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**Articles of Association of  
Jilin Province Chuncheng Heating Company Limited\***

October 2019  
(Amended in May 2020 and February 2021)

\* *For identification purpose only*

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Note: within the marginal notes of these Articles of Association, “**Company Law**” represents the Company Law of the People’s Republic of China; “**Mandatory Provisions**” represent the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (Zheng Wei Fa [1994] No. 21) issued by the CSRC on August 27, 1994; “**Letter of Supplementary Opinions**” represents the Letter of the Opinion on the Supplemental Amendments to the Articles of Association of Companies to be Listed in Hong Kong (Zheng Jian Hai Han [1995] No. 1) jointly promulgated by the overseas listing department of the CSRC and the former production system department of the State Commission for Restructuring the Economic System on April 3, 1995; “**Opinions on Regulated Operation and In-depth Reform**” represent the “Opinions on Further Assistance in Regulated Operation and In- depth Reform of Companies Listed outside the PRC” (Guo Jing Mao Qi Gai [1999] No. 230) jointly promulgated by the former State Economic and Trade Commission and the CSRC on March 29, 1999; “**Main Board Listing Rules**” or “**HKEx Listing Rules**” or “**Hong Kong Listing Rules**” represent the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited; “**Appendix 3 to the Main Board Listing Rules**” represents Appendix 3 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited; “**Appendix 13D to the Main Board Listing Rules**” represents Part D of Appendix 13 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited; and “**Appendix 14 to the Main Board Listing Rules**” represents the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

# Articles of Association of Jilin Province Chuncheng Heating Company Limited

## Chapter 1 General Provisions

**Article 1** Jilin Province Chuncheng Heating Company Limited\* (the “**Company**”) is a joint stock company with limited liability established 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 Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (the “**Special Regulations**”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Letter of the Opinion on the Supplemental Amendments to the Articles of Association of Companies to be Listed in Hong Kong, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and other relevant laws, administrative regulations of the PRC.

The Company was established by the way of promotion on May 30, 2018 with the approval by the State-owned Assets Supervision and Administration Commission of Changchun Municipal People’s Government of Jilin Province and was registered with Changchun Administration Bureau for Industry and Commerce and obtained the business license on the same date.

The Unified Social Credit Code of the Company is 91220101MA14W03575.

The promoters of the Company are Changchun Heating Power (Group) Company Limited (長春市熱力(集團)有限責任公司) and Changchun State-owned Capital Investment Operation (Group) Co., Ltd. (長春市國有資本投資運營(集團)有限公司).

**Article 2** The Company’s registered names are:

Full name in Chinese: 吉林省春城熱力股份有限公司

Full name in English: Jilin Province Chuncheng Heating Company Limited\*

\* For identification purpose only

**Article 3** The Company's address: No. 28, Block B Nanhu Road Community (Hongcheng Xiyu), No. 998 Nanhu Road, Nanguan District, Changchun City, Jilin Province

Postal code: 130022

Tel: 0431-85231112

Fax: 0431-85231117

**Article 4** The legal representative of the Company is the chairman of the Board of Directors.

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

**Article 6** The Articles of Association, being the code of conduct for the Company, are passed by way of a special resolution at the shareholders' general meeting of the Company and shall become effective on the date when the overseas-listed foreign shares, permitted by the relevant departments of the PRC and the relevant regulatory authorities, are listed and traded on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**"). The Articles of Association supercede the articles of association previously filed with industry and commerce administration authorities. From the date of the Articles of Association becoming effective, the Articles of Association constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations between the Company and each shareholder and among the shareholders inter se.

**Article 7** The Articles of Association are binding on the Company and its shareholders, directors, supervisors and senior management officers of the Company; all of whom are entitled, according to the Articles of Association, to make claims in respect of rights concerning the matters of the Company.

Without prejudice to the provisions of Article 205 of the Articles of Association, pursuant to the Articles of Association, shareholders may institute legal proceedings against the Company; the Company may institute legal proceedings against shareholders; shareholders may institute legal proceedings against shareholders; and shareholders may institute legal proceedings against directors, supervisors and senior management officers of the Company.

"Legal proceedings" referred to in the preceding paragraph refers to any arbitration application submitted to the China International Economic and Trade Arbitration Commission.

**Article 8** The Company may invest in other limited liability companies, joint stock limited companies or other entities, and the Company's liabilities to an investee entity shall be limited to the amount of its capital contribution to such investee entity.

The Company shall not become a capital contributor that shall bear the joint and several liabilities for the debts of the entities it invests in, unless it is otherwise provided for by laws.

**Article 9** "Senior management officers" referred to in the Articles of Association include general manager, deputy general manager, financial controller (also known as chief financial officer), chief technical officer and secretary to the board of directors of the Company.

**Article 10** The Company establishes the organization of the Communist Party of China (hereinafter referred to as the "**Communist Party Committee**") in accordance with the Constitution of the Communist Party of China (hereinafter referred to as "**the Party Constitution**") and the Company Law to carry out the activities of the Party. The Communist Party Committee of the Company is an organic composition of the corporate governance structure of the Company, plays a core political role, maintains strategic directions, manages the overall situation and ensures effective implementation.

**Article 11** The Company insists on simultaneous planning of Party construction during its reforms and development, simultaneous establishment of Party organization and working organs, simultaneous allocation of person in charge of the Party organization and staff for Party affairs as well as simultaneous proceeding of Party work to realize the coordination with the system, mechanism, institution and work and to promote the Party organization to play a core political role in an organized, institutionalized and concrete way.

## **Chapter 2 Objectives and Scope of Business of the Company**

**Article 12** The objectives of the Company are to implement national industrial policies in according with national laws and administrative regulations; ensure the maintenance and appreciation of values of state-owned assets and improve the operational efficiency of state-owned assets.

The business scope of the Company includes: new energy technology development; heating production and supply; heating engineering design and installation services; contract energy management; sales of cables, electrical equipment, household appliances, flooring, floor tiles, thermostats and heating accessories (the businesses which are prohibited by the laws, regulations and decisions of State Council may not be operated, and the businesses subject to approval according to laws may not be operated until being approved by relevant authorities)\*\* The business scope referred to in the preceding paragraph shall be such items as audited by the relevant company registration authority.

The Company may, based on any changes in domestic and international markets, business development and its own capability, adjust its scope of business and handle relevant formalities of industry and commerce administration registration for such an adjustment according to relevant provisions.

## **Chapter 3 Shares and Registered Capital**

**Article 13** All shares issued by the Company are ordinary shares. Ordinary shares issued by the Company include domestic shares and foreign shares. Subject to the approval of the company approving department authorized by the State Council, the Company may, according to its requirements, create different classes of shares. In appropriate circumstances, the Company shall ensure enough voting rights for preferred shareholders.

If the Company creates other classes of shares, it shall specify the order of rights entitled to these different classes of shares in any distribution by dividend or other forms. If the share capital of the Company comprises shares without right to vote, names of these shares shall be added with the words “without right to vote”. If the share capital comprises shares attached with different rights to vote, names of each kind of shares (other than shares attached with the most preferential right to vote) shall be added with the words “with restricted right to vote” or “with limited right to vote”.

**Article 14** The share of the Company is in the form of stock. The shares issued by the Company shall each have a par value of RMB1.

Renminbi referred to in the preceding paragraph shall mean the lawful currency of the People’s Republic of China.

**Article 15** Shares of the Company shall be issued in a transparent, fair and equal manner and shall rank pari passu in all respects with the shares of the same class.

Each of the shares of the same class shall be issued under the same conditions and at the same price in each issuance, and the same price shall be paid for each of the shares subscribed for by any entity or individual.

Domestic shares and overseas-listed foreign shares issued by the Company are entitled to the same rights in any distribution in the form of dividend or any other forms. The Company shall not exercise any right to freeze or otherwise damage the rights attached to any shares directly or indirectly held by any person only on the ground that the said person has not disclosed his/her equity to the Company.

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

Foreign investors referred to in the preceding paragraph mean those investors who subscribe for the Company's shares and who are located in foreign countries and in the regions of Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan. Domestic investors mean those investors who subscribe for the Company's shares and who are located within the territory of the People's Republic of China excluding the regions mentioned above.

**Article 17** Shares which the Company issues to domestic investors for subscription in Renminbi shall be referred to as domestic shares. Shares which the Company issues to foreign investors for subscription in foreign currencies shall be referred to as foreign shares. Foreign shares which are listed overseas are called overseas-listed foreign shares. Foreign shares listed overseas are called overseas listed foreign shares. The Board of the Company may make arrangements for separate issuance of domestic shares and overseas listed foreign shares in accordance with the issuance scheme approved by the securities regulatory authorities under the State Council.

Foreign currencies referred to in the preceding paragraph mean the lawful currencies (other than Renminbi) of other countries or regions which are recognized by the foreign exchange authority of the PRC and which can be used to pay the share price to the Company.

Both holders of domestic shares and holders of foreign shares are holders of ordinary shares, and have and bear the same rights and obligations.

**Article 18** Foreign shares issued by the Company and which are listed in Hong Kong Stock Exchange shall be referred to as H shares. H shares are shares which have been admitted for listing on the Hong Kong Stock Exchange, the par value of which are denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars.

**Article 19** The Company, at the time of its establishment, issued 350,000,000 ordinary shares to its promoters, all of which are subscribed and held by the promoters of the Company, among which:

Changchun Heating Power (Group) Company Limited subscribed and held 325,500,000 shares, representing 93% of the total number of ordinary shares issued by the Company at the time of its establishment;

Changchun State-owned Capital Investment Operation (Group) Co., Ltd. subscribed and held 24,500,000 shares, representing 7% of the total number of ordinary shares issued by the Company at the time of its establishment;

**Article 20** Subject to the approval of the securities regulatory authority of the State Council, the Company publicly issued 116,700,000 overseas-listed foreign shares to overseas investors. These ordinary shares are all H shares.

Upon the completion of the above issuance of overseas-listed foreign shares, the total number of the Company's shares shall be 466,700,000 shares. The shareholding structure of the Company shall be as follows: 466,700,000 ordinary shares, among which 325,500,000 shares shall be held by Changchun Heating Power (Group) Company Limited, our promoter, representing 69.75% of our total ordinary shares capital; 24,500,000 shares shall be held by Changchun State-owned Capital Investment Operation (Group) Co., Ltd., our promoter, representing 5.25% of our total ordinary shares capital; 116,700,000 shares shall be held by H shareholders, representing 25% of our total ordinary shares capital.

**Article 21** The Company's Board of Directors may implement, through separate offerings, the proposals for the issuance of overseas-listed foreign shares and domestic shares upon approval by the securities authority of the State Council.

The Company may implement separately its proposals to issue overseas-listed foreign shares and domestic shares pursuant to the preceding paragraph within 15 months from the date of approval by the securities authority of the State Council.

**Article 22** Where the total number of shares stated in the proposal for the issuance of shares includes overseas-listed foreign shares and domestic shares, such shares should be fully subscribed for at their respective offerings. If the shares cannot be fully subscribed for all at once due to special circumstances, the shares may, subject to the approval of the securities authority of the State Council, be issued in separate tranches.

**Article 23** The registered capital of the Company is RMB466,670,000.

**Article 24** Unless otherwise provided by the PRC laws, administrative regulations and relevant requirements of the securities regulatory authorities in the place where the Company's shares are listed, fully-paid shares of the Company are freely transferable and are not subject to any lien. Transfer of overseas-listed foreign shares listed in Hong Kong requires to be registered with the share registrar in Hong Kong entrusted by the Company.

All overseas-listed foreign shares listed in Hong Kong Stock Exchange which have been fully paid-up may be freely transferred in accordance with these Articles of Association. However, unless such transfer complies with the following requirements, the board of directors may refuse to recognize any document of transfer and would not need to provide any reason therefor:

- (1) payment of a fee according to the expense standard in, and not exceed the price ceiling stipulated by the Hong Kong Listing Rules from time to time shall be made to the Company for the purpose of registering the instrument of transfer and other documents that relate to, or may affect, the title to the shares;
- (2) the document of transfer only relates to overseas-listed foreign shares listed in Hong Kong Stock Exchange;



- (3) the stamp duty on the instrument of transfer payable according to laws in Hong Kong has been paid;
- (4) the relevant share certificate(s) and any other evidence which the board of directors may reasonably require to show that the transferor has the right to transfer the shares have been provided;
- (5) when shares are proposed to be transferred to joint holders, such jointly registered shareholders shall not be more than four;
- (6) the Company does not have any lien on the relevant shares.

If the board of directors refuses to register the transfer of shares, a notice of the refusal of registration of such transfer of shares shall be issued to the transferor and the transferee within two months upon the duly submission of transfer application.

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

#### **Chapter 4 Increase, Reduction and Repurchase of Shares**

**Article 25** Based on its operating and development needs, the Company may, pursuant to the laws, regulations and the Articles of Association and with the approval by special resolution in the shareholders' general meeting, increase its capital in the following ways:

- (1) offering new shares to non-specially-designated investors for subscription;
- (2) placing new shares to its existing shareholders;
- (3) distributing bonus shares to its existing shareholders;
- (4) issuing new shares to specially-designated investors;
- (5) conversion of capital reserve into share capital;
- (6) any other means which are stipulated by laws and administrative regulations and approved by the relevant regulatory authority.

After the Company's increase of share capital by means of the issuance of new shares has been approved in accordance with the provisions of the Articles of Association, the issuance thereof should be made in accordance with the procedures set out in the relevant PRC laws and administrative regulations.

**Article 26** Pursuant to the Articles of Association, the Company may reduce its registered capital. Such reduction shall be made in accordance with the procedures set out in the Company Law, other relevant requirements and the Articles of Association.

**Article 27** The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within 10 days from the date of the Company's resolution for reduction of registered capital and shall publish an announcement in a newspaper within 30 days from the date of such resolution. A creditor has the right within 30 days from the date its receives the above notice or, in the case of a creditor who does not receive such notice, within 90 days from the date of the first announcement, to require the Company to repay its debts or to provide a corresponding guarantee for such debts.

The registered capital of the Company shall not be lower than the minimum authorized amount after the reduction of the share capital.

**Article 28** The Company may, in accordance with the provisions set out in the laws, administrative regulations, the HKEx Listing Rules, departmental rules and the Articles of Association and subject to the approval of the relevant governing authorities of the PRC, repurchase its shares under the following circumstances:

- (1) cancellation of its shares for the purpose of reducing its registered capital;
- (2) merging with another company which holds the shares of the Company;
- (3) granting shares as incentive compensation to the staff of the Company;
- (4) acquiring the shares upon request by shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or demerger of the Company;
- (5) any other circumstances permitted by the laws and administrative regulations and approved by the governing authorities.

**Article 29** The Company may, upon the approval of the relevant governing authorities of the PRC, repurchase its shares in one of the following ways:

- (1) making a pro rata general offer of repurchase to all its shareholders;
- (2) repurchasing shares through public trading on a stock exchange;
- (3) repurchasing by an off-market agreement outside a stock exchange;
- (4) any other circumstances permitted by the laws and administrative regulations and approved by the governing authorities.

**Article 30** The Company must obtain the prior approval of the shareholders' general meeting, in the manner stipulated in the Articles of Association, before it can repurchase shares by reason of those mentioned in subparagraphs (1) to (3) of Article 28 of the Articles of Association, or repurchase shares by means of an off-market agreement outside a stock exchange. The Company may, by obtaining the prior approval of the shareholders' general meeting in the same manner, release or vary, or waive its rights under, an agreement which has been so entered into.

An agreement for the repurchase of shares referred to in the preceding paragraph includes (without limitation) an agreement to become liable to repurchase shares or an agreement to have the right to repurchase shares.

The Company shall not assign a contract for the repurchase of its shares or any right contained in such agreement.

**Article 31** The price of shares which the Company has the Rule 8(1) (2), right to buy back for redemption shall limit to a maximum price if the repurchases are not made through the market or by tender. If repurchases are by tender, tender shall be available to all shareholders on equal conditions.

**Article 32** Shares lawfully repurchased by the Company under subparagraph (1) of Article 28 herein shall be cancelled within ten days from the date of repurchase; for those shares repurchased under subparagraphs (2) and (4) of Article 28 herein shall be transferred or cancelled within 6 months thereafter; and the shares acquired by the Company in accordance with subparagraph (3) of Article 28 herein shall not exceed 5% of the total issued share capital of the Company, and the shares repurchased shall be transferred to the employees within one year.

After cancelling the repurchased shares lawfully, the Company shall apply to the original companies registration authority for registration of the change of its registered capital and issue a relevant announcement accordingly.

The aggregate par value of the cancelled shares shall be deducted from the Company's registered capital.

**Article 33** The Company shall not accept any share certificate of the Company as the subject of the pledge.

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

- (1) where the Company repurchases shares at par value, payment shall be made out of book surplus distributable profits of the Company or out of proceeds of a fresh issue of shares made for that purpose;
- (2) where the Company repurchases its shares at a premium to its par value, payment up to the par value may be made out of the book surplus distributable profits of the Company or out of the proceeds of a fresh issue of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:
  - i. if the shares being repurchased were issued at par value, payment shall be made out of the book surplus distributable profits of the Company;
  - ii. if the shares being repurchased were issued at a premium to its par value, payment shall be made out of the book surplus distributable profits of the Company or out of the proceeds of a fresh issue of shares made for that purpose, provided that the amount paid out of the proceeds of the fresh issue shall not exceed the aggregate amount of premiums received by the Company on the issue of the shares repurchased nor shall it exceed the book value of the Company's premium account (or capital reserve account) (including the premiums from the fresh issue) at the time of the repurchase;

- (3) the Company shall make the following payments out of the Company's distributable profits:
  - i. payment for the acquisition of the right to repurchase its shares;
  - ii. payment for variation of any contract for the repurchase of its shares;
  - iii. payment for the release of its obligations under any contract for the repurchase of shares;
- (4) after the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value of shares which have been repurchased shall be transferred to the Company's premium account (or capital reserve fund account).

In respect of redeemable shares that the issuer is entitled to repurchase:

- (1) the price shall not exceed a specific price limit if such shares are not repurchased through the market or by tender; and
- (2) if the repurchase is made by tender, tender shall be available to all shareholders on equal conditions.

## **Chapter 5 Financial Assistance for Acquisition of Shares of the Company**

**Article 35** The Company or its subsidiaries shall not, at any time and in any manner, provide any kind of financial assistance to a person who acquires or is proposing to acquire shares of the Company. The said person includes any person who has directly or indirectly incurs any obligations due to the acquisition of shares of the Company.

The Company or its subsidiaries shall not, at any time and in any manner, provide financial assistance to the aforesaid person for the purpose of reducing or discharging the obligations assumed by him.

This article does not apply to the circumstances as stated in Article 37 of this Chapter.

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

- (1) assistance given by way of gift;
- (2) assistance given by way of guarantee (including the provision of any undertaking or property to secure the performance of obligations by the obligor) or indemnity (other than an indemnity in respect of the Company's own default), or by way of release or waiver;
- (3) assistance given by way of a loan; or entering into an agreement under which the Company needs to perform its obligations ahead of the other contracting parties; or a change in the parties to, or the assignment of rights arising under such loan or such agreement; and

- (4) assistance given by the Company in any other manner when the Company is insolvent or has no net assets or where its net assets would thereby be reduced to a material extent.

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

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

- (1) the provision of financial assistance where the Company’s principal purpose for giving that assistance is genuinely for the Company’s interests and not for the purpose of acquiring the Shares, or the provision of such assistance is incidental to some broader objective of the Company;
- (2) the lawful distribution of the Company’s assets by way of dividend;
- (3) the allotment of bonus shares as dividends;
- (4) a reduction of registered capital, a repurchase of shares or a reorganization of the share capital structure of the Company effected in accordance with the Articles of Association;
- (5) the 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, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits of the Company); and
- (6) the Company’s contributions to employees’ share schemes (provided that the net assets of the Company are not thereby reduced or, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits of the Company).

## **Chapter 6 Share Certificates and Register of Shareholders**

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

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

During the listing of the Company’s H shares on the Hong Kong Stock Exchange, the Company shall at any time ensure that the following statements are included in all title documents (including H shares certificates) relating to its securities listed on the Hong Kong Stock Exchange, and shall instruct and cause its share registrar not to register the subscription, purchase or transfer of any of its shares in the name of any individual holder unless and until such holder delivers to such share registrar a completed and signed form in respect of such shares bearing the following statements:

- (1) the purchaser of the shares and the Company and each of the shareholders, and the Company and each of the shareholders agree to observe and comply with the requirements of the Company Law and other relevant laws, administrative regulations, the Special Regulations and the Articles of Association;
- (2) the purchaser of the shares agrees with the Company, each of the Company's shareholders, directors, supervisors and senior management officers of the Company, and the Company, acting on behalf of itself and each of the directors, supervisors and senior management officers of the Company, agrees with each of the shareholders that, they will refer to arbitration for settlement of all disputes and claims of rights in relation to the Company's affairs arising from the Articles of Association or any rights or obligations under the Company Law or other relevant laws or administrative regulations in accordance with the provisions of the Articles of Association, and that any referral to arbitration shall be deemed as an authorization to an arbitral court to hold a public hearing and announce its arbitration award to the public. Such award shall be final and conclusive;
- (3) the purchaser of the shares agrees with the Company and each of the shareholders of the Company that the shares of the Company may be freely transferable by the holder;
- (4) the purchaser of the shares authorizes the Company to enter into a contract on his behalf with each of the directors and senior management officers, pursuant to which the directors and senior management officers undertake to observe and fulfill their responsibilities under the Articles of Association to the shareholders.

**Article 39** The shares of the Company may be transferred, donated, inherited and pledged in accordance with the relevant laws, administrative regulations and the Articles of Association. The documents of transfer and other documents in relation to the ownership of shares shall be registered with the share registrar entrusted by the Company.

**Article 40** The share certificates shall be signed by the chairman of the Board of Directors. Where the stock exchange on which the Company's shares are listed requires the share certificates to be signed by other senior management officers, the share certificates shall also be signed by such senior management officers. 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 or printed with the Company's seal under the authorization of the Board of Directors. The signatures of the chairman of the Board of Directors of the Company or other relevant senior management officers on the share certificates may also be in printed form.

Under the conditions of paperless issuance and transactions, other requirements stipulated by the securities regulatory authorities and stock exchanges of the places where the shares of the Company are listed shall prevail.

**Article 41** The Company shall maintain a register of shareholders and register the following particulars:

- (1) the name, address (residence), occupation or nature of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the amount paid-up or payable in respect of shares held by each shareholder;
- (4) the serial numbers of the shares held by each shareholder;

- (5) the date on which each shareholder registers as a shareholder;
- (6) the date on which each shareholder ceases to be a shareholder.

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

**Article 42** Subject to the Articles of Association and other applicable requirements and upon transfer of the Company's shares, the transferees of the shares will become the holders of such shares with their names being entered in the register of shareholders.

All instruments of transfer and other documents related to the ownership of any H shares or affecting the ownership of any H shares shall be registered. If any fees are charged in respect of such registration, such fees shall not exceed the highest fees as prescribed by the Hong Kong Stock Exchange.

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

- (1) the restricted number of holders jointly registered shall not exceed four if the Company is entitled to restrict the number of shareholders of joint holders account;
- (2) all joint holders of any shares shall jointly and severally assume obligation for all amounts payable for relevant shares;
- (3) if one of the joint holders deceased, only the surviving joint holders shall be deemed by the Company to be such persons as having the ownership of the relevant shares. The Board of Directors shall have the right, for the purpose of making amendments to the register of shareholders, to demand a death certificate of the relevant shareholder where it deems appropriate to do so; and
- (4) in case of joint holders of any shares, only the joint holder that is listed first in the register of shareholders shall be entitled to take relevant shares, receive notices of the Company, and attend the shareholders' general meetings of the Company or exercise the full voting right of the relevant shares. Any notice served to the aforesaid person shall be deemed as having been served to all the joint holders of the relevant shares. Any one of the joint holders may sign a proxy form, but if more than one joint holder attends the shareholders' general meeting in person or by proxy, the resolution made by the joint holder with priority shall be accepted as the sole resolution made on behalf of other joint holders (regardless of whether it is made in person or by proxy). In this respect, the priority of shareholders shall be determined according to the order of ranking of the joint holders of relevant shares in the register of shareholders.

**Article 43** 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 original register of holders of overseas-listed foreign shares outside China and appoint overseas agent(s) to manage such register. The original copy of register of holders of overseas-listed foreign shares listed in Hong Kong shall be maintained in Hong Kong. The Company shall maintain a duplicate of the register of holders of overseas-listed foreign shares at the Company's corporate domicile. The appointed overseas agent(s) shall ensure the consistency between the original version and the duplicate register of holders of overseas-listed foreign shares at all times.

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

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

- (1) the register of shareholders maintained at the Company's corporate domicile (other than those registers of shareholders as described in subparagraphs (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 where the overseas stock exchange on which the shares are listed is located;
- (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 45** Different parts of the register of shareholders shall not overlap one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of shareholders.

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

**Article 46** All transfers of overseas-listed foreign shares shall be carried out in general or common format, or any other written transfer instrument format acceptable to the Board of Directors (including the standard transfer format or form of transfer as prescribed by the Hong Kong Stock Exchange from time to time); a written transfer document may be signed under hand or (where the transferor or transferee is a corporation) by the company's seal. In the event that the transferor or transferee of the shares of the Company is a recognized clearing house (the "**Recognized Clearing House**") as defined under the law of Hong Kong or its agent, a written transfer instrument may be signed in a machine-printed form.

All paid-up overseas-listed foreign shares which are listed in Hong Kong are freely transferable pursuant to the Articles of Association. However, the Board of Directors may refuse to recognize any instrument of transfer without giving any reason, unless:

- (1) a fee (for each instrument of transfer) of HK\$2.5 or any higher fee as agreed by the Hong Kong Stock Exchange has been paid to the Company to register the instrument of transfer of shares and other documents relating to or affecting the ownership of such shares;
- (2) the instrument of transfer involves only the overseas-listed foreign shares listed in Hong Kong;
- (3) the stamp duty payable on the instrument of transfer has been paid;



- (4) the relevant share certificates and evidence reasonably required by the Board of Directors showing that the transferor has the right to transfer such shares shall be provided;
- (5) if the shares are to be transferred to joint holders, the number of joint holders shall not exceed 4;
- (6) the Company does not have any lien over the relevant shares; and
- (7) no transfer shall be made to minors or persons of unsound mind or others under legal disability.

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

**Article 47** Shares held by promoters of the Company shall not be transferred within one year after the Company's establishment. Shares of the Company that have been issued before public offering shall not be transferred within one year commencing from the date on which the shares of the Company are listed and traded on a stock exchange.

The directors, supervisors and senior management officers of the Company shall report to the Company the number of shares held by them in the Company and the subsequent changes in their shareholdings. The number of shares which such persons may transfer every year during their terms of office shall not exceed 25% of the total number of the Company's shares in his or her possession. Such personnel shall not transfer the Company's shares in their possession within half a year after they have terminated their employment with the Company. Such restrictions shall comply with the relevant provisions of the Main Board Listing Rules if H Shares are involved.

**Article 48** Subject to the approval of the securities regulatory authorities of the State Council, holders of domestic shares of the Company may transfer the shares held by them to foreign investors and have the shares listed and traded overseas. The shares transferred shall comply with the regulatory procedures, provisions and requirements of the overseas securities market when listed and traded on an overseas stock exchange. The listing and trading of the transferred shares on an overseas stock exchange are not subject to the holding of a class meeting for voting.

**Article 49** Where the laws, administrative regulations, departmental rules and securities regulatory rules in the place where the Company's shares are listed stipulate on the period of closure of the register of shareholders before the date of the general meeting or before the record date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

**Article 50** Where the Company convenes a shareholders' general meeting, distributes dividends, liquidates and carries out other activities which would require the determination of shareholdings, the Board of Directors shall fix a date for ascertainment of the shareholding. Upon the close of such date, the shareholders who remain on the register shall be deemed as the shareholders of the Company.

**Article 51** 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 52** Any shareholder who is registered in, or any person who requests to have his name entered in, the register of shareholders may, if his share certificates (the “**Original Certificates**”) are lost, apply to the Company for a replacement share certificate in respect of such shares (the “**Relevant Shares**”).

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

If a holder of overseas-listed foreign shares loses his share certificates and applies for their 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.

If a holder of H shares loses his share certificates and applies for their replacement, the issue of replacement certificates to that holder shall comply with the following requirements:

- (1) the applicant shall submit an application in the form prescribed by the Company accompanied by a notarial document 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 a statement declaring that no other person shall be entitled to request to be registered as the shareholder in respect of the Relevant Shares.
- (2) no statement has been received by the Company from a person other than the applicant for having his name registered as a holder of the Relevant Shares before the Company came to a decision to issue the replacement certificates.
- (3) the Company shall, if it decides to issue a replacement certificate to the applicant, make an announcement of its intention to issue the replacement certificate in such newspapers designated by the Board of Directors. The announcement shall be made at least once every 30 days in a period of 90 days. The newspapers designated by the Board of Directors shall be at least one Chinese and English newspaper recognized by the Hong Kong Stock Exchange.
- (4) the Company shall, prior to the publication of its announcement of intention to issue a replacement certificate, deliver to the Hong Kong Stock Exchange a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from the Hong Kong Stock Exchange that the announcement has been exhibited at its premises. The announcement shall be exhibited at the premises of the Hong Kong Stock Exchange for a period of 90 days. In case an application to issue a replacement certificate has been made without the consent of the registered holder of the Relevant Shares, the Company shall send by post to such registered shareholder a copy of the announcement to be published.
- (5) if, upon expiration of the 90-day period referred to in subparagraphs (3) and (4) of this Article, the Company has not received from any person any objection to the issuance of replacement share certificate, 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 53** Where the Company issues a replacement certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforesaid new share certificate or a shareholder who thereafter registers as the owner of such shares (in the case where he is a bona fide purchaser) shall not be removed from the register of shareholders.

**Article 54** The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the Original Certificate or the issuance of the replacement certificate, unless the claimant proves that the Company has acted fraudulently.

## **Chapter 7 Rights and Obligations of Shareholders**

**Article 55** A shareholder of the Company is a person who lawfully holds shares in the Company and whose name is entered in the register of shareholders.

A shareholder shall enjoy rights and assume obligations according to the class and numbers of shares held by him; shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations. All classes of shareholders of the Company shall rank *pari passu* over any distribution by way of dividend or any other forms of distribution.

All classes of shareholders of the Company shall have equal rights in any distribution in the form of a dividend or any other form.

A shareholder of legal person shall appoint its legal representative or a proxy authorized by the legal representative to exercise its rights on its behalf.

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

**Article 56** Holders of ordinary shares of the Company shall have the following rights:

- (1) the right to receive dividends and other distributions in proportion to the number of shares held;
- (2) the right to request, convene, chair, attend and vote in person or appoint a proxy to attend and vote on his behalf at shareholders' general meetings in proportion to the number of shares held in accordance with laws;
- (3) the right to supervise and manage the Company's business operations, and to put forward proposals and raise inquiries;
- (4) the right to transfer, give or pledge the shares held in accordance with laws, administrative regulations and the Articles of Association;

- (5) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:
1. a copy of the Articles of Association upon payment of a reasonable charge;
  2. the right to inspect for free or the right to inspect and copy subject to payment of a reasonable charge:
    - (1) a copy of register of all classes of shareholders;
    - (2) personal particulars of directors, supervisors, general manager and other senior management officers of the Company, including:
      - (a) present name and alias and any former name and alias;
      - (b) principal address (domicile);
      - (c) nationality;
      - (d) primary and all other part-time occupations and positions;
      - (e) identity document and numbers thereof.
    - (3) a report on the state of the issued share capital of the Company;
    - (4) the latest audited financial statements of the Company, and the reports of directors, auditors and supervisors;
    - (5) special resolutions of the Company;
    - (6) reports showing the quantity and par value in respect of each class of shares repurchased by the Company since the end of the last financial year, the aggregate amount paid by the Company for this purpose, and the maximum and minimum prices paid in respect of each class of securities repurchased (with a breakdown between domestic shares and foreign shares); the latest audited financial statements of the Company;
    - (7) minutes of the shareholders' general meetings (for shareholders' review only);
    - (8) corporate bond counterfoils, minutes of shareholders' general meetings (for shareholders' inspection only), special resolutions of shareholders' general meetings, resolutions of the Board and resolutions of the Supervisory Committee of the Company;
    - (9) copy of the latest annual inspection report filed with the State Administration for Industry & Commerce of the PRC or other competent authorities.

The Company shall deposit the documents in clauses (1) to (9) above (other than clause (2)) and other applicable documents at its Hong Kong address as required by the Main Board Listing Rules available for free inspection of the public and the holders of overseas-listed foreign shares.

The Company may refuse any inspecting or copying request which involves commercial secrets and insider information on the Company and privacy of relevant personnel.

- (6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining assets of the Company according to the number of shares held;
- (7) with respect to shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or demerger of the Company, the right to demand the Company to acquire the shares held by them;
- (8) shareholders individually or jointly holding 3% or more of the Company's shares can make a provisional motion in writing to the Board of Directors 10 days before the date of shareholders' general meeting;
- (9) any other rights conferred by laws, administrative regulations, departmental rules or the Articles of Association.

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

- (1) to abide by the laws, administrative regulations and the Articles of Association;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) to assume liability of the Company based on the shares held by them;
- (4) not to withdraw their fund contribution after approval and registration by the Company, except as provided in laws and regulations;
- (5) other obligations imposed by laws, administrative regulations and the Articles of Association.

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

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

- (1) to relieve a director or supervisor of his duty to act honestly in the best interests of the Company;
- (2) to approve the directors or supervisors (for their own account or for the account of other parties) to deprive the Company of its assets in any manner, including, but not limited to, any opportunity favorable to the Company;

- (3) to approve the directors or supervisors (for their own account or for the account of other parties) to deprive another shareholder of his personal interest, including, but not limited to, any allocation right and voting right, but excluding any corporate restructuring proposal submitted to the shareholders' general meeting for approval in accordance with the Articles of Association.

**Article 59** For the purpose of the Articles of Association, a “controlling shareholder” means a shareholder who satisfies any one of the following conditions:

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

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

## **Chapter 8 Shareholders' General Meetings**

**Article 60** The shareholders' general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with laws.

**Article 61** The shareholders' general meeting shall have the following functions and powers:

- (1) to decide the Company's operational guidelines and investment schemes;
- (2) to elect and remove directors and supervisors not being staff representatives and to determine matters relating to the remuneration of the directors and the supervisors;
- (3) to consider and approve the reports of the Board of Directors;
- (4) to consider and approve the reports of the Board of Supervisors;
- (5) to consider and approve the Company's annual financial budgets and final accounts;
- (6) to consider and approve the Company's profit distribution plan and plan for recovery of losses;
- (7) to resolve on increase or reduction in the Company's registered capital;

- (8) to resolve on the issue of debentures, any kind of shares, warrants or other similar securities by the Company;
- (9) to resolve on the merger, demerger, dissolution, liquidation or change of form of business of the Company;
- (10) to formulate and amend the Articles of Association;
- (11) to consider the motions put forward by shareholders individually or jointly holding 5% or more of the Company's shares with voting rights;
- (12) to decide the engagement, re-appointment or dismissal of the accounting firms;
- (13) to consider and approve the external guarantees subject to the approval of the shareholders' general meeting;
- (14) to consider the purchase or disposal of material assets or provision of guarantee by the Company within a year of a value exceeding 30% of the Company's latest audited total assets;
- (15) to consider the share incentive plan;
- (16) to consider and approve matters on change of the use of proceeds;
- (17) to consider and approve any other matters to be resolved thereby as required by laws, administrative regulations and the Articles of Association;
- (18) to consider and approve other matters as required by the listing rules of the stock exchange of the locality on which the Company's shares are listed.

The shareholders' general meeting may authorize or delegate the Board of Directors to transact the matters authorized or delegated by it, including but not limited to carrying out the following matters at the annual general meeting:

1. subject to the applicable laws, regulations and listing rules, to give a general mandate to the Board of Directors to issue, allot and deal with additional H shares not exceeding 20% of the H shares of the Company in issue (or other proportions as required by the applicable laws, regulations and listing rules) and authorize the Board of Directors to make corresponding amendments to the Articles of Association as it thinks fit so as to reflect the new capital structure upon the allotment or issuance of shares;
2. to authorize the Board of Directors, within the cap amount of debt issuance, to determine the specific terms and the relevant matters in relation to the issuance of the debt financing instrument(s) such as domestic short-term financial instruments, mid-term financial notes, corporate bonds, overseas USD bonds in accordance with the needs of production, operation and capital expenditure as well as the market conditions, including but not limited to the determination of the value, interest rate, term, targeted group and use of proceeds of the bond(s), as well as the preparation for, execution and disclosure of all necessary documents thereof subject to the aforementioned limits.

**Article 62** The provision of external guarantees by the Company shall be considered and approved by the Board of Directors. The guarantee offered by the Company to a shareholder or de facto controller of the Company shall be resolved by the shareholders' general meeting.

When the shareholders' general meeting is considering a proposal to provide guarantee for any shareholder or de facto controller, the said shareholder or the shareholders controlled by the said de facto controller shall be abstained from voting on the proposal, and the proposal shall be subject to approval by more than half of the voting rights of the other attending shareholders.

If a director, general manager or any other senior management officer violates a provision on the approval authority or consideration procedure for the provision of external guarantees as specified in laws, administrative regulations or the Articles of Association, thereby causing the Company to sustain a loss, he shall be liable for damages and the Company may institute a legal action against him or her in accordance with the law.

**Article 63** The following guarantees provided to third parties by the Company shall be subject to consideration and approval at general meetings:

- (1) any guarantee provided after the total amount of guarantees provided by the Company and its controlled subsidiaries has reached or exceeded 50% of the Company's latest audited net assets;
- (2) any guarantee provided after the total amount of guarantees provided by the Company has reached or exceeded 30% of the latest audited total assets;
- (3) a guarantee provided to a party whose asset-liability ratio is higher than 70%;
- (4) a single guarantee, the amount of which exceeds 10% of the latest audited net assets;
- (5) a guarantee provided to shareholders, de facto controller and their conneted/related parties;
- (6) other provisions of guarantees that are required to be submitted to the general meeting for approval as prescribed by the laws and the Articles of Association.

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

**Article 64** The Company shall not, without the prior approval of the shareholders' general meeting, enter into any contract with any party (other than the directors, supervisors, general managers and other senior management officers) pursuant to which such party shall be in charge of management of the whole or any substantial part of the Company's business.



**Article 65** A general meeting shall either be an annual general meeting or an extraordinary general meeting. Annual general meetings shall be held once every year and within 6 months from the close of the preceding accounting year.

Extraordinary general meetings shall be convened as and when necessary. The Board of Directors shall convene an extraordinary general meeting within 2 months from the occurrence of any of the following circumstances:

- (1) when the number of directors is less than the number stipulated in the Company Law or two-thirds of the number specified in the Articles of Association;
- (2) when the unrecovered losses of the Company amount to one-third of the total amount of its paid-in share capital;
- (3) where any shareholder(s) holding individually or collectively 10% or more of the Company's shares request(s) in writing for the convening of an extraordinary general meeting;
- (4) when deemed necessary by the Board of Directors or when requested by the Board of Supervisors;
- (5) when proposed by two or more of independent non-executive directors;
- (6) other situations stipulated by laws, administrative regulations, departmental rules, the listing rules of the stock exchange of the locality where the Company's shares are listed or the Articles of Association.

In any of the circumstances referred to in subparagraphs (3), (4) and (5) above, the matter for consideration proposed by the party requesting the holding of the extraordinary general meeting shall be included in the agenda of such meeting.

**Article 66** Shareholders requesting the convening of extraordinary general meetings or class meetings shall follow the procedures listed below:

- (1) two or more Shareholder(s) individually or collectively holding 10% or more of the shares carrying voting rights at the meeting to be convened may, by signing one or more counterpart written requisition(s) stating the object of the meeting, require the Board to convene an extraordinary general meeting or a class shareholders' meeting. The Board shall as soon as possible after receipt of such written requisition(s) proceed to so convene the extraordinary general meeting or class shareholders' meeting. The shareholdings referred to above shall be calculated as at the date of the delivery of the written requisition(s).
- (2) Where the Board fails to issue notice of convening meeting within 30 days upon receipt of the above written request, the requesting shareholder(s) may request the Board of Supervisors to convene the extraordinary general meeting or class shareholders' meeting.
- (3) Where the Board of Supervisors fails to issue notice of convening meeting within 30 days upon receipt of the above written request, shareholder(s), for more than 90 consecutive days, individually or collectively holding more than 10% of the shares carrying voting rights at the meeting to be convened may convene the meeting on their own accord within four months upon the Board having received such request. The convening procedures shall, to the extent possible, be identical to procedures according to which general meetings are to be convened by the Board.

All reasonable expenses incurred for such meeting convened by the shareholders as a result of the failure of the Board of Directors and Board of Supervisors 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 or supervisors.

**Article 67** To convene a shareholders' general meeting, the Company shall notify all shareholders of the time, place and matters to be considered at the meeting 20 days before the date of meeting; an extraordinary general meeting shall be notified to all shareholders 15 days before the date of meeting.

Shareholders individually or jointly holding 3% or more of the Company's shares can make a provisional motion in writing to the Board of Directors 10 days before the date of shareholders' general meeting; the Board of Directors shall notify other shareholders within 2 days after the receipt of such proposal and table the provisional motion to the general meeting for consideration. The contents of the provisional motion shall fall within the scope of duties of the general meeting, with clear topics and specific resolutions.

A general meeting shall not transact matters not stated in the two above-mentioned notices of meeting.

Unless otherwise provided in the Articles of Association, the notice of the shareholders' general meeting shall be delivered by personal delivery or prepaid mail to the shareholders (whether or not such shareholders have a voting right at the shareholders' general meeting). The address of the recipient shall be the address registered in the register of shareholders. For the holders of domestic shares, notice of the meeting may be issued by way of public announcement.

The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities governing authority of the State Council. Upon the publication of the announcement, all holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

The notice of a shareholders' general meeting served on the holders of overseas-listed foreign shares may be published through the designated websites of the Hong Kong Stock Exchange and the Company. Upon the publication of the announcement, all holders of overseas-listed foreign shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

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

- (1) be in writing;
- (2) specify the time, place and date of the meeting;
- (3) set out the matters to be considered at the meeting;
- (4) provide such information and explanation as are necessary for the shareholders to make informed decisions on the matters to be considered. This principle includes (but is not limited to), where a proposal is made to amalgamate the Company with another, to repurchase shares, to reorganize the share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed contract (if any), and the cause and effect of such proposal shall be properly described;

- (5) disclose the nature and extent of the material conflict of interest, if any, of any director, supervisor, general manager and other senior management officer in the matters to be considered; and provide an explanation of the differences, if any, between the way in which the matter to be considered would affect such director, supervisor, general manager or other senior management officer in his/her capacity as shareholders and the way in which such matter would affect other shareholders of the same class;
- (6) set out the full text of any special resolution proposed to be passed at the meeting;
- (7) contain conspicuously a statement that a shareholder entitled to attend and vote have the right to appoint one or more proxies to attend and vote on his behalf and that such proxy need not be a shareholder of the Company;
- (8) specify the time and place for lodging proxy forms for the relevant meeting.

**Article 69** The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolutions passed at the meeting, if the resolution has been passed by more than one-half of the votes represented by the shareholders present at the meeting; or two-thirds or more of the votes represented by the shareholders present at the meeting for resolution on amendment to the Articles of Association, increase in or reduction of the Company's share capital and resolution on merger, demerger, dissolution or change of corporate form of the Company.

**Article 70** Any shareholder who is entitled to attend and vote at a shareholders' general meeting shall be entitled to appoint one or more persons (whether or not a shareholder) as his proxy to attend and vote on his behalf. A proxy so appointed shall be entitled to exercise the following rights in accordance with the authorization from that shareholder:

- (1) the shareholder's right to speak at the meeting;
- (2) the right to demand, whether on his own or together with others, a poll;
- (3) the right to vote by show of hands or on a poll; however, where more than one proxy has been appointed by shareholders, the proxies may only vote on a poll.

**Article 71** The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing, or if the appointor is a legal person, either under seal or under the hand of a director or attorney duly authorized.

**Article 72** The instrument appointing a voting proxy shall be deposited at the Company's domicile or at such other place as is specified in the notice convening the meeting not less than 24 hours prior to the time for holding the meeting at which the proxy proposes to vote. If such instrument is signed by another person under a power of attorney or other authorization documents given by the appointor, such power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the instrument appointing the voting proxy, be deposited at the Company's domicile or at such other place as is specified in the notice convening the meeting.

If the appointor is a legal person, its legal representative or any person authorized by the resolutions of the Board of Directors or other governing body shall attend the shareholders' general meeting of the Company as the appointor's representative.

Where such shareholder is a Recognized Clearing House (or its nominees) as defined by the relevant regulations enacted in Hong Kong from time to time, it may authorize one or more persons as it thinks fit to act as its representative(s) at any shareholders' general meeting or any class meeting provided that, if more than one person are so authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized, and the power of attorney shall be signed by the person authorized by the Recognized Clearing House. The person(s) so authorized will be entitled to attend meetings (without being required to present share certificate, notarized authorization and/or further evidence of duly authorization) to exercise the same power on behalf of the Recognized Clearing House (or its nominees) as if such person were an individual shareholder of the Company.

**Article 73** Any form issued to a shareholder by the Board of Directors of the Company for the purpose of appointing a proxy of shareholder shall be in such form which enables the shareholder, according to his free will, to instruct his proxy to vote in favor of or against the motions proposed and in respect of each individual matters to be voted on at the meeting. Such a form shall contain a statement that in the absence of instructions from the appointor, the proxy may vote as he thinks fit.

Save as provided above, the aforesaid proxy form shall also contain the following: number of shares represented by and name of the proxy; whether voting power is granted to the proxy; whether the proxy is entitled to vote for the temporary resolution proposed at any shareholders' general meeting; instruction of voting if voting power is granted; date of appointing a proxy and the effective period for such appointment. Where a shareholder appoints more than one proxy, he shall specify the number of shares represented by each proxy in the proxy form.

Where the shareholders' general meeting is attended by proxy, he shall produce the identification proof and letter of authorization signed by the appointor or its legal representative which indicates the date of appointing. Where corporate shareholder appoints its legal representative to attend the meeting, the legal representative shall produce the identification proof and the copy of the notarized certified resolutions of the board of directors or other authorities of the legal person appointing the said legal representative or other certified copy permitted by the Company.

**Article 74** Where the appointor 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 by the proxy in accordance with the power of attorney shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

**Article 75** A shareholders' general meeting shall be convened and presided by the chairman of the Board of Directors. If the chairman of the Board of Directors is unable or fails to perform his duties, the meeting shall be convened and presided over by the vice chairman of the Board of Directors; where both the chairman and the vice chairman of the Board of Directors are unable to attend the meeting, the Board of Directors shall designate a director of the Company to convene and preside over the meeting. If no chairman of the meeting has been so designated, shareholders present shall choose one person to be chairman of the meeting. If for any reason the shareholders fail to elect a chairman, the shareholder (including proxy thereof) attending the meeting and holding the largest number of shares vested with voting rights shall be the chairman of the meeting.

A shareholders' general meeting convened by the Board of Supervisors itself shall be presided over by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors is unable or fails to perform his duties, one supervisor shall be elected jointly by half or more of the supervisors to preside over the meeting.

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

When a shareholders' general meeting is held and the chairman violates the rules of procedure which makes it difficult for the shareholders' general meeting to continue, a person may be elected at the shareholders' general meeting to act as the chairman so as to carry on with the shareholders' general meeting, subject to the approval of more than half of the attending shareholders having the voting rights. If for any reason the shareholders fail to elect a chairman of the meeting, the shareholder (including proxy thereof) attending the meeting and holding the largest number of shares vested with voting rights shall be the chairman of the meeting.

**Article 76** Resolutions of shareholders' general meetings are classified as ordinary resolutions and special resolutions.

To adopt an ordinary resolution, more than one-half of the votes represented by the shareholders (including proxies) present at the meeting must be cast in favor of the resolution.

To adopt a special resolution, two-thirds or more of the votes represented by the shareholders (including proxies) present at the meeting must be cast in favor of the resolution.

A shareholder (including his proxy) attending the meeting shall vote in favor of or against each resolution relating to every matter which has been put to vote at the relevant meeting or cast abstention vote. If a shareholder or his proxy casts abstention vote or abstains from voting, any vote cast by such shareholder or his proxy shall not be counted in the voting results of the Company.

**Article 77** Shareholders (including proxies) exercise their voting rights in accordance with the number of shares with voting rights represented by them, and each share entitles the shareholder one votes upon voting at the shareholders' general meeting. However, shares held by the Company carry no voting rights and shall not be counted into the total number of shares with voting rights held by shareholders attending the meeting.

Where any shareholder is, under the applicable laws and regulations and the HKEx Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for (or only against) any particular resolution at any general meeting, any votes cast by such shareholders (or their proxies) in contravention of such requirement or restriction shall not be counted.

**Article 78** At any general meeting of shareholders, a resolution shall be decided on a show of hands unless a poll is demanded by the following persons before or after a vote is carried out by a show of hands:

- (1) the chairman of the meeting;
- (2) at least two shareholders present in person or by proxy entitled to vote; and

- (3) one or more shareholders present in person or by proxy and representing 10% or more shares carrying the right to vote at the meeting individually or jointly. Unless a poll is demanded, a declaration by the chairman that a resolution has been passed on a show of hands and the record of such in the minutes of the meeting shall be conclusive evidence of the fact that such resolution has been passed. There is no need to provide evidence of the number or proportion of votes in favour of or against such resolution. The demand for a poll may be withdrawn by the person who demands the same.

**Article 79** A poll demanded on such matters as the election of chairman or the adjournment of the meeting shall be taken immediately. 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. The results of the poll to be taken shall still be deemed to be a resolution of that meeting.

**Article 80** On a poll taken at a meeting, a shareholder (including a proxy) entitled to two or more votes needs not cast all his votes in the same way.

**Article 81** In the case of an equality of votes, the chairman of the meeting shall have a casting vote.

**Article 82** The following matters shall be resolved by ordinary resolutions at a shareholders' general meeting:

- (1) work reports of the Board of Directors and the Board of Supervisors;
- (2) plans formulated by the Board of Directors for distribution of profits and for making up losses;
- (3) appointment or removal of members of the Board of Directors and the Board of Supervisors (except for staff representative supervisors), and their remuneration and manner of payment thereof;
- (4) the Company's annual financial budgets and final accounts, balance sheets, income statements and other financial statements;
- (5) matters other than those required by the laws, administrative regulations or the Articles of Association to be approved by special resolution.

**Article 83** The following matters shall be resolved by special resolutions at a shareholders' general meeting:

- (1) increase in or reduction of the Company's share capital, and issue of shares of any class, warrants and other similar securities;
- (2) issue of corporate debentures of the Company;
- (3) demerger, merger, dissolution and liquidation of the Company;
- (4) change of corporate form of the Company;
- (5) the purchase or disposal of material assets or provision of guarantee by the Company within a year of a value exceeding 30% of the Company's latest audited total assets;

- (6) amendment to the Articles of Association;
- (7) consideration and implementation of share incentive scheme;
- (8) any other matters prescribed by the laws, administrative regulations or the Articles of Association, and those approved as an ordinary resolution at a shareholders' general meeting that may have material impact on the Company and are required to be approved by a special resolution;
- (9) other matters required by the HKEx Listing Rules to be adopted by special resolution.

**Article 84** All directors, supervisors, general managers and other senior management officers shall attend the shareholders' general meeting as non-voting participants if being requested. The directors, supervisors, general managers and other senior management officers who attend the meeting or attend the meeting as non-voting participants shall make replies or explanation in respect of inquiries of shareholders at the shareholders' general meeting, except for those matters in relation to business secrets of the Company which cannot be made public.

**Article 85** The chairman of the meeting shall determine whether a resolution at a shareholders' general meeting is passed based on the voting result. His decision, which is final and conclusive, shall be announced at the meeting and recorded in the minutes of the meeting.

**Article 86** At a shareholders' general meeting, the approach and procedures for nomination of directors and supervisors (except for staff representative supervisors) are as follows:

- (1) shareholders individually or collectively holding 3% or more of the total outstanding voting shares of the Company may, by way of a written proposal, put forward to the shareholders' general meeting about the candidates for directors and supervisors (not being staff representatives). However, the number of candidates proposed shall comply with the provisions of the Articles of Association, and shall not exceed the number to be elected. The aforesaid proposal put forward by shareholders to the Company should be delivered to the Company at least 7 days before the convening of the shareholders' general meeting.
- (2) within the number of members as specified by the Articles of Association and based on the number of proposed candidates for election, directors and supervisors may propose a list of recommended candidates for directors and supervisors, which shall be submitted to the Board of Directors and Board of Supervisors for approval. After the list of candidates for directors and supervisors is determined based on the examination by the Board of Directors and Board of Supervisors and the adoption of a resolution, it should be proposed in writing at a general meeting.
- (3) the written notices of the intention to nominate a candidate for election as a director or a supervisor (not being staff representative), the acceptance of nomination by such potential candidate, and the relevant written materials of the nominated candidate, shall be given to the Company no less than 7 days prior to the date of convening the shareholders' general meeting (such seven-day period shall commence no earlier than the second day after the issue of the notice of the meeting at which the election shall be conducted and no later than 7 days prior to the shareholders' general meeting). The Board of Directors and Board of Supervisors shall provide shareholders with biographical details and basic information on the candidates for directors and supervisors.

- (4) the period given by the Company to nominate a candidate for election as a director or a supervisor and nominees for providing the aforesaid notice and documents shall be no less than 7 days (such period shall commence from the day following the date of serving the notice of convening the shareholders' general meeting).
- (5) in the shareholders' general meeting, voting for each candidate for a director and supervisor shall be taken separately.
- (6) in the case of ad hoc addition or replacement of any director or supervisor, the Board of Directors and Board of Supervisors shall put forward a proposal to the general meeting for such election or replacement.

**Article 87** If the chairman of the meeting has any doubt as to the result of a resolution put to the vote of the meeting, he may have the votes counted. If the chairman of the meeting fails to have the votes counted, any attending shareholder or 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 result, and the chairman of the meeting shall have the votes counted immediately.

**Article 88** If votes are counted at the shareholders' general meeting, the counting result shall be recorded in the minutes of the meeting.

The minutes of the meeting together with the attendance lists of shareholders and proxy forms shall be kept at the address of the Company.

**Article 89** Copies of the minutes of the meeting shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder demands from the Company a copy of such minutes, the Company shall send a copy to him within 7 days following the verification of his identity and receipt of reasonable charges.

## **Chapter 9 Special Procedures for Voting by Class Shareholders**

**Article 90** Shareholders holding different classes of shares are referred to as class shareholders.

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

Save for shareholders of other classes, holders of domestic shares and holders of overseas-listed foreign shares are deemed to be different classes of shareholders. Where the capital of the Company includes shares which do not carry voting rights, the words "non-voting" must appear in the designation of such shares.

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

**Article 91** Rights conferred to class shareholders may not be varied or abrogated unless approved by way of a special resolution at a shareholders' general meeting and by the affected class shareholders at a separate shareholders' meeting convened in accordance with Articles 95 to 99 of the Articles of Association.



No approval by a shareholders' general meeting or a class meeting is required for variation or abrogation of rights of class shareholders resulting from any change in domestic and foreign laws and administrative regulations and listing rules where the Company's shares are listed, and those resulting from decisions made by domestic and foreign regulatory authorities.

The transfer by the Company's holders of domestic shares of the shares held thereby to overseas investors for listing and trading overseas, shall not be deemed as the Company's intention to vary or abrogate the rights of class shareholders.

**Article 92** The following circumstances shall be deemed to be a variation or abrogation of the rights of shareholders of a particular class:

- (1) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting right or right to dividends or other privileges equal or superior to the shares of such class;
- (2) to effect an exchange of all or part of the shares of such class into those of another class or to effect an exchange or create a right of exchange of all or part of the shares of another class into those of such class;
- (3) to remove or reduce the rights in respect of accrued or cumulative dividends attached to shares of such class;
- (4) to reduce or remove a dividend preference or a liquidation preference attached to shares of such class;
- (5) to add, remove or reduce share conversion rights, options, voting rights, transfer rights, pre-emptive right or rights to acquire securities of the Company attached to shares of such class;
- (6) to remove or reduce rights to receive payables from the Company in a particular currency attached to shares of such class;
- (7) to create a new class of shares with voting right, right to dividends or other privileges equal or superior to those of the shares of such class;
- (8) to restrict the transfer or ownership of shares of such class or to impose additional restrictions thereto;
- (9) to grant the right to subscribe for, or convert into, shares of such or another class;
- (10) to increase the rights or privileges of shares of another class;
- (11) to restructure the Company where the proposed restructuring scheme will result in the holders of different classes of shares bearing a disproportionate burden of obligations of such restructuring; and
- (12) to vary or abrogate any provision of this Chapter.

**Article 93** Shareholders of the affected class, whether or not otherwise entitled to vote at general meetings, shall nevertheless be entitled to vote at class meetings in respect of matters concerning subparagraphs (2) to (8), (11) and (12) of Article 94 of the Articles of Association, but interested shareholder(s) shall not be entitled to vote at class meetings.

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

- (1) in the case of a repurchase of shares by pro rata offers to all shareholders or public dealing on the Hong Kong Stock Exchange under Article 29 of the Articles of Association, a “controlling shareholder” within the meaning of Article 59 of the Articles of Association;
- (2) in the case of a repurchase of shares by the Company outside the Hong Kong Stock Exchange by way of agreement under Article 29 of the Articles of Association, a shareholder who is related to the agreement;
- (3) in the case of a restructuring of the Company, a shareholder within a class who bears less than a proportionate amount of obligations imposed on other shareholders of that class or who has an interest different from those of other shareholders of that class.

**Article 94** Resolutions of a class meeting shall be passed by shareholders present at the meeting representing two-thirds or more of the voting rights according to Article 95 of the Articles of Association.

**Article 95** In the event that the Company convenes a class meeting, a written notice shall be issued to shareholders whose names appear on the register of shareholders of such class with reference to the notice period of convening an extraordinary general meeting as required by Article 67, specifying the date and place of the meeting and the matters proposed to be considered at the meeting.

If the listing rules of the stock exchange(s) on which the Company’s shares are listed have specific provisions, such provisions shall be complied with.

**Article 96** If a class meeting is convened by serving of notice, such notice needs to be delivered only to the shareholders entitled to vote thereat.

A class meeting shall be conducted under procedures as similar as possible to a shareholders’ general meeting. The provisions of the Articles of Associations which relate to the conduct of any general meetings of shareholders shall apply to any class meetings.

**Article 97** Apart from holders of other classes of shares, the holders of the domestic shares and overseas-listed foreign shares shall be deemed to be shareholders of different classes. The voting by holders of different classes of shares is not applicable in the following situations:

- (1) where the Company issues, upon the approval by a special resolution of its shareholders in general meeting, domestic shares and overseas-listed foreign shares at an interval of 12 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 each of the issued and outstanding domestic shares and overseas-listed foreign shares;
- (2) where the Company's plan to issue domestic shares and overseas-listed foreign shares at the time of its establishment is implemented within 15 months from the date of approval by the securities regulatory authority of the State Council;
- (3) where holders of domestic shares of the Company transfer the shares held by them to overseas investors, and such transferred shares are listed and traded on an overseas stock exchange, upon the approval of the securities regulatory authority of the State Council.

## **Chapter 10 Party Organization**

**Article 98** The Company establishes the Communist Party Committee and the Discipline Inspection Committee, the establishment and term of the Communist Party Committee and the Discipline Inspection Committee of the Company shall be implemented in accordance with the relevant documents of the Party. The posts of secretary, deputy secretary and committee members of the Communist Party Committee and the Discipline Inspection Committee of the Company shall be set up subject to the approval of the Party organization at the higher level, and shall be elected in accordance with the relevant provisions of the Party Constitution and the relevant provision of the selection and appointment of enterprise leaders. The Communist Party Committee of the Company consists of 7 members, including 1 secretary and 2 deputy secretaries, including 1 full-time deputy secretary. The Discipline Inspection Committee of the Company consists of 5 members, including 1 secretary and 2 deputy secretaries.

The Communist Party Committee of the Company has an office, an organization department, a propaganda department, and a united front department. The Discipline Inspection Committee of the Company has a discipline inspection and supervision department, which is equipped with a full-time and part-time Party staff. The institutional structure and manning quotas of the Party organization shall be incorporated into those of the Company and the Party affairs staff and management personnel adopt the two-way exchange mechanism and enjoy the same-level treatment policy. The operating funds of the Party organization shall be drawn according to the regulations and shall be incorporated into the budget of the Company and shall be funded by the management expenses of the Company.

**Article 99** The Company adopts a "Bidirectional Access, Cross appointment" leadership mechanism. Members of the Communist Party Committee who meet criteria may join the board of directors, the board of supervisors or senior management via process stipulated by laws and regulations, and vice versa.

**Article 100** The Communist Party Committee of the Company performs the following duties:

- (1) to guarantee and supervise the implementation of policies and guidelines of the Party and the State in the Company and ensure the socialism direction of the Company.
- (2) to participate in the decision-making of major issues of the Company, advise on major issues related to the reform and development of the Company, and promote the implementation of major decision-making of the Company.
- (3) to support the shareholders' general meeting, Board of Directors, Board of Supervisors and management to perform their duties and rights in accordance with the law, form a scientific and democratic decision-making mechanism for checks and balances of power and coordination of operations to promote scientific decision-making and achieve the preservation and appreciation of value of state-owned assets.
- (4) to implement the principle of the Party being in charge of cadres and talents, establish and improve the talents selection and employment mechanism catering to the requirements of modern enterprise systems and the need of market competition, build a team of high-quality managers and talents, and provide support of cadres and talents for the reform and development of the Company.
- (5) to implement Communist Party Committee's subject responsibility and Discipline Committee's supervision responsibility regarding construction of an uncorrupted party, strictly implement the Anti-corruption Self-discipline Code of Conduct of the Communist Party of China, Internal Supervision Provisions of the CPC, Disciplinary Sanction Provisions of the CPC and other rules and regulations, and strengthen the management of and supervision over the key leaders, key positions and major issues, establish and improve the power supervision mechanism, and improve the effectiveness of supervision.
- (6) to establish and improve the democratic management system in the form of staff and workers' congress, wholeheartedly rely on the staff and workers, support the work of the workers' congress, promote publicity of the factory affairs and business, implement the staff and workers' right to know, to participate, to express and to supervise, persist on and improve the employee director system and employee supervisor system, and encourage employee representatives to participate in corporate governance in an orderly manner.
- (7) to strengthen the self-construction of Party organizations, guide the ideological and political work, the build of spiritual civilization, and mass organizations such as labor unions and the Communist Youth League, carry out unified front work and strengthen the construction of corporate culture.
- (8) Other duties that shall be performed by the Communist Party Committee.

**Article 101** The Discipline Inspection Commission of the Company shall perform the following duties and responsibilities:

- (1) To assist Communist Party Committee in strengthening Party style construction, organize and coordinate anti-corruption work, provide advices for the Communist Party Committee, report work status to the Communist Party Committee, grab the task decomposition as well as strengthen supervision and inspection so as to facilitate the implementation of the work.

- (2) to consistently maintain the Party Constitution and other regulations of the Party, strictly execute disciplines with respect to politics, the organisation, the integrity, the mass, the work and the life and ensure the serious restrictions of disciplines.
- (3) To strengthen the supervision and inspection of the construction of style of work, focus on “formalism, bureaucratism, hedonism and extravagance” problems and accomplish work of supervision, inspection and accountability around the implementation of the principles of “Eight Regulations” of the central government and the specific regulations of provincial Communist Party Committee.
- (4) to establish comprehensive system of correspondence and interviews, accountability “two-way investigation” and special inspections.
- (5) to strictly investigate major violations of laws and regulations and to deal with cadres of the Communist Party Committee who violate laws and disciplines by comprehensively applying the “four forms” of supervision and discipline.
- (6) To strengthen self-construction and try to establish discipline inspection and supervision cadre team with high politic awareness, in-depth profession knowledge and forceful work-style.
- (7) other duties and responsibilities that should be performed by Discipline Inspection Commission.

**Article 102** The Communist Party Committee of the Company shall discuss and approve the following matters:

- (1) the Company’s implementation of the Party’s policy route, national laws and regulations, and superior’s major decisions;
- (2) the Company’s development strategy and mid-to-long-term development plan;
- (3) the Company’s operation and management policy;
- (4) principles and directional issues of the Company, such as asset restructuring, transfer of property rights, capital operations, and substantial investment;
- (5) formulation and revision of important reform plans and regulation system of the Company;
- (6) the merger, division, change, dissolution of the Company and the establishment and adjustment of internal management structure, the establishment and dissolution of affiliated enterprises;
- (7) appointment, assessment, remuneration, management and supervising of mid-to -high-level management of the Company.
- (8) material matters related to the interests of the staff which are required to be submitted to the meetings of staff representatives for discussion;

- (9) important measures taken by the Company in matters involving the political and social responsibilities of the Company such as particularly significant safe production and maintenance of stability;
- (10) material matters to be referred and reported to the higher authorities;
- (11) other matters the decision of which shall involve the Communist Party Committee.

**Article 103** The material operation and management matters shall be decided by the Board and the management after the research and discussion conducted by the Communist Party Committee. If the Communist Party Committee considers that other material matters are required to be decided by the Board and the management, such material matters may be proposed to the Board and the management;

**Article 104** The Communist Party Committee of the Company should actively organize and implement the Company's material decisions and deployment, conduct promotion, motivation and concentration work, unite and lead all the members of the Communist Party Committee and staffs to focus their mind and action on the strategic goal of development and implementation of material decisions of the Company and facilitate the reform and development of the Company.

**Article 105** The Communist Party Committee of the Company shall establish a supervision system for the implementation of the Company's material decisions and conduct regular supervision and inspection. For the Company's practices which are not in compliance with the Party's directional policies, national laws and regulations and the requirements of the Party central committee and local Communist Party Committee, the Communist Party Committee shall provide rectification advice in a timely manner and report to the higher level Party organization regarding the failure in rectification in a timely manner.

**Article 106** The Communist Party Committee of the Company shall strengthen the construction of grass-root party organizations so as to ensure the full coverage of the organization and work of the Party by closely focusing on production and operation. The Communist Party Committee of the Company shall establish and complete systems for regular and subject-oriented meetings for Party-related discussions, work review and appraisal for Party building at the grassroots and reporting annual Party building works to the higher-level Party organization. The Communist Party Committee of the Company shall maintain a serious political life within the Party and strictly implement the systems of "three meetings and one class", meetings for democratic life and organizational life, democratic consultation and democratic appraisal of Party members and thematic Party day, and promote the normalization and institutionalization of the learning and education model of "two studies and one practicing". The Communist Party Committee of the Company shall organize and direct the periodical leadership transition in grassroots organizations to elect qualified secretary and conduct restructuring for slack grassroots organizations. The Communist Party Committee of the Company shall strengthen daily education for Party members and duly perform the enrollment of new members. The Communist Party Committee of the Company shall conduct innovative organizational activities to give full play to the role of grassroots organizations as strongholds and the role of Party members as pioneers.

## Chapter 11 Board of Directors

### Section 1 Directors

**Article 107** Directors shall be elected or replaced at the shareholders' general meetings to hold for a term of 3 years. Upon maturity of the term of office, a director shall be eligible to offer himself for re-election and re-appointment but the Independent Non-executive Directors should not hold office for more than 6 consecutive years except for the other requirements of relevant law, regulation and listing rules of stock exchange of the place where the share of the Company was listed.

Subject to the relevant laws and administrative regulations and without prejudice to any claim for damages under any contract, the shareholders' general meeting may by ordinary resolution remove any director before the expiration of his term of office.

The term of office of a director shall start from the date on which the said director assumes office to the expiry of the current term of the Board of Directors. If the term of office of a director expires but re-election is not made responsively, the said director shall continue fulfilling the duties as director pursuant to relevant laws, administrative regulations, departmental rules and the Articles of Association until a new director is elected.

**Article 108** A director may resign before expiration of his term of office. The directors who resign shall submit to the Board of Directors a written report in relation to their resignation. The relevant information shall be disclosed within two days by the Board of Directors.

In the event that the resignation of any director during his term of office results in the number of members of the Board of Directors being less than the statutory minimum requirement, the said directors shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules and the Articles of Association until the re-elected directors assume their office.

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

Subject to the relevant laws and regulations, as well as regulatory rules of the local authority where the Company's shares are listed, if the Board of Directors appoints a new director to fill a casual vacancy, the appointed director should be subject to election by shareholders at the first general meeting after the appointment.

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

Where not otherwise provided by law, the Company in general meeting shall have power by ordinary resolution to remove any director (including a managing or other executive director), but without prejudice to any claim for damages under any contract before the expiration of his/her term of office.

The minimum length of the period, during which notice to the Company of the intention to propose a person for election as a director and during which notice to the Company by such person of his/her willingness to be elected may be given, will be at least 7 days.

The period for lodgment of the aforesaid notice(s) shall commence no earlier than the date after the dispatch of the notice of the meeting appointed for such election and end no later than 7 days before the date of such general meeting.

**Article 109** A Director shall clear all transitional procedures with the Board of Directors on resignation or expiry of term and shall fulfil his fiduciary obligations against the Company and shareholders. The obligations shall not be dismissed after the expiry of term and remain effective within the reasonable period specified by the Articles of Association.

**Article 110** If any director fails to attend in person or appoint other directors as his representative to attend meetings of the Board of Directors for two consecutive times, such director shall be deemed to have failed to perform his duties, and the Board of Directors may propose to replace such director at the shareholders' general meeting.

**Article 111** The Company shall have independent non-executive directors. Except as otherwise provided in this section, the provisions relating to the qualifications and obligations of directors in Chapter 15 of the Articles of Association shall apply to independent non-executive directors. At least one independent non-executive director of the Company shall be an accounting professional. Independent non-executive directors shall carry out their duties honestly and faithfully, safeguard the Company's interest and in particular prevent encroachment of the rights and interests of public shareholders, in order to ensure the sufficient representation of the interests of all shareholders.

The independent non-executive director of the Company shall satisfy the basic conditions set forth below:

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

**Article 112** Any director who has withdrawn from his office without permission or who violates any laws, administrative regulations, departmental rules or the Articles of Association during the course of performing his duties prior to the expiration of his term of office, and whereby a loss is incurred to the Company, shall be liable for compensation of such loss.

**Article 113** No director shall act on behalf of the Company or the Board of Directors without the requirement of the Articles of Association or the lawful authorization of the Board of Directors, otherwise the directors shall be liable personally for the consequences and compensation arising therefrom. In the event that a director is acting in his own name, which may be reasonably deemed to be acting on the behalf of the Company or the Board of Directors by a third party, such director shall state his stance and identity in advance.



## Section 2 Board of Directors

**Article 114** The Company shall have a board of directors which shall consists of 6 to 9 directors, the number of independent non-executive directors shall not be less than 3 and shall be more than one-third of the actual number of the board of directors.

Independent non-executive directors may report to the shareholders' general meeting, the securities regulatory authorities of the State Council and other related departments directly.

General manager and other senior management may also concurrently act as director, the number of general manager and other senior management who hold the offices of director shall not be more than half of the total number of directors of the Company.

The board of directors shall have one chairman, one vice chairman who shall be elected and removed by a majority of directors. The term of office of the chairman, the vice chairman shall be three years, renewable upon re-election.

Number of controlling shareholders' senior management who concurrently hold the offices of the chairman or the executive director of the Company shall not be more than two.

Directors are not required to hold shares of the Company.

Save as otherwise required by the laws, regulations and the listing rules of the stock exchange of the place where the shares of the Company are listed, the terms of office of independent non-executive directors shall be three years, renewable upon re-election, but shall not exceed nine years.

**Article 115** The Board of Directors shall be accountable to the shareholders' general meeting and exercise the following functions and powers:

- (1) to convene the shareholders' general meeting, to propose at the shareholders' general meeting to pass the relevant matters and report its work to the shareholders' general meeting;
- (2) to implement the resolutions of the shareholders' general meetings;
- (3) to decide on the Company's business plans and investment plans;
- (4) to formulate the Company's annual financial budgets and final accounts;
- (5) to formulate the Company's profit distribution plan and plan for recovery of losses;
- (6) to formulate proposals for the increase or decrease of the registered capital of the Company, the issue of shares and corporate bonds or other securities, and the listing;
- (7) to formulate proposals for material asset acquisition or disposal, repurchase of the Company's shares, and merger, demerger, dissolution or change of corporate form of the Company;
- (8) to decide on the establishment of the Company's internalmanagement structure;

- (9) to appoint or dismiss the Company's general manager and secretary of the Board of Directors, and to appoint or dismiss other senior management officers, such as the deputy general manager and the chief financial officer of the Company pursuant to the nominations of the general manager;
- (10) to decide on the matters relating to the remuneration of the aforesaid senior management officers;
- (11) to formulate the Company's basic management system;
- (12) to formulate proposals for amendment to the Articles of Association;
- (13) to decide on investment, acquisition or sale of assets, financing, connected person transactions, etc. as specified in the Listing Rules of Hong Kong Stock Exchange;
- (14) to decide on other major affairs of the Company, save for matters to be resolved at general meetings as required by the Company Law and the Articles of Association;
- (15) to exercise other functions and powers conferred by the laws and regulations, the Listing Rules of Hong Kong Stock Exchange, the Articles of Association or the general meetings.

The Board shall also be responsible for the following issues:

- (1) to formulate the Company's corporate governance system and to review and improve its corporate governance;
- (2) to review and supervise the training for and continuous professional development of directors and senior management;
- (3) to review and supervise the systems formulated and observation thereof by the Company and to make relevant disclosures as per the laws and relevant provisions of the securities regulatory authority of the place where the Company's shares are listed;
- (4) to work out the Company's code of conduct and relevant compliance manual for its employees and directors, and to review and supervise their behaviors.

The Board shall be responsible for the above corporate governance functions and may also assign its responsibilities to one or more special committees under it.

Except for the matters specified in subparagraphs (6), (7) and (12) or other listing rules which shall be passed by two-thirds or more of the directors, the board's resolutions in respect of any other aforesaid matters may be passed by half or more of all directors.

Resolutions in respect of connected transactions made by the Board of Directors shall not come into force unless it is signed by independent non-executive directors.

When the decision on major affairs should be made by the Communist Party Committee of the Company in the course of study on the decision on major affairs by the Board of Directors, the Board of Directors should accept advises from the Communist Party Committee in priory.

**Article 116** The Board of Directors shall not, without the approval of shareholders in a general meeting, dispose or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of the fixed assets of the Company proposed to be disposed of and where any fixed assets of the Company have been disposed of in the period of four months preceding the proposed disposition, the amount or value of the consideration for any such disposition, exceeds 33% of the value of the Company's fixed assets as shown in the last balance sheet tabled before the shareholders in a general meeting.

The disposal of fixed assets referred to in this Article shall include the act of transferring certain rights and interests of assets, but excluding the act of providing guarantee with fixed assets.

The validity of a transaction for the disposition of fixed assets by the Company shall not be affected by a breach of paragraph 1 of this Article.

**Article 117** The chairman of the Board of Directors is entitled to the following functions and powers:

- (1) to preside over general meetings and to convene and preside over the board meetings;
- (2) to supervise and check on the implementation of resolutions passed at the meeting of the Board of Directors;
- (3) to sign share certificates, bonds and other marketable securities of the Company;
- (4) to sign important documents of the Board of Directors and other documents that shall be signed by the legal representative of the Company and to exercise the authorities of legal representatives;
- (5) to exercise special disposal powers which are in compliance with legal requirements and are in the interests of the Company on matters of the Company and provide post-event reports to the Board of Directors after such event occurs, in the event of force majeure or an emergency in which it is impossible to convene a board meeting;
- (6) to define the systems necessary for the operation of the Board of Directors, and coordinate its operation;
- (7) to hear regular and non-regular performance reports from the Company's senior management officers, and to provide the Board of Directors with steering comments on the implementation of board resolutions;
- (8) to nominate a candidate for the general manager and the secretary to the Board of Directors of the Company;
- (9) to exercise any other functions and powers conferred by laws, regulations, the Articles of Association or the Board of Directors.

In the event that the chairman of the Board of Directors is unable to perform his duties, he may direct the vice chairman to perform his duties. In the event that the vice chairman of the Board of Directors is unable to or fails to perform his duties, a director shall be elected jointly by more than half of the directors to perform such duties.

The Board of Directors may, if necessary, authorize the chairman of the Board of Directors to exercise part of the powers of the Board of Directors when it is in recess.

**Article 118** The Board of Directors shall meet regularly and the meetings of the Board of Directors shall be held at least four times every year, and convened by the chairman of the Board of Directors. A 14 days' prior written notice for convening the meeting shall be given to all directors.

Under the following circumstances, an extraordinary meeting of the Board of Directors shall be held by the chairman within 5 days upon receipt of proposal:

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

**Article 119** To hold regular meetings and extraordinary meetings of the Board, the Office of the Board shall deliver written notice of the meeting to all the directors, supervisors, and the secretary to the Board the general manager by email, post, fax or person within fourteen days and five days in advance respectively. If not delivered by hand, the delivery shall be confirmed by calls and relevant records shall be made.

Where an extraordinary board meeting needs to be convened in emergency, it is not subject to the above time limit of notification and the above manner limit of notification but a reasonable notice for the meeting shall be given thereafter. The notice of meeting may be sent by telephone or by other verbal means, but the convener shall make explanations at the meeting.

**Article 120** The notice of meeting shall be deemed to have issued to a director if he is present at the meeting and does not raise the issue of non-receipt of such notice prior to or at the time of his arrival at the meeting.

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

**Article 121** The board meeting may not be held unless half or more of the directors are present.

Each director has one vote. Except for provided in laws, administrative regulations and the Articles of Association, resolutions of the Board of Directors shall be passed by more than half of all directors.

In the case of an equality of votes, the chairman shall have a casting vote.

**Article 122** A director shall attend the board meetings in person. If a director is not able to attend the meeting for any reasons, he may appoint in writing other directors to attend the meeting on his behalf. The scope of authorization shall be specified in the power of attorney.

The appointed director attending the meeting shall only exercise the rights within the scope of authorization. Should a director neither attend a board meeting nor appoint representative to attend on his behalf, the said director shall be deemed to have waived his right to vote at the meeting.

**Article 123** Any material matters to be decided by the Board of Directors must be proceeded strictly according to specified procedures. A notice shall be given to all directors at the time required by the Articles of Association and sufficient information shall be given at the same time. The directors may request additional information. When one-fourth or more of directors or two or more of independent non-executive directors consider that the information and materials of the matters are insufficient or, they are unable to make a decision on the matters by other reasons, they may jointly propose to postpone the board meeting or delay the discussion of certain matters to be resolved in the board meeting, and the Board of Directors shall adopt the relevant proposal.

Resolutions in respect of connected transactions of the Company made by the Board of Directors shall not come into force unless it is signed by independent non-executive directors.

**Article 124** The Board of Directors may approve the written proposals in lieu of convening meetings of the Board of Directors, but the draft of such proposals shall be delivered to each director through personal delivery, post, fax or e-mail. Such proposal will be passed as a resolution of the Board of Directors, only after it has been delivered to all directors by the Board of Directors, and signed and approved by the required quorum of the directors for decision-making and the signed document for approving such proposal has been delivered to the secretary to the Board of Directors by one of the aforesaid means. Such resolution shall be deemed to have the same legal effect as a resolution passed at a board meeting held in accordance with the procedures set out in the relevant provisions of the Articles of Association.

**Article 125** The Board of Directors shall keep minutes of decisions on matters discussed at meetings. The attending directors and the minutes taker shall sign on the minutes of such meeting. Directors shall be liable for the resolutions of the Board of Directors. If a resolution of the Board of Directors violates laws, administrative regulations or the Articles of Association, thus causes the Company to suffer any material loss, the directors participating in the resolution are liable to compensate to the Company. However, directors who have proved to have cast a dissenting vote against the motion during the voting as recorded in the minutes shall be exempted from such liability.

### **Section 3 Special Committees under the Board of Directors**

**Article 126** The Board of Directors shall establish four special committees, such as Audit Committee, Remuneration Committee, Nomination Committee and Strategy Committee, and the personnel composition and rules of procedure of which shall be resolved separately by the Board of Directors. Where necessary, the Board of Directors may establish other special committees. These special committees are ad hoc committees under the Board of Directors which provide advices or advisory opinions for the Board of Directors on material decisions. The special committees shall not make any decision in the name of the Board of Directors. However, the committees may exercise decision-making power in respect of the authorized matters in accordance with a special power given by the Board of Directors. The four special committees are as follows:

- (1) Audit Committee whose major duties include: to guide, examine and supervise the construction of the Company's systems and mechanisms in respect of financial control, risk management and internal control; to make recommendations to the Board on the appointment, reappointment or change of such intermediaries as accounting firms, and their remuneration and terms of appointment; to review and supervise whether the external auditors are independent and objective and whether audit procedures are effective; to formulate and implement policies on non-audit services provided by the external auditors; to supervise and review the integrity of the Company's financial reports, annual reports, accounts, interim reports and quarterly reports (if any), and to review major opinions on relevant financial reporting set out in the statements and reports; to consider the Company's financial and accounting policies and relevant changes, and to provide relevant opinions to the Board; to make recommendations to the Board on the appointment and dismissal of the person in charge of the Company's internal audit institutions; to supervise the formulation and implementation of the Company's internal audit system; to evaluate and supervise the integrity and effectiveness of the Company's audit system; to keep good communication with the Supervisory Committee and the Company's internal and external audit institutions, and to ensure it has sufficient resources to carry out its internal audit function in the Company at a proper position and supervise its effectiveness.
- (2) Remuneration Committee whose major duties include: to propose recommendations to the Board with respect to the overall remuneration policies and structures for the directors and senior management of the Company and the establishment of formal and transparent procedures for formulation of remuneration policies; to give advice to the Board on certain remuneration packages of all executive directors, supervisors and senior management, including non-monetary benefits, pension rights and compensation amounts (including the compensation for the loss or termination of office or appointment), and the remuneration of non-executive directors; to review and approve the recommendations on remuneration of management with reference to the corporate goals as approved by the Board from time to time; to review and approve the compensation that should be paid to executive directors, supervisors and senior management for any loss or termination of their office or appointment, so as to ensure the said compensation conforms to the terms of relevant contract; in case of any inconformity, the said compensation shall be fair and reasonable and will not result in excessive burden to listed companies; to review and approve the compensation arrangement in connection with dismissal or removal of relevant directors for their misconduct, so as to ensure such arrangement conforms to relevant contract terms; in case of any inconformity, relevant compensation shall be reasonable and appropriate; to ensure that any director or any of his/her associates does not participate in the determination of his/her own remuneration.
- (3) Nomination Committee whose major duties include: to regularly review the structure, size and composition (including the skills, knowledge and experience) of the Board at least every year, and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; to extensively search for qualified candidate directors, to make initial examination of candidate directors and general managers, and to offer suggestions to the Board on relevant selection; to review the independency of independent non-executive directors; to study and make recommendations on the standards and procedures for the selection of candidate directors and general managers; and to give advice to the Board on the appointment or reappointment of directors or the general manager and the succession planning for directors (including the chairman) and the general manager.

- (4) The Strategy Committee whose major duties include: to study and make recommendations on the Company's long-term strategic development plan; to study and make recommendations on major investment and financing plans that are subject to Directors' approval according to the Article of Association of the Company; to study and make recommendations on major capital, assets and management projects that are subject to Directors' approval according to the Article of Association of the Company; to study and make recommendations on other major issues affecting the Company's development; to review the implementation of the above items; to exercise part of the power on behalf of the Board within their terms of reference and report to the board during the period of the close of the Board meeting.

## **Chapter 12 Secretary to the Board of Directors of the Company**

**Article 127** The Company shall have a secretary to the Board of Directors. The secretary to the Board of Directors is a senior management officer of the Company and shall be nominated by the chairman and appointed or removed by the Board of Directors.

**Article 128** The secretary to the Board of Directors of the Company shall be a natural person with the requisite professional knowledge and experience. The secretary to the Board of Directors is responsible for the Board of Directors, who shall be mainly responsible for promoting the improvement of corporate governance level and properly implementing information disclosure of the Company and investor relations related work. His major duties include:

- (1) to ensure that the Company has complete organizational documents and records; to keep and manage shareholder's information; to assist the directors in addressing the routine tasks of the Board of Directors;
- (2) to ensure the proper maintenance of the Company's register of shareholders, and to ensure the persons who are entitled to obtain the relevant records and documents of the Company are able to obtain the same on a timely basis;
- (3) as the contact person of the Company with the securities regulatory authorities, to be responsible for organizing the preparation and prompt submission of the reports and documents required by the regulatory authorities and ensure that the Company prepare and submit the reports and documents required by the power authorities according to laws, and for accepting and organizing the implementation of any assignment from the regulatory authorities;
- (4) to organize and arrange for the board meetings and general meetings, prepare meeting materials, handle relevant meeting affairs, be responsible for keeping minutes of the meetings and ensure their accuracy, keep meeting documents and minutes and take initiative to keep abreast of the implementation of relevant resolutions. Any important issues occurring during the implementation shall be reported and relevant proposals shall be put forward to the Board of Directors;
- (5) to be responsible for coordinating and organizing the Company's disclosure of information, to establish and improve the information disclosure system, to participate in all of the Company's meetings involving the disclosure of information, and to keep informed of the Company's material operation decisions and related information in a timely manner;

- (6) to be responsible for keeping price-sensitive information of the Company confidential and to work out effective and practical confidentiality systems and measures. Where there is any disclosure of price-sensitive information of the Company due to any reason, necessary remedial measures shall be taken; timely explanation and clarification shall be made; and relevant reports shall be submitted to the regulatory authorities of securities;
- (7) to deal with and coordinate public relationship among the Company and related regulatory authorities, intermediaries and news media;
- (8) to coordinate the provision of relevant information necessary for the Company's Supervisor and other auditing authorities to discharge their duties; and to assist in carrying out investigations on the performance of the chief financial officer, directors and the general manager of the Company of their fiduciary duties;
- (9) to exercise other functions and powers as conferred by the Board of Directors, as well as other functions and powers as required by laws and regulations, and the stock exchange of the place where the Company's shares are listed.

**Article 129** A director or other senior management officers of the Company may concurrently act as the secretary to the Board of Directors. The accountant(s) of the accounting firm which has been appointed by the Company and the management officers of controlling shareholders shall not concurrently act as the secretary to the Board of Directors.

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

### **Chapter 13 The General Manager and Other Senior Management Officers**

**Article 130** The Company shall have one general manager who shall be removed by the Board of Directors, a number of deputy general managers who shall be nominated by the general manager and appointed and removed by the Board of Directors. A director may serve concurrently as the general manager, deputy general manager or other senior management officers.

**Article 131** The general manager shall serve a term of three years, and may be reelected for successive terms.

**Article 132** The general manager shall be accountable to the Board of Directors and exercise the following functions and powers:

- (1) to be in charge of the Company's production, operation and management and report to the Board of Directors;
- (2) to organize the implementation of the resolutions of the Board of Directors, the Company's annual business plans and investment plans;
- (3) to draft the Company's annual financial budget plans and final accounts, and to put forward the proposal to the Board of Directors;



- (4) to draft the Company's basic management system and the plan for establishment of the Company's internal management organization;
- (5) to formulate the specific rules and regulations of the Company;
- (6) to propose to the Board of Directors the employment and dismissal of the deputy general managers and other senior management officers such as chief financial officer;
- (7) to employ and dismiss the responsible management personnel and general staffs other than those to be employed and dismissed by the Board of Directors;
- (8) to propose to convene extraordinary board meetings;
- (9) to decide the Company's other issues within the scope of the authority of the Board of Directors;
- (10) to decide on such projects as investment, acquisition or disposal and financing which do not need to be decided by the Board or the shareholders' general meeting;
- (11) to exercise other functions and powers as conferred by these Articles of Association and the Board.

Senior management officers other than the general managers shall assist the general manager in his works and may exercise part of the functions and powers entrusted by the general manager.

When the decision on major affairs should be made by the Communist Party Committee of the Company in the course of study on the decision on major affairs by the the general manager, the general manager should accept advises from the Communist Party Committee in priory.

**Article 133** The general manager shall attend the board meetings and, if not a director, shall not have voting right thereat.

**Article 134** In the exercise of his powers, the general manager shall comply with the laws, administrative regulations and the Articles of Association, and fulfill his duties in good faith and diligence.

**Article 135** The Company shall have one chief financial officer, who shall be appointed or removed by the Board of Directors. The chief financial officer shall be accountable to the Board of Directors and the general manager.

## **Chapter 14 Board of Supervisors**

**Article 136** The Company shall have a Board of Supervisors, which shall exercise its supervisory powers in accordance with the provisions of the laws, administrative regulations and the Articles of Association.

**Article 137** The Board of Supervisors shall be composed of three to five supervisors, one of whom shall act as the chairman of the Board of Supervisors. The term of office of supervisors shall be three years, renewable upon re-election and re-appointment.

The appointment and dismissal of the chairman of the Board of Supervisors shall be subject to the approval of more than two-thirds (inclusive) of its members by voting. Resolutions of the meeting of the Board of Supervisors shall be approved by more than two-thirds (inclusive) of the members of the Board of Supervisors.

**Article 138** Members of the Board of Supervisors shall comprise of shareholder representatives and appropriate proportion of employee representatives of the Company, of which, the number of the employee representatives shall be no less than one-third. The supervisors representing employees shall be elected by the employee representatives' general meeting, employees' general meeting of the Company or other democratic ways.

At least half of the members of the Board of Supervisors should be external supervisors (i.e. supervisors, including supervisors who are the representatives of shareholders, not holding any positions in the Company, same hereinafter), and external supervisors shall have authority to report separately to the shareholders' general meeting on the honesty and diligence of the senior management officers of the Company.

**Article 139** The directors, the general manager and the senior management officers of the Company shall not act concurrently as supervisors.

**Article 140** The Board of Supervisors shall be accountable to the shareholders' general meeting and exercise the following functions and powers:

- (1) to monitor any acts of directors, the general manager and other senior management officers in their performance of duties that violate the laws, administrative regulations and the Articles of Association, and to propose dismissal of any directors and senior management officers who violate the laws, administrative regulations, the Articles of Association or any resolutions of shareholders' general meetings;
- (2) to demand rectification from a director and other senior management officers when the acts of such persons prejudice the Company's interest;
- (3) to examine the Company's financial affairs;
- (4) to review financial information such as the financial reports, operation reports and profit distribution schemes to be submitted by the Board of Directors to the Shareholders' general meetings; and if necessary, to engage professional institutions such as accounting firms and law firms to assist in the work, the cost incurred are to be borne by the Company;
- (5) to review the regular reports of the Company prepared by the Board of Directors and to submit written review opinions thereon;
- (6) to propose to convene an extraordinary general meeting; and to convene and chair the general meeting in case the Board of Directors fails to fulfill the obligations prescribed by the Company Law to convene and chair the general meeting;
- (7) to submit proposals to the shareholders' general meeting;
- (8) to propose to convene an extraordinary meeting of the Board of Directors;

- (9) to institute a suit to the directors or senior management officers according to Article 151 of the Company Law;
- (10) to exercise other functions and powers specified in the laws, administrative regulations and the Articles of Association.

Supervisors shall attend the board meetings and make enquiries or suggestions in respect of the resolutions of the Board of Directors.

**Article 141** The Board of Supervisors shall convene at least one meeting every 6 months, which shall be convened by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors is unable or fails to perform his duties, one supervisor shall be elected jointly by half or more of the supervisors to convene and preside over the meeting of the Board of Supervisors.

The supervisors can propose to convene extraordinary meetings of Board of Supervisors.

In convening the regular or extraordinary meetings of Board of Supervisors, the staff member of the Board of Supervisors shall give a written notice of the meeting to all supervisors by hand, facsimile, email or other means within 10 days and 3 days in advance respectively. If a notice is not given by hand, a subsequent telephone call shall be made for confirmation and corresponding records shall be made.

In case of urgency and an extraordinary meeting of the Board of Supervisors is required to be convened as soon as possible, it is not subject to the above time limit of notification and the above manner limit of notification but a reasonable notice for the meeting shall be given thereafter. The notice of such meeting shall be given by telephone communication or other verbal means at any time provided that the convener of the meeting gives relevant explanation at the meeting.

**Article 142** The method for conducting businesses at the meetings of the Board of Supervisors: any voting at the Board of Supervisors shall be made on a one-person-one-vote basis in the manner of open and written ballot.

The voting procedure: a supervisor may cast an affirmative, a negative or an abstention vote. Each attending supervisor shall indicate his/her intention by choosing one of the above. The chairman of the meeting shall request each supervisor who fails to choose any of the above or has chosen two or more of the above to vote again, refusal to do so shall be regarded as having abstained from voting. Any supervisor who leaves the meeting and does not return and has not voted by choosing any of the above shall be regarded as having abstained from voting.

Resolutions of the Board of Supervisors shall be passed by the affirmative votes of two-thirds or more of the members of the Board of Supervisors.

The Board of Supervisors shall record the decisions on matters discussed in the minutes, supervisors who attended the meeting shall sign the minutes of the meeting. A supervisor is entitled to request for some descriptive record to be made with regard to his speech in the meeting. The minutes of the meeting of the Board of Supervisors shall be kept in the domicile of the company.

When voting by way of telecommunications, supervisors shall, after confirming their votes by signing a written opinion on the matter considered and his/her voting intention, fax the same to the office of the Board of Supervisors. Supervisors shall not merely specify their voting opinions without expressing their written opinions or reasons for voting. Supervisors who cast votes by way of telecommunications shall submit the signed original copy of the voting paper to the Board of Supervisors within the period stipulated in the meeting notice.

**Article 143** In case that the Board of Supervisors discovers any unusual operation of the Company, the Board of Supervisors may investigate it and, when necessary, may engage professionals, such as lawyers and accounting firms, to assist in the work. Any reasonable expenses incurred thereby shall be borne by the Company.

**Article 144** A supervisor shall carry out his supervisory duties honestly and faithfully in accordance with laws, administrative regulations and the Articles of Association.

## **Chapter 15 Qualification and Obligations of Directors, Supervisors and Senior Management Officers of the Company**

**Article 145** The following persons may not serve as a director, supervisor, the general manager, or other senior management officer of the Company:

- (1) an individual who has no civil capacity or has restricted civil capacity;
- (2) persons who have committed the offences of corruption, bribery, trespass of property, misappropriation of property or damaging the social economic order, and have been penalized due to the above offences;
- (3) persons who were former directors, factory chiefs or managers of a company or enterprise which has become insolvent and has been liquidated and were personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;
- (4) persons who were legal representatives of a company or enterprise, which had its business license revoked due to a violation of the law and were ordered to close down, and who were personally liable for the revocation of business license of such company or enterprise, where less than three years have elapsed since the date of the revocation of business license of such company or enterprise;
- (5) persons with a comparatively large amount of personal debts due and unsettled;
- (6) persons who have committed criminal offences and are still under investigation by law administration authorities;
- (7) persons who were not allowed to be heads of enterprises as stipulated by laws and administrative regulations;
- (8) persons who are not natural persons;

- (9) persons who have been convicted of offences of violating provisions of the relevant securities regulations or offences of fraud or acting in bad faith by the relevant competent authorities, where less than five years have lapsed since the date of conviction;
- (10) other persons stipulated by relevant laws and regulations of the place where the Company's shares are listed.

**Article 146** The validity of the conduct of directors, the general manager, and other senior management officers of the Company who have acted on behalf of the Company with respect to third parties who have acted in good faith shall not be affected due to any irregularity in the employment, election or qualification of such directors, the general manager, and other senior management officers.

**Article 147** In addition to the obligations imposed by laws, administrative regulations or the listing rules of the stock exchanges where the Company's shares are listed, each of the Company's directors, supervisors, the general manager and other senior management officers shall owe the following obligations to each shareholder, in the exercise of the functions and powers entrusted to him by the Company:

- (1) not to cause the Company to go beyond the business scope specified in its business license;
- (2) to act honestly in what they consider to be the best interest of the Company;
- (3) not to deprive in any way the Company of its assets, including (but not limited to) opportunities beneficial to the Company;
- (4) not to deprive shareholders of their personal rights and interests, including (but not limited to) rights to distributions and to vote, except in a Company reorganization submitted in accordance with the provisions of the Articles of Association and adopted at a shareholders' general meeting.

**Article 148** Each of the directors, supervisors, the general manager, and other senior management officers of the Company owes a duty, in the exercise of his powers or discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise under the similar circumstances.

**Article 149** Each director, supervisor, the general manager, and other senior management officer of the Company should abide by his fiduciary principles in the discharge of his duties, and not to place himself in a position where his own interest and his duty may conflict. Such principles include (but are not limited to) the performance of the following obligations:

- (1) to act honestly in what he considers to be in the best interest of the Company;
- (2) to exercise his powers within the scope specified and not to act ultra vires;
- (3) to exercise the discretion vested in him personally and not allow himself to act under the direction of another; unless and to the extent permitted by law, administrative regulations or by the shareholders, having been informed of the relevant facts, at a general meeting, not to delegate the exercise of his discretion;

- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) unless otherwise provided for in the Articles of Association or except with the informed consent of the shareholders given in a general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) not to use the Company's assets for his personal benefit in any manner, without the approval of the shareholders, having been informed of the relevant facts, at a general meeting;
- (7) not to use his position to accept bribes or other illegal income and not to expropriate the Company's property in any manner, including (without limitation) opportunities beneficial to the Company;
- (8) not to accept commissions in connection with the Company's transactions without the informed consent of shareholders in a general meeting;
- (9) to abide by the Articles of Association, faithfully perform his duties and protect the interests of the Company, and not to use his position and powers in the Company to seek personal gain;
- (10) not to compete with the Company in any way except with the informed consent of shareholders given in a general meeting;
- (11) not to misappropriate the Company's funds, not to open any bank account in his own name or other name for the deposit of the Company's assets or funds, and not to violate the provisions of the Articles of Association to lend the Company's funds to others or provide security of the Company's assets for debts of shareholders of the Company or other individuals without the approval of the shareholders given at a general meeting or the Board of Directors;
- (12) without the informed consent of shareholders in a general meeting, not to disclose confidential information on the Company acquired while in office and not to use such information other than in furtherance of the interests of the Company, save and except that disclosure of information to a court or other governmental authorities is permitted where:
  - i. the laws so require;
  - ii. public interests so warrant;
  - iii. the personal interests of the director, supervisor, the general manager and other senior management officers so require.

Any gain arising from the breach of this Article by the personnel mentioned in this Article shall belong to the Company. Such personnel shall be liable for compensation for any loss of the Company arising therefrom.

**Article 150** A director, supervisor, the general manager or other senior management officer of the Company shall not direct the following persons or institutions (“**related parties**”) to do what he is not permitted to do:

- (1) the spouse or minor child of the Company’s director, supervisor, the general manager or other senior management officer;
- (2) the trustee of the Company’s director, supervisor, the general manager or other senior management officer or any person referred to in subparagraph (1) of this Article;
- (3) the partner of the Company’s director, supervisor, the general manager or other senior management officer or any person referred to in subparagraphs (1) and (2) of this Article;
- (4) a company in which the Company’s director, supervisor, the general manager or other senior management officer, alone or jointly with the person referred to in subparagraphs (1), (2) or (3) of this Article or with other directors, supervisors, the general manager and other senior management officers of the Company, has de facto control; and
- (5) the directors, supervisors, the general manager and other senior management officers of the controlled company referred to in subparagraph (4) of this Article.

**Article 151** The fiduciary duties of a director, supervisor, the general manager, and other senior management officers of the Company do not necessarily cease with the termination of his tenure. The duty of confidentiality in relation to trade secrets of the Company survives the termination of his term of office. Other duties may continue for such period as the principle of fairness may require depending on the length of time which has lapsed between the occurrence of the matter in question and the termination of his term of office and the circumstances and the terms under which the relationships between him and the Company are terminated.

**Article 152** Except in the circumstances prescribed in Article 58 of the Articles of Association, liabilities of a director, supervisor, the general manager and other senior management officers arising from the violation of a specified duty may be released by informed shareholders at a general meeting.

**Article 153** Where a director, supervisor, the general manager, or other senior management officer of the Company is, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, he shall declare the nature and extent of his interest to the Board of Directors at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal is otherwise subject to the approval of the Board of Directors under the normal circumstances.

Subject to such exceptions specified in the Articles of Association as the Hong Kong Stock Exchange may approve, a director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Board of Directors in respect of any contract, transaction or arrangement in which he or any of his close associates as defined in the applicable Listing Rules of the Hong Kong Stock Exchange in effect from time to time has any material interest or any other relevant proposals. Unless the interested director, supervisor, the president or other senior management officer of the Company has disclosed his interest in accordance with paragraph 1 of this Article and the contract, transaction or arrangement has been approved by the Board of Directors at a meeting in which the interested director, supervisor, the general manager or other senior management officer is not counted in the quorum and has refrained from voting, such contract, transaction or arrangement 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 director, supervisor, the general manager or other senior management officer concerned.

A director, supervisor, the general manager and other senior management officer of the Company is deemed to be interested in a contract, transaction or arrangement in which his related parties have interest.

**Article 154** Where a director, supervisor, the general manager, or other senior management officer of the Company gives the Board of Directors a general notice in writing stating that, by reason of the facts stated in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be entered into by the Company, then he shall be deemed to have made a disclosure for the purposes of the preceding Article of this Chapter so far as the content stated in such notice is concerned, if such notice shall have been given to the Board of Directors before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration by the Company.

**Article 155** The Company shall not in any manner pay taxes for its directors, supervisors, the general manager or other senior management officers.

**Article 156** The Company shall not directly or indirectly make a loan to or provide any guarantee in connection with a loan to a director, supervisor, the general manager or other senior management officer of the Company or of the Company's controlling shareholders or any of their respective related parties.

The foregoing provision shall not apply to the following circumstances:

- (1) the provision of a loan or a guarantee for a loan by the Company to its subsidiary;
- (2) the provision in accordance with the terms of an employment contract approved by the shareholders at general meetings of a loan or a guarantee for a loan or any other funds by the Company to any of its directors, supervisors, the general manager, or other senior management officers to meet expenditure incurred by him for the purposes of the Company or for the purpose of enabling him to perform properly his duties; and
- (3) the Company may make a loan to or provide a guarantee for a loan to its relevant directors, supervisors, the general manager, or other senior management officers or other related parties where the ordinary course of its business is expanded to include the making of loans or the giving of guarantees for loans and provided that the making of such loans or the giving of such guarantees is on normal commercial terms.

**Article 157** A loan made by the Company in breach of the preceding Article shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

**Article 158** A guarantee for a loan provided by the Company in breach of paragraph 1 of Article 158 shall be unenforceable against the Company unless:

- (1) the loan was provided to a related party of a director, supervisor, the general manager, or other senior management officer of the Company or its controlling shareholders and at the time the loan was advanced the lender did not know of the relevant circumstances;
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.



**Article 159** For the purposes of the foregoing provisions of this Chapter, a guarantee includes an act of undertaking of or property provided by guarantor to secure the performance of obligations by the obligor.

**Article 160** In addition to any rights and remedies provided for in relevant laws and administrative regulations, the Company is entitled to adopt the following measures where a director, supervisor, the general manager, or other senior management officer of the Company is in breach of his duties owed to the Company:

- (1) to claim against such a director, supervisor, the general manager or other senior management officer for losses incurred by the Company as a result of his breach;
- (2) to rescind any contract or transaction entered into between the Company and such director, supervisor, the general manager or other senior management officer, or between the Company and a third party where such third party has known or should have known such director, supervisor, the general manager and other senior management officer that represents the Company has breached his duties owed to the Company;
- (3) to account for the profits made by the director, supervisor, the general manager or other senior management officer as a result of his breach;
- (4) to recover any monies received by the director, supervisor, the general manager or other senior management officer which should have been received by the Company, including, without limitation, commissions;
- (5) to demand the return of the interest earned or which may have been earned by the director, supervisor, the general manager or other senior management officer on any monies which should have been paid to the Company; and
- (6) to request for judgment through legal proceedings that the properties acquired by directors, supervisors, the general manager and other senior management officers through their breach of duties shall belong to the Company.

**Article 161** The Company shall, with the prior approval of shareholders in a general meeting, enter into a contract in writing with its director, supervisor or senior management officer wherein his emoluments are stipulated. The written contract shall include at least the following provisions:

- (1) Directors, supervisors and senior management officers shall undertake to the Company that they will observe and comply with the Company Law, the Special Regulations, the Articles of Association, the Code on Takeovers and Mergers, the Code on Share Repurchases and other provisions of the Hong Kong Stock Exchange, and agree that the Company is entitled to access to the remedial measures as prescribed in the Articles of Association. The contract and their positions shall not be transferred;
- (2) Directors, supervisors and senior management officers shall undertake to the Company (for and on behalf of each shareholder) that they will observe and fulfill their obligations to shareholders stipulated in the Articles of Association;
- (3) The arbitration clauses as provided in Article 207 of the Articles of Association.

The aforesaid emoluments include:

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

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

The Company shall, on a regular basis, disclose to shareholders the remunerations obtained by the directors, supervisors and senior management officers from the Company.

**Article 162** In the contract for emoluments entered into by the Company with its director or supervisor: when the Company is being acquired, provisions shall be made for the right of the director or supervisor to receive, after obtaining the prior consent of shareholders in a general meeting, payments or other amounts by way of compensation for loss of office or for his retirement from office. For the purposes of the preceding paragraph, the acquisition of the Company includes any of the following:

- (1) an offer made by any person to all shareholders;
- (2) an offer made by any person with a view to making the offeror the controlling shareholder. The controlling shareholder has the same meaning as defined in the Articles of Association.

If the relevant director or supervisor does not comply with this Article, any sum received by the director or supervisor on account of the payment shall belong to those persons who have sold their shares as a result of accepting the offer, and the expenses incurred by the director or supervisor in distributing that sum on a pro rata basis among those persons shall be borne by him and shall not be deducted from the sum distributed.

## **Chapter 16 Financial and Accounting System**

**Article 163** The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the provisions stipulated by the relevant PRC authorities.

**Article 164** The Company shall adopt the Gregorian calendar year for its accounting year, i.e. the accounting year shall be from 1 January to 31 December.

At the end of each accounting year, the Company shall prepare a financial report which shall be audited and verified according to law.

The financial statements of the Company shall be prepared in accordance with the PRC accounting standards and regulations, unless the laws, administrative regulations, departmental rules and securities regulatory rules in the place where the Company's shares are listed require that the financial statements of the Company shall also be prepared in accordance with either international accounting standards, or that of the place overseas where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be specifically stated in the financial statements.

In distributing its after-tax profits of the relevant accounting year, the lower of the after-tax profits as shown in the different sets of financial statements shall be adopted.

**Article 165** The Company's Board of Directors shall place before the shareholders at every annual general meeting such financial reports which the relevant laws, administrative regulations and regulatory documents promulgated by the local government and the competent governmental authorities require the Company to prepare.

**Article 166** The Company shall not maintain books of accounts other than those provided for by law. The Company's assets shall not be deposited in an account maintained in the name of any individual.

**Article 167** The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days before the date of the annual general meeting. Each shareholder of the Company has the right to receive a copy of such financial reports mentioned in this Chapter.

The financial report mentioned in the preceding paragraph shall include the directors' report and the balance sheet (including all other documents to be attached in accordance with the requirements of the PRC laws, other laws, and administrative regulations), the profit and loss statement (the profit statement) or the statement of income and expense (the statement of cash flow) or (under the condition of no violation of the PRC laws) financial highlights approved by the Hong Kong Stock Exchange.

The Company shall deliver or send such financial report (including each document to be contained in the appendices of the balance sheet as required by laws and regulations) to every holder of its overseas-listed foreign shares by pre-paid post at the addresses of such shareholders as recorded in the register of members no less than 21 days before the date of the annual general meeting. The Company can proceed by way of announcements, including announcement via the Company's website, on condition that such announcements are in compliance with the laws, administrative regulations, departmental rules and the relevant requirements of the securities regulatory body where the Company's shares are listed.

**Article 168** The Company shall publish its financial reports twice every financial year, that is, the interim financial report shall be published within 60 days after the end of the first six months of each accounting year and the annual financial report shall be published within 120 days after the end of each accounting year.

The interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations, unless the laws, administrative regulations, departmental rules and securities regulatory rules in the place where the Company's shares are listed require that the financial statements of the Company shall also be prepared in accordance with either international accounting standards, or that of the place overseas where the Company's shares are listed.

## Chapter 17 Profit Distribution

**Article 169** When distributing the after-tax profits of the current year, the Company shall allocate 10% of its profits into its statutory common reserve fund. When the cumulated amount of the statutory common reserve fund of the Company has reached 50% or more of its registered capital, no further allocations is required.

Where the statutory common reserve fund of the Company is insufficient to make up for the losses of the Company incurred during the previous years, before making allocation to the statutory common reserve fund in accordance with the preceding paragraph, the profits generated during the current year shall be used to make up for such losses.

After making allocation to the statutory common reserve fund of the Company from its after-tax profits, the Company may, subject to resolutions adopted at a general meeting, also allocate funds from the after-tax profits to the discretionary common reserve fund.

After making up for the losses and making contributions to the common reserve fund, any remaining after-tax profits shall be distributed by the Company to the shareholders in proportion to their respective shareholdings according to the resolutions adopted at the general meeting.

If the shareholders' general meeting has, in violation of the provisions of the preceding paragraph, distributed profits to the shareholders before the Company has made up for its losses and made allocations to the statutory common reserve fund, the shareholders must return the profits distributed in violation of the provision to the Company.

No profits shall be distributed in respect of the Company's shares held by the Company.

**Article 170** Capital reserve fund includes the following items:

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

**Article 171** The reserve fund of the Company can be applied for making up for losses of the Company, expansion of the Company's production and operation or capitalization for capital increase of the Company, but the capital reserve fund cannot be applied for making up for losses of the Company.

Where the statutory common reserve fund is converted into capital, the balance of such reserve fund shall not fall below 25% of the Company's registered capital prior to such conversion.

**Article 172** The Company may distribute dividends in the form of (or a combination of both):

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

**Article 173** Any amount paid up in advance of calls on any share may carry interest but shall not entitle the relevant shareholder to participate in respect thereof in a dividend subsequently declared.

**Article 174** The Company shall appoint a payment receiving agent for holders of overseas-listed foreign shares. The payment receiving agent shall receive on behalf of such shareholders any dividends or other amounts payable by the Company to them in respect of the overseas-listed foreign shares, and such payment shall be kept by the payment receiving agent on such shareholders' behalf for any payment to them.

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

The payment receiving agent appointed by the Company for holders of overseas-listed foreign shares listed in the Hong Kong Stock Exchange shall be a trust company registered under the Trustee Ordinance of Hong Kong.

Subject to the relevant laws and regulations of the PRC, the Company may exercise its right to confiscate the dividends which nobody has claimed only after 6 years or more of the declaration of such dividends.

If the Company ceases sending dividend warrants by post to a holder of overseas-listed foreign shares, it should provide that such power shall not be exercised until such dividend warrants have been so left uncashed on two consecutive occasions. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

In relation to the exercise of right to issue warrants to bearer, no warrant thereof shall be issued to replace one that has been lost unless the Company is satisfied beyond reasonable doubt that the original warrant thereof has been destroyed. The Company has the power to sell, by means considered appropriate by the Board of Directors, the shares of a holder of the overseas-listed foreign shares who is untraceable under the following circumstances:

- (1) during a period of 12 years at least 3 dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and
- (2) on expiry of the 12 years the Company gives notice of its intention to sell the shares by way of an announcement published in one or more newspapers in the place where the Company's shares are listed and notifies the Hong Kong Stock Exchange of such intention.

**Article 175** The cash dividends and other amount paid by the Company to the holders of domestic shares shall be paid in Renminbi. The cash dividends and other amount paid by the Company to the holders of overseas-listed foreign shares shall be denominated and declared in Renminbi and paid in Hong Kong dollars. The foreign currency required for the payment of cash dividends and other amount by the Company to the holders of overseas-listed foreign shares shall be arranged in accordance with the provisions of the PRC in relation to foreign exchange administration.

**Article 176** Unless otherwise provided in the relevant or administrative regulations, if the cash dividends and other payments are to be paid in Hong Kong dollars, the Company shall adopt the average mid-price of the relevant foreign exchange quoted by the People's Bank of China prevailing a calendar week before the date on which the dividends and other payments are declared as the exchange rate therefor.

## **Chapter 18 Appointment of Accounting Firms**

**Article 177** The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the State to audit the Company's annual financial reports and review the Company's other financial reports.

The first accounting firm of the Company may be appointed by the inaugural meeting prior to the first annual general meeting and the accounting firm so 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 178** 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 179** The accounting firm appointed by the Company shall have the following rights:

- (1) the right to review the books, records and vouchers of the Company at any time, the right to require the directors, general manager or other senior management officers of the Company to supply relevant information and explanations;
- (2) the right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the discharge of its duties;
- (3) the right to attend 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 speak at any general meeting in relation to matters concerning its role as the Company's accounting firm.

The Company shall provide the accounting firm appointed with true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information. The Company shall not refuse to provide or hide the same or make false reports.

**Article 180** If there is a vacancy in the position of accounting firm of the Company, the Board of Directors may appoint an accounting firm to fill such vacancy before the convening of the shareholders' general meeting. Any other accounting firm which has been appointed by the Company may continue to act during the period in which a vacancy arises.

**Article 181** The shareholders in a general meeting may by ordinary resolution remove an accounting firm before the expiry of its term of office, notwithstanding the stipulations in the contract between the Company and the firm, but without prejudice to the firm's right to claim for damages in respect of such removal.

**Article 182** The remuneration of an accounting firm or the manner in which such remuneration is determined shall be decided by the shareholders' general meeting.

**Article 183** The Company's appointment, removal and non-renewal of an accounting firm shall be resolved upon by the shareholders in general meeting. Such resolution shall be filed with the securities regulatory authority of the State Council.

Prior to the removal or the non-renewal of the appointment of the accounting firm, an advance notice of such removal or non-renewal shall be given to the accounting firm and such firm has the right to state its opinions to the shareholders' general meeting.

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

- (1) A copy of the appointment or removal proposal shall be sent (before notice of the shareholders' general meeting is given to the shareholders) to the accounting firm proposed to be appointed or proposed to leave its post or the accounting firm which has left its post in the relevant accounting year. Leaving includes leaving by removal, resignation and retirement.
- (2) If the accounting firm leaving its post makes representations in writing and requests the Company to notify its shareholders of such representations, the Company shall (unless the written representations are received too late) take the following measures:
  - i. in any notice of meeting held for making the resolution, state the fact of the representations having been made by the leaving accounting firm; and
  - ii. attach a copy of the representations to the notice and send it to each shareholder who is entitled to receive the notice of the shareholders' general meeting in the manner stipulated in the Articles of Association.
- (3) If the Company fails to send out the accounting firm's representations in the manner set out in subparagraph (2) of this Article, such accounting firm may require that the representations be read out at the shareholders' general meeting and may make further representations.
- (4) An accounting firm which is leaving its post shall be entitled to attend:
  - i. the shareholders' general meeting at which its term of office would otherwise have expired;
  - ii. the shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal; and
  - iii. the shareholders' general meeting which is convened as a result of its resignation.

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

**Article 184** If the Company proposes to remove the accounting firm or not to renew the appointment thereof, it should notify the accounting firm in advance, and the latter has the right to state its opinions to the shareholders' general meeting. Where the accounting firm resigns its post, it shall make clear to the shareholders' general meeting whether there is any impropriety on the part of the Company.

The accounting firm may resign its office by depositing at the Company's legal address a written notice of resignation, 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 statements:

- i. a statement to the effect that there are no circumstances connected with its resignation which it considers shall be brought to the notice of the shareholders or creditors of the Company; or
- ii. a statement of any such circumstances that should be explained.

The Company shall, within fourteen days after receipt of the written notice referred to in paragraph (2) of this Article, send a copy of the notice to the relevant governing authority. If the notice contains a statement under subparagraph (2) (ii) of this Article, a copy of such statement shall be placed at the Company for shareholders' inspection. If the notice contains the statement as referred in the paragraph (2) of Article 185, the Company shall also send a copy of such statement by prepaid mail to every holder of overseas-listed foreign shares (i.e. the shareholder who entitles to receive the financial report of the Company) at the address registered in the register of shareholders.

Where the accounting firm's notice of resignation contains a statement under subparagraph (2) (ii) of this Article, the accounting firm may require the Board of Directors to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

## **Chapter 19 Notices**

**Article 185** Notices of the Company may be delivered by the following means:

- (1) by designated person;
- (2) by mail;
- (3) by fax or electronic mail;
- (4) by way of publishing information on websites designated by the Company and the Hong Kong Stock Exchange, subject to the laws, administrative regulations and the listing rules of stock exchanges where the Company's shares are listed;
- (5) by way of announcement;
- (6) by any other means as agreed by the Company or the addressee or as accepted by the addressee after the notice is received;
- (7) by any other means as approved by relevant regulatory authorities at the places where the Company's shares are listed or as specified in the Articles of Association.



Unless the context otherwise specifies, the “announcement” referred to in the Articles of Association shall mean, in respect of announcements made to the holders of domestic shares or the announcements to be published in the PRC as required by the relevant requirements and the Articles of Association, the publication of an announcement in newspapers in the PRC, and such newspapers shall have been prescribed under the laws and administrative regulations of the PRC or by the securities regulatory authority of the State Council. For notices issued by the Company to the holders of overseas-listed foreign shares by way of announcement, the Company shall on the same day submit an electronic version to the Hong Kong Stock Exchange through the Hong Kong Stock Exchange electronic publishing system for immediate release on the website of the Hong Kong Stock Exchange in accordance with the local listing rules, or publish an announcement in newspapers (including the publication of an advertisement in newspapers) in accordance with the local listing rules. The announcement shall also be published on the Company’s website at the same time. In addition, unless otherwise required in the Articles of Association, 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 personal delivery or prepaid mail so as to give the shareholders sufficient notice and time to exercise their rights or act in accordance with the terms of the notice.

Holders of the Company’s overseas-listed foreign shares shall select electronic version or mail in writing to receive corporate communication that the Company shall send to shareholders, and they can also select to receive Chinese or English version only, or both. Shareholders can give written notice in advance to the Company within reasonable time to revise the method and language version of receiving foregoing information under appropriate procedures.

Shareholders or directors who want to prove that certain notices, documents, information or written statements have been served on the Company shall provide evidential materials showing the same has been served on the correct address by ordinary means or by prepaid mail within the designated periods.

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

If the Company is empowered to give notice by advertisement, such advertisements may be published in the newspapers and there is no prohibition on giving notice to shareholders with registered addresses outside Hong Kong.

**Article 186** Unless otherwise stated in the Articles of Association, the various ways of sending notices specified in the preceding paragraph shall apply to the notices of the shareholders’ general meetings, board meetings and the meetings of the Board of Supervisors convened by the Company.

**Article 187** In respect of the date of receiving a notice of the Company delivered by hand, the notice shall be deemed to be received upon signing (or affixing the seal) by the addressee on the note of receipt. If the notice is delivered by post, it shall be deemed to be received after 48 hours from the date upon which the post office receives the notice. If the notice is delivered by way of fax or electronic mail or by way of publishing information on websites, it shall be deemed to be received on the date it is sent or published. If the notice is delivered by way of announcement, it shall be deemed to be received on the date on which the announcement is first published. Such announcement shall be published on the newspapers that satisfy the relevant requirements.

**Article 188** In the event that the listing rules of the stock exchange where the Company's shares are listed stipulate that the Company shall send, post, distribute, issue, announce or otherwise provide relevant documents of the Company in English and Chinese, and if the Company has made appropriate arrangement to confirm whether the shareholders intend to receive either the English or the Chinese version, the Company may (as per the intent stated by the shareholders) only send the English version or the Chinese version to the shareholders concerned to the extent permitted by the applicable laws and regulations and pursuant to the applicable laws and regulations.

## **Chapter 20 Merger and Demerger of the Company**

**Article 189** In the event of the merger or demerger of the Company, a plan shall be proposed by the Company's Board of Directors and shall be approved in accordance with the procedures stipulated in the Company's Articles of Association. The Company shall then go through the relevant approval formality pursuant to the law. Shareholders who oppose the plan of merger or demerger of the Company shall have the right to request the Company or the shareholders who consent to such plan to purchase their shares at a fair price. The content of the resolution of merger or demerger of the Company shall constitute special documents which shall be available for inspection by the shareholders.

The aforesaid documents shall be sent to each holder of overseas-listed foreign shares by post.

**Article 190** The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity.

In the event of a merger, the parties to the merger shall enter into a merger agreement, and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company's resolution on merger and shall publish an announcement in the newspaper at least 3 times within 30 days from the date of such resolution.

Upon the merger, creditors' right or indebtedness of each of the merged parties shall be assumed by the company which survives the merger or the newly established company resulting from the merger.

**Article 191** In the event of a demerger of the Company, its assets shall be divided up accordingly.

In the event of a demerger, the Company shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company's resolution on demerger and shall publish a public announcement in the newspaper at least 3 times within 30 days from the date of such resolution.

Unless otherwise agreed in writing between the Company and its creditors in relation to the repayment of debts before the demerger, the succeeded companies after the demerger shall jointly assume the indebtedness of the Company which has been incurred before such demerger.

**Article 192** The Company shall, in accordance with laws, apply for change in its registration with the company registration authority where a change in any item in its registration arises as a result of any merger or demerger. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with laws. Where a new company is established, the Company shall apply for registration thereof in accordance with laws.

## **Chapter 21 Dissolution and Liquidation of the Company**

**Article 193** In any of the following circumstances, the Company shall be dissolved:

- (1) special resolution on dissolution is passed by shareholders at a general meeting;
- (2) dissolution is necessary due to a merger or demerger of the Company;
- (3) the Company's business licence is revoked or it is ordered to close down or it is wound up according to laws;
- (4) the Company is ordered to close down according to laws due to its violation of the laws and administrative regulations;
- (5) where the Company's operations and management encounter serious difficulty, and its continuation will cause substantial loss to the interests of the shareholders and no solution can be found through any other channel, shareholders holding 10% or more of the total voting rights of the Company may make requisition to the people's court to dissolve the Company.

**Article 194** Where the Company is dissolved pursuant to subparagraphs (1), (3) and (5) of Article 195 hereof, a liquidation committee shall be set up, within 15 days from the date upon which the cause of dissolution arises, to start the liquidation process. The composition of the liquidation committee shall be determined by the shareholders' general meeting by ordinary resolution. In case no such committee is established to proceed with liquidation in time, the creditors may make application to the people's court for appointing relevant persons to form the liquidation committee for liquidation.

**Article 195** Where the Board of Directors decides to liquidate the Company due to causes other than where the Company has declared that it is insolvent, the Board of Directors shall include a statement in its notice convening the shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board of Directors 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.

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

The liquidation committee shall act in accordance with the instructions of the shareholders' general meeting to make a report at least once every year to the shareholders' 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 shareholders' general meeting on completion of the liquidation.

**Article 196** During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (1) to sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify creditors by notice or public announcements;
- (3) to dispose of and liquidate any unfinished businesses of the Company;
- (4) to pay outstanding taxes and taxes incurred during the liquidation process;
- (5) to settle claims and debts;
- (6) to deal with the remaining assets after the Company's debts having been paid in full;
- (7) to represent the Company in any civil proceedings.

**Article 197** The liquidation committee shall within 10 days of its establishment send a notice to creditors, and within 60 days of its establishment make a public announcement on a newspaper. The creditors may declare their claims to the liquidation committee within 30 days from the date they receive such notice or within 45 days from the date of announcement if no such notice is received.

When declaring the claims, the creditors shall specify the relevant matters about the claims and provide evidences. The liquidation committee shall register such claims.

During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

**Article 198** The liquidation committee shall, after examining the Company's assets and preparing the balance sheets and an inventory of assets, formulate a liquidation plan and present it to the shareholders' general meeting or the relevant governing authority for confirmation.

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

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

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

**Article 199** If the liquidation committee, having examined the Company's assets and having prepared a balance sheet and an inventory of assets, discovers that the Company's assets are insufficient to pay its debts in full, it shall immediately apply to the people's court for a declaration of insolvency.

After the People's Court has declared the Company insolvent, the liquidation committee shall turn over any matters regarding the liquidation to the People's Court.

**Article 200** Following the completion of liquidation, the liquidation committee shall prepare a report on liquidation and a statement of the receipts and payments and financial books during the period of liquidation, which shall be examined and verified by the PRC certified public accountants and submitted to the shareholders' general meeting or the People's Court for confirmation. The liquidation committee shall also within 30 days after such confirmation, submit the preceding documents to the company registration authority and apply for cancellation of registration of the Company, and publish an announcement relating to the termination of the Company.

## **Chapter 22 Amendments to the Articles of Association**

**Article 201** The Company may amend the Articles of Association according to the provisions of laws, administrative regulations and the Articles of Association.

The Company shall amend these Articles of Association if:

- (1) there is an amendment of the Company Law of the PRC or other relevant laws or administrative regulations, and items stipulated in these Articles of Association are inconsistent with the amended laws or administrative regulations;
- (2) there is a change of the circumstances of the Company, and thereby is not in consistent with the items stipulated in these Articles of Association;
- (3) the shareholders' general meeting has passed a resolution to amend the Company's Articles of Association.

**Article 202** The following procedures shall be followed when amending the Articles of Association:

- (1) The Board of Directors shall firstly adopt a resolution for amendment to the Articles of Association and prepare a proposal for amendment to the Articles of Association;
- (2) The Board of Directors shall convene a shareholders' general meeting for voting on such proposal thereat;
- (3) The shareholders' general meeting shall approve such proposal by special resolution;
- (4) The Company shall submit the amended Articles of Association to the company registration authority for record.

**Article 203** Amendment to the Articles of Association which involves the contents of the Mandatory Provisions shall become effective upon approval by the companies approving department authorized by the State Council and securities committee of the State Council. Where amendment involves the registered particulars of the Company, application shall be made for alteration of registration in accordance with the laws.

**Article 204** Where disclosure of the revision of the Articles of Association is required under laws and provisions, it shall be announced in accordance with the relevant provisions.

## **Chapter 23 Settlement of Disputes**

**Article 205** The Company shall act according to the following principles to settle disputes:

- (1) For any disputes or claims of rights between holders of overseas-listed foreign shares and the Company; between holders of overseas-listed foreign shares and the directors, supervisors, the general manager or other senior management officers of the Company; between holders of overseas-listed foreign shares and holders of domestic shares, that arise based on the rights and obligations stipulated in the Articles of Association, the Company Law and other relevant laws and administrative regulations, any such disputes or claims of rights relevant to the affairs of the Company shall be referred by the relevant parties to arbitration.

Where the abovementioned dispute or claim of rights is referred to arbitration, it shall be the entire claim or dispute, and all persons (being the Company or shareholders, directors, supervisors, the general manager or other senior management officers of the Company), who have a cause of action based on the same facts giving rise to the dispute or claim of rights or whose participation is necessary for the resolution of such dispute or claim of rights, shall abide by arbitration.

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

- (2) The claimant shall refer the arbitration to the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules. Once a claimant refers a dispute or claim of rights to arbitration, the other party must submit to the arbitral body elected by the claimant
- (3) If any disputes or claims of rights arising out of Item (1) above are settled by way of arbitration, the laws of the People's Republic of China (excluding the Special Administrative Region of Hong Kong, the Special Administrative Region of Macau and Taiwan region) shall apply, save as otherwise provided in laws and administrative regulations.
- (4) The decision made by the arbitral body shall be final and conclusive, and shall be binding on all parties.
- (5) The arbitration agreement shall be reached by directors or senior management and the Company which represents both itself and each of the shareholders.
- (6) Any arbitration submitted shall be deemed as authorizing the arbitration tribunal to conduct a public hearing and announce its verdict.

## **Chapter 24 Supplementary Provisions**

**Article 206** In the Articles of Association, the meaning of an “accounting firm” is the same as that of “auditors”.

In the Articles of Association, the meaning of “de facto controller” is the person who is not a shareholder of the Company but is able to actually control the acts of the Company through an investment, agreement or other arrangement.

In the Articles of Association, the meaning of “no less than”, “within” or “no more than” includes the underlying number, while “more than” or “beyond” does not include the underlying number.

In the Articles of Association, the meaning of “connected transaction” refers to the connected transaction as defined in Listing Rules of the Hong Kong Stock Exchange.

**Article 207** The Articles of Association are written in Chinese. Should there be any discrepancies between the versions in other languages and the Chinese version, the Chinese version shall prevail.

**Article 208** The power of interpretation of the Articles of Association shall be vested in the Company’s Board of Directors. Any matters not contained in the Articles of Association shall be proposed by the Board of Directors at the shareholders’ general meeting for approval.

**Article 209** Upon approval of the Articles of Association at the shareholders’ general meeting, the Articles of Association shall come into effect from the date on which the shares of the Company are listed on the main board of The Stock Exchange of Hong Kong Limited. Prior to the Articles of Association becoming effective, the existing Articles of Association will continue to be in force until the Articles of Association becoming effective.