of meeting, duration of the meeting, topics of the meeting and the date on which the notice is served.

The meeting of the Board of Supervisors may not be held unless two thirds or more of supervisors are present. Voting on resolution at a meeting of the Board of Supervisors may be conducted by registered poll. Each supervisor has a ballot of voting right. A supervisor shall attend the meetings of the Board of Supervisors in person, or appoint in written other supervisor to attend the meeting on his behalf if he is not able to attend the meeting due to certain reasons. The scope of authorities shall be specified in the power of attorney.

The resolutions of both the regular meeting and the extraordinary meeting of the Board of Supervisors shall be regarded as the resolutions of the Board of Supervisors. Such resolutions shall be passed by two thirds or more of the members of the Board of Supervisors.

**Article 146** The Board of Supervisors shall maintain minutes for each meeting. Supervisors are entitled to request to make descriptive statements for his speech at the meeting in the minutes, and the supervisors present and minutes taker(s) shall sign on the minutes.

The minutes of meetings of Board of Supervisors shall be kept by secretary of the Board as corporate archives. The minutes of the meetings shall be kept for a period of 10 years.

**Article 147** The Board of Supervisors shall adopt a recording system for the implementation of the resolutions of the Board of Supervisors. Each resolution of the Board of Supervisors shall be implemented or supervised over its implementation by designated supervisor(s). The designated supervisor(s) shall record the implementation of each resolution, and file its final result to the Board of Supervisors.

**Article 148** The supervisors and the Board of Supervisors shall not be liable for the resolutions of the Board. Should the Board of Supervisors be of opinion that a resolution of the Board violates the laws, regulations or Articles of Association or may result in serious losses to the interests of the Company, the Board of Supervisors may resolve to propose to the Board for re-consideration of the said resolution.

**Article 149** In order to exercise its powers, the Board of Supervisors may engage experts such as lawyer, public certified accountants and practising auditors. The reasonable expenses arising therefrom shall borne by the Company.

Reasonable expenses incurred when supervisors attend meetings of the Board of Supervisors shall be borne by the Company. Such expenses may include costs for transportation to the venue of the meeting (if other than the residence location of supervisors), accommodation expenses, rental for the meeting venue and local transportation costs during the duration of the meeting.

**Article 150** A supervisor shall carry out his duties honestly and faithfully in accordance with laws, administrative regulations and the Articles of Association.

#### **Chapter XIV Qualifications and Obligations of Directors, Supervisors, General Managers and Other Senior Management Members**

**Article 151** A person in any of the following circumstances may not serve as the Company's director, supervisor, general manager or other senior management member:

- (1) a person who does not have or who has limited capacity for civil conduct;
- (2) a person who has been sentenced for corruption, bribery, infringement of property or misappropriation of property or other crimes which destroy the social economic order, where less than a term of five years has lapsed since the sentence was served, or who has been deprived of his political rights and not more than five years have lapsed since the sentence was served;
- (3) a person who is a former director, factory manager or president of a company or enterprise which has been dissolved or put into liquidation and who was personally liable for the winding up of such company or enterprise, where no more than three years have elapsed since the date of completion of the insolvent liquidation of the company or enterprise;

- (4) a person who is a former legal representative of a company or enterprise the business licence of which was revoked and ordered to close down due to violation of law and who is personally liable for such revocation, where no more than three years have elapsed since the date of the revocation of the business licence;
- (5) a person who holds a relatively large amount of debts which have fallen due and outstanding;
- (6) a person who is currently under investigation by the judicial authorities for violation of criminal law, and the legal procedures are pending;
- (7) a person who, according to laws and administrative regulations, cannot act as a leader of an enterprise;
- (8) a person other than a natural person;
- (9) a person who has been adjudged by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where not more than five years have lapsed from the date of such conviction;
- (10) a person who has been prohibited from entering the market by competent authorities such as CSRC, where such prohibition has not been removed;
- (11) other circumstances provided by relevant laws and regulations in the place where the Company's shares are listed.

Persons assuming offices other than directors and supervisors in the controlling shareholder and in the de facto controller shall not assume the offices of senior management of the Company.

**Article 152** The validity of an act of a director, general manager or any other senior management member on behalf of the Company is not, vis-a-vis a bona fide third party, affected by any non-compliance in his office, election or any defect in his qualification.

**Article 153** In addition to obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchanges where the Company's shares are listed, each of the Company's directors, supervisors, general manager and other senior management members owes a duty to each shareholder, in the exercise of the functions and powers entrusted by the Company to him:

- (1) not to cause the Company to exceed the scope of the business stipulated in its business license;
- (2) to act bona fide in the best interests of the Company;
- (3) not to expropriate in any guise the Company's property, including (but not limited to) usurpation of opportunities advantageous to the Company;
- (4) not to expropriate the individual rights of shareholders, including (but not limited to) rights to distribution and voting rights, but excluding a restructuring of the Company which have been submitted to, and approved at the general meeting in accordance with the Articles of Association.

**Article 154** Each of the Company's directors, supervisors, general manager and other senior management member owes the duty that in the exercise of his powers or discharge of his obligations, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Article 155** Each of the Company's directors, supervisors, general manager and other senior management members shall exercise his powers or perform his duties in accordance with the fiduciary principle, and shall not put himself in a position where his duty and his interests may conflict. This principle includes (but not limited to) discharging the following obligations:

- (1) to act bona fide in the best interests of the Company;
- (2) to act within his terms of reference without ultra vires;
- (3) to exercise the discretion vested to him personally and not to allow himself to act under the control of any other party; unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given at a general meeting, not to delegate the exercise of his discretion;

- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) unless otherwise provided for in the Articles of Association or except with the informed consent of the shareholders given in a general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) not to use the Company's property for his own benefit, without the informed consent of the shareholders given in a general meeting;
- (7) not to abuse his position to accept bribes or other illegal income, misappropriate the Company's funds or expropriate the Company's property in any way, including (but not limited to) any opportunity which may benefit the Company;
- (8) not to accept commissions in connection with the Company's transactions, save with the informed consent of the shareholders given in a general meeting;
- (9) to comply with the Articles of Association, to perform his duties faithfully, to protect the Company's interests and not to exploit his position and power in the Company to advance his own interests;
- (10) not to compete with the Company in any way, save with the informed consent of the shareholders given in a general meeting; not to use the connected relationship to prejudice the interests of the Company;
- (11) not to misappropriate the Company's funds or to lend such funds to any other person, not to use the Company's assets to set up deposit accounts in his own name or in the any other name, nor to use such assets to guarantee the debts of a shareholder of the Company or any other personal liabilities; and
- (12) not to release any confidential information which he has obtained during his term of office, save with the informed consent of the shareholders in a general meeting; nor shall he use such information other than for the Company's benefit, unless disclosure of such information to the court or other governmental authorities is made in the following circumstances:
  - (i) the laws so required;
  - (ii) public interests so warrants;

- (iii) the interests of the relevant director, supervisor, general manager and other senior management members so requires.

**Article 156** Each director, supervisor, general manager and other senior management member of the Company shall not cause the following persons or institutions (“**associates**”) to do what he is prohibited from doing:

- (1) the spouse or minor child of that director, supervisor, general manager and other senior management member;
- (2) a person acting in the capacity of trustee of that director, supervisor, general manager and other senior management member or any person referred to in paragraph (1) of this Article;
- (3) a person acting in the capacity of partner of that director, supervisor, general manager or other senior management member or any person referred to in paragraphs (1) and (2) of this Article;
- (4) a company in which that director, supervisor, general manager or other senior management member, alone or jointly with one or more persons referred to in paragraphs (1), (2) and (3) above or other directors, supervisors, general manager and other senior management members of the Company have a de facto controlling interest; and
- (5) the directors, supervisors, general manager and other senior management members of the controlled company referred to in paragraph (4) of this Article.

**Article 157** The fiduciary duties of the directors, supervisors, general manager and other senior management members of the Company do not necessarily cease upon termination of their tenure. The confidentiality liability in relation to commercial secrets of the Company survives the termination of their tenures. Other liabilities may continue for such period as fairness may require depending on the time lapse between the termination of tenure and the occurrence of the event concerned and the circumstances under which the relationships between them and the Company are terminated.

**Article 158** Except for circumstances prescribed in Article 58 of the Articles of Association, a director, supervisor, general manager and other senior management member of the Company may be relieved of liability for specific breaches of his duty with the informed consent of shareholders given at a general meeting.

**Article 159** Where a director, supervisor, general manager, or other senior management member of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, (other than his contract of service with the Company), he shall declare the nature and extent of his interests to the Board at the earliest opportunity, whether or not such matters are subject to the approval of the Board.

A director shall not vote on the resolution of the Board in relation to any contract, transaction, arrangement or other proposals in which he or any of his close associates (as defined in the applicable Listing Rules in force from time to time) is materially interested. In determining the quorum of the meeting, relevant directors shall not be counted in the quorum.

Unless the interested director, supervisor, general manager or other senior management member of the Company discloses his interests in accordance with the sub-paragraph 2 of this Article and relevant matters are approved by the Board at a meeting in which the director, supervisor, general manager, and other senior management members of the Company are not counted in the quorum and abstain from voting, the contract, transaction or arrangement in which that senior officer is materially interested is voidable at the instance of the Company except as against a bona fide party thereto who does not have notice of the breach of duty by the interested senior officer.

A director, supervisor, general manager or other senior management member of the Company is deemed to be interested in a contract, transaction or arrangement in which his relevant person or associate is interested.

**Article 160** Where a Director, supervisor, general manager or other senior management member of the Company gives to the Board a general notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, such notice shall be deemed for the purposes of the preceding paragraph of this Article to be a sufficient declaration of his interests, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the entering into of relevant contract, transaction or arrangement is first taken into consideration by the Company.

**Article 161** The Company shall not in any manner pay taxes for its directors, supervisors, general manager or other senior management members.

**Article 162** The Company shall not directly or indirectly make a loan to, nor provide any guarantee in connection with a loan to a director, supervisor, general manager or other senior management member of the Company or of the Company's parent company or any of their respective associates.

However, the following transactions are not subject to such prohibition:

- (1) provision by the Company of a loan or a guarantee in connection with a loan to its subsidiaries;
- (2) provision by the Company of a loan or a guarantee in connection with a loan or any other funds to any of its directors, supervisors, general manager and other senior management members to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders in general meeting; and
- (3) provision by the Company of a loan or a guarantee in connection with a loan to any of the relevant directors, supervisors, general manager and other senior management members or their respective associates in the ordinary course of its business on normal commercial terms, provided that the ordinary course of business of the Company includes the lending of money or the provision of guarantees.

**Article 163** A loan made by the Company in breach of the above provisions shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

**Article 164** A loan guarantee provided by the Company in breach of Article 162 (1) shall be unenforceable against the Company, provided that:

- (1) the lender was not aware of the relevant circumstances when he provided a loan to the directors, supervisors, general manager, and other senior management members of the Company or of the Company's parent company; or
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

**Article 165** For the purposes of the foregoing provisions of this Chapter, a guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

**Article 166** In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor, general manager and other senior management members of the Company is in breach of his duties to the Company, the Company has a right to:

- (1) claim damages from the director, supervisor, general manager and other senior management members in compensation for losses sustained by the Company as a result of such breach;
- (2) rescind any contract or transaction entered into by the Company with the relevant director, supervisor, general manager and other senior management members or with a third party (where such third party knows or should know that there is such a breach of duties by such director, supervisor, general manager and other senior management members);
- (3) demand the relevant director, supervisor, general manager and other senior management members to surrender the profits made by him in breach of his duties;
- (4) recover any monies received by the director, supervisor, general manager and other senior management members which should have been otherwise received by the Company, including (without limitation) commissions;
- (5) demand payment of the interest earned or which may have been earned by the relevant director, supervisor, general manager and other senior management members on the monies that should have been paid to the Company; and
- (6) take legal proceedings to claim the properties arising from the breach of duties by directors, supervisors, general manager and other senior management members.

**Article 167** The Company shall enter into a written contract with each of the directors, supervisors and senior management members, including the following contents at least:

- (1) Directors, supervisors and senior management members shall provide to the Company an undertaking that they will comply with the Company Law, Special Regulations, the Articles of Association, Codes on Takeovers and Mergers and Share Buy-backs and other provisions of the stock exchange and agree that the Company is entitled to access to the remedial measures as prescribed in the Articles of Association. The contract and its position shall not be transferred;
- (2) Directors, supervisors and senior management members shall provide to the Company an undertaking that they will observe and perform their obligations to shareholders stipulated in the Articles of Association; and
- (3) Arbitration clauses as provided in Article 215.

**Article 168** The Company shall, with the prior approval of shareholders in a general meeting, enter into a contract in writing with a director or supervisor wherein his emoluments are stipulated. The aforesaid emoluments include:

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

No proceedings may be brought by a director or supervisor against the Company for anything due to him in respect of the matters mentioned in this Article except pursuant to the contract mentioned above.

**Article 169** The contracts concerning the emoluments between the Company and its directors or supervisors should provide that in the event that a takeover of the Company, the Company’s directors and supervisors shall, subject to the prior approval of shareholders in a general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement.

For the purposes of this paragraph, the takeover of the Company includes any of the following:

- (1) an offer made by any person to all shareholders; or
- (2) an offer made by any person, with a view to make the offer or the controlling shareholder. The “controlling shareholder” has the same meaning as defined in Article 59 of the Articles of Association.

If the relevant director or supervisor fails to follow the regulation in this article, any sum so received shall be owned by those who sell their shares by accepting the aforesaid offer, and the director or supervisor shall bear the expenses incurred from proportionate distribution of such sums, which may not be deducted from such sums.

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

**Article 170** The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and PRC accounting standards formulated by the finance regulatory department of the State Council.

**Article 171** At the end of each fiscal year, the Company shall prepare a financial report which shall be audited by an accounting firm according to law.

The fiscal year of the Company shall coincide with the calendar year, i.e. from January 1 to December 31 on the Gregorian calendar.

**Article 172** The Board shall place before the shareholders at every shareholders’ annual general meeting such financial reports which the relevant laws, administrative regulations and directives promulgated by competent regional and central governmental authorities require the Company to prepare.

**Article 173** The Company's financial reports shall be made available for shareholders' inspection at the Company twenty days before the date of the annual general meeting. Each shareholder has the right to receive such financial reports mentioned in this Chapter.

The Company shall send a copy of the financial report, balance sheets (including each document as prescribed by applicable laws to be attached to the balance sheets) and income statement or statement of income and expenditure, or summary of the financial report to each holder of overseas-listed foreign-invested shares at least twenty-one days before the shareholders' general meeting at the address recorded in the register of shareholders. Notices of general meetings of the Company can be given by way of public announcement (including publication on the website of the Company) to the extent permitted under all applicable laws and regulations and the listing rules in the place where the Company's shares are listed.

**Article 174** The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards, or that of the place outside the PRC where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in the financial statements. In distributing its after-tax profits, the lower of the two amounts shown in the financial statements shall be adopted.

**Article 175** Any interim results or financial information published or disclosed by the Company shall be prepared and presented in accordance with PRC accounting standards and regulations, and also in accordance with either international accounting standards or that of the place overseas where the Company's shares are listed.

**Article 176** The Company shall publish its financial reports twice every fiscal year, that is, the interim financial report shall be published within sixty days after the expiration of the first six months of each fiscal year and the annual financial report shall be published within one hundred and twenty days after the expiration of each fiscal year.

**Article 177** The Company shall not maintain accounts other than those provided by law. The Company's Assets shall not be deposited in an account maintained in the name of any individual.

**Article 178** The Company establishes the Board Fund, which shall be appropriated once a year and not exceed 0.1% of the profit before tax for the year. The Board Fund is mainly used for awarding directors, supervisors, general manager, other senior management members and staffs with special contributions or as the source of risk fund for directors, supervisors, general manager and other senior management members. The specific management method for the fund shall be otherwise formulated by the remuneration committee of the Board.

**Article 179** Capital reserve fund includes the following items:

- (1) premium received when shares are issued at a premium to their par value;
- (2) any other income required to be included in the capital reserve fund by the governing finance department of the State Council.

**Article 180** In distributing the current year's profit after taxation, 10% of the profit shall be allocated into the Company's statutory reserve fund. When the aggregate amount of the statutory surplus reserve has reached 50% of the Company's registered capital, further appropriations are not required.

When the statutory surplus reserve of the Company is not sufficient to cover its losses incurred in the previous years, the profit of the current year shall be used to make up for such losses before allocations are made to the statutory surplus reserve in accordance with the preceding paragraph.

After the Company has allocated statutory surplus reserve from its profit after taxation, it may also appropriate discretionary reserve fund from the profit after taxation upon approval at a general meeting.

The remaining profit after taxation after recovery of losses and appropriation of reserve fund shall be distributed to shareholders in proportion of their shareholdings unless it is stipulated in the Articles of Association that no profit distribution shall be made in accordance with shareholdings.

If the general meeting has, in violation of the preceding paragraph, distributed profit to shareholders before the Company has covered the losses and allocated statutory surplus reserve, the shareholders shall return to the Company the profit distributed in violation of regulations.

No profit shall be distributed in respect of the shares held by the Company.

**Article 181** The Company may distribute dividends by the following ways (or a combination of both).

(1) cash;

(2) stocks.

Dividends or other payments payable by the Company to holders of its domestic shares shall be denominated and declared in RMB and paid in RMB within three months from the date of declaration of dividends; Dividends or other payments payable by the Company to holders of overseas-listed foreign-invested shares shall be denominated and declared in RMB and paid in RMB within three months from the date of declaration of dividends. The exchange rate adopted for conversion shall be the average closing exchange rate of relevant foreign currency against Renminbi as quoted by the People's Bank of China for the five business days prior to the declaration date. The foreign currency payable by the Company to holders of overseas-listed foreign-invested shares shall be subject to the relevant regulations on foreign exchange control in the PRC. The Board shall be authorised by way of an ordinary resolution at the general meeting to implement dividend distribution of the Company.

**Article 182** Any amount paid up in advance of calls on any share may carry interest but shall not entitle the relevant shareholder to participate in respect thereof in a dividend subsequently declared.

**Article 183** The receiving agent appointed by the Company for holders of overseas-listed foreign-invested shares shall be a trust company registered under the Trustee Ordinance of Hong Kong. The receiving agent shall receive on behalf of such shareholders any dividends or other amounts payable by the Company to them in respect of the overseas-listed foreign-invested shares.

The receiving agent appointed by the Company shall satisfy the requirements under the laws of the jurisdiction where the Company's shares are listed or the rules of relevant stock exchange.

Subject to the relevant laws and regulations of the PRC and the provisions of the Hong Kong Stock Exchange, the Company may exercise its right of forfeiture over unclaimed dividends, provided that such right cannot be exercised prior to the expiration of the applicable statute of limitation.

The Company has the right to terminate the despatch of dividend warrants to holders of overseas-listed foreign-invested shares by mail, provided that such right shall not be exercised until the dividend warrants have not been cashed for two consecutive occasions. However, where the dividend warrant is undelivered to the addressee and returned, the Company may also exercise such right.

In case of exercising general mandate to issue warrants to holders, no new warrants shall be issued to replace the lost ones unless the Company confirms the physical loss of the original warrants.

The Company has the right to sell, in such manner as the Board thinks fit, any shares of a holder of overseas-listed foreign-invested shares who is untraceable, subject to and conditional upon:

- (1) the Company has distributed dividends for at least three times to such shares within twelve years, but none of such dividends was claimed; and
- (2) the Company, after the expiry of twelve years, made the public announcement on newspaper(s), stating its intention to sell such shares, and notified the stock exchange on which such shares were listed.

## **Chapter XVI Appointment of Accounting Firm**

**Article 184** The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the State to audit the Company's annual financial reports and review the Company's other financial reports.

The first accounting firm of the Company may be appointed at the inaugural meeting of the Company before the first shareholders' annual general meeting and the accounting firm so appointed shall hold office until the conclusion of the shareholders' first annual general meeting.

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

**Article 185** The accounting firm appointed by the Company shall hold office from the conclusion of the shareholders' annual general meeting at which the appointment is made until the conclusion of the next annual meeting.

**Article 186** The accounting firm appointed by the Company shall have the following rights:

- (1) the right to review the books, records and vouchers of the Company at any time, the right to require the directors, general manager and other senior management members of the Company to supply relevant information and explanations;
- (2) the right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the discharge of its duties;
- (3) the right to attend shareholders' general meetings as non-voting participants and to receive all notices of, and other communications relating to, any general meeting which any shareholder is entitled to receive, and to speak at any general meeting in relation to matters concerning its role as the Company's auditors.

**Article 187** Before the convening of the general meeting, the Board may fill any casual vacancy in the office of the accounting firm, but while any such vacancy continues, other incumbent accounting firm of the Company, if any, may act.

**Article 188** The shareholders in general meeting may, by ordinary resolution, remove an accounting firm before the expiration of its term, notwithstanding the stipulations in the contract between the Company and the firm, but without prejudice to the accounting firm's right to claim, if any, for damages in respect of such removal.

**Article 189** The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined by the shareholders in general meeting. The remuneration of the accounting firm appointed by the Board shall be determined by the Board.

**Article 190** The Company's appointment, removal of an accounting firm shall be resolved upon by shareholders in shareholders' general meeting.

Where a resolution at a general meeting is passed to appoint an accounting firm other than the incumbent accounting firm of the Company to fill a casual vacancy in the office of accounting firm, to reappoint an accounting firm that was appointed by the Board to fill a casual vacancy, or to dismiss an accounting firm before the expiration of its term of office, the following provisions shall apply:

(1) A copy of the appointment or removal proposal shall be sent (before notice of meeting is given to the shareholders) to the accounting firm proposed to be appointed or proposing to leave its post or the accounting firm which has left its post in the relevant fiscal year.

Leaving includes leaving by removal, resignation and retirement.

(2) If the accounting firm leaving its post makes representations in writing and requests the Company to notify its shareholders of such representations, the Company shall (unless the representations are received too late) take the following measures:

(i) in notice of meeting held for making the resolution, state the fact of the representations having been made by the leaving accounting firm; and

(ii) attach a copy of the representations to the notice and send it to the shareholders in the manner stipulated in the Articles of Association.

- (3) If the firm's representations are not sent in accordance with subparagraph (2) of this Article, the relevant firm may require that the representations be read out at the general meeting and may lodge further complaints.
- (4) An accounting firm which is leaving its post shall be entitled to attend:
  - (i) the general meeting at which its term of office would otherwise have expired;
  - (ii) the general meeting at which it is proposed to fill the vacancy caused by its removal; and
  - (iii) the general meeting convened on its resignation.

and to receive all notices of, and other communications relating to, any such meetings, and to speak at any such meetings in relation to matters concerning its role as the former accounting firm of the Company.

#### **Article 191**

If the Company proposes to dismiss or not to continue the re-appointment of the accounting firm, it should notify the accounting firm in advance, and the latter has the rights to state its opinions to the general meeting. If the accounting firm resigns, it should explain whether the Company has improper affairs to the general meeting.

- (1) The accounting firm may resign by placing the written notice of resignation at the legal domicile of the Company. The notice shall come into effect on the date of its being placed at the registered office of the Company or at a later date as stated in the notice. The notice shall include the following statements:
  - (i) Declaration that it considers its resignation has nothing to do with any matters that should be explained to the Company shareholders or creditors; or
  - (ii) Any such statement of conditions that should be explained.

- (2) The Company should send the copy of the advice to the related competent department within fourteen days after receiving the written notice mentioned in sub-paragraph (1) of this Article. In the event that the notice contains the statements as referred to in subparagraph (2) (ii) of Article 190, the Company shall also place a copy of the said statements in the Company for shareholders' inspection. The Company should post the copies of above-mentioned statements to each shareholder who is entitled to receive the Company's financial statements by prepaid mail; the addressee's address should follow the register of shareholders. Subject to the laws, administrative regulations or the listing rules of the stock exchange on which the Company's shares are listed, the said statements may also be given by way of public announcement (including publishing on the website of the Company).
- (3) If the accounting firm's resign notice carries any statement under subparagraph (1) (ii), the accounting firm can request the Board to convene an extraordinary general meeting and listen to its explanation on its resign.

## **Chapter XVII Insurance**

**Article 192** The Company shall take out the insurance as required by the applicable insurance laws of China upon discussion and decision by the Board.

## **Chapter XVIII Labour System**

**Article 193** The Company may at its discretion employ and dismiss employees and enter into employment contracts with all employees based on the business development needs of the Company and in accordance with the requirements of the laws and regulations of the State.

**Article 194** The Company shall determine the labour wages system and way of payment according to the relevant requirements of the State, the Articles of Association and the Company's profit status.

**Article 195** The Company shall endeavour to improve the staff welfare, and continue to better the working and living conditions of the staff.

**Article 196** The Company shall set aside staff medical, retirement and unemployment insurance funds, and set up labour insurance system in accordance with the relevant laws and regulations of the State.

## **Chapter XIX Trade Union**

**Article 197** The Company's staff shall have the right to form a trade union and organize trade union activities to preserve their legal rights. The Company shall provide the trade union with necessary conditions for its activities.

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

**Article 198** In the event of the merger or demerger of the Company, a plan shall be proposed by the Board and shall be approved in accordance with the procedures stipulated in the Articles of Association before relevant approval formalities are gone through with relevant authorities according to the law. Shareholders who oppose the plan for merger or demerger of the Company shall have the right to request the Company or the shareholders consenting such plan to purchase their shares at a fair price. A special document should be prepared in respect of the Company's resolution on the merger or demerger, for shareholders' inspection.

The aforesaid document should also be dispatched to the holders of overseas-listed foreign-invested shares by mail. It also can be given by way of public announcement (including publication on the website of the Company) to the extent permitted under laws, administrative regulations and the listing rules in the place where the Company's shares are listed.

**Article 199** The Company may be merged through merger by absorption or through the establishment of a newly merged entity.

Where there is a merger of the Company, the parties to the merger shall enter into a merger agreement, and prepare balance sheets and lists of property. The Company shall notify its creditors within ten days from the date of the Company's resolution on merger and shall publish an announcement in the newspaper within thirty days from the date of such resolution. A creditor has the right, within thirty days of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within forty-five days from the date of the announcement, to require the Company to repay its debt or provide a corresponding guarantee for such debt.

After the merger of the Company, claims and liabilities of parties to the merger shall be borne by the subsisting or newly established company.

**Article 200** Properties of the Company under a demerger shall be divided accordingly.

Where there is a demerger of the Company, the parties to the demerger shall enter into a demerger agreement, and prepare its balance sheet and list of properties. The Company shall notify its creditors within ten days from the date of the Company's resolution on demerger and shall publish an announcement in the newspaper as accepted by the stock exchange on which the shares of the Company are listed within thirty days from the date of such resolution.

Debts of the Company prior to the demerger are jointly assumed by the companies which exist after the demerger. Unless otherwise agreed by the Company and creditors on settling liabilities in writing prior to such demerger.

**Article 201** In the merger or demerger of the Company, the Company shall make the change registered with the company registration authority according to law if a change occurs with any of the registered matters. If the Company is dissolved, the registration of the Company shall be cancelled according to law. If a new company is established, a company establishment registration shall be completed according to law.

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

**Article 202** The Company shall be dissolved and liquidated in accordance with relevant laws under situations as follows:

- (1) the term of business expires;
- (2) the general meeting resolves to dissolve the Company;
- (3) dissolution is necessary as a result of a merger or demerger of the Company;
- (4) the Company is announced bankrupt according to laws due to its failure to settle liabilities in due;
- (5) the business licence has been withdrawn, the Company has been ordered to close, or it has been wound up;

- (6) the Company has experienced material difficulties in operation and management, and the continuous operation would cause substantial loss to the interest of its shareholders. In the event that this cannot be solved by other methods, shareholders representing 10% or more of the voting rights of the Company may request the people's court to dissolve the Company;
- (7) other circumstances in which the Company is required to dissolve according to laws and regulations.

**Article 203** Where the Company is dissolved under subparagraphs (1) and (2) of the preceding Article, a liquidation committee shall be set up within fifteen days upon occurrence of the dissolution events, and its members shall be determined by shareholders at a general meeting by way of ordinary resolutions.

Where the Company is dissolved pursuant to subparagraph (4) and (6) of the preceding Article, the people's court shall, according to the relevant laws, organise the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out the liquidation.

Where the Company is dissolved under sub-paragraph (5) of the preceding Article, the relevant governing authorities shall organise the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out the liquidation.

**Article 204** Where the Board decides to liquidate the Company for any reason other than the Company's declaration of its own bankruptcy, the Board shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company will be able to pay its debts in full within twelve months from the commencement of the liquidation.

Upon passing of the resolution on the liquidation of the Company by the shareholders in general meeting, all functions and powers of the Board shall cease.

The liquidation committee shall act in accordance with the instructions of the general meeting to make a report at least once every year to the general meeting on the committee's income and expenses, the business of the Company and the progress of the liquidation and to present a final report to the general meeting on completion of the liquidation.

**Article 205** The liquidation committee shall notify creditors within ten days from the date of its establishment and publish announcements in newspapers within sixty days. The creditors may declare their claims to the liquidation committee within thirty days of the receipt of the above notice or within forty-five days after the announcements are made if no such notice is received. Claims shall be registered by the liquidation committee according to law. During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

**Article 206** During the liquidation period, the liquidation committee shall exercise the following functions and duties:

- (1) to sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify creditors by sending a notice or by making an announcement;
- (3) to deal with and settle the Company's outstanding business deals in relation to the liquidation;
- (4) to settle outstanding taxes as well as taxes arising in the course of liquidation;
- (5) to ascertain all claims and debts;
- (6) to dispose of the remaining assets of the Company after the repayment of debts;
- (7) to represent the Company in civil proceedings.

**Article 207** After it has sorted out the Company's assets and prepared a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to a general meeting or to the relevant competent authorities for confirmation.

After the general meeting resolves to dissolve the Company or the Company declares bankruptcy or has been ordered to close down in accordance with the law, no one shall dispose of the Company's assets without approval of the liquidation committee.

The assets of the Company shall be applied for liquidation in the following order: payment of liquidation expenses, staff wages and social insurance expenses and statutory compensation, payment of outstanding taxes, and payment of the Company's debts.

The remaining assets of the Company after repayment of its debts in accordance with the provisions above shall be distributed to the shareholders of the Company according to the class of shares held by them and in proportion to their respective shareholdings.

During the liquidation period, the Company shall continue to exist but shall not carry out any business activities not relating to liquidation.

**Article 208** If after sorting out the Company's assets and preparing a balance sheet and an inventory of assets in connection with the liquidation of the Company due to its dissolution, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall immediately apply to the people's court for a declaration of bankruptcy.

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

**Article 209** Following the completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report, a statement of the income and expenses and financial accounts, which shall be verified by RC certified public accountants and then submitted to the general meeting or relevant governing authorities for confirmation.

The liquidation committee shall, within thirty days after such confirmation, submit the documents referred to in the preceding paragraph to the company registration authority and apply for cancellation of registration of the Company, and announce the termination of the Company.

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

**Article 210** The Company may amend the Articles of Association according to the provisions of laws, administrative regulations and the Articles of Association.

The Board of the Company shall amend the Articles of Association in accordance with the resolutions of the shareholders' general meeting and the approval opinions of the competent authority.

The Company shall amend the Articles of Association under one of the following circumstances:

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

**Article 211** Any amendment to the Articles of Association involving anything set out in the Mandatory Provisions shall become effective upon approval by the approval authorities authorized by the State Council. If there is any change relating to the registered particulars of the Company, application shall be made for alteration of registration in accordance with the laws.

Where disclosure of the revision of the Articles of Association is required under laws and regulations, it shall be announced in accordance with the relevant provisions.

## Chapter XXIII Notices

**Article 212** The Company's notices may be delivered by the following means:

- (1) by personal delivery;
- (2) by mail;
- (3) by facsimile or email;
- (4) by publication on the website of the Company and websites designated by the Hong Kong Stock Exchange, to the extent permitted under the laws and regulations and the listing rules of the stock exchange in the place where the Company's shares are listed;
- (5) by public announcement;
- (6) by other ways as agreed in advance by the Company or the addressee or as accepted by the addressee after the notice is received;
- (7) by any other means as accepted by relevant regulatory authority in the place where the Company's shares are listed or as prescribed in the Articles of Association.

Unless otherwise required by the Articles of Association, if the notices to the holders of overseas-listed foreign-invested shares are issued by way of announcement, any ready-to-publish electronic copy of such notices shall be submitted through HKEx-EPS to the Hong Kong Stock Exchange for publication on its website on the same day in accordance with the local listing rules. The announcement shall meanwhile be published on the Company's website, so that the shareholders would have enough time to exercise his right or act in accordance with the notice.

Holders of overseas-listed foreign-invested shares may by notice in writing choose to receive corporate communications that shall be dispatched by the Company to shareholders by electronic means or by mail and shall also specify whether they wish to receive the English version, the Chinese version, or both the English and Chinese versions. Holders of overseas-listed foreign-invested shares may by reasonable notice in writing served on the Company to change their choice as to the manner of receiving and language version of the aforesaid corporate communications. The corporate communications to be received by electronic means shall be viewed or downloaded from the Company's website; those to be received by mail shall be sent to the holders of the overseas-listed foreign-invested shares by hand or by pre-paid mail to their addresses as shown in the register of shareholders.

**Article 213** Where a notice is delivered by mail, it shall be deemed as having been delivered to the extent that the envelope is properly addressed, the postage is prepaid, the notice is contained in the envelope and the envelope which contains the notice is put into the post box. The notice shall be deemed as having been received after 48 hours upon the delivery.

The notice for holders of domestic shares shall be published in one or more media designated by competent authorities such as the securities regulatory authorities of the State Council. Once such an announcement is made, all holders of the domestic shares shall be deemed to have received the relevant notice.

**Article 214** Notwithstanding the aforesaid provision which specifies providing and/or dispatching written corporate communication to shareholders, for the purpose of the means by which the Company provides and/or dispatches its corporate communication to shareholders according to the Hong Kong Listing Rules, if the Company has obtained shareholders' prior written consent or deemed consent according to the relevant laws and regulations and the Hong Kong Listing Rules as amended from time to time, the Company may dispatch or provide corporate communication to its shareholders by electronic means or via its website. Corporate communication includes but not limited to circulars, annual reports, interim reports, quarterly reports, notices of the general meetings, and other types of corporate communication as specified in the Hong Kong Listing Rules.

## Chapter XXIV Settlement of Disputes

**Article 215** The Company shall settle disputes according to the following principles:

- (1) Whenever any disputes or claims arise between (i) the Company and its directors, supervisors or senior management members; and (ii) holders of the overseas-listed foreign-invested shares and the Company, holders of the overseas-listed foreign-invested shares and the Company's directors, supervisors, general manager or other senior management members, or holders of the overseas-listed foreign-invested shares and holders of domestic shares, in respect of rights or obligations arising from contracts of directors/supervisors/senior management members, the Articles of Association, the Company Law or rights or obligations conferred or imposed by any other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

Where the aforesaid disputes or claims of rights is referred to arbitration, the entire claims or disputes must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the disputes or claims or whose participation is necessary for the resolution of such disputes or claims, shall, where such person is the Company or the Company's shareholders, directors, supervisors, general manager or senior management members, comply with the decisions made in the arbitration.

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

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

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

- (3) If any disputes or claims prescribed in subparagraph (1) of this article are referred to arbitration, the laws of the People's Republic of China shall apply, save as otherwise provided in laws and administrative regulations.
- (4) The award of an arbitration body shall be final and conclusive and binding on all parties.
- (5) The agreement to settling disputes of this Article is reached by directors, supervisors or senior management members with the Company on its own behalf and on behalf of each shareholder.
- (6) Any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award.

## Chapter XXV Supplementary Provisions

**Article 216** In the Articles of Association, the meaning of “not less than”, “within”, “not more than” includes the underlying number, while “more than”, “less than”, “beyond” does not include the underlying number.

**Article 217** Senior management members referred to in the Articles of Association include the general manager, deputy general managers, chief accountant, chief engineer, secretary of the Board and other senior management members appointed by the Board. References to “general manager”, “deputy general managers” and “chief accountant” in the Articles of Association are to “manager”, “vice manager” and “financial controller” in the Company Law.

**Article 218** In the Articles of Association, the meaning of an accounting firm is the same as that of “auditors”.

The Articles of Association are written in Chinese. Whenever difference in meaning arises between the Articles of Association and the Articles of Association in other languages or inconsistencies in the meaning arise among different versions of the Articles of Association, the latest Chinese version approved/filed with competent authorities of industry and commerce administration shall prevail. The Articles of Association shall be interpreted by Board. Any matters not covered in the Articles of Association shall be proposed by the Board at the general meeting for approval.