

**BAIC MOTOR CORPORATION LIMITED\***  
**(A joint stock company incorporated in the People's Republic of  
China with limited liability)**

**Articles of Association**

**(Adopted at the first extraordinary general meeting for 2014  
on April 24, 2014)**

\* *For identification purpose only.*

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NOTE: In the margin notes to the provisions of these Articles of Association, the “**Company Law**” refers to The Company Law of the People’s Republic of China (as amended in 2005), the “**Mandatory Provisions**” refer 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 Amendment**” refers to the “Circular Regarding Comments on the 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 CSRC and the Production System Department of the former State Commission for Restructuring the Economic System; the “**Guidelines on Articles**” refer to the Guidelines on Articles of Association of Listed Companies (as amended in 2006) (Zheng Jian Gong Si Zi [2006] No. 38); “**Main Board Listing Rules**” refer to Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; “**Appendix 3 to Main Board Listing Rules**” refers to the Appendix 3 to the Listing Rules issued by The Stock Exchange of Hong Kong Limited; “**Appendix 13D to the Listing Rules**” refers to Part D of Appendix 13 to the Listing Rules issued by The Stock Exchange of Hong Kong Limited.

# BAIC MOTOR CORPORATION LIMITED\*

## Articles of Association

### Chapter 1 General Provisions

**Article 1** These Articles of Association (“Articles”) 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 Provisions of the State Council on the Offshore Offering of Shares and Listing of Companies Limited By Shares (the “Special Provisions”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Letter Regarding Opinion on Supplementary Amendments to the Articles of Association of Companies to be Listed in Hong Kong, Guidelines on Articles of Association of Listed Companies (as amended in 2006), Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other relevant regulations, for the purpose of protecting the legitimate rights and interests of BAIC Motor Corporation Limited (the “Company”), its shareholders and creditors, and regulating the organization and activities of the Company.

Article 1 of  
Mandatory  
Provisions  
Guideline 1  
on Articles

**Article 2** The Company was a domestic invested joint stock limited company established in accordance with the Company Law and other applicable provisions of laws, regulations and regulatory documents. Since Daimler AG (“Daimler AG”) became a shareholder of the Company, the nature of the Company changed from a domestic invested joint stock limited company to a foreign invested joint stock limited company upon the approval of the competent authority in accordance with laws and regulations.

Article 1 of  
Mandatory  
Provisions  
Guideline 2  
on Articles

As approved by the Approval Document Jing Guo Zi [2010] No. 199 promulgated by State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality, the Company registered with Beijing Administration for Industry and Commerce and obtained a business license on September 20, 2010. The code of the business license of the Company is 110000013242002.

The promoters of the Company are Beijing Automotive Group Co., Ltd. (北京汽車集團有限公司) (formerly known as Beijing Automotive Industry Holding Co., Ltd. (北京汽車工業控股有限責任公司), “BAIC Group”), Beijing Shougang Co., Ltd. (北京首鋼股份有限公司) (“Shougang Limited”), Beijing State-Owned Assets Management Co., Ltd. (北京市國有資產經營有限責任公司) (“BSAM”), Modern Innovation Holding Co., Ltd. (現代創新控股有限公司) (“Modern Innovation”), Beijing State-owned Assets Management and Administration Center (北京國有資本經營管理中心) (“BSAMAC”) and Beijing Energy Investment Holding Co., Ltd. (北京能源投資(集團)有限公司) (“Beijing Energy Investment”).

**Article 3** Registered Chinese name of the Company: 北京汽車股份有限公司

Article 2 of  
Mandatory  
Provisions

Registered English name of the Company: BAIC Motor Corporation Limited

Guideline 4  
on Articles

\* For identification purpose only.

**Article 4** Domicile of the Company: The fifth building, Block 25 Shuntong Road, Shunyi District, Beijing 101300, China  
Telephone: (010) 56636000  
Fax: (010) 56635898

Article 3 of  
Mandatory  
Provisions

Guideline 5  
on Articles

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

Article 4 of  
Mandatory  
Provisions

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

Guideline 8  
on Articles  
Article 5 of  
Mandatory  
Provisions

The Company is an independent corporate legal person with independent legal person properties and entitlements to legal person properties. The Company is entitled to civil rights and is subject to civil responsibility pursuant to the laws.

Guideline 7  
on Articles

The capital of the Company shall be divided into shares and each share shall have equal value. The respective liability of the shareholders shall be limited to the shares held by them. The Company shall be held liable for its debts with all its assets.

Guideline 9  
on Articles

**Article 7** These Articles shall be passed at the general meeting of the Company by special resolution before becoming effective from the date on which the overseas listed foreign shares of the Company are listed on The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”) subject to approval of relevant authorities of the PRC and shall supersede the existing articles of association of the Company filed with the administration authorities for industry and commerce.

Article 6 of  
Mandatory  
Provisions

Once effective, these Articles shall constitute a legally binding document to regulate the organization and activities of the Company, the rights and obligations between the Company and shareholders and among the shareholders.

Guideline 10  
on Articles

**Article 8** These Articles is binding on the Company and its shareholders, directors, supervisors, president and other senior management, all of whom are entitled to claim rights regarding the affairs of the Company in accordance with these Articles.

Article 7 of  
Mandatory  
Provisions

According to these Articles, a shareholder may take legal action against the Company, other shareholders, the directors, supervisors, president and other senior management of the Company, and the Company may also take legal action against shareholders.

Guideline 10  
on Articles

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

Other senior management referred to in the preceding paragraph include vice president, secretary to the board of directors and chief financial officer.

Guideline 11  
on Articles

**Article 9** The Company may invest in other enterprises. However, the Company shall not be a capital contributor who is jointly liable for the debt of any enterprise in which the Company invests in, unless otherwise provided by laws.

Article 15  
of Company  
Law

Article 8 of  
Mandatory  
Provisions

## Chapter 2 Purposes and Scope of Business

**Article 10** The purposes of business of the Company are: to position itself as a first-class domestic and global automobile company with strong core competitiveness by consolidating its leading market position in terms of technology development, cost management and brand building through human resources management, resources integration, innovation and standardization of operation, with a focus on the research and development, manufacture and operation of passenger vehicles in an scientific approach according to the national development strategies and market demand of the automobile industry, and aiming to contribute to the revitalization of the automobile industry in China and maximize the values of the Company and returns of the shareholders, while protecting the legal interests of the shareholders and fulfilling its social responsibility.

Article 9 of  
Mandatory  
Provisions

Guideline 12  
on Articles

**Article 11** The scope of business of the Company shall be based on the items approved by the company registration authorities and business administration authorities.

Article 10 of  
Mandatory  
Provisions

The scope of business of the Company covers: manufacture and sales of automobiles (including sedan, light off-road vehicles, light and mini truck, multi-purposes passenger vehicle and specialty vehicle), manufacture and sales of internal combustion engines for vehicles, transmission and powertrain and components of automobiles, development of technologies (including new energy for automobiles), services, technical consultation and information consultation (excluding intermediary services), equipment installation and logistics and transportation of goods, and import and export of automobiles and components and related technologies of automobiles, except those commodities and technologies prohibited from operation, import and export according to the regulations of the state.

Guideline 13  
on Articles

The Company may adjust its scope and way of operation based on the changes in the market and the needs of business development. If the Company adjusts its scope and way of operation, it shall amend these Articles in accordance with the requirements herein and file the change of registration with the company registration authority. If the adjusted scope of business involves business restricted by the laws and regulations of China, such adjustments shall be subject to the approval of the competent authorities in accordance with laws.

## Chapter 3 Shares, Shares Transfer and Registered Capital

**Article 12** The Company shall have ordinary shares at all times. It may create other classes of shares subject to approval by the approval authorities under the State Council.

Article 11 of  
Mandatory  
Provisions

Section 9 of  
Appendix 3 to  
Main Board  
Listing Rules

**Article 13** The shares of the Company shall be represented by share certificates. All shares of the Company shall have a par value at RMB1 each.

Article 12 of  
Mandatory  
Provisions

For the purpose of the above paragraph, “RMB” means the legal currency of the People’s Republic of China.

Guideline 14  
on Articles

Guideline 16  
on Articles

**Article 14** Shares of the Company are issued on an open, fair and impartial basis and shares of same class shall have equal rights.

Section 9 of Appendix 3 to Main Board Listing Rules

The terms and price for an issue of shares in the same class shall be the same. Shares shall be subscribed for by any entities or individuals at the same price.

Guideline 15 on Articles

**Article 15** Subject to approval of the securities regulatory authority of the State Council, the Company may issue shares to domestic and foreign investors.

Article 13 of Mandatory Provisions

For the purpose of the preceding paragraph, “foreign investors” shall refer to investors from foreign countries, Hong Kong, Macau and Taiwan who subscribe for shares of the Company, and “domestic investors” shall refer to investors inside the People’s Republic of China, excluding the above-mentioned regions, who subscribe for shares of the Company.

**Article 16** 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 foreign investors for subscription in foreign currency shall be referred to as foreign shares. Foreign shares which are listed outside the PRC shall be referred to as overseas listed foreign shares.

Article 14 of Mandatory Provisions

Section 9 of Appendix 3 to Main Board Listing Rules

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 the foreign exchange administration authority of China and can be used for payment of the Company’s shares.

Overseas listed foreign shares issued by the Company and listed in Hong Kong shall be referred to as H shares. H shares refer to the shares approved to be listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), the par value of which are denominated in Renminbi, and are subscribed for and traded in Hong Kong dollars.

Upon approval of the securities regulatory authorities of the State Council, holders of domestic shares of the Company may transfer their shares to overseas investors for listing and dealing on overseas stock exchanges. The listing of transferred shares on overseas stock exchanges shall comply with the regulatory procedures, regulations and requirements of such overseas stock exchanges. The listing and dealing of the transferred shares on overseas stock exchanges is not subject to approval of class shareholders’ meetings.

**Article 17** Upon approval of the approval authorities, 5,000,000,000 ordinary shares were issued upon the establishment of the Company and were fully subscribed for by the promoters. The total number of ordinary shares of the Company increased to 5,616,000,000 after the issue of additional shares in 2012. The total number of ordinary shares of the Company increased to 6,381,818,182 after the issue of additional shares to Daimler AG in 2013.

Article 15 of Mandatory Provisions

Guideline 18 on Articles

**Article 18** Upon approval of the securities regulatory authority of the State Council, the Company may issue 1,213,520,000 overseas listed foreign shares (H shares). The state-owned shareholders may transfer to the National Council for Social Security Fund 121,352,500 state-owned shares upon the issue of overseas listed foreign shares of the Company in accordance with relevant requirements for reduction in holding of state-owned shares.

Article 16 of  
Mandatory  
Provisions

Guideline 19  
on Articles

Upon completion of the issue of overseas listed foreign shares, the share capital structure of the Company shall comprise 7,595,338,182 ordinary shares, including 5,494,647,500 domestic shares and 2,100,690,682 H shares.

Section 9 of  
Appendix 3 to  
Main Board  
Listing Rules

**Article 19** Upon approval by the securities regulatory authority of the State Council of the proposal for issue of overseas listed foreign shares and domestic shares, the board of directors of the Company may issue overseas listed foreign shares and domestic shares separately.

Article 17 of  
Mandatory  
Provisions

The Company may issue overseas listed foreign shares and domestic shares separately in accordance with the preceding paragraph within fifteen (15) months from the date of approval by the securities regulatory authority of the State Council.

**Article 20** The Company may issue overseas listed foreign shares and domestic shares subject to the maximum number of shares as determined in the issuance proposal. Shares shall be subscribed for in full in one issue. If shares cannot be fully subscribed for in one issue under special circumstances, the shares may be issued in separate issues subject to approval of the securities regulatory authority of the State Council.

Article 18 of  
Mandatory  
Provisions

**Article 21** The registered share capital of the Company is RMB6,381,818,182 before the issue of H shares. Upon completion of the issue of H shares, the registered share capital of the Company shall be RMB7,595,338,182.

Article 19 of  
Mandatory  
Provisions

**Article 22** The Company may, based on its requirements for operation and development, approve an increase of capital in accordance with these Articles.

Article 20 of  
Mandatory  
Provisions

The Company may increase its capital in the following manners:

Guideline 21  
on Articles

- (1) by open offer of new shares;
- (2) by private placing and/or rights issue of new shares;
- (3) by bonus issue to existing shareholders;
- (4) by converting capital reserves into share capital; or
- (5) other ways as permitted by laws and regulations and approval by the competent authorities of the State Council.

The increase of capital of the Company by issuing new shares shall, after being approved in accordance with these Articles, be conducted in accordance with the procedures stipulated by the relevant laws and regulations of the State.

After the increase or decrease of capital, the Company shall apply to the original industry and commerce administrative authority for registration of the change in registered capital and make an announcement.

**Article 23** Unless otherwise provided by laws and regulations, or required by the Hong Kong Stock Exchange, shares of the Company are freely transferable and are not subject to any lien.

**Article 24** The Company shall not accept its own shares as the subject matter of a pledge.

**Article 25** The shares of the Company held by promoters shall not be transferred within one year from the date of establishment of the Company. Shares in issue prior to the public offering of the Company shall not be transferred within one year from the date of listing of the shares on any stock exchange.

Directors, supervisors and senior management shall report to the Company their shareholdings in the Company and changes in their shareholdings. The shares transferred by them in a particular year during their term of office shall not exceed 25% of the total shares being held and the shares they held in the Company shall not be transferred within one year from the listing date of the shares and within half a year after their terms of office. The transfer restriction on H shares shall also be subject to the relevant requirements of the Main Board Listing Rules of Hong Kong Stock Exchange.

**Article 26** If the directors, supervisors, senior management and shareholder holding 5% or more of the total shares of the Company sell his shares in the Company within six months of the purchase, or purchase the shares again within six months of the sale, the profit thus made shall be attributable to the Company and the board of directors shall collect all such profits. The transfer restriction on H shares shall also be subject to the relevant requirements of the Main Board Listing Rules of Hong Kong Stock Exchange. If a securities company purchases unsold shares as an underwriter and becomes a holder of more than 5% of the shares, it shall not be subject to the six months' selling restriction.

If the board of directors fails to comply with the provisions of the preceding paragraph, the shareholders are entitled to demand the board of directors to do so within 30 days. The shareholders are entitled to file litigation at court in their own names for the interests of the Company if the board of directors fails to comply with the provisions within the said period.

If the board of directors fails to comply with paragraph (1) of this Article, the directors at fault shall assume joint and several liabilities in accordance with the laws.

Article 21 of  
Mandatory  
Provisions

Rule (2) of  
Section 1 of  
Appendix 3  
to Main  
Board Listing  
Rules

Guideline 27  
on Articles

Guideline 28  
on Articles

Guideline 29  
on Articles

Rule 19A.46  
of Main  
Board Listing  
Rules and  
Rule (2) of  
Section 1 of  
Appendix 3 to  
Main Board  
Listing Rules



## Chapter 4 Reduction of capital and repurchase of shares

**Article 27** Pursuant to the requirements of these Articles, the Company may reduce its registered capital in accordance with the Company Law and procedures provided by other relevant regulations and these Articles.

Article 22 of  
Mandatory  
Provisions  
Guideline 22  
on Articles

**Article 28** The Company shall prepare a balance sheet and an inventory of property when it reduces its registered capital.

Article 23 of  
Mandatory  
Provisions

The Company shall notify its creditors within ten days from the date of the Company's resolution on reduction of registered capital and shall publish an announcement in the newspaper recognised 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.

Guideline 176  
on Articles

Rule 19A.46  
of Main  
Board Listing  
Rules and  
Rule (1) of  
Section 7 of  
Appendix 3 to  
Main Board  
Listing Rules

The registered capital of the Company following the reduction of capital shall not fall below the minimum statutory requirement.

**Article 29** The Company may, subject to these Articles and approval of the relevant competent authority of the PRC, repurchase its issued shares under the following circumstances in accordance with legal procedures:

Article 24 of  
Mandatory  
Provisions

- (1) cancelling the shares for the purposes of reducing registered capital of the Company;
- (2) merging with any other companies holding the shares in the Company;
- (3) giving the shares to employees of the Company as a reward;
- (4) being requested to repurchase the shares of the Company by the shareholders who object to the resolutions adopted at general meeting concerning merger or division of the Company; and
- (5) other circumstances permitted by the laws and regulations.

Guideline 23  
on Articles

Save as aforementioned, the Company shall not trade in its shares.

**Article 30** The Company may repurchase its shares in any of the following ways after being approved by relevant competent authorities of the PRC:

Article 25 of  
Mandatory  
Provisions

- (1) making a repurchase offer to all shareholders on a pro rata basis;
- (2) repurchasing by means of public dealing on a stock exchange;
- (3) repurchasing by an off-market agreement; or
- (4) other methods permitted by relevant competent authorities of the State.

Guideline 24  
on Articles

**Article 31** Where the Company repurchases its shares by an off-market agreement, the prior approval of the general meeting shall be obtained in accordance with these Articles. The Company may terminate or amend the contracts entered into in the aforementioned ways or waive its rights under a contract entered into in the aforementioned ways.

Article 26 of  
Mandatory  
Provisions

A contract to repurchase shares referred to in the preceding paragraph includes (without limitation) an agreement to become obliged to repurchase and an acquisition of the right to repurchase shares of the Company.

The Company shall not assign a contract to repurchase its shares or the rights under a contract to repurchase its shares.

Rules (1) and  
(2) of  
Section 8 of  
Appendix 3  
to Main  
Board  
Listing  
Rules

For the redeemable shares which can be purchased by the Company, other than such purchases made through the market or by tender, the purchase price shall be limited to a certain single maximum price. If such purchases are made by tender, tenders shall be available to all shareholders alike.

**Article 32** Upon repurchase of shares in accordance with clause (1), (2) and (4) of Article 29 of these Articles, such portion of shares shall be cancelled within the prescribed period according to the laws and regulations, and the Company shall file an application for the registration of a change of its registered capital with the competent company registration authority and make relevant announcement. Shares repurchased pursuant to clause (3) of Article 29 shall not exceed the maximum ratio prescribed by laws and regulations. The fund to be used for repurchases shall be drawn out from profit after tax of the Company and transferred to employees within the prescribed period according to laws and regulations.

Article 27 of  
Mandatory  
Provisions

Guideline 25  
on Articles

Where the Company cancels any shares resulting from the repurchase, the Company shall file an application for the registration of a change of its registered capital with the competent company registration authority. The aggregate par value of the shares being cancelled shall be deducted from the Company's registered capital.

**Article 33** Unless the Company is in the course of liquidation, it shall comply with the following provisions when repurchasing its issued shares:

Article 28 of  
Mandatory  
Provisions

- (1) Where the Company repurchases its own shares at par value, payment shall be deducted from the book balance of distributable profits of the Company and the proceeds from the new share issue for the purpose of repurchasing the existing shares;
- (2) Where the Company repurchases shares of the Company at a price higher than the par value, the portion equivalent to the par value shall be deducted from the book balance of the distributable profits of the Company and the proceeds from the new share issue for the purpose of repurchasing the existing shares, and the premium shall be handled as follows:
  - (i) if the shares repurchased are issued at par value, the payment shall be deducted from the book balance of the distributable profits of the Company;

- (ii) if the shares repurchased were issued at a price higher than the par value, payment shall be deducted from the book balance of the distributable profits of the Company and the proceeds from the new share issue for the purpose of repurchasing the existing shares, provided that the amount deducted from the proceeds from the new share issue shall neither exceed the aggregate premium from the issue of the existing shares repurchased nor shall it exceed the amount (including the premiums from the new share issue) in the premium account or the capital reserve account at the repurchase.
- (3) Payments for the following purposes shall be made out of the Company's distributable profits:
- (i) acquisition of the right to repurchase shares of the Company;
  - (ii) modification of any contract to repurchase shares of the Company;
  - (iii) release of any of the Company's obligation under any contract for the repurchase of its shares.
- (4) After the total par value of the cancelled shares is deducted from the Company's registered capital in accordance with the relevant regulations, the amount deducted from the distributable profits for the repurchase of the shares at par value shall be included in the Company's premium account or capital reserve account.

## **Chapter 5 Financial assistance for the acquisition of shares in the Company**

**Article 34** The Company and its subsidiaries shall not, by any means at any time, provide any kind of financial assistance to a person who is acquiring or is proposing to acquire shares of the Company. The said acquirer of shares of the Company includes a person who directly or indirectly incurs any obligations due to the acquisition of shares of the Company.

Article 29 of  
Mandatory  
provisions  
Guideline 20  
Non Articles

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

This provision does not apply to the circumstances stated in Article 36 of these Articles.

**Article 35** The financial assistance referred to in this Chapter includes, but not limited to, the following means:

Article 30 of  
Mandatory  
Provisions

- (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 waive 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, or a change in the parties to, or the assignment of rights arising under, such loan or agreement;

- (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” referred to in this Chapter includes the incurring of obligations by the changing of the obligor’s financial position by way of contract or the making of an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or by any other means.

**Article 36** The following activities shall not be deemed to be activities as prohibited in Article 34: Article 31 of Mandatory Provisions

- (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 of giving the financial assistance is not for the acquisition of shares of the Company, or the giving of the financial assistance is an incidental part of a master plan 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 in registered capital, a repurchase of shares or a reorganization of the share capital structure of the Company effected in accordance with these Articles;
- (5) the provision of loans 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 the distributable profits of the Company); and
- (6) the provision of money by the Company for contributions to employee 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 the distributable profits of the Company).

## Chapter 6 Share certificates and register of shareholders

**Article 37** The shares of the Company shall be in registered form.

Article 32 of  
Mandatory  
Provisions

In addition to the information required by the Company Law and the Special Provisions, the share certificates of the Company shall also contain other information required by the stock exchange(s) on which its shares are listed.

Rule (1) of  
Section 1 of  
Appendix 3  
to Main  
Board  
Listing Rules

During the period when the H shares are listed on the Hong Kong Stock Exchange, the Company shall ensure that all of the title documents relating to the securities listed on the Hong Kong Stock Exchange (including the H share certificates) contain the following statements, and shall instruct and procure the share registrars not to register any subscription, purchase or transfer of share in the name of any individual holder unless and until he submits such properly executed forms to the share registrars which shall include the following statements:

Rule 19A.52  
of Main  
Board  
Listing Rules

- (1) the purchaser of the shares agrees with the Company and each shareholder, and the Company agrees with each shareholder, to observe and comply with the Company Law, the Special Provisions and other laws, regulations and these Articles.
- (2) the purchaser of the shares agrees with the Company, each shareholder, director, supervisor, president and other senior management of the Company, and the Company (for itself and on behalf of each director, supervisor, president and other senior management) agrees with each shareholder, to refer all disputes and claims arising from these Articles or any rights and obligations conferred or imposed by the Company Law and other relevant laws and regulations of China applicable to the Company relating to the affairs of the Company to arbitration in accordance with these Articles. Any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearing in open session and to publish its award. Such award shall be final and conclusive.
- (3) the purchaser of the shares agrees with the Company and each shareholder that the shares of the Company are freely transferable by the holder thereof.
- (4) the purchaser of the shares authorizes the Company to enter into a contract on his behalf with each of the directors, president and other senior management whereby such directors, president and senior management undertake to observe and comply with their obligations to the shareholders as stipulated in these Articles.

Rule (1) of  
Section 1 of  
Appendix 3  
to Main  
Board  
Listing Rules

Rule 19A.52  
of Main  
Board  
Listing Rules

**Article 38** The share certificates shall be signed by the legal representative. Where the stock exchange of the place where the shares of the Company are listed requires the share certificates to be signed by other senior management of the Company, the share certificates shall also be signed by such senior management. 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 of directors. The signatures of the chairman of the board of directors or other relevant senior management of the Company on the share certificates may also be in printed form.

Article 129  
of Company  
Law

Article 33 of  
Mandatory  
Provisions

Article 1  
of Letter of  
Opinions on  
Supplementary  
Amendment

Rule (1) of  
Section 2 of  
Appendix 3  
to Main  
Board  
Listing Rules

**Article 39** The Company shall keep a register of shareholders according to the evidence provided

**Article 40** The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authority of the State Council and overseas securities regulatory authorities, maintain its register of holders of overseas listed foreign shares outside the PRC and appoint overseas agent(s) to manage such register. The original copy of register of holders of H shares shall be maintained in Hong Kong.

Article 35 of  
Mandatory  
Provisions

Article 2  
of Letter of  
Opinions on  
Supplementary  
Amendment

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

Rule (b) of  
Section 1 of  
Appendix  
13D to  
Main Board  
Listing Rules

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

**Article 41** The Company shall maintain a complete register of shareholders.

Article 36 of  
Mandatory  
Provisions

The register of shareholders shall include the followings:

- (1) the register of shareholders maintained at the Company's domicile, other than those parts as described in clauses (2) and (3) of this article;
- (2) the register of shareholders in respect of the holders of overseas listed foreign shares of the Company maintained at the place of the overseas stock exchange where the shares are listed is located; and
- (3) the register of shareholders maintained at such other place as the board of directors may consider necessary for the purpose of listing of the Company's shares.

**Article 42** Different parts of the register of shareholders shall not overlap with 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.

Article 37 of  
Mandatory  
Provisions

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 43** All fully paid-up H shares can be freely transferred according to these Articles. However, the board of directors may refuse to recognise any instrument of transfer without giving any reasons, unless the following conditions are fulfilled:

Article 12  
of Letter of  
Opinions on  
Supplementary  
Amendment

- (1) a fee (for each instrument of transfer) of HK\$2.50 or such maximum fee as determined by the board of directors, but in any event no more than the maximum fee as stipulated from time to time by the Listing Rules of the Hong Kong Stock Exchange has been paid to the Company for registration of any instrument of transfer or any other document which is related to or will affect ownership of the shares;
- (2) the instrument of transfer only involves H shares;

Rules (1)  
and (2) of  
Section 1 of  
Appendix 3  
to Main  
Board  
Listing Rules

- (3) the stamp duty payable on the instrument of transfer has been paid in full;
- (4) the relevant share certificates and any evidences in relation to the right of the transferor to transfer such shares as reasonably requested by the board of directors have been provided;
- (5) if the shares are to be transferred to joint holders, the maximum number of registered joint holders shall not exceed four;
- (6) the Company does not have any lien on the relevant shares; and
- (7) no transfer of share shall be made to minors or persons of unsound mind or under other legal disability.

Rule (3) of  
Section 1 of  
Appendix 3  
to Main  
Board  
Listing Rules

In case the Company refuses to register the share transfer, the Company shall issue a notice on the refusal to register the share transfer to the transferor and the transferee within two months after the application for transfer is formally submitted.

**Article 44** All transfer of H shares shall be effected with a written instrument of transfer in general or ordinary format or such other format as acceptable to the board of directors (including the standard format of transfer or form of transfer as prescribed by the Hong Kong Stock Exchange from time to time), and such instrument of transfer may only be signed by hand or (in case the transferor or the transferee is a company) affixed with the company's seal. If the transferor or transferee is a recognized clearing house as defined by relevant laws of Hong Kong in force from time to time ("Recognized Clearing House") or its agent, the instrument of transfer may be signed by hand or in mechanically-printed form.

Rule (2) of  
Section 1 of  
Appendix 3  
to Main  
Board  
Listing Rules

All instruments of transfer shall be kept at the legal address of the Company or other addresses designated by the board of directors from time to time.

**Article 45** Transfers may not be entered in the register of shareholders within thirty days prior to the date of a general meeting or within five days prior to the record date set by the Company for the purpose of distribution of dividends.

Article 38 of  
Mandatory  
Provisions

**Article 46** When the Company intends to convene a general meeting, distribute dividends, liquidate and engage in other activities that involve determination of shareholdings, the board of directors shall appoint a record date for the registration of shareholdings, and shareholders whose names appear on the register of shareholders at the close of business of the record date shall be shareholders of the Company.

Article 39 of  
Mandatory  
Provisions  
Guideline 31  
on Article

**Article 47** 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 40 of  
Mandatory  
Provisions



**Article 48** 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 certificate (that is his “original certificate”) is lost, apply to the Company for a replacement share certificate in respect of such shares (“relevant shares”).

If a holder of the domestic shares has his share certificate lost and applies for a replacement, it shall be dealt with in accordance with the provisions of the Company Law.

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

Where a H shareholder has his share certificate lost, the issue of the replacement certificate to the holder of such 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 certificate.
- (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 of directors; the announcement shall be made at least once every 30 days in a period of 90 days.
- (4) prior to the publication of its announcement of intention to issue a replacement certificate, the Company shall deliver to the stock exchange where the Company is 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 such stock exchange. The announcement shall be exhibited at the premises of such 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 period referred to in items (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.

**Article 49** Where the Company issues a replacement certificate pursuant to these Articles, 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 that he is a bona fide purchaser) shall not be removed from the register of shareholders.

**Article 50** The Company shall not be liable for any damages sustained by any person for reason of the cancellation of the original certificate or the issuance of the replacement certificate, unless the claimant proves that the Company had acted fraudulently.

## Chapter 7 Rights and Obligations of Shareholders

**Article 51** A shareholder of the Company shall be a person who holds shares of the Company and whose name is registered in the register of shareholders of the Company.

A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and number of shares he holds. Shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations. The holders of domestic shares and H shares are shareholders of different classes. Shareholders of each class are entitled to the same rights in respect of dividend or any other distributions.

Where a shareholder of the Company is a legal person, its right shall be exercised by its legal representative or proxies on his behalf.

The Company shall not exercise any power against any person who fails to disclose any of his direct or indirect interest in the Company for the purpose of freezing or otherwise damaging the interest of such person as attached to shares.

**Article 52** The ordinary shareholders of the Company shall enjoy the following rights:

- (1) to obtain dividends and other distributions in proportion to the shareholdings;
- (2) to attend or appoint a proxy to attend general meetings and to vote thereat;
- (3) to carry out supervisory management over business operations of the Company, and to present proposals or to raise enquires;
- (4) to transfer, grant or pledge shares held by him/her in accordance with laws, regulations and provisions of these Articles;

(5) to obtain relevant information in accordance with the provisions of these Articles, including:

1. to obtain a copy of these Articles, subject to payment of the cost of such copy;
2. to inspect for free and copy, subject to payment of a reasonable charge:
  - (i) all parts of the register of shareholders;
  - (ii) personal particulars of each of our directors, supervisors, president and other senior management members, including:
    - (a) present name and alias and any former name and alias;
    - (b) principal residential address;
    - (c) nationality;
    - (d) primary and all other part-time occupations and positions;
    - (e) identification document and its number.
  - (iii) reports on the state of the issued share capital of the Company;
  - (iv) latest audited financial statements of the Company and reports of the board of directors, auditors and board of supervisors;
  - (v) special resolutions of general meetings of the Company;
  - (vi) reports showing 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 costs incurred by the Company for this purpose;
  - (vii) copy of the latest annual return filed with the State Administration for Industry & Commerce of the People's Republic of China or other authorities; and
  - (viii) minutes of general meetings.

Rule 19A.50  
of Main  
Board  
Listing Rules

The Company shall lodge documents (i) to (vii) aforementioned and any other applicable documents with the Company's Hong Kong address under the requirements of the Listing Rules, for the purpose of inspection by the public and holders of overseas-listed foreign Shares free of charge. Item (viii) shall be available to shareholders only.

Shareholders demanding inspection of the relevant information or copies of the materials mentioned above shall provide the Company with written documents indicating the class and number of shares they hold in the Company. After confirmation of the shareholder's identity, the Company shall provide such information based on the request of the shareholder.

Guideline 33  
on Articles  
Article 77 of  
Mandatory  
Provisions

- (6) to participate in the distribution of the residual assets of the Company in proportion to the number of shares held in the event of termination or liquidation of the Company;
- (7) to request the Company to repurchase its shares held by the dissident shareholders when they cast votes against the proposal for merger or division at the general meeting of the Company; and
- (8) other rights conferred by laws, regulations and these Articles.

**Article 53** In the event that any resolution of the general meeting or the board of directors violates any of the laws and regulations, the shareholders have the right to request the court to hold the relevant resolution as invalid. Guideline 34 on Articles

In the event that convening procedures or voting methods of the general meeting or meetings of the board of directors violate any of the laws, regulations or these Articles, or if the contents of the resolution violate these Articles, the shareholders may request the court to cancel the resolution within sixty days from the date on which the resolution is adopted.

**Article 54** Where the Company incurs losses as a result of directors' and senior management members' violation of the laws, regulations or these Articles in the course of performing their duties with the Company, shareholders individually or jointly holding 1% or more of the Company's shares for more than 180 consecutive days shall be entitled to request in writing the board of supervisors to initiate proceedings in the court. Where the Company incurs losses as a result of the board of supervisors' violation of any provision of laws, regulations or these Articles in the course of performing its duties with the Company, the shareholders shall be entitled to make a request in writing to the board of directors to initiate proceedings in the court. Guideline 35 on Articles

In the event that the board of supervisors or the board of directors 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 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 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 55** Shareholders may initiate proceedings in the court in the event that a director or a senior management member has violated the laws, regulations or these Articles, thereby infringing the interests of shareholders. Guideline 36 on Articles

**Article 56** The ordinary shareholders of the Company shall assume the following obligations:

Article 46 of  
Mandatory  
Provisions

- (1) to abide by these Articles;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) to be responsible for the Company to the extent of the shares they have subscribed for;
- (4) not to divest the shares unless required by the laws and regulations;
- (5) not to abuse their shareholders' rights to harm the interests of the Company or other shareholders; and not to abuse the independent legal person status of the Company and the limited liability of shareholders to harm the interests of any creditor of the Company;

Guideline 37  
on Articles

Shareholders of the Company who abuse their shareholder's rights and thereby cause loss on the Company or other shareholders shall be liable for indemnity according to the laws.

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, regulations and these Articles.

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

**Article 57** Shareholders holding 5% or more of the Company's shares carrying voting rights and who use the shares of the Company as pledge shall give written report to the Company on the date when such pledges are made.

Guideline 38  
on Articles

**Article 58** The controlling shareholder and the de facto controller of the Company shall not use their connected relationship to act in detriment to the interests of the Company. If they have violated relevant provisions and caused damage to the Company, they shall be liable for such damages.

Guideline 39  
on Articles

The controlling shareholder and the de facto controller of the Company shall have fiduciary duties towards the Company and its public shareholders. The controlling shareholder shall exercise its rights as a contributor in strict compliance with the laws. The controlling shareholder shall not take advantage of profit distribution, asset restructuring, foreign investment, possession of capital, lending and provision of guarantees to the detriment of the statutory interests of the Company and public shareholders and shall not make use of its controlling status against the interests of the Company and public shareholders.

**Article 59** In addition to obligations imposed by laws, regulations or required by the listing rules of the stock exchange on which the Company' shares are listed, a controlling shareholder (defined as below) shall not exercise his voting rights with respect to the following matters in detriment to the interests of all or some of the shareholders of the Company:

Article 47 of  
Mandatory  
Provisions

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

**Article 60** The term "controlling shareholder" referred to in the preceding article means a person who satisfies any one of the following conditions:

Article 48 of  
Mandatory  
Provisions

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

## Chapter 8 General Meeting

**Article 61** The general meeting is the organ of authority of a company, which exercises its functions and powers in accordance with laws.

Article 49 of  
Mandatory  
Provisions

**Article 62** The general meeting exercises the following functions and powers:

Article 50 of  
Mandatory  
Provisions

- (1) to decide on operational policies and investment plans of the Company;
- (2) to elect or remove the directors and supervisors who are not representatives of the employees, and to decide on matters relevant to remuneration of directors and supervisors;
- (3) to consider and approve reports of the board of directors;
- (4) to consider and approve reports of the board of supervisors;

Guideline 40  
on Articles

- (5) to consider and approve annual financial budgets and financial accounts of the Company;
- (6) to consider and approve proposals for profit distribution and for recovery of losses of the Company;
- (7) to decide on increase and reduction of the registered capital of the Company;
- (8) to decide on bond issuances of the Company;
- (9) to decide on merger, division, dissolution and liquidation of the Company and changes in the form of the Company;
- (10) to amend these Articles;
- (11) to decide on the appointment and dismissal of accounting firms which provide audit services for annual financial statements of the Company;
- (12) to consider and approve the guarantees as provided in Article 64;
- (13) to consider and approve the acquisition or disposals of material assets of the Company within a year exceeding 30% of the latest audited total assets for the year;
- (14) to consider and approve share option schemes;
- (15) to consider and approve pledge of assets, investments and entrusted wealth management of assets exceeding 50% of the latest audited net assets of the Company and connected transaction with an amount exceeding 20% of latest audited net assets of the Company;
- (16) to consider and approve the proposals submitted by shareholders holding 3% or more of the voting shares of the Company;
- (17) to consider and approve other matters required to be resolved by the general meeting by the laws, regulations, departmental rules or these Articles.

**Article 63** The Company shall not enter into any contract with any person other than the directors and senior management whereby such person undertakes the management and administration of the whole or any substantial part of the business of the Company except that the Company is in special circumstances such as crises, unless approval by way of special resolution is obtained in general meeting.

Article 51 of  
Mandatory  
Provisions  
Guideline 81  
on Articles

**Article 64** The provision of guarantees for a third party by the Company in the following circumstances shall be subject to the approval of the general meeting.

Guideline 41  
on Articles

- (1) any provision of guarantees where the total amount of external guarantees provided by the Company and its subsidiaries exceeds 50% of the latest audited net assets of the Company;

- (2) any provision of guarantees where the total amount of external guarantees provided the Company exceeds 30% of the latest audited total assets of the Company;
- (3) provision of guarantees to anyone whose debt-to-asset ratio exceeds 70%;
- (4) provision of a single guarantee with an amount exceeding 10% of the latest audited net assets;
- (5) provision of guarantees to any shareholder, de facto controller and their affiliated parties.

**Article 65** A general meeting shall either be an annual general meeting or an extraordinary general meeting. General meetings shall be convened by the board of directors. Annual general meetings are held once every year within six months from the end of the preceding financial year.

Article 52 of  
Mandatory  
Provisions  
Guideline 42  
on Articles

The board of directors shall convene an extraordinary general meeting within two months of the occurrence of any one of the followings:

Guideline 43  
on Articles

- (1) where the number of directors is less than the number stipulated in the Company Law or two-thirds of the number specified in these Articles;
- (2) where the unrecovered losses of the Company amount to one-third of its total share capital;
- (3) where shareholders who individually or jointly hold 10% or more of the issued and outstanding voting shares of the Company request in writing for the convening of an extraordinary general meeting;
- (4) whenever the board of directors deems necessary or the board of supervisors so requests; or
- (5) other circumstances specified in laws, regulations, departmental regulations or these Articles.

**Article 66** The location for holding a general meeting of the Company shall be the domicile of the Company in general. A venue shall be set aside for the convening of a physical general meeting. The Company will also enable shareholders to have access to the general meeting by other means as permitted by the listing rules of the place where the shares of the Company are listed. The shareholders that have participated in the meeting through access of any aforesaid means shall be deemed as having attended the meeting.

Guideline 44  
on Articles

**Article 67** When the Company convenes a general meeting, it shall issue a written notice within 45 days prior to the meeting informing all the registered shareholders of the matters to be considered at the meeting as well as the date and place of the meeting. Shareholders who intend to attend the general meeting shall, within 20 days prior to the meeting, deliver a written reply to the Company confirming attendance at the meeting.

Article 53 of  
Mandatory  
Provisions

Rule (2) of  
Section 7 of  
Appendix 3  
to Main  
Board  
Listing Rules

Regarding the calculation of the notice period, the date of the meeting shall not be included.

For notices given under this article, the date posted shall be the date of delivering the relevant notice to post office by the Company or the share registrar appointed by the Company.



**Article 68** In a general meeting of the Company, the board of directors, board of supervisors, half or more independent directors and shareholders individually or collectively holding more than 3% of the total shares of the Company are entitled to propose proposals to the Company.

Article 54 of  
Mandatory  
Provisions  
Guideline 53  
of Articles  
The Company  
Law

Shareholders individually or collectively holding 3% or more of the shares of the Company may submit any extraordinary proposals in writing to the convener of the meeting within 10 days prior to the date of the general meeting. The convener shall issue supplemental notice of general meeting containing the details of such extraordinary proposals within two days upon the receipt of the proposals. Where the convener decides not to include such proposal into the agenda of the general meeting, he shall give reasons and explain at the general meeting.

Save for provided above, the convener shall not amend the proposal stated in, or include any new proposals to, the notice of general meeting after the issue of the notice of general meeting.

The proposal shall carry specific subjects and matters to be resolved within the scope of authority of the general meeting and in compliance with the laws, regulations and these Articles.

**Article 69** The Company shall calculate the number of shares with voting rights represented by the shareholders planning to attend the general meeting in accordance with the written replies received 20 days before the meeting is convened. In the event that the number of shares with voting rights represented by the shareholders planning to attend reaches more than half of the total number of shares with voting rights, the Company may convene the general meeting. If this requirement is not met, the Company shall again inform the shareholders of the matters to be deliberated and the date and venue within 5 days in the form of an announcement before the general meeting may be convened. After making such announcement, the general meeting may be convened.

Article 55 of  
Mandatory  
Provisions

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

**Article 70** The notice of a general meeting shall meet the following criteria:

Article 56 of  
Mandatory  
Provisions

- (1) it shall be made in writing;
- (2) it shall specify the venue, date and time of the meeting;
- (3) it shall set out the matters to be considered at the meeting;
- (4) it shall 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 merge the Company with another, to repurchase shares, to restructure the share capital, or to reorganize the Company in any other way, the terms of the proposed transaction shall be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of the such proposal shall be properly explained;

- (5) it shall disclose the nature and degree of the material interest of any director, supervisor, the president and other senior management in the matters to be considered. In case that the impact of the matters to be considered on such director, supervisor, president and other senior management as a shareholder is different from that on other holders of the same class of shares, the difference shall be explained;
- (6) it shall set out the full text of any special resolution to be proposed at the meeting;
- (7) it shall contain a prominent written statement that a shareholder eligible for attending and voting is entitled to appoint one or more proxies to attend and vote on his/her behalf and that a proxy need not be a shareholder; and
- (8) it shall specify the delivery time and place of the authorization letter for proxy voting of the meeting.

**Article 71** Where the elections of director and supervisor will be discussed at the general meeting, the notices of the general meeting shall contain the details of the candidates of directors and supervisors including the following particulars: Guideline 56 on Articles

- (1) personal particulars such as education background, working experience and any part-time positions;
- (2) whether there is any connected relationship with the Company or the controlling shareholders and de facto controller of the Company;
- (3) their shareholding in the Company;
- (4) whether there are any penalties or punishments imposed by the China Securities Regulatory Commission and other related authorities or stock exchanges.

**Article 72** Notice of a general meeting shall be served on shareholders (whether or not entitled to vote at the general meeting) by personal delivery or prepaid mail to their addresses as shown in the register of shareholders. For the holders of domestic shares of the Company, notice of the meeting may be issued by way of public notice. Article 57 of Mandatory Provisions

The aforesaid public notice shall be published in one or more newspapers designated by the securities regulatory authorities of the State Council within the period between 45 days and 50 days before the date of the meeting. After the publication of such notice, the holders of domestic shares of the Company shall be deemed to have received the notice of the relevant general meeting.

For holders of H shares, subject to the compliance with the laws, regulations, the listing rules of the place where the shares of the Company are listed and these Articles, the notice of a general meeting, circular of shareholders and relevant documents may be published on the website of the Company and the Hong Kong Stock Exchange. Rules 2.07A (2A) of Main Board Listing Rules

**Article 73** 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 or any resolution adopted at that meeting.

Article 58 of  
Mandatory  
Provisions  
Guideline 169  
on Articles

**Article 74** All shareholders whose names appear on the register of members as at the record date or their proxy shall be entitled to attend the general meetings and exercise their voting rights in accordance with relevant laws, regulations and these Articles.

Article 59 of  
Mandatory  
Provisions  
Guideline 59  
on Articles

Any shareholder entitled to attend and vote at a general meeting shall be entitled to appoint one or more persons (whether a shareholder or not) as his/her proxy to attend and vote on his/her behalf. According to the appointment of the shareholder, a proxy so appointed shall:

- (1) have the same right as the shareholder to speak at the meeting;
- (2) have right to individually or jointly in demanding a poll; and
- (3) have the right to vote by hand or on a poll, but when more than one proxy has been appointed, the proxies only have the right to vote on a poll.

If the shareholder is an authorized clearing house or its agent as defined in the Securities and Futures (Clearing Houses) Ordinance of Hong Kong (Chapter 420 of the Laws of Hong Kong), such shareholder is entitled to appoint one or more persons as his proxy at any general meeting or any class meeting. If more than one person is appointed as proxy, the proxy forms shall state clearly the number of shares and the class of shares represented by each of the proxies. The proxy appointed may represent the authorized clearing house or its agent to exercise its rights as if such person is an individual shareholder of the Company.

Opinions of  
HKSCC

**Article 75** Shareholders shall appoint a proxy by written instrument which is signed by the appointer or his/her agent so authorized in writing, or if the appointer is a legal person, sealed by the stamp of the legal person or signed by its director or agent so officially authorized. Such instrument shall state clearly the number of shares represented by the proxy or, in case that more than one proxy is appointed, the instruments shall state clearly the number of shares represented by each of the proxies.

Article 60 of  
Mandatory  
Provisions  
Guideline 61  
on Articles  
Rule (2) of  
Section 11 of  
Appendix 3  
to Main  
Board  
Listing Rules

**Article 76** The instrument appointing a voting proxy shall be placed at the domicile of the Company or at such other place as specified in the notice of the meeting within 24 hours prior to the meeting at which the proxy is authorised to vote or within 24 hours prior to the specified time for the voting. Where the instrument is signed by another person authorised by the appointer, the power of attorney or other authorization document shall be notarised. The notarised power of attorney or other authorization document shall be placed together with the instrument appointing the voting proxy at the domicile of the Company or at such other place as specified in the notice of the meeting.

Article 61 of  
Mandatory  
Provisions  
Guideline 63  
on Articles

Where the appointer is a legal person, its legal representative or the person authorised by resolution of its board of directors or other decision-making body shall be entitled to attend the Company's general meeting as the representative of such legal person.

The Company has the right to request a proxy who attends the extraordinary general meeting on behalf of a shareholder to provide evidence of his/her identity.

If a shareholder which is a legal person appoints a proxy to attend a meeting on its behalf, the Company has the right to request such proxy to produce evidence of such shareholder's and his identity and the resolutions of such shareholder's board of directors or the power of attorney executed by other authority in respect of the appointment of the proxy.

**Article 77** Any form issued to a shareholder by the board of directors for use by him for appointing a proxy shall allow the shareholder to freely instruct the proxy to cast vote in favour of or against or to abstain from voting for each resolution at the meeting. Such letter of authorization shall contain a statement that in the absence of instructions by the shareholder, his proxy may vote as he thinks fit.

Article 62 of  
Mandatory  
Provisions  
Guideline 62  
on Articles  
Rule 11(1) of  
Appendix 3  
to Main  
Board  
Listing Rules

**Article 78** 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 letter of authorization 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 63 of  
Mandatory  
Provisions

**Article 79** The chairman of the meeting shall announce the number of shareholders and proxies present at the meeting and the total number of voting shares held by them before voting. The record of the meeting which states the number of shareholders and proxies present at the meeting and the total number of voting shares held by them shall prevail.

Guideline 71  
on Articles

**Article 80** The resolutions of the general meeting shall be classified as ordinary resolutions and special resolutions.

Article 64 of  
Mandatory  
Provisions

Ordinary resolutions put forward in the general meeting shall be adopted by more than half of shareholders (including their proxies) with voting rights attending the meeting.

Guideline 75  
on Articles

Special resolutions put forward in the general meeting shall be adopted by more than two-thirds of the shareholders (including their proxies) with voting rights attending the meeting.

**Article 81** A shareholder (including proxy), when voting at a general meeting, may exercise voting rights in accordance with the number of shares carrying the right to vote. Each share shall have one vote. The shares of the Company held by itself shall have no voting rights, and shall be excluded from the total number of voting votes at general meeting.

Article 65 of  
Mandatory  
Provisions  
Guideline  
78,79 on  
Articles

When a connected transaction is being considered at a general meeting, the connected shareholders shall abstain from voting and the number of voting shares represented by them shall be excluded from the total number of effective votes according to the listing rules of the stock exchange(s) on which the shares of the Company are listed.

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

Rule 14 of  
Appendix 3  
to Main  
Board  
Listing Rules

**Article 82** Unless otherwise stipulated by the applicable securities listing rules or other securities laws and regulations, or a poll is demanded before or after any vote by show of hands by the following persons, a resolution shall be decided on a show of hands at any general meeting:

Article 66 of  
Mandatory  
Provisions

- (1) the chairman of the meeting;
- (2) at least 2 shareholders entitled to vote or their proxies; or
- (3) one or more shareholders (including proxies) individually or jointly holding 10% or more of the voting shares represented by all shareholders present at the meeting.

Unless otherwise stipulated by the applicable securities listing rules or other securities laws and regulations or a poll is so demanded, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution at the meeting.

The demand for a poll may be withdrawn by the person who makes such demand.

**Article 83** 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 shall still be deemed to be a resolution of that meeting.

Article 67 of  
Mandatory  
Provisions

**Article 84** On a poll taken at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his votes in the same way.

Article 68 of  
Mandatory  
Provisions

**Article 85** In the case there is an equality of votes, whether the vote is taken by a show of hands or by poll, the chairman of the meeting is entitled to a casting vote.

Article 69 of  
Mandatory  
Provisions

**Article 86** The following resolutions shall be adopted as ordinary resolutions at a general meeting:

Article 70 of  
Mandatory  
Provisions

- (1) working reports of the board of directors and board of supervisors;
- (2) profit distribution proposals and plans for making up losses formulated by the board of directors;
- (3) election and dismissal of directors and shareholder representative supervisors, and their remuneration and payment method;
- (4) corporate policy and investment plans of the Company;
- (5) annual financial budgets, final accounts, balance sheets, profit and loss accounts and other financial statements of the Company;
- (6) other matters unless otherwise required to be adopted as special resolutions in accordance with the applicable laws and regulations or these Articles.

Guideline 76  
on Articles

**Article 87** The following resolutions shall be adopted as special resolutions at a general meeting: Article 71 of Mandatory Provisions

- (1) increase or reduction of share capital, repurchase of the Company's shares and issuance of shares of any class, warrants and other similar securities of the Company; Guideline 77 on Articles
- (2) issuance of debentures of the Company;
- (3) division, merger, dissolution, liquidation and changes to the form of the Company;
- (4) amendments to these Articles;
- (5) acquisition or disposal of major assets or provision of guarantee with the amount exceeding 30% of the Company's latest audited total assets within a year;
- (6) share option scheme;
- (7) other matters approved by ordinary resolution of the general meeting believing that they could materially affect the Company and need to be approved by special resolution.

**Article 88** An extraordinary general meeting may be convened upon the proposal of more than half of the independent directors submitted to the board of directors. The board of directors shall, in accordance with the laws, regulations and these Articles, furnish a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within 10 business days upon receipt of such proposal. Guideline 46 of Mandatory Provisions

If the board of directors agrees to convene an extraordinary general meeting, a notice of meeting shall be issued within 5 days after adopting the relevant resolution by the board of directors. If the board of directors does not agree to convene an extraordinary general meeting, reasons for such disagreement shall be given.

**Article 89** When shareholders or the board of supervisors request for the convening of an extraordinary general meeting or any class meeting, the following procedures shall be followed: Article 72 of Mandatory Provisions

- (1) Shareholder(s) who individually or jointly hold 10% or more of the shares carrying the right to vote at the meeting or the board of supervisors can request the board of directors to convene an extraordinary general meeting or class meeting by signing one or several copies of written request(s) in the same form and content, and stating the motions proposed. The board of directors shall convene the extraordinary general meeting or class meeting as specified in the request. The amount of shares referred to above shall be calculated as at the date of making the request. Article 101 of Company Law
- (2) If no notice of convening a general meeting was issued within 30 days after the board of directors receiving the abovementioned written request(s), the shareholders making the request(s) have the right to request the board of supervisors to convene an extraordinary general meeting or class meeting and shall make the request by way of a written request to the board of supervisors. The board of supervisors can convene a meeting by itself within 4 months after the Article 102 of Company Law

board of directors receiving the abovementioned written request(s). If the board of supervisors will not convene or preside over a meeting, the shareholders who individually or jointly hold 10% or more of the shares of the Company for more than 90 days consecutively may convene a meeting themselves and the procedures for convening such meeting shall follow the procedures of the general meeting convened by the board of directors.

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

**Article 90** All directors, supervisors and the secretary to the board of directors shall attend the general meeting, whereas the president and other senior management shall be present at the meeting. Guideline 66 on Articles

**Article 91** The chairman of the board of directors shall preside over the general meetings convened by the board of directors and in the failure of which, one director shall be designated by the chairman of the board of directors to preside over the meeting on his behalf. In the event that no such designation is made, one shareholder as elected from the attending shareholders may preside over the meeting. If, for any reason, the attending shareholders fail to elect one to be the chairman, the attending shareholder (or his proxy) who holds the most voting shares shall be the chairman. Article 73 of Mandatory Provisions  
Guideline 67 on Articles

The chairman of the board of supervisors shall preside over the general meetings convened by the board of supervisors at its sole discretion. In the event that the chairman of the board of supervisors is unable to or fails to fulfill the required obligations, the meeting may be presided over by a supervisor designated by the chairman of the board of supervisors on his behalf.

For the general meetings convened by shareholders, the conveners shall nominate a representative to preside over the meeting.

In the event that the chairman of the meeting violates the rules of procedures that results in the general meeting being unable to continue, upon approval by the shareholders representing more than half of the voting rights present at the meeting, a person may be elected to chair the general meeting and the meeting shall continue. If, for any reason, the shareholders fail to elect one to be the chairman, the attending shareholder (or his proxy) who holds the most voting shares shall be the chairman.

**Article 92** The rules of procedures of general meetings shall be formulated by the board of directors and approved by the general meeting. Guideline 68 on Articles

**Article 93** The chairman of the meeting shall be responsible for deciding whether a resolution has been adopted. His decision shall be final and shall be announced at the meeting and recorded in the minutes of meeting. Article 74 of Mandatory Provisions

**Article 94** The Company shall, on the premise of ensuring the lawfulness and validity of the general meeting, enable the shareholders to attend general meetings by various means. Guideline 80 on Articles

**Article 95** The list of candidates for directors and shareholder representative supervisors shall be submitted to the general meeting for voting in form of a resolution. Guideline 82 on Articles

**Article 96** The approach and procedures for nomination of candidates for directors and supervisors are as follows:

- (1) Shareholder(s) individually or jointly holding more than 3% of the total issued and outstanding voting shares of the Company may propose in writing to the general meeting for the nomination of candidates for non-employee representative directors and supervisors. However, the number of candidates proposed shall comply with these Articles, and shall not be more than the number to be elected. The aforesaid proposal of the shareholders should be served to the Company at least 14 business days before the date of the general meeting. Rule 13.70, 13.73 of Main Board Listing Rules
- (2) The list of candidates for directors and supervisors shall be proposed by the board of directors and the board of supervisors for the consideration of the board of directors and board of supervisors respectively, and the number of candidates to be proposed shall be within the number stipulated in these Articles. The list of candidates for directors and supervisors shall be submitted to the general meeting by way of a written proposal after being considered and adopted by the board of directors and board of supervisors.
- (3) The written notices for the intention to nominate a candidate for director or supervisor and the acceptance of nomination by such candidate and the written information of the nominated candidate shall be given to the Company no less than 14 business days prior to the date of the general meeting. The board of directors or board of supervisors shall provide shareholders with the biographical details and basic information of the candidates for directors and supervisors. Article 4 of Letter of Opinions on Amendment
- (4) The Company shall allow a notice period of no less than 7 days commencing from the day following the date of the notice of general meeting for the submission of the aforesaid notices and documents. Rule (4), (5) of Appendix 3 to Main Board Listing Rules
- (5) Voting for the election of each candidate for a director and supervisor shall be carried out separately in the general meeting.
- (6) Where there is a need to fill the casual vacancy of director or supervisor, the board of directors or board of supervisors shall submit a proposal to the general meeting for the election or change of a director or supervisor.

**Article 97** The general meeting shall vote on all resolutions individually. If there are various resolutions for a single matter, they shall be voted in the chronological order of the proposals being proposed. Except under special circumstance such as force majeure leading to the suspension of or inability to adopt resolutions at a general meeting, no resolution shall be set aside or left undecided at the general meeting. Guideline 83 on Articles

**Article 98** When a resolution motion is being considered at the general meeting, no change shall be made to the resolution, or the relevant change shall otherwise be deemed as a new resolution which may not be voted at such general meeting. Guideline 84 on Articles



**Article 99** The voting right of the same shares shall be exercised only either by on-site voting or other means of voting. In case of multiple voting by the same shares, only the first vote will be deemed as valid. Guideline 85 on Articles

**Article 100** Before a resolution is voted on at a general meeting, two representatives of the shareholders shall be elected as vote counters and scrutinisers. Any shareholder who is interested in the matter to be considered shall not participate in vote counting or scrutinising. Guideline 87 on Articles

When the shareholders are voting on the resolutions, auditors, H-Share registrar or external accountants qualified to service as auditors, and supervisors of the Company shall be the scrutinisers. Voting result shall be announced forthwith by the chairman of the meeting, and shall be recorded in the minutes of meeting. Rule 13.39(5) of Main Board Listing Rules

**Article 101** Shareholders present at the general meeting shall express their opinions on the resolutions put forward for voting in one of the following options: for, against, or abstain. Guideline 89 on Articles

Ballot papers that are left in blank, unduly completed or illegible or that have not been used are deemed as abstained from voting by the voters, and the voting results corresponding to the shares in their possession shall be treated as “Abstain”.

**Article 102** In the event that the chairman of the meeting has any doubt as to the result of a resolution put forward to the vote, he may have the votes counted. In the event that the chairman of the meeting fails to have the votes counted, any shareholder present in person or by proxy 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 voting result, and the chairman of the meeting shall have the votes counted immediately. Article 75 of Mandatory Provisions  
Guideline 90 on Articles

**Article 103** In the event that the votes are counted at the general meeting, the counting results shall be recorded in the minutes of the meeting. Article 76 of Mandatory Provisions

The minutes of the meeting together with the attendance book for shareholders’ signing and the proxy forms for proxies attending the meeting shall be kept at the domicile of the Company. The aforesaid minutes of meeting, attendance book for signature and proxy forms shall not be destroyed in 10 years. Guideline 73 on Articles

**Article 104** Copies of the minutes of the meeting shall be available for inspection during business hours of the Company by any shareholder free of charge. If a shareholder demands from the Company a copy of such minutes, the Company shall send a copy to him within 7 days after receipt of reasonable charges. Article 77 of Mandatory Provisions

**Article 105** Where a resolution for the election of directors or supervisions is adopted at the general meeting, the term of office of the newly-elected directors and supervisors shall commence at the time when such resolution is adopted. Guideline 93 on Articles

**Article 106** Where a resolution regarding distribution of cash dividends, bonus issue or conversion of capital common reserve into capital is adopted at the general meeting, such proposals shall be implemented by the Company within 3 months after the close of the general meeting. Guideline 94 on Articles

## Chapter 9 Special Procedures for Voting by Class Shareholders

**Article 107** Shareholders holding different classes of shares shall be class shareholders.

Article 78 of  
Mandatory  
Provisions

Class shareholders shall be entitled to the rights and assume obligations pursuant to the provisions of laws, administrative regulations and these Articles.

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

Section 10 of  
Appendix 3 to  
Main Board  
Listing Rules

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

**Article 108** Any variation or abrogation of the rights of any class shareholders proposed by the Company may only come into effect upon the adoption of a special resolution at a general meeting and approval by the affected class shareholders at a separate meeting convened in accordance with Articles 110 to 114.

Article 79 of  
Mandatory  
Provisions

**Article 109** The following circumstances shall be deemed to be a variation or abrogation of the rights of a certain class shareholders:

Article 80 of  
Mandatory  
Provisions

- (1) an increase or decrease in the number of shares of such class, or an increase or decrease in the number of shares of a class having voting or distribution rights or other privileges equal or superior to the shares of such class;
- (2) an exchange of all or part of the shares of such class into those of another class or a grant of a right to exchange all or part of the shares of another class into the shares of such class;
- (3) the removal or reduction of rights to accrued dividends or rights to cumulative dividends attached to shares of such class;
- (4) the reduction or removal of a dividend preference or a liquidation preference attached to shares of such class;
- (5) the addition, removal or reduction of conversion privileges, options, voting rights or transfer or pre-emptive rights attached to shares of such class, or rights to obtain securities of the Company;
- (6) the removal or reduction of rights attached to shares of such class to receive payments payable by the Company in particular currencies;
- (7) the creation of a new class of shares having voting or distribution rights or privileges equal or superior to those of the shares of such class;
- (8) the restriction of the transfer or ownership of the shares of such class or any addition to such restriction;

- (9) the issuance of rights to subscribe for, or convert into, shares of the Company of such class or another class;
- (10) to increase the rights or privileges of shares of other classes;
- (11) the restructuring of the Company where the proposed restructuring will result in different classes of Shareholders bearing different degrees of responsibility in respect of liability; and
- (12) the variation or abrogation of the provisions in these Articles.

**Article 110** Shareholders of the affected class, whether or not having the right to vote at general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning paragraphs (2) to (8), (11) and (12) of Article 109, but interested shareholder(s) shall not be entitled to vote at class meetings.

The interested shareholders referred to in the preceding paragraph have the following meanings:

- (1) In the case of a repurchase of its own shares by the Company by making offers to all shareholders on a same pro rata basis or through public dealing on a stock exchange in accordance with Article 30 of these Articles, “interested shareholder” shall refer to the controlling shareholder as defined in Article 60 of these Articles;
- (2) In the case of a repurchase of its own shares by the Company through an off-market agreement in accordance with the provisions of Article 30 of these Articles, “interested shareholder” shall refer to the shareholder to which the proposed agreement relates;
- (3) In the case of a restructuring of the Company, “interested shareholder” shall refer to a shareholder within a class who bears liabilities less than the proportion burden imposed on other shareholders of that class or who has interests different from those held by shareholders of the same class.

**Article 111** A resolution of a class meeting shall only be passed in accordance with Article 110 by shareholders present at the class meeting who represent more than two-thirds of voting rights.

**Article 112** Written notices of a class meeting convened by the Company shall be dispatched forty-five days prior to the date of the class meeting to all shareholders of such class whose names appear on the register of shareholders, specifying the matters to be considered and the date and venue of the meeting. Shareholders who intend to attend the meeting shall serve on the Company written replies of their intention to attend twenty days prior to the date of the meeting.

If the number of shares carrying voting rights at such meeting held by shareholders who intend to attend such meeting reaches more than one-half of the total number of shares of a class carrying voting rights at such meeting, the Company may convene such class meeting; if not, the Company shall further notify the shareholders by way of announcement within five days thereof specifying the matters to be considered and the date and venue of the meeting. After such announcement is given, the Company may then convene the class meeting.

**Article 113** Notice of class meetings needs only be served on shareholders entitled to vote thereat. Article 84 of Mandatory Provisions

Meetings of any class of Shareholders shall be conducted in a similar way as closely as possible to the provisions for general meetings of shareholders set out in these Articles. The provisions of these Articles relating to the holding of any meeting of shareholders shall apply to any class meeting.

**Article 114** In addition to holders of other class shares, holders of domestic shares and overseas listed foreign shares are deemed to be shareholders of different classes. Article 85 of Mandatory Provisions

The special procedures for voting by class shareholders shall not apply in the following circumstances: Rule (f) of Section 1 of Appendix 13D to Main Board Listing Rules

- (1) where the Company issues, upon approval by special resolution of its shareholders in general meeting, domestic shares and overseas listed foreign shares once every twelve months, either separately or concurrently, and the respective numbers of domestic shares and overseas listed foreign shares proposed to be issued do not exceed 20% of the respective numbers of the issued domestic shares and overseas listed foreign shares;
- (2) where the Company completes, within 15 months from the date on which approval is given by the securities regulatory authorities of the State Council, its plan (made at the time of its establishment) to issue domestic shares and foreign shares; or
- (3) where shares of the Company registered on our domestic share register may be transferred to overseas investors, and such transferred Shares may be listed or traded on an overseas stock exchange, subject to the approval of the securities authority of the State Council.

## Chapter 10 The Board of Directors

### Section 1 Directors

**Article 115** The Company shall have a board of directors which shall be accountable to the general meeting. The board of directors consists of 15 directors, including one chairman and five independent directors. Article 86 of Mandatory Provisions  
Guidelines 105 and 106 on Articles

**Article 116** Directors shall be elected at general meeting with a term of office of 3 years each. Upon maturity of the term of office, a director shall be eligible to offer himself for re-election. Rule 3.10A of Main Board Listing Rules  
Article 87 of Mandatory Provisions

The chairman of the board of directors shall be elected and removed by more than one-half of all directors. The term of office of the chairman shall be 3 years, renewable upon re-election. Guideline 111 on Articles

Directors are not required to hold shares of the Company.

**Article 117** A written notice of the intention to nominate a candidate of director and the acceptance of nomination shall be given to the Company no earlier than the date after the dispatch of the notice of the general meeting and no later than 14 business days prior to the date of such meeting. Article 4 of Letter of Opinions on Supplementary Amendment  
Rule 13.70, 13.73 of and Rules (4) and (5) of Section 4 of Appendix 3 to Main Board Listing Rules

**Article 118** A director may resign before the expiry of his/her term of office. The resigning director shall submit to the board of directors a written resignation. Guideline 100 on Articles

In case that the number of directors falls below the quorum as a result of the resignation of a director, the resignation of such director shall only take effect upon the election of a director in place of the leaving director. The remaining directors shall convene an extraordinary general meeting as soon as possible to elect a new director to fill the vacancy.

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

**Article 119** A director shall complete handover procedures with the board of directors upon his/her resignation or expiration of term of office. The fiduciary duties of a director to the Company and the shareholders do not necessarily cease upon termination of his/her term of office. The duty of confidence of a director in relation to trade secrets of the Company survives the termination of his/her tenure until such secrets become available to the public. Guideline 101 on Articles

**Article 120** No director shall represent the Company or the board of directors unless duly authorized by these Articles or the board of directors. When acting on his/her own behalf, insofar as a third party would reasonably believe that such director is acting on behalf of the Company or the board of directors, the director shall state his/her position and identity in advance. Guideline 102 on Articles

**Article 121** Any director who performs his/her duties in violation of laws, regulations or these Articles and causes damages to the Company shall be liable for compensation of such damages. Guideline 103 on Articles

**Article 122** Any director who has withdrawn from his/her office without authorization prior to the expiration of his/her term of office and causes damages to the Company shall be liable for compensation of such damages. Article 4 of Letter of Opinions on Supplementary Amendment

Subject to applicable laws and regulations, the general meeting may remove any director by ordinary resolution before the expiration of his/her term of office without prejudice to any claim for damages by such director pursuant to any contract. Rule (3) of Section 4 of Appendix 3 to Main Board Listing Rules

## Section 2 Board of Directors

**Article 123** The board of directors shall be accountable to the general meetings, and exercise the following powers: Article 88 of Mandatory Provisions

- (1) to convene and report its work to the general meetings; Guideline 105 on Articles
- (2) to implement resolutions of the general meeting; Guideline 107 on Articles
- (3) to decide on the business plans and investment plans of the Company;
- (4) to formulate the plans for annual financial budgets and final accounts of the Company;
- (5) to formulate the plans for profit distribution and making up losses of the Company;

- (6) to formulate proposals for the increase or reduction of registered capital and the issue of shares, debentures or other securities and the listing project of the Company;
- (7) to formulate plans for major acquisition, repurchase of the shares of the Company or the merger, division, dissolution or change of the nature of incorporation of the Company;
- (8) to decide on matters such as external investment, acquisition and disposal of assets, pledge of assets, external guarantee, bank facilities, entrusted wealth management and connected transactions, except those which shall be approved by the general meeting of the Company as prescribed by laws, regulations, ministerial rules or these Articles;
- (9) to decide on the establishment of the internal management organization of the Company;
- (10) to appoint or remove the president and secretary of the board of directors of the Company; to appoint or remove the senior management, such as the vice president and financial officer, of the Company pursuant to the nominations of the president and decide on their remuneration as well as reward and punishment;
- (11) to formulate the basic management system of the Company;
- (12) to prepare plans for amending these Articles;
- (13) to manage information disclosure matters of the Company;
- (14) to propose to the general meetings as to the appointment or change of the accounting firm for the auditing of annual financial statements of the Company and decide on its auditing fee;
- (15) to receive the work reports of the president of the Company and to review the work of the president;
- (16) to decide the establishment of special committees and their compositions;
- (17) to exercise other functions and powers conferred by the laws, regulations and the listing rules of the stock exchange on which the shares of the Company are listed, at general meetings and these Articles.

Resolutions relating to the above, with the exception of items (6), (7) and (12) above which shall be approved by more than two thirds of the directors, shall be approved by more than half of the directors.

**Article 124** The board of directors shall also be responsible for the followings:

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

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

**Article 125** The board of directors shall explain to the general meeting when a registered accounting firm issues an audit report with qualified opinions regarding the financial report of the Company.

Guideline 108  
on Articles

**Article 126** The board of directors shall formulate the rules of procedures of board meetings to ensure the implementation of the resolutions of the general meeting, its work efficiently and decision making in scientific manner. The rules of procedures shall be formulated by the board of directors and approved by the general meeting.

Guideline 109  
on Articles

**Article 127** Subject to the provisions of Articles 62 and 123, the following issues shall be considered and approved by the board of directors:

Guideline 110  
on Articles

- (1) any pledge of assets, external investment and entrusted wealth management with a transaction amount being less than 50% of the latest audited net assets of the Company;
- (2) external guarantees other than those required to be approved by the general meeting as provided in Article 64;
- (3) any connected transaction with a transaction amount being less than 20% of the latest audited net assets of the Company;
- (4) acquisition and disposal of significant assets of the Company within a year accounting for less than 30% of the latest audited total assets of the Company.

**Article 128** In cases where the expected value of fixed assets proposed for disposal by the board of directors, when aggregated with value of fixed assets disposed within four months before the proposed disposal, exceeds 33% of the fixed assets value set out in the latest balance sheet reviewed by the general meetings, the board of directors shall not dispose or consent to dispose such fixed assets without prior approval by the general meeting.

Article 89 of  
Mandatory  
Provisions

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

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

**Article 129** The chairman of the board of directors shall exercise the following powers:

Article 90 of  
Mandatory  
Provisions

- (1) to preside over general meetings and convene and preside over meetings of the board of directors;
- (2) to supervise and check on the implementation of the resolutions of the general meetings and the board of directors;
- (3) to sign the significant documents of the board of directors and other documents required to be signed by the legal representative of the Company;
- (4) to exercise certain powers of the board of directors in accordance with authorization of the board of directors during adjournment of the board meeting;
- (5) to sign the share certificates issued by the Company;
- (6) to organise the formulation of relevant systems and to coordinate the operation of the board of directors;
- (7) to exercise special powers of discretion and disposal regarding the Company’s affairs in compliance with the laws and regulations and in the interests of the Company in the event of wars and emergency caused by force majeure such as natural disasters, and to report to the board of directors and general meetings after exercising such powers;
- (8) to receive the work reports of the president, other senior management of the Company and the persons-in-charge of the invested enterprises of the Company;
- (9) the board of directors authorises the chairman of the board of directors to decide on the following issues:
  1. any pledge of assets and investment with a transaction amount being more than 1% but less than 3% of the latest audited net assets of the Company;
  2. any entrusted wealth management with a transaction amount being less than 3% of the latest audited net assets of the Company;

Guideline 112  
on Articles



3. any bank loan with an amount within the credit limit approved by the board of directors and being more than 10% of the latest audited net assets;
4. any donation with a single amount being less than RMB3 million and the total amount within a year being less than RMB10 million, and the total amount to the same receiver in the same year being less than RMB3 million;
5. acquisition and disposal of significant assets within a year with an amount of more than RMB50 million but less than 3% of the latest audited net assets of the Company;

(10) to approve resolutions or matters proposed by the president except those required to be approved by the board of directors or general meeting;

(11) to exercise other functions and powers conferred by the law, regulations, Articles of Association or the board of directors.

In respect of the functions and powers of the chairman authorized by the board of directors set out in clause (9) of this Article (except (i) matters related to annual operation plan, annual investment plan or investment plan formally approved by the general meeting or the board of directors or (ii) matter related to the daily operation of the Company or matters set out in item 3 and 4 of clause (9)), the chairman of the board of directors shall submit the resolutions for the consideration of the relevant special committee of the board of directors in accordance with these Articles and relevant procedure of special committee of the board of directors and shall make decision based on the audit opinion of such special committee of the board of directors.

Chairman of the board of directors shall submit to the board of directors a report on the matters within the scope of authorisation delegated by the board of directors in a proper way.

**Article 130** Should the chairman of the board of directors is unable or fails to exercise his duties or powers, a director elected by more than a half of the directors shall exercise such duties or powers. Guideline 113 on Articles

**Article 131** Meetings of the board of directors shall be held regularly at least four times in each year and shall be convened by the chairman of the board of directors. Article 91 of Mandatory Provisions

An extraordinary board meeting may be convened upon the proposal of chairman of the board of directors, shareholders individually or jointly holding more than one tenth of the total number of shares carrying voting rights of the Company, more than one third of the directors, more than a half of the independent directors, president or the board of supervisors. Chairman of the board of directors shall convene and chair the board meeting within 10 days after receiving such proposal. Guideline 114 and 115 on Articles Appendix 14A1.1, A1.3 to Main Board Listing Rules

**Article 132** The notice of board meeting shall be served to all directors, supervisors and president by means of facsimile or email fourteen days before the date of the meeting (for regular meeting) or by means of written notice five days before the date of the meeting (for extraordinary meeting). In case of emergency, such notice may be waived from the time and content requirement for the notice of an extraordinary board meeting set out in these Articles, provided that an explanation shall be made at the meeting by the convener. In avoidance of doubt, the notice of the extraordinary board meeting under emergency conditions shall be in compliance with the matters set out in clauses (1), (2) and (4) of Article 133 and contain reasonable and necessary information such as reason and resolutions of the relevant meeting.

Article 92 of  
Mandatory  
Provisions  
Guideline 116  
on Articles  
Appendix 14  
to Main  
Board  
Listing Rules

**Article 133** The notice of a board meeting shall include the following:

Guideline 117  
on Articles

- (1) date and place of the meeting;
- (2) duration of the meeting;
- (3) reasons of the meeting and proposals to be considered;
- (4) date of the notice;
- (5) the form of the meeting.

**Article 134** Quorum of a board meeting shall be more than half of all directors.

Article 93 of  
Mandatory  
Provisions

Each director shall have one vote. Resolutions adopted at the board meeting shall be approved by more than half of all directors.

Guideline 118  
on Articles

Where there are an equal number of votes for and against a particular resolution, the chairman shall be entitled to have a casting vote.

**Article 135** When a director and the enterprises involved in the resolutions of the board meeting have connected relations, such director shall not exercise his/her voting rights on such proposal nor can he/she exercise any voting rights on behalf of others directors. The meeting may be held if it is quorated by more than half of the unconnected directors. The resolutions of the board meeting shall be passed by more than half of unconnected directors. If the number of unconnected directors attending the board meeting is less than three, such matter shall be put forward to the general meeting for consideration.

Guideline 119  
on Articles

**Article 136** Resolutions of the board meetings shall be voted by poll. The board meeting shall be held on-site in principle. If necessary, under the premise of safeguarding full expression of opinions of the directors, the meeting may also be held by way of telecommunication such as teleconference and video conference or by way of written resolutions upon the consent of the convener, whose consent shall not be refused unreasonably. However, the number of meetings held by way of telecommunication such as teleconference or video conference shall be minimized. The specific requirement and way of voting of the meeting held by way of telecommunication or written resolution shall be in compliance with the procedures of meeting of the board of directors.

Guideline 120  
on Articles

Appendix  
14A1.7 to  
Main Board  
Listing Rules

If a substantial shareholder or a Director is deemed to have material conflict of interests in the matter to be considered by the Board of Directors, the matter shall be dealt with in a Board meeting rather than by a written resolution. Only the independent Directors who and whose associates have no material interest in the transaction shall be present at that Board meeting.

**Article 137** Directors shall attend a board meeting in person. If they are not able to attend the meeting due to certain reasons, they may authorise other directors in writing to attend the meeting on their behalf. A letter of authorization shall indicate the scope of authorization. Directors participating in the extraordinary board meeting by way of telecommunication such as teleconference and video conference shall be deemed as attending such meeting in person.

Article 94 of  
Mandatory  
Provisions  
Guideline 121  
on Articles

The appointed director attending the meeting shall exercise the rights of a director within the scope of authorization. If a director does not attend a meeting of the board of directors in person, and does not authorize any representatives to attend the meeting, he/she shall be deemed to have waived the voting right in the meeting.

**Article 138** The board of directors shall keep minutes of resolutions on matters discussed at meetings. The minutes shall be signed by the directors and the recorder present at the meeting. Custody period of minutes shall be ten years. The directors shall be liable for the resolutions of the board of directors. If a resolution of the board of directors violates the laws, regulations or these Articles and results in the Company sustaining serious losses, the directors participating in the resolution shall be liable to compensate the Company. However, if it can be proved 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.

Article 95 of  
Mandatory  
Provisions  
Guideline 122  
on Articles

**Article 139** The minutes of the board of directors shall consist of the following:

Guideline 123  
on Articles

- (1) the date and venue for the convention of meeting and name of person summoning the meeting;
- (2) the name of the director present and name of director being appointed to attend on the other's behalf;
- (3) the agenda;
- (4) the main point of director's speech;
- (5) the voting result of each agenda and the result (the result shall state the number of votes for and against).

**Article 140** Where necessary, the board of directors may establish relevant special committees such as the strategy committee, remuneration committee, audit committee and nomination committee to provide advice and suggestions for the material decisions of the board of directors and the exercise of duties by the chairman of the board of directors within the scope of authorization of the board of directors. The board of directors shall formulate separate terms of reference for each of the special committees of the board of directors to determine the composition, duties and procedures of meetings of such special committees.

### Section 3 Independent directors

**Article 141** The Company has established a system of independent directors. Independent directors refer to directors who do not take up any position in the Company other than serving as directors and do not have any connection with the Company and its substantial shareholders (for the purpose of this section only, substantial shareholders refer to shareholders who individually or jointly hold more than 5% of total voting shares of the Company) that is likely to affect their independent and objective judgment in compliance with the independent requirements of the listing rules of the place where the shares of the Company are listed.

Appendix  
14A.4.3 to  
Main Board  
Listing Rules  
Article 4 of  
Guidance  
on the  
Establishment  
of Independent  
Director  
System  
by Listed  
Companies

Independent directors shall be appointed for a term of 3 years, which is renewable upon re-election. However, the term of office of an independent director shall not exceed a total of 6 years, unless otherwise provided in relevant laws, regulations and the listing rules of the stock exchange on which the shares of the Company are listed.

**Article 142** Independent directors shall meet the following basic requirements:

- (1) possessing the qualifications as a director of a listed company according to the laws, regulations, the listing rules of the stock exchange on which the shares of the Company are listed and other related regulations;
- (2) having the independency as stipulated in the listing rules of the stock exchange on which the shares of the Company are listed;
- (3) having the basic knowledge in respect of the operations of listed companies, and familiarizing with the relevant laws, regulations, rules and regulations;
- (4) possessing more than 5 years' working experience in practising law, finance or the other experiences necessary for discharging the duties as an independent director.
- (5) other requirements as specified by these Articles.

Article 2 of  
Guidance  
on the  
Establishment  
of Independent  
Director  
System  
by Listed  
Companies

**Article 143** Independent directors may not be removed prior to the expiry of his/her term of office without justified reason. Where an independent director is removed from office prior to the expiry of his/her term of office, the Company shall disclose the matter as special disclosure.

Article 4 of  
Guidance  
on the  
Establishment  
of Independent  
Director  
System  
by Listed  
Companies

If an independent director fails to attend in person the board meetings for three consecutive times, the board of directors may propose the dismissal of such director at a general meeting.

**Article 144** As regard to the regulations on independent directors, if not provided in this section, the provisions of relevant laws, regulations, rules and listing rules of the stock exchange on which the shares of the Company are listed shall apply.

## Chapter 11 Secretary to the Board

**Article 145** The Company shall have one secretary of the board of directors. The secretary shall be a senior officer of the Company and accountable to the Company and the board of directors.

Article 96 of  
Mandatory  
Provisions

**Article 146** The secretary to the board of directors of the Company shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the board of directors. His/her primary responsibilities are as follows:

Article 97 of  
Mandatory  
Provisions

Guidelines  
on the Work  
of Secretary  
to Board of  
Directors  
of Overseas  
Listed  
Companies

- (1) to prepare and deliver reports and documents issued by the board of directors and general meetings as required by competent authorities;
- (2) to organize board meetings and general meetings, be responsible for recording of the meetings and keep meeting documents and records;
- (3) to handle information disclosure of the Company;
- (4) to ensure that individuals who are entitled to obtain relevant records and documents may access to them in time;
- (5) other duties as provided in these Articles.

**Article 147** A director or senior management of the Company other than the president and chief financial officer may also act as the secretary to the board of directors of the Company. Any accountant from accountancy firm or lawyer from law firm which has been appointed by the Company shall not act as the secretary to the board of directors.

Article 98 of  
Mandatory  
Provisions

Guidelines  
on the Work  
of Secretary  
to Board of  
Directors  
of Overseas  
Listed  
Companies

The secretary to the board of directors shall be nominated by the chairman of the board of directors and appointed or dismissed by the board of directors. Where the office of secretary is held concurrently by a director, and an act is required to be done by a director and a secretary separately, the person who holds the office of director and secretary shall not perform the act in a dual capacity.

## Chapter 12 President of the Company

**Article 148** The Company shall have one president, several vice presidents and one chief financial officer, all of whom shall be appointed by a majority vote of all directors. Article 99 of Mandatory Provisions  
Guideline 124 on Articles

The president, vice presidents, secretary to the board of directors and chief financial officer of the Company are senior management. The president and secretary to the board of directors shall be nominated by the chairman of the board of directors while vice presidents and chief financial officer shall be nominated by the president.

**Article 149** Any person who serves as an employee other than a director in the controlling shareholder or de facto controller of the Company may not serve as a senior management of the Company. Guideline 98 on Articles

**Article 150** The president shall be appointed for a term of 3 years, which is renewable upon re-election. Guideline 127 on Articles

**Article 151** The president shall be accountable to the board of directors and shall perform the following duties: Article 100 of Mandatory Provisions  
Guideline 128 on Articles

- (1) to be in charge of the production, operation and management of the Company and report to the board of directors;
- (2) to organize the implementation of resolutions of the board of directors, and annual business plans and investment plans of the Company;
- (3) to draft the plan for establishment of the internal management structure of the Company;
- (4) to draft the general management system of the Company;
- (5) to formulate the detailed rules and regulations of the Company;
- (6) to propose to the board of directors the appointment or dismissal of the vice presidents and chief financial officer of the Company;
- (7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors;
- (8) to decide the following matters according to the authorization of the board of directors:
  - i. pledge of assets with the amount of less than 1% of the latest audited net assets of the Company;
  - ii. investment with the amount of less than 1% of the latest audited net assets as part of the annual investment plan of the Company;
  - iii. bank loans with the amount of less than 10% of the latest audited net assets within the credit limit approved by the board of directors;

- iv. donations with the amount of less than RMB1 million each and RMB3 million in aggregate in a year and less than RMB1 million to a single recipient in a year;
- v. acquisition and sales of material assets of less than RMB50 million in a year.

(9) other duties conferred by these Articles or the board of directors.

When performing duties within the scope of authorization by the board of directors as set out in item (8) above, any decisions by the President shall be approved by the president's office and reported to the board of directors.

**Article 152** The president shall sit in at board meetings. The president who is not a director shall have no voting right at board meetings. Article 101 of Mandatory Provisions

**Article 153** The president shall formulate rules for his/her work which shall be implemented upon approval of the board of directors. Guideline 130 on Articles

The working rules of the president shall include the following:

- (1) conditions and procedures for the convention and participants of president meetings;
- (2) specific duties and work allocation of the president, vice presidents and chief financial officer;
- (3) scope of authorization regarding the use of funds and assets of the Company and the entering of material contracts, and the system for reporting to the board of directors and the board of supervisors;
- (4) other matters which the board of directors considers necessary.

**Article 154** The president shall comply with laws, regulations and these Articles when performing his/her duties and act honestly and diligently. Article 102 of Mandatory Provisions

**Article 155** The president may resign prior to the expiry of his/her term of office. The specific procedures and methods of resignation of the president shall be governed by his employment contract with the Company. Guideline 131 on Articles

## Chapter 13 Board of Supervisors

**Article 156** The Company shall establish a board of supervisors.

Article 103  
of Mandatory  
Provisions

**Article 157** The board of supervisors shall comprise seven supervisors, including four non-employee representative supervisors and three employee representative supervisors. Non-employee representative supervisors shall be elected and removed at the general meeting, while employee representatives shall be elected by the employees of the Company through the meeting of employee representatives, meeting of employees or other forms of democratic election.

Articles 104  
and 105 of  
Mandatory  
Provisions

Rule (d)(i)  
of Section 1  
of Appendix  
13D to  
Main Board  
Listing Rules

Article 5  
of Letter of  
Opinions on  
Supplementary  
Amendment

The terms of office of supervisors shall be three years, renewable upon re-election.

Guidelines  
137 and 143  
on Articles

The board of supervisors shall have one chairman, the election and removal of whom shall be passed by at least two-thirds of the members of the board of supervisors. Where the chairman of the board of supervisors is incapable of performing or fails to perform his/her duties, a supervisor elected by more than half of the supervisors shall convene and preside over the meeting of the board of supervisors.

**Article 158** If the term of office of a supervisor expires but re-election cannot be held immediately or if any supervisor resigns during his term of office so that the number of the board of supervisors falls short of the statutory minimum, the said supervisor shall continue to fulfill the duties as a supervisor pursuant to the laws, regulations and these Articles until a new supervisor is elected.

Guideline 138  
on Articles

**Article 159** The supervisors shall ensure the truthfulness, accuracy and completeness of the information disclosed by the Company.

Guideline 139  
on Articles

**Article 160** The supervisors shall not use their connected relationship to prejudice the interests of the Company and shall be liable for indemnity to any loss caused to the Company.

Guideline 141  
on Articles

**Article 161** Supervisor who violates any laws, regulations, departmental rules or these Articles during the course of performing his duties and causes losses to the Company shall be liable for making compensation for any loss caused to the Company.

Guideline 142  
on Articles

**Article 162** The directors, president and other senior management of the Company shall not act concurrently as supervisors.

Articles 106  
of Mandatory  
Provisions

Guideline 135  
on Articles

**Article 163** The board of supervisors shall hold at least two meetings each year, with at least one meeting held every six months, which are convened and presided over by the chairman of the board of supervisors. The supervisors may propose to convene extraordinary meetings of the board of supervisors. Where the chairman of the board of supervisors is incapable of performing or fails to perform his/her duties, a supervisor elected by not less than half of the supervisors shall convene and preside over the meeting of the board of supervisors.

Articles 107  
of Mandatory  
Provisions

Guideline 143  
on Articles

Guideline 145  
on Articles

Article 52  
of Company  
Law



**Article 164** The board of supervisors shall establish rules of procedures for the meeting of the board of supervisors specifying the formats of discussion and the voting procedure of the board of supervisors so as to ensure efficiency and scientific decision making in the board of supervisors. Guideline 144 on Articles

**Article 165** The board of supervisors shall exercise the following functions and powers in accordance with law: Article 108 of Mandatory Provisions

- (i) to review the regular reports of the Company formulated by the board of directors and provide written review opinion; Guideline 144 on Articles
- (ii) to supervise the finance of the Company,
- (iii) to supervise the directors and senior management in their performance of duties and to propose the removal of directors and senior management who have contravened any law, regulations, these Articles or resolutions of general meetings;
- (iv) to demand any director and senior management of the Company who acts in a manner which is harmful to the interests of the Company to rectify such behavior;
- (v) to propose to convene an extraordinary general meeting of the board of directors and to convene and preside over general meetings when the board of directors fails to perform such duty;
- (vi) to make proposals at a general meeting;
- (vii) to institute a lawsuit against the directors or senior management in accordance with the Company Law;
- (viii) to conduct investigations whenever unusual operation conditions of the Company arise and if necessary, to engage professional institutions such as firms of accountants and lawyers to assist in the investigations at the cost of the Company;
- (ix) other functions and powers conferred by the general meeting.

Supervisors shall be present at meetings of the board of directors.

**Article 166** Given for proper reasons, supervisors are entitled to demand the chairman of the board of supervisors for convening the extraordinary meeting of the supervisory board. Article 109 of Mandatory Provisions

A meeting of the board of supervisors shall not be conducted unless it is attended by more than two-thirds of the supervisors. Voting at the meeting board of supervisors shall be carried out by poll or by a show of hands and each supervisor shall have one vote. A supervisor shall attend meetings of the board of supervisors in person, or appoint in writing another supervisor to attend the meeting on his/her behalf due to his/her absence. The letter of authorization shall specify the extent of authorization. Article 6 of Letter of Opinions on Supplementary Amendment  
Rule (d)(ii) of Section 1 of Appendix 13D to Main Board Listing Rules

Both resolution at regular meetings and extraordinary meetings of the board of supervisors are resolution of meeting of the supervisory board, which shall be approved by the votes of at least two-thirds (including two-thirds) of members of the board of supervisors.

**Article 167** The board of supervisors shall record all matters considered at the meeting into the meeting minutes. Participating supervisors shall sign the meeting minutes for confirmation. Supervisors are entitled the right to make certain written explanations for the statements expressed at the meeting in the minutes. The meeting minutes of the board of supervisors shall be kept as corporate documents for at least 10 years. Guideline 147 on Articles

**Article 168** All reasonable expenses incurred in respect of the employment of professionals such as lawyers, certified public accountants or practicing auditors as are required by the board of supervisors in discharging its duties shall be borne by the Company. Article 110 of Mandatory Provisions Article 57 of Company Law

Reasonable expenses incurred by supervisors in attending meeting of the board of supervisors shall be borne by the Company. Such expenses shall include the travelling expenses from the place of domicile of the supervisors to the place of the meeting (if it is not at the place of domicile of the supervisors), catering and accommodation expenses during the meeting, rental of the venue and local transportation expenses.

**Article 169** Supervisors shall carry out their duties honestly and faithfully in accordance with the laws, regulations and these Articles. Article 111 of Mandatory Provisions

## **Chapter 14 Qualifications and Duties of the Directors, Supervisors, President and Other Senior Management of the Company**

**Article 170** A person may not serve as a director, supervisor, president, or any other senior management of the Company if any of the following circumstances applies: Article 112 of Mandatory Provisions

- (1) a person without legal or with restricted legal capacity; Guideline 95 on Articles
- (2) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence, or who has been deprived of his political rights due to offences committed, in each case where less than 5 years have elapsed since the date of the completion of implementation of such punishment or deprivation;
- (3) a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and is personally liable for the insolvency of such company or enterprise, where less than 3 years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise which had its business licence revoked and had been ordered to close down due to a violation of the law and who incurred personal liability, where less than 3 years has elapsed since the date of the revocation of the business license;
- (5) a person who has a relatively large amount of debts due and outstanding;
- (6) a person who is under criminal investigation or prosecution by a judicial organization for violation of the criminal law where said investigation or prosecution is not yet concluded;

- (7) a person who is not eligible for enterprise leadership according to laws and regulations;
- (8) a non-natural person;
- (9) a person who is convicted of the contravention of relevant securities regulations by a relevant competent authority, and such conviction involves fraud or dishonest behaviour, where less than 5 years has elapsed since the date of the conviction;
- (10) any other circumstances as prescribed by the relevant laws and regulations of the place where the Company's shares are listed.

Any person who serves as any roles apart from a director in the controlling shareholders or de facto controllers of the Company shall not act as a senior management of the Company.

**Article 171** The validity of an act of a director, president, and any other senior management on behalf of the Company is not, vis-a-vis a bona fide third party, affected by any irregularity in his office, election or any defect in his qualification.

Article 113  
of Mandatory  
Provisions

**Article 172** In addition to obligations imposed by laws, regulations or required by the stock exchanges on which the Company's shares are listed, each of the Company's directors, supervisors, president, and other senior management owes following duties to each shareholder, in the exercise of the functions and powers of the Company entrusted to him:

Article 114  
of Mandatory  
Provisions

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

**Article 173** Each of the Company's directors, supervisors, president, and other senior management owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Article 115  
of Mandatory  
Provisions  
Guideline 98  
on Articles

**Article 174** Each of the Company's directors, supervisors, president and other senior management shall carry out his duties in accordance with the principle of fiduciary and shall not put himself in a position where his duty and his interest may conflict. This principle applies to, among others, the discharge of the following obligations:

Article 116  
of Mandatory  
Provisions  
Guideline 97  
on Articles

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within the scope of his powers and not to exceed those powers;

- (3) to exercise the discretion vested in him personally and not to allow himself to act under the control of another and, unless permitted by laws, regulations or with the informed consent of shareholders given in 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) except in accordance with these Articles or with the informed consent of shareholders given in general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) without the informed consent of shareholders given in general meeting, not to use the Company's property for his own benefit by any means;
- (7) not to exploit his position to accept bribes or other illegal income or misappropriate or expropriate the Company's funds or property by any means, including (but not limited to) opportunities favourable for the Company;
- (8) without the informed consent of shareholders given in general meeting, not to accept commissions in connection with the Company's transactions;
- (9) to abide by these Articles, faithfully execute his official duties and protect the Company's interests, and not to exploit his position and power in the Company to advance his own private interests;
- (10) without the informed consent of shareholders given in general meeting, not to compete with the Company in any form, and not to abuse the connected relationship to prejudice the Company's interest;
- (11) not to misappropriate the Company's funds or to lend the Company's funds to others, not to open accounts in his own name or other names for the deposit of the Company's assets and not to provide a guarantee for the debts of any shareholder(s) of the Company or other individual(s) with the Company's assets; and
- (12) without the informed consent of shareholders in general meeting, not to disclose any confidential information relating to the Company acquired by him during his tenure and not to use such information in purposes other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental competent authorities is permitted if:
  - (i) disclosure is made under compulsion of law;
  - (ii) the interests of the public require disclosure;
  - (iii) the interests of the relevant director, supervisor, president, and other senior management require disclosure.

Any income received by any person mentioned in this Article from violating the provisions of this Article shall belong to the Company and any losses incurred by the Company shall be borne by such person.

**Article 175** Each director, supervisor, president, and other senior management of the Company shall not cause the following persons or institutions (“associates”) to do what he is prohibited from doing:

Article 117  
of Mandatory  
Provisions

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

**Article 176** The fiduciary duties of the directors, supervisors, president, and other senior management of the Company do not necessarily cease with the termination of their tenure. The duty of confidence in relation to trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period as fairness may require depending on the time lapse between the termination of tenure and the occurrence of the event concerned and the circumstances under which the relationships between them and the Company are terminated.

Article 118  
of Mandatory  
Provisions

**Article 177** Except for circumstances prescribed in Article 59 of these Articles, a director, supervisor, president, and other senior management of the Company may be relieved of liability for specific breaches of his duty by the informed consent of shareholders given at a general meeting.

Article 119  
of Mandatory  
Provisions

**Article 178** Where a director, supervisor, president, and other senior management 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 the contract, transaction or arrangement or proposal therefore is otherwise subject to the approval of the Board.

Article 120  
of Mandatory  
Provisions

A director shall not vote nor shall he be counted in the quorum on any board resolution approving any contract, transaction, arrangement or other relevant proposal in which he or any of his associates (as defined in the applicable rules governing the listing of securities coming into force from time to time) has a material interest.

Rule 14A.8,  
14A.52-54 of  
Main Board  
Listing Rules  
and Rule 4(1)  
of Appendix 3  
to Main  
Board  
Listing Rules

Unless the interested director, supervisor, president, and other senior management discloses his interests to the board of directors in accordance with the preceding paragraph of this Article and the contract, transaction or arrangement is approved by the board at a meeting in which the interested director, supervisor, president, and other senior management is not counted in the quorum and

refrains from voting, a contract, transaction or arrangement in which that director, supervisor, president, and other senior management is materially interested is voidable at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the interested director, president, and other senior management.

A director, supervisor, president, and other senior management of the Company shall be deemed to be interested in a contract, transaction or arrangement in which an associate or a related party of him is interested.

**Article 179** Where a director, supervisor, president, and other senior management of the Company gives to the board of directors 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 issue of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

Article 121  
of Mandatory  
Provisions

**Article 180** The Company shall not in any manner pay taxes for its directors, supervisors, president, and other senior management.

Article 122  
of Mandatory  
Provisions

**Article 181** The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with, the making of a loan to a director, supervisor, president, and other senior management of the Company or of the Company's parent company or any of their respective associates.

Article 123  
of Mandatory  
Provisions

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

- (1) the provision by the Company of a loan or a guarantee for a loan to a company which is a subsidiary of the Company;
- (2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds to any of its directors, supervisors, president, and other senior management 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) provided that the making of loans or providing guarantees forms part of the regular business of the Company, the Company may make a loan or provide a guarantee in connection with the making of a loan to any of the relevant directors, supervisors, president, and other senior management or their respective associates on normal commercial terms.

**Article 182** A loan made by the Company in breach of the above Article shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

Article 124  
of Mandatory  
Provisions

**Article 183** A loan guarantee provided by the Company in breach of clause 1 of Article 181 shall be unenforceable against the Company, except in the following circumstances:

Article 125  
of Mandatory  
Provisions

- (1) a loan advanced to an associate of any of the directors, supervisors, president, and other senior management of the Company or of the Company's parent company where the lender was not aware of the situation when the loan was made; or
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

**Article 184** 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 126  
of Mandatory  
Provisions

**Article 185** In addition to any rights and remedies provided by the laws and regulations, where a director, supervisor, president, and other senior management of the Company is in breach of his duties to the Company, the Company has a right to:

Article 127  
of Mandatory  
Provisions

- (1) claim damages from the director, supervisor, president, and other senior management 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 director, supervisor, president, and other senior management and any contract or transaction entered into by the Company with a third party, where such third party knows or should know that there is such a breach of duties by such director, supervisor, president, and other senior management;
- (3) demand the director, supervisor, president, and other senior management to surrender the profits made by him in breach of his duties;
- (4) recover any monies received by the director, supervisor, president, and other senior management which should have been otherwise received by the Company, including (but not limited to) commissions;
- (5) demand payment of the interest earned or which may have been earned by the director, supervisor, president, and other senior management on the monies that should have been paid to the Company; and
- (6) recover any property obtained by the director, supervisor, president or other senior management convicted of the breach of duty by legal proceedings.

**Article 186** The Company shall enter into a contract in writing with each director, supervisor and senior management of the Company, which shall at least contain the following provisions:

Rule 19A.54  
and 19A.55 of  
Main Board  
Listing Rules

- (1) the directors, supervisors and senior management shall undertake to the Company that they will comply with the Company Law, the Special Regulations, these Articles of the Company and other rules formulated by Hong Kong Stock Exchange, and agree that the Company shall have the right to take the remedial actions provided in these Articles, and that neither such contracts nor the positions of the directors, supervisors and senior management shall be transferred;

- (2) the directors, supervisors and senior management shall undertake to the Company that they will observe and fulfill their obligations to the shareholders provided in these Articles; and
- (3) the arbitration clause provided under Article 228 of these Articles.

**Article 187** The Company shall, with the prior approval of shareholders in general meeting, enter into a contract in writing with a director or supervisor wherein his emoluments are stipulated, including;

- (1) emoluments in respect of his service as director, supervisor or senior management of the Company;
- (2) emoluments in respect of his service as director, supervisor or senior management 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 or any of its subsidiaries; and
- (4) compensation for loss of office, or as consideration for or in connection with his retirement from office.

Except under a contract entered into in accordance with the foregoing, no proceedings may be brought by a director or supervisor against the Company for any benefits in respect of the matters mentioned in this Article.



## Chapter 15 Financial and Accounting System and Profit Distribution

**Article 189** The Company shall establish its financial and accounting system in accordance with the laws, regulations and PRC accounting standards formulated by the finance regulatory department of the State Council. Article 130 of Mandatory Provisions  
Guideline 149 on Articles

**Article 190** At the end of each fiscal year, the Company shall prepare a financial report which shall be examined and verified in the manner prescribed by law. Article 131 of Mandatory Provisions

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 191** The board of directors of the Company shall place before the shareholders at every annual general meeting such financial reports as are required by the laws, regulations or directives promulgated by local governments and competent authorities to be prepared by the Company. Article 132 of Mandatory Provisions

**Article 192** The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days before the date of every annual general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter. Article 133 of Mandatory Provisions

The Company shall send a copy of the financial report together with the balance sheet (including all annexes to the balance sheet as prescribed by the applicable laws), profit and loss account or income and expenditure statement, or summary financial report to each holder of overseas listed foreign shares by pre-paid mail at least 21 days before the convening of the annual general meeting. The address of the recipient shall be the registered address as shown on the register of shareholders. Article 7 of Letter of Opinions on Supplementary Amendment  
Rule 5 of Appendix 3 to Main Board Listing Rules

**Article 193** The Company shall prepare its financial statements in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the place where the Company's shares are listed overseas. In case of any material difference between the financial statements respectively in accordance with the two accounting standards, explanations shall be made in the notes to the financial statements. Distribution of the profit after tax for the relevant fiscal year shall be based on the lesser of the profit after tax as shown in the two sets of financial statements. Article 134 of Mandatory Provisions

**Article 194** The interim results or financial information announced or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the place where the Company's shares are listed overseas. Article 135 of Mandatory Provisions

**Article 195** The Company shall announce its financial reports twice in each fiscal year. Within 60 days following the end of the first six months of the fiscal year, the Company shall announce its interim financial report, and within 120 days following the fiscal year end, the annual financial report for the year shall be announced. Article 136 of Mandatory Provisions

**Article 196** The Company shall not keep accounts other than those provided by law. Any assets of the Company shall not be kept under any account opened in the name of any individual. Article 137 of Mandatory Provisions  
Guideline 151 on Articles

**Article 197** Capital reserve fund includes the following items:

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

**Article 198** When distributing the profit after tax for a year, the Company shall set aside 10% of its profit after tax for the statutory reserve fund. When the balance of the statutory reserve fund reaches 50% or more of the registered capital of the Company, no further allocations to the statutory reserve fund will be required.

Where the Company's statutory reserve fund is insufficient to make up losses of the Company for the preceding year, profits of the current year shall be applied to make up the losses before any allocation to the statutory reserve fund in accordance with the preceding paragraph.

After allocation to the statutory reserve fund, subject to the approval by a resolution of a general meeting, the profit after tax may also be appropriated to the discretionary reserve fund.

After making up of losses and appropriation to reserve funds, balance of the profit after tax shall be distributed to shareholders in proportion to their shareholdings, except where non-pro rata distribution is provided pursuant to these Articles.

Where the general meeting distributes the profits to shareholders before making up the losses and appropriation to reserve funds in breach of the provisions of the preceding paragraphs, the shareholders shall return to the Company such profits distributed in violation of the provisions.

Shares of the Company held by the Company shall not be entitled to any profit distribution.

**Article 199** The Company may distribute dividends in one or both of the following manners:

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

The Company shall maintain consistent and stable profit distribution policies as practicable and shall consider cash dividend as the first priority. The specific ratio of dividend to be distributed shall be resolved by the shareholders at the general meetings.

The Company shall calculate, declare and pay dividends and other amounts which are payable to holders of domestic shares in Renminbi within 3 months after the date of declaration. The Company shall calculate and declare dividends and other amount which are payable to holders of overseas listed foreign shares in Renminbi, and shall pay such amounts in foreign currency within 3 months after the date of declaration. The exchange rate shall be the average closing rate for the relevant foreign currency announced by the People's Bank of China 5 working days prior to the declaration of the dividend and other amounts. Payment in foreign currency to holders of overseas listed foreign shares shall be made in accordance with the relevant foreign exchange control regulations of China. The dividend distribution of the Company shall be implemented by the board of directors according to the authorization delegated by the general meeting through an ordinary resolution.

**Article 200** Any amount paid upon any shares before a call is made shall bear interest thereon. However, the shareholder is not entitled to any dividends of such pre-paid share capital declared subsequently.

Rule 3(1) of Appendix 3 to Main Board Listing Rules

**Article 201** The Company shall appoint receiving agents for the receipt of dividends distributed and other amounts payable by the Company in respect of the overseas listed foreign shares on behalf of the relevant holders.

Article 140 of Mandatory Provisions

Article 8 of Letter of Opinions on Supplementary Amendment Rule 1(c) of Appendix 13D to Main Board Listing Rules

The receiving agents appointed by the Company shall satisfy the relevant requirements of the laws and regulations of the stock exchange of the place where the Company's shares are listed.

Rule 3(2) of Appendix 3 to Main Board Listing Rules

The receiving agent appointed for the holders of overseas listed foreign shares listed on the Hong Kong Stock Exchange shall be a trust company registered according to the Trustee Ordinance of Hong Kong.

Rule 13(1) of Appendix 3 to Main Board Listing Rules

Subject to the relevant laws and regulations in China and requirements of the Hong Kong Stock Exchange, the Company may exercise its right to confiscate any unclaimed dividends, provided that such right may only be exercised after the expiry of the relevant time frame.

The Company shall have the right to terminate the issue of dividend coupons to holders of overseas listed foreign shares by post if the dividend coupons have not been claimed for two consecutive times. Nevertheless, the Company may exercise such right if the first dividend coupon has failed to reach the shareholder and has been returned.

When exercising the power to issue share warrants to the bearers, the Company shall not issue any new share warrant to replace the original warrant that has been lost unless the Company is satisfied beyond reasonable doubt that the original one has been destroyed.

The Company may sell the shares held by a holder of overseas listed foreign shares who is untraceable in such ways as the board of directors thinks fit, provided that the following conditions shall be complied with:

- (1) at least three dividends have been distributed in respect of such shares during the period of 12 years, and no dividend has been claimed by the shareholder during that period; and
- (2) after the expiry of the 12-year period, the Company shall make an announcement in one or more newspapers at the place where the shares of the Company are listed stating the Company's intention to sell the shares, and notify the stock exchange on which the shares of the Company are listed.

Rule 13(2) of Appendix 3 to Main Board Listing Rules

## Chapter 16 Appointment of a Accounting Firm

**Article 202** The Company shall appoint an independent firm of certified public accountants which is qualified under the relevant regulations of the State to audit the annual financial reports and other financial reports of the Company.

Article 141  
of Mandatory  
Provisions  
Guideline 158  
on Articles

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

If the inaugural meeting fails to exercise its aforesaid powers, those powers shall be exercised by the board of directors.

**Article 203** The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting at which the appointment is made until the conclusion of the next annual general meeting.

Article 142  
of Mandatory  
Provisions

**Article 204** The accounting firm appointed by the Company shall have the following rights:

Article 143  
of Mandatory  
Provisions

- (1) the right to inspect at any time the books, records and vouchers of the Company, and to require the directors, president and other senior management of the Company to provide any relevant information and explanation thereof;
- (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 performance of duties of such accounting firm; and
- (3) the right to attend general meetings and to receive all notices of, and other communications relating to, any general meeting which any shareholder is entitled to receive, and to be heard at any general meeting in relation to matters concerning its role as the accounting firm of the Company.

**Article 205** Before the convening of the general meeting, the board of directors may fill any casual vacancy in the office of the accounting firm but while there is still any such vacancy, the surviving or continuing firm, if any, may act.

Article 144  
of Mandatory  
Provisions

**Article 206** The shareholders in general meeting may, by ordinary resolution, remove an accounting firm before the expiration of its office, notwithstanding the stipulations in the contract between the Company and the firm, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.

Article 145  
of Mandatory  
Provisions  
Guideline 159  
on Articles

**Article 207** 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 an accounting firm appointed by the board of directors shall be determined by the board of directors.

Article 146  
of Mandatory  
Provisions  
Guideline 161  
on Articles

**Article 208** The Company's appointment, removal and non-reappointment of an accounting firm shall be resolved by shareholders in general meeting. The resolution of the general meeting shall be filed with the securities regulatory authority of the State Council.

Article 147  
of Mandatory  
Provisions

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

Article 9  
of Letter of  
Opinions on  
Supplementary  
Amendment

Rule 1(e)(i)  
of Appendix  
13D to  
Main Board  
Listing Rules

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

Leaving includes leaving by removal, resignation and retirement.

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

(i) in any notice given to shareholders about a resolution to be made, state the representations that has been made by the accounting firm which is about to leave; and

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

(3) If the firm's representations are not sent in accordance with paragraph (2) above, 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 relating to the expiry of its term of office;

(ii) any general meeting at which it is proposed to fill the vacancy caused by its removal; and

(iii) any general meeting convened on its resignation.

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

**Article 209** Prior to the removal or the non-reappointment of an accounting firm, notice of such removal or non-reappointment shall be given to the firm concerned and such firm shall be entitled to make representation at the general meeting. Where the accounting firm resigns from its post, it shall make clear to the general meeting whether there has been any impropriety on the part of the Company.

Article 148  
of Mandatory  
Provisions  
Guideline 162  
on Articles

- (1) Any accounting firm may resign from its office by depositing at the Company's legal residence a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following:
  - (i) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or
  - (ii) a statement of any matters of which an account should be given.
- (2) Where a notice is deposited under the paragraph (1) of this Article, the Company shall within 14 days send a copy of the notice to the competent authority. If the notice contains a representation referred to in paragraph (1) (ii) of this Article, a copy of such representation shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such representation to every holder of overseas listed foreign shares by prepaid post, and it shall be sent to the addresses recorded in the register of shareholders.
- (3) Where the notice of resignation of an accounting firm contains a statement of paragraph (1) (ii) of this Article of any matters of which an account should be given, the accounting firm may require the board of directors to convene a extraordinary general meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

Article 10  
of Letter of  
Amendment

Rule 1(e)(ii)  
of Appendix  
13D to Main  
Board  
Listing Rules

Rule 1(e)(iii)  
of Appendix  
13D to  
Main Board  
Listing Rules

Rule 1(e)(iv)  
of Appendix  
13D to  
Main Board  
Listing Rules

## **Chapter 17 Merger and Division of the Company**

**Article 210** The merger or division of the Company shall be proposed by the board of directors of the Company and shall be approved in accordance with the procedures stipulated in these Articles. Approval shall also be sought as required by law. Shareholders who oppose the proposed merger or division of the Company may demand the Company or the shareholders who consent to such plan to purchase their shares at a fair price. A special document containing the Company's resolution on the merger or division shall be prepared for inspection by the shareholders.

Article 149  
of Mandatory  
Provisions

The aforesaid document shall also be dispatched to holders of overseas listed foreign shares by mail.

**Article 211** The merger of the Company may take place by absorption or by the establishment of a new company.

Article 150  
of Mandatory  
Provisions

Guideline 171  
on Articles

In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days of the date of the Company's resolution on merger and shall make newspaper announcement within 30 days of the date of the Company's resolution on merger. The creditors may request the Company to make full repayment of their debts or to provide guarantees within 30 days from the date on which they receive the notification, or within 45 days from the date on which the announcement is made in case of those who have not received the notification.

After the merger, credits and liabilities of parties to the merger shall be taken over by the continuing company or the newly established company.

Guideline 173  
on Articles

**Article 212** When the Company is divided, its assets shall be split up accordingly.

Article 151  
of Mandatory  
Provisions

Guideline 172  
on Articles

In the event of a division of the Company, all the parties involved shall execute a division agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days of the date of the Company's resolution on division and shall make announcement in the newspaper accepted by the stock exchange on which the shares of the Company are listed within 30 days of the date of the Company's resolution on division.

The companies in existence after division shall have joint liability for the debts of the Company prior to division subject to the settlement agreement entered between the Company and its creditors before the division.

Guideline 175  
on Articles

**Article 213** When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the law; when the Company dissolves, the Company shall cancel its registration in accordance with the law; when a new company is established, its establishment shall be registered in accordance with the law.

Article 152  
of Mandatory  
Provisions

Guideline 177  
on Articles

## **Chapter 18 Dissolution and Liquidation of the Company**

**Article 214** The Company shall be dissolved and liquidation should be made in accordance with governing laws upon the occurrence of any of the following:

Article 153  
of Mandatory  
Provisions

Guideline 178  
on Articles

- (1) a resolution on dissolution is passed by shareholders at general meeting;
- (2) dissolution is necessary due to a merger or division of the Company;
- (3) the Company is declared bankrupt because of inability to repay debts due;
- (4) the business license of the Company is revoked, or the Company is ordered to close down or to be terminated;

(5) where the Company is in serious operation or management difficulties, and its continual existence will lead to substantial losses to the benefits of the shareholders and there are no other solutions to resolve the matters, the shareholders holding 10% or above of the total voting rights of the Company may seek the dissolution of the Company from the People's Court.

(6) other situations where the Company shall be dissolved in accordance with laws and regulations.

**Article 215** Where the Company is dissolved under paragraph (1) of the preceding Article, a liquidation committee shall be set up within 15 days, and its members shall be determined by ordinary resolution at a general meeting.

Article 154  
of Mandatory  
Provisions  
Guideline 180  
on Articles

Where the Company is dissolved under paragraph (3) or (5) of the preceding Article, the People's Court shall in accordance with the provisions of relevant laws organize the shareholders, relevant organizations and relevant professionals to establish a liquidation committee to proceed with the liquidation.

Where the Company is dissolved under paragraph (4) of the preceding Article, the relevant competent authority shall organize the shareholders, relevant organizations and professionals to establish a liquidation committee to proceed with the liquidation.

**Article 216** Where the Board proposes to liquidate the Company due to causes other than where the Company has declared that it is insolvent, the Board shall include a statement in its notice convening a general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation.

Article 155  
of Mandatory  
Provisions

Upon the passing of the resolution by the shareholders in general meeting for the liquidation of the Company, 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 receipts and payments, the business of the Company and the progress of the liquidation and to present a final report to the general meeting on completion of the liquidation.

**Article 217** The liquidation committee shall notify creditors within 10 days from the date of its establishment and publish newspaper announcements within 60 days. The creditors shall declare their rights to the liquidation committee within 30 days from the date on which they receive the notification, or within 45 days from the date on which the announcement is made in the event that such notification have not been received. Creditors' rights shall be registered by the liquidation committee in accordance with laws. During the period when creditors declare their rights, no settlement shall be made to the creditors by the liquidation committee.

Article 156  
of Mandatory  
Provisions

Article 186  
of Company  
Law



**Article 218** During the liquidation period, the liquidation committee shall exercise the following functions and duties:

Article 157  
of Mandatory  
Provisions

Guideline 181  
on Articles

Guideline 182  
on Articles

- (1) to ascertain the assets of the Company and separately prepare a balance sheet and an inventory of assets;
- (2) to notify creditors by sending notice or by making announcement;
- (3) to deal with and settle the outstanding business deals of the Company in relation to the liquidation;
- (4) to settle outstanding taxes and taxes arising from liquidation in full;
- (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 any civil proceedings.

**Article 219** After checking the assets of the Company and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit to the general meeting or the concerned competent authority for confirmation.

Article 158  
of Mandatory  
Provisions

Guideline 183  
on Articles

After a resolution on dissolution is passed by shareholders at a general meeting or the Company is declared bankrupt according to law or it is ordered to close down, no one is allowed to dispose of the assets of the Company without the permission of the liquidation committee.

The assets of the Company shall be applied in the following order: payment of the settlement expenses, salary of the staff members of the Company, social security insurance expense and the statutory compensations, outstanding taxes and debts of the Company.

Any surplus assets of the Company remaining after its debts have been repaid in accordance with the provisions of the preceding paragraph shall be distributed to its shareholders according to the class of shares and the proportion of shares held.

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

**Article 220** In the event of the liquidation of the Company owing to dissolution, if the liquidation committee, after ascertaining the assets of the Company and preparing a balance sheet and an inventory of assets, discovers that the assets of the Company are insufficient to repay its debts, it shall immediately apply to the People's Court for declaration of bankruptcy.

Article 159  
of Mandatory  
Provisions

Guideline 184  
on Articles

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

**Article 221** Following the completion of liquidation, the liquidation committee shall prepare a report on liquidation and a statement of the receipts and payments and the financial accounts for the period of the liquidation which shall be audited by PRC certified public accountants and then submitted to the general meeting or the concerned competent authorities for confirmation.

Article 160  
of Mandatory  
Provisions  
Guideline 185  
on Articles

The liquidation committee shall, within 30 days after the date of the general meeting or the affirmation from the concerned competent authorities, submit the aforementioned documents to the company registration authorities for cancellation of the registration of the Company and announces that the Company ceases to exist.

## **Chapter 19 Procedures for Amendment of the Articles of Association**

**Article 222** The Company may, pursuant to the laws, regulations and these Articles of Association, amend these Articles.

Article 161  
of Mandatory  
Provisions

**Article 223** Amendments to these Articles adopted by general meeting shall be approved by the competent authority and shall be registered in accordance with the laws if so required.

Article 162  
of Mandatory  
Provisions

Guideline 189  
on Articles

**Article 224** The Company shall amend these Articles under any of the following circumstances:

Guideline 188  
on Articles

- (1) any of these Articles are in conflict with the revised laws or regulations;
- (2) particulars of the Company recorded in these Articles change;
- (3) the general meeting has resolved to amend these Articles.

**Article 225** The board of directors shall amend these Articles in accordance with the resolutions of the general meeting and the approval of the competent authority.

Guideline 190  
on Articles

**Article 226** Amendments to these Articles shall be disclosed if so required by laws, regulations or the listing rules of the place on which the Company's shares are listed.

Guideline 191  
on Articles

## Chapter 20 Notice(s)

**Article 227** Unless otherwise specified in these Articles, if a notice is issued by the Company to the shareholders of overseas listed foreign shares by way of announcement, the Company shall on the same day submit an electronic version of such announcement to the Hong Kong Stock Exchange through the electronic publishing system of the Hong Kong Stock Exchange for immediate release on the website of the Hong Kong Stock Exchange in accordance with the requirements of the local listing rules. Such announcement shall also be published on the website of the Company at the same time. In addition, the notice shall be delivered to each of the registered addresses as set forth in the register of holders of overseas listed foreign shares by way of personal delivery or pre-paid mail so as to give the shareholders sufficient notice and time to exercise their rights or take any action in accordance with the terms of the notice.

Rules 7(1)  
and (3) of  
Appendix 3  
to Main  
Board  
Listing Rules

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

## Chapter 21 Settlement of Disputes

**Article 228** The Company shall settle disputes in the following manners:

- (1) Disputes or claims between (i) the Company and its directors or senior management; and (ii) holders of the overseas listed foreign shares and the Company, holders of the overseas listed foreign shares and the Company's directors, supervisors, president or other senior management, or holders of the overseas listed foreign shares and holders of domestic shares in relation to the rights or obligations concerning the affairs of the Company conferred or imposed by these Articles, the Company Law or any other relevant laws and regulations shall be settled by the relevant parties through arbitration.

Article 11  
of Letter of  
Opinions on  
Supplementary  
Amendment

Article 163  
of Mandatory  
Provisions

Where a dispute or claim is submitted for arbitration, the entire claim or dispute shall be submitted for arbitration and any person (being the Company or its shareholder, director, supervisor, president or other senior management) who has a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim shall abide by the arbitration.

Disputes in relation to the identification of shareholders and the register of shareholders need not be referred to arbitration.

- (2) A claimant may elect arbitration 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 arbitration 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 clause (1) above are referred to arbitration, the laws of the People's Republic of China shall apply, save as otherwise provided in laws and regulations.
- (4) The award of an arbitration body shall be final and conclusive and binding on all parties.

## Chapter 22 Supplementary Provisions

### Article 229 Definitions:

Guideline 192  
on Articles

- (1) A de facto controller refers to the person who is not a shareholder of the Company but is able to exercise control over the acts of the Company through an investment relationship, agreement or other arrangement.
- (2) Connected relationship refers to the relationship between the controlling shareholders, de facto controllers, directors, supervisors or senior management and enterprises under their direct or indirect control, and any other relationship that may lead to the transfer of any interests in the Company under the Listing Rules of the Hong Kong Stock Exchange. However, relationship between state-owned enterprises shall not be deemed as connected relationship solely because they are under common control of the government.
- (3) Connected transaction shall have the meaning ascribed to it under the Listing Rules of the Hong Kong Stock Exchange.
- (4) For the purpose of Articles 96 and 117 and other provisions in these Articles, a Business Day refers to a business day in both Hong Kong and China. A business day in Hong Kong refers to any day on which the Hong Kong Stock Exchange is open for the dealing in securities. A business day in China refers to any day on which banks in China are open for business to public and which is not a Saturday, Sunday or any other statutory public holiday set by the PRC government.

Rule 1.01 of  
Main Board  
Listing Rules

**Article 230** The reference of “senior management” in these Articles refers to president, vice president, secretary to the board of directors and financial officers of the Company. The references of “president”, “vice president” and “financial officers” in these Articles shall have the same meanings as “manager”, “vice manager” and “financial officers” under the Company Law.

Guideline 11  
on Articles

**Article 231** “Accounting firm” in these Articles shall have the same meaning as “auditors”.

Article 165  
of Mandatory  
Provisions

**Article 232** These Articles are written in Chinese. In case of any discrepancy between these Articles and the Articles of Association in any other languages or among different versions of these Articles, the latest Chinese version verified by and filed with the company registration authority shall prevail. In case of any discrepancy between the Chinese version and versions in any other language, the Chinese version shall prevail.

Guideline 194  
on Articles

**Article 233** For the purpose of these Articles, the terms “not less than”, “within” and “not more than” shall include the number itself, while the terms “more than” and “beyond” shall not include the number itself.

Guideline 195  
on Articles

**Article 234** The interpretation of these Articles shall be vested on the board of the Company.

Guideline 196  
on Articles