

**CIMC Vehicles (Group) Co., Ltd.**

**ARTICLES OF ASSOCIATION**

## CONTENTS

CHAPTER 1 GENERAL PROVISIONS. . . . .	3
CHAPTER 2 BUSINESS OBJECTIVES AND SCOPE . . . . .	4
CHAPTER 3 SHARES. . . . .	4
Section 1 Issuance of Shares . . . . .	4
Section 2 Increase/Reduction and Repurchase of Shares . . . . .	7
Section 3 Financial Assistance for Acquisition of the Shares of the Company. . . . .	10
Section 4 Share Certificates and Register of Shareholders. . . . .	11
Section 5 Transfer of Shares . . . . .	16
CHAPTER 4 SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETING . . . . .	17
Section 1 Shareholders . . . . .	17
Section 2 General Provisions for the Shareholders' General Meeting . . . . .	21
Section 3 Convening of Shareholders' General Meetings . . . . .	23
Section 4 Proposals and Notices of Shareholders' General Meeting . . . . .	25
Section 5 The Convening of Shareholders' General Meeting. . . . .	27
Section 6 Voting and Resolutions at Shareholders' General Meetings . . . . .	30
Section 7 Special Procedures for Voting by Class Shareholders. . . . .	34
CHAPTER 5 BOARD . . . . .	37
Section 1 Directors . . . . .	37
Section 2 Independent Non-Executive Directors . . . . .	40
Section 3 Board. . . . .	41
Section 4 Special Committees of the Board. . . . .	46
CHAPTER 6 PRESIDENT AND OTHER SENIOR MANAGEMENT . . . . .	48
Section 1 President . . . . .	48
Section 2 Secretary of the Board. . . . .	49
CHAPTER 7 SUPERVISORY COMMITTEE . . . . .	50
Section 1 Supervisors . . . . .	50
Section 2 Supervisory Committee . . . . .	50
Section 3 Resolutions of the Supervisory Committee . . . . .	52
CHAPTER 8 THE QUALIFICATIONS AND OBLIGATIONS OF THE COMPANY'S DIRECTORS, SUPERVISORS, PRESIDENT AND OTHER SENIOR MANAGEMENT . . . . .	52
CHAPTER 9 FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT. . . . .	58
Section 1 Financial and Accounting System and Profit Distribution . . . . .	58
Section 2 Internal Audit. . . . .	61
Section 3 Appointment of Accounting Firm. . . . .	61
CHAPTER 10 NOTICE AND ANNOUNCEMENT . . . . .	64
Section 1 Notice . . . . .	64
CHAPTER 11 MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION. . . . .	65
Section 1 Merger, Division, Capital Increase and Capital Reduction . . . . .	65
Section 2 Dissolution and Liquidation. . . . .	66
CHAPTER 12 AMENDMENT TO ARTICLES OF ASSOCIATION. . . . .	69
CHAPTER 13 SETTLEMENT OF DISPUTES . . . . .	70
CHAPTER 14 SUPPLEMENTARY ARTICLES. . . . .	70

## CHAPTER 1 GENERAL PROVISIONS

**Article 1** The Articles of Association are formulated in accordance with the Company Law of the People's Republic of China (中華人民共和國公司法) (the “**Company Law**”), Securities Law of the People's Republic of China (中華人民共和國證券法) (the “**Securities Law**”), Special Provisions of the State Council on the Overseas Offering and Listing of Shares by the Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定) (the “**Special Provisions**”), Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (到境外上市公司章程必備條款) (the “**Mandatory Provisions**”), the Letter of Opinions on Supplements and Amendments to the Articles of Association of Companies Listed in Hong Kong (關於到香港上市公司對公司章程作補充修改的意見的函，Zheng Jian Hai Han [1995] No.1), Opinions on Further Standardizing Operations and Intensifying Reforms of Companies Listed Overseas (關於進一步促進境外上市公司規範運作和深化改革的意見，Guo Jing Mao Qi Gai [1999] No. 230), Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (including relevant appendix, the “**Stock Exchange Listing Rules**”) and other relevant provisions to safeguard the legitimate rights and interests of CIMC Vehicles (Group) Co., Ltd. (the “**Company**”), its shareholders and creditors, and to regulate the organization and activities of the Company.

**Article 2** The Company is a joint stock limited company established in accordance with the Company Law and other relevant laws and administrative provisions and is an independent legal entity.

The Company was established by way of promotion according to law based on the overall change of CIMC Vehicles (Group) Co., Ltd. The Company was registered with the Market Supervision Administration of Shenzhen (深圳市市場監督管理局) and obtained a joint stock limited company license on 23 October 2018. The Uniform Social Credit Code of the Company: 91440300618919879N.

The promoters of the Company are: China International Marine Containers (Group) Co., Ltd., China International Marine Containers (Hong Kong) Limited, Sumitomo Corporation, Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership), Shenzhen Long Yuan Gang Cheng Enterprise Management Centre (Limited Partnership), Shenzhen Nan Shan Da Cheng New Material Investment Partnerships (Limited Partnership), Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) and Xiang Shan Hua Jin Equity Investment Partnership (Limited Partnership).

**Article 3** The registered name of the Company: (Chinese) 中集車輛(集團)股份有限公司  
(English) CIMC Vehicles (Group) Co., Ltd.

**Article 4** Address of the Company: 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen  
Postal code: 518067  
Tel: 86-755-26802571  
Fax: 86-755-26676875

**Article 5** After completion of the overseas-listed Foreign Shares (H shares) under the Company's initial public offering as mentioned in Article 18 herein and if no over-allotment option is exercised, the registered capital of the Company is RMB1,765,000,000; if the over-allotment option is fully exercised, the registered capital of the Company is RMB1,804,750,000.

**Article 6** The Company is a joint stock limited company, with perpetual duration.

**Article 7** The chairman of the Board shall be the legal representative of the Company.

**Article 8** Total assets of the Company are divided into shares with same par value per share. Shareholders shall assume their liabilities to the extent of their respective subscribed shares in the Company, and the Company shall be liable to the extent of its total assets for its debts.

**Article 9** The Articles of Association shall, from the date when it comes into force, constitute a legally binding document regulating the organization and activities of the Company, the rights and obligations between the Company and each shareholder and among the shareholders, and shall be binding on the Company and its shareholders, Directors, Supervisors, President and other senior management. All aforementioned persons shall be entitled to claim their rights regarding matters related to the Company in accordance with the Articles of Association. Shareholder may sue other shareholders, and shareholders may sue Directors, Supervisors, President and other senior management of the Company. Shareholders may sue the Company and the Company may sue the shareholders, Directors, Supervisors, President and other senior management of the Company according to the Articles of Association.

For the purpose of the foregoing paragraph, “sue” includes the initiate of proceedings in a court or the application for arbitration to an arbitration institution.

**Article 10** The Company may invest in other limited liability companies and joint stock limited companies, and its liabilities to the invested companies are limited to its capital contribution.

## **CHAPTER 2 BUSINESS OBJECTIVES AND SCOPE**

**Article 11** The operation objectives of the Company: to use the world’s advanced technology for developing, producing and selling (including leasing) various high-tech and high-performance transportation equipment, and to make full use of various advantages to gradually develop into an internationally competitive comprehensive industrial group, as well as to use scientific management methods to improve economic benefits and generate satisfactory economic benefits for investors.

**Article 12** The business scope of the Company: development, production and sale of high-tech and high-performance specialty vehicles and various truck bodies, semi-trailer series and their components (excluding restricted items), multimodal transport equipment, and general mechanical products, processing and manufacturing of metal structures, and related businesses, provision of consulting services; operation and management of enterprises producing products similar to these mentioned above.

The above business scope is subject to the projects approved by the competent authorities of Administration of Industry and Commerce.

## **CHAPTER 3 SHARES**

### **Section 1 Issuance of Shares**

**Article 13** The stocks of the Company shall take the form of shares. The Company shall have ordinary shares at all times. If required, the Company may create shares of other classes according to relevant laws and regulations.

If the Company creates shares of other classes, the order of payment of dividends and other distributions on shares of other classes shall be specified.

**Article 14** The Company shall issue shares under the principles of openness, fairness and equality and shares of the same class shall carry same rights.

The issuance conditions and price per share of the same class in the Company's same issuance shall be the same; the same price shall be paid for each share subscribed for by any entities or individuals.

**Article 15** All the shares issued by the Company have a par value denominated in RMB which shall be RMB1 for each share.

"RMB" referred to in the previous paragraph means the legal currency of the People's Republic of China.

**Article 16** The Company may, with approval from the China Securities Regulatory Commission (the "CSRC"), issue shares to domestic and overseas investors.

For the purpose of the preceding paragraph, the term "overseas investors" shall refer to investors from foreign countries or Hong Kong, Macao or Taiwan that subscribe for shares issued by the Company. The term "domestic investors" shall refer to investors inside the People's Republic of China, excluding the above-mentioned regions, that subscribe for shares issued by the Company.

The shares issued by the Company to domestic investors for subscription in RMB shall be referred to as Domestic Shares. The shares issued by the Company to overseas investors for subscription in foreign currencies shall be referred to as Foreign Shares. Foreign Shares listed domestically shall be referred to as "domestic-listed Foreign Shares". Foreign Shares listed overseas shall be referred to as "overseas-listed Foreign Shares"; among which, overseas-listed Foreign Shares which have been admitted for listing on The Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**"), the par value of which is denominated in RMB and which are subscribed for and traded in Hong Kong dollars shall be referred to as "H Shares".

"Foreign currencies" referred to in the previous paragraph means the legal currencies of countries or districts outside the PRC which are recognized by the foreign exchange authority of the State and which can be used to make payment for the share price to the Company.

The Company's shareholders may list and trade their unlisted shares on the overseas stock exchange upon approvals of the CSRC. Listing and trading of such shares on overseas stock exchange(s) shall also comply with the regulatory procedures, provisions and requirements of overseas securities market(s). Unlisted shares are converted to Foreign Shares according to legal procedures and are listed and traded on an overseas stock exchange, without voting at a shareholder's general meeting or class meeting of shareholders. Overseas-listed Foreign Shares converted from Domestic Shares are in the same class as that of original overseas-listed Foreign Shares.

**Article 17** The Company is a joint stock limited company established by overall transformation of CIMC Vehicles (Group) Co., Ltd. by way of investment of audited net assets as at 30 June 2018 into the Company, with a total of 1,500 million shares at establishment. All shares issued by the Company were subscribed by the promoters. The numbers of shares held by the promoters in the Company are determined, based on their shareholding percentages in CIMC Vehicles (Group) Co., Ltd. China International Marine Containers (Group) Co., Ltd., a promoter, holds 664,950 thousand shares, accounting for 44.3300%; China International Marine Containers (Hong Kong) Limited, a promoter, holds 284,985 thousand shares, accounting for 18.9990%; Sumitomo Corporation, a promoter, holds 13,935 thousand shares, accounting for 0.9290%; Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership), a promoter, holds 252,330 thousand shares, accounting for 16.8220%; Shenzhen Long Yuan Gang Cheng Enterprise Management Centre (Limited Partnership), a promoter, holds 23,160 thousand shares, accounting for 1.5440%; Shenzhen Nan Shan Da Cheng New Material Investment Partnership (Limited Partnership), a promoter, holds 23,160 thousand shares, accounting for 1.5440%; Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership), a promoter, holds 161,602.5 thousand shares, accounting for 10.7735%; and Xiang Shan Hua Jin Equity Investment Partnership (Limited Partnership), a promoter, holds 75,877.5 thousand shares, accounting for 5.0585%.

**Article 18** With the approval by way of special resolution at the shareholder's general meeting, and the approval of CSRC and the Hong Kong Stock Exchange, the Company makes an initial public offering of no more than 383,801,955 overseas-listed Foreign Shares (H shares), which are all ordinary shares at par value of RMB1 for each share and will be listed on the Main Board of the Hong Kong Stock Exchange.

Upon the completion of the overseas-listed Foreign Shares (H shares) issuance as above and if no over-allotment option is exercised, the shareholding structure of the Company is as follows: there are 1,765,000,000 ordinary shares; and among the shares, there are 1,201,080,000 Domestic Shares, accounting for 68.05% of the total number of ordinary shares of the Company in issue; 664,950,000 Domestic Shares, 252,330,000 Domestic Shares, 23,160,000 Domestic Shares, 23,160,000 Domestic Shares, 161,602,500 Domestic Shares and 75,877,500 Domestic Shares are respectively held by China International Marine Containers (Group) Co., Ltd., Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership), Shenzhen Long Yuan Gang Cheng Enterprise Management Centre (Limited Partnership), Shenzhen Nan Shan Da Cheng New Material Investment Partnership (Limited Partnership), Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) and Xiang Shan Hua Jin Equity Investment Partnership (Limited Partnership); and there are 563,920,000 overseas-listed Foreign Shares, accounting for 31.95% of the total number of ordinary shares of the Company in issue; 284,985,000 Foreign Shares and 13,935,000 Foreign Shares are respectively held by China International Marine Containers (Hong Kong) Limited and Sumitomo Corporation, and there are 265,000,000 newly issued H shares.

If the over-allotment option is fully exercised, the shareholding structure of the Company is as follows: there are 1,804,750,000 ordinary shares; and among the shares, there are 1,201,080,000 Domestic Shares, accounting for 66.55% of the total number of ordinary shares of the Company in issue; 664,950,000 Domestic Shares, 252,330,000 Domestic Shares, 23,160,000 Domestic Shares, 23,160,000 Domestic Shares, 161,602,500 Domestic Shares and 75,877,500 Domestic Shares are respectively held by China International Marine Containers (Group) Co., Ltd., Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership), Shenzhen Long Yuan Gang Cheng Enterprise Management Centre (Limited Partnership), Shenzhen Nan Shan Da Cheng New Material Investment Partnership (Limited Partnership), Taizhou Tai Fu Xiang Yun Equity Investment Partnership (Limited Partnership) and Xiang Shan Hua Jin Equity Investment Partnership (Limited Partnership); and there are 603,670,000 overseas-listed Foreign Shares, accounting for 33.45% of the total number of ordinary shares of the Company in issue; 284,985,000 Foreign Shares and 13,935,000 Foreign Shares are respectively held by China International Marine Containers (Hong Kong) Limited and Sumitomo Corporation, and there are 304,750,000 newly issued H shares.

**Article 19** Domestic Shares issued by the Company are retained under centralized depository of the relevant securities depository institutions for safe custody. H Shares of the Company shall primarily be placed in the custody of the Central Depository under HKSCC Nominees Limited and may be held by shareholders in their own names.

**Article 20** Subject to the approval of the Company's plans for issuing overseas-listed Foreign Shares and Domestic Shares by the CSRC, the Board of the Company may arrange for implementation of such plan by separate issuances.

The Company may separately implement its plan for issuing overseas-listed Foreign Shares and Domestic Shares pursuant to the preceding paragraph within fifteen (15) months from the date of approval of the CSRC, unless otherwise provided by the CSRC.

**Article 21** Where the Company issues overseas-listed Foreign Shares and Domestic Shares respectively within the total number of shares specified in the issuance plan, the respective shares shall be fully subscribed for in one go. Where it is impossible for respective shares to be fully subscribed for in one go under exceptional circumstances, the shares may be issued in several tranches subject to the approval of the CSRC.

## **Section 2 Increase/Reduction and Repurchase of Shares**

**Article 22** The Company may, based on its business and development needs and in accordance with laws and regulations, increase its capital in the following manners upon respective resolutions being adopted by the shareholders' general meetings:

- (I) by public offering of shares;
- (II) by non-public offering of shares;
- (III) by allotting bonus shares to its existing shareholders;
- (IV) by placing new shares to its existing shareholders;
- (V) by capitalizing its capital common reserve;

(VI) by any other means which is permitted by laws and administrative regulations and the CSRC.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated in relevant laws, administrative regulations, departmental rules and relevant regulatory rules of the place where the shares of the Company are listed.

**Article 23** The Company may reduce its registered capital in accordance with the procedures provided in the Company Law and other relevant requirements and the Articles of Association.

**Article 24** Under the following circumstances, the Company may repurchase its shares in accordance with laws, administrative regulations, departmental rules and the Articles of Association:

- (I) to reduce its registered capital;
- (II) to merge with another company that holds its shares;
- (III) the shares are to be used for employee share ownership plans or equity incentives;
- (IV) to purchase its own shares from its shareholders who are against the resolution regarding the merger or demerger with another company in a shareholders' general meeting;
- (V) the shares are to be used to convert corporate bonds issued by the listed company that can be converted to shares;
- (VI) it is necessary to maintain corporate value and shareholders' equity.

The Company shall not engage in trading of its shares save for the circumstances specified above.

Where the Company purchases its own shares for the purposes of item (I) to item (II) above, it shall obtain approval at the shareholders' general meeting. Where the Company purchases its own shares for the purposes of item (III), item (V) and item (VI) above, it shall be subject to approval by way of Board resolution at a Board meeting attended by more than two-thirds of the Directors. Following the acquisition of its shares in accordance with the foregoing, such shares shall be cancelled within ten days from the date of acquisition in the case of item (I) and transferred or cancelled within six months in the case of items (II) and (IV) above; and such shares shall be transferred or cancelled within three years in the case of items (III), (V) and (VI) above and in case of the total number of shares of the Company held by the Company shall not exceed 10% of the total number of shares issued by the Company. The nominal value of such Shares which have been cancelled shall be reduced from the registered capital of the Company, and the Company shall promptly apply for registration with the original company registration authorities of the change of registered capital of the Company.

**Article 25** The Company may repurchase its shares in one of the following manners:

- (I) making a general offer to repurchase shares from all shareholders in the same proportion to their shareholdings;
- (II) repurchase through open transaction in stock exchanges;
- (III) repurchase through an off-market agreement;



(IV) other means as permitted by the laws, administrative regulations and the CSRC.

If the Company purchases its own shares in the case of items (III), item (V) and item (VI) of Article 24, it shall be conducted by way of open and centralized trading.

**Article 26** The Company must obtain the prior approval of the shareholders in a shareholders' general meeting (in the manner stipulated in the Articles of Association) before it can repurchase shares outside of the stock exchange by means of an off-market agreement. The Company may, by obtaining the prior approval of the shareholders in shareholders' general meeting (in the same manner), release, vary or waive its rights under an agreement which has been so entered into.

An agreement for the repurchase 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 may not assign an agreement for the repurchase of its shares or any right contained in such an agreement.

With regard to the redeemable shares that the Company has the power to repurchase, if they are not repurchased in a non-public way or in the form of an offer, the repurchase prices of these shares shall be limited to a maximum price; if they are repurchased by way of tender, the tenders shall be proposed to all shareholders alike.

**Article 27** Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to repurchase of its issued shares:

- (I) 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 new issue of shares made for the purpose of repurchase of old shares;
- (II) where the Company repurchases shares of the Company 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 new issue of shares made for the purpose of repurchase of old shares. Payment of the portion in excess of the par value shall be effected as follows:
  - (1) if the shares being repurchased were issued at par value, payment shall be made out of the book surplus distributable profits of the Company;
  - (2) 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 new issue of shares made for the purpose of repurchase of old shares, provided that the amount paid out of the proceeds of the new issue shall not exceed the aggregate 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 fund account, including the premiums on the new issue) at the time of the repurchase;

- (III) The Company shall make the following payments out of the Company's distributable profits:
- (1) payment for the acquisition of the right to repurchase its own shares;
  - (2) payment for variation of any contract for the repurchase of its shares;
  - (3) payment for the release of its obligation(s) under any contract for the repurchase of shares;
- (IV) 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).

Where the laws, regulations, normative documents and relevant requirements of the securities regulatory authorities in the place where the shares of the Company are listed have any other provisions in respect of the financial arrangement related to the share repurchase, such provisions shall prevail.

### **Section 3 Financial Assistance for Acquisition of the Shares of the Company**

**Article 28** The Company or its subsidiaries shall not, at any time, provide any form of financial assistance to a person who is acquiring or is proposing to acquire shares in the Company. This includes any person who directly or indirectly assumes any obligations as a result of the acquisition of shares in the Company.

The Company or its subsidiaries shall not, at any time, provide any form of financial assistance to the aforesaid obligor for the purposes of reducing or discharging the obligations assumed by such person.

The provisions in this Article shall not apply to the circumstances stated in Article 30 under this Section.

**Article 29** For the purpose of this Section, "financial assistance" includes (without limitation):

- (I) gift;
- (II) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation due to the Company's own default) or release or waiver of any rights;
- (III) the provision of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled prior to the obligations of the other parties to the contract, and a change in the parties to, and the assignment of rights arising under, such loan or contract;

- (IV) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

For the purpose of this Section, “assumption of obligation” include the assumption of obligations by way of contract or by way of arrangement (irrespective of whether such contract or arrangement is enforceable or not and irrespective of whether such obligation is to be borne solely by the obligor or jointly with other persons) or by any other means which results in a change in his financial position.

**Article 30** The following activities shall not be deemed to be activities prohibited in Article 28 under this Section:

- (I) the provision of financial assistance by the Company where the financial assistance given in good faith in the interests of the Company, and the principal purpose of which is not for the acquisition of shares in the Company, or the giving of the financial assistance is an incidental part of some larger plan of the Company;
- (II) the lawful distribution of the Company’s assets as dividends;
- (III) the allotment of shares as dividends;
- (IV) a reduction of registered capital, a repurchase of shares of the Company or a reorganization of share capital structure of the Company effected in accordance with the Articles of Association;
- (V) the lending of money by the Company within its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits);
- (VI) contributions made by the Company to the employee share ownership schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits).

#### **Section 4 Share Certificates and Register of Shareholders**

**Article 31** The share certificates of the Company shall be in registered form.

In addition to the particulars provided for in the Company Law, the Company’s share certificates shall include such other particulars as required to be specified by the securities exchange(s) on which the Company’s shares are listed.

The Company may issue overseas-listed Foreign Shares in form of foreign depository receipts or other derivative means of shares in accordance with the laws and the practice of registration and depository of securities in the listing place.

During the period when the H shares issued by the Company are listed on the Hong Kong Stock Exchange, the Company shall at any time ensure that the following statements are included in all documents of title (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:

- (I) It is agreed between the share purchaser, the Company and each of its shareholders, and between the Company and each shareholder that each party shall comply with the Company Law, other relevant laws, administrative regulations, the Special Provisions and the Articles of Association.
- (II) It is agreed between the share purchaser, the Company and each of its shareholders, Directors, Supervisors and senior management, and between companies acting on behalf of the Company, each of its Directors, Supervisors and senior management, and each shareholders, that any dispute or claim arising out of rights or obligations specified by the Articles of Association, the Company Law, other relevant laws and administrative regulations, in relation to affairs of the Company, shall, in accordance with the Articles of Association, be submitted to arbitration, and submission to arbitration shall be deemed as authorizing the arbitral tribunal to conduct a public hearing and publish its arbitration award, which shall be final;
- (III) It is agreed between the share purchaser, the Company and each of its shareholders that shares of the Company may be transferred at the discretion of their holders;
- (IV) The share purchaser authorizes the Company to, on their behalf, enter into contracts with each Director and senior management, pursuant to which the Director and senior management undertake to comply with their responsibilities under the Articles of Association to the shareholders.

**Article 32** The share certificates shall be signed by the chairman of the Board. Where the signatures of other senior management of the Company are required by the stock exchange where the shares of the Company are listed, the share certificates shall also be signed by such other senior management. The share certificates shall become effective after the Company seal is affixed thereto or printed thereon. The share certificates shall only be affixed with the Company's seal under the authorization of the Board. The signature of chairman of the Board or other senior management of the Company on the share certificates may also be in printed form.

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

**Article 33** The Company shall keep a register of shareholders which shall contain the following particulars:

- (I) the name (title) and address (residence), the occupation or nature of each shareholder;
- (II) the class and the quantity of shares held by each shareholder;
- (III) the amount paid or payable on the shares held by each shareholder;

- (IV) the share certificate number(s) of the shares held by each shareholder;
- (V) the date on which each shareholder was registered as a shareholder;
- (VI) the date on which any shareholder ceased to be a shareholder;

Unless there is evidence to the contrary, the register of shareholders shall be sufficient evidence of the shareholders' shareholdings in the Company.

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

- (I) All joint shareholders of any share shall be jointly and severally liable to pay any amount due on relevant shares;
- (II) If one of the joint shareholders dies, only the surviving joint shareholders shall be deemed by the Company to be such persons as having the ownership of the relevant shares, provided that the Board has the right, for the purpose of amendment to the register of shareholders, to demand a death certificate where it deems appropriate to do so;
- (III) In case of any joint shareholders of shares, only the joint shareholders whose name appears first in the register of members is entitled to receive the share certificates of relevant shares and the Company's notices from the Company, and any notice by the Company addressed to such holder shall be deemed to be delivered to all joint shareholders of the shares. Any one of the joint shareholders may sign the proxy form(s). In the event that more than one joint shareholder attends the meeting in person or by proxy, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose seniority will be determined by the order in which the names stand in the share register of members in respect of the joint shareholding.
- (IV) If any of the joint shareholders sends to the Company a receipt of any dividend, bonus or capital return payable to the said joint shareholders, the said receipt shall be deemed as a valid receipt sent by the said joint shareholders to the Company.

**Article 34** The Company may, in accordance with the mutual understanding and agreements made between the CSRC and overseas securities regulatory organizations, maintain the register of shareholders of overseas-listed Foreign Shares overseas and appoint overseas agent(s) to manage such share register. The original share register for holders of H Shares shall be maintained in Hong Kong.

A duplicate of the register of shareholders for holders of overseas-listed Foreign Shares shall be maintained at the Company's residence. The appointed overseas agent(s) shall ensure consistency between the original and the duplicate register of shareholders at all times.

If there is any inconsistency between the original and the duplicate register of shareholders for holders of overseas-listed Foreign Shares, the original register of shareholders shall prevail.

**Article 35** The Company shall keep a complete register of shareholders.

The register of shareholders shall comprise the following parts:

- (I) the register of shareholders which is maintained at the Company's residence other than those parts specified in items (II) and (III) of this Article;
- (II) the registers of shareholders of overseas-listed Foreign Shares of the Company which is maintained in the places of the stock exchange(s) outside the PRC on which the shares are listed;
- (III) the registers of shareholders which are maintained in other places as the Board may consider necessary for the purposes of listing of the Company's shares.

**Article 36** Different parts of the register of shareholders shall not overlap. No transfer of any shares registered in any part of the register shall, during the continuance of that registration, be registered in any other part of the register.

All H shares for which full payment has been made shall be transferred freely in accordance with the Articles of Association. However, the Board may refuse to recognize any instrument of transfer without giving any reason, unless:

- (I) The transfer document or other documents relating to the ownership of any H Shares or affecting transfer of any H Shares ownership shall be registered, and the payment made to the Company for the registration shall not exceed the higher expense specified by the Hong Kong Stock Exchange from time to time, in order to register the transfer instrument of the H Shares and other documents relating to the ownership of H Shares or affecting transfer of the H Shares ownership;
- (II) The share transfer document only involves the overseas-listed Foreign Shares listed in Hong Kong;
- (III) Stamp duty has been paid in respect of the share transfer document;
- (IV) Relevant share certificates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer have been produced;
- (V) the share transfer document shall use standard transfer form stipulated by Stock Exchange;
- (VI) If the shares are transferred to joint holders, the number of joint holders shall not exceed four;
- (VII) The shares are free from any lien in favor of any company.

Should the Board refuse to register any transfer of shares, it shall, within two months from the date of the formal application for the transfer, provide the transferor and the transferee with a written notice stating its refusal of registration of such transfer.

Amendments or rectification of the register of shareholders shall be made in accordance with the laws of the place where the register of shareholders is maintained.

**Article 37** Subject to the Articles of Association and all other applicable regulations, upon the transfer of shares of the Company, the transferee shall be treated as a holder of the shares, whose name shall be listed in the register of shareholders. No alteration of the register of shareholders due to the transfer of shares shall be registered within thirty (30) days before the convention of shareholders' general meetings or five (5) days before the base day of which the Company decides to distribute dividends. If there are other regulations of the securities regulatory authorities at the place where the shares of the Company are listed, such regulations shall prevail.

**Article 38** When the Company convenes a shareholders' general meeting, distributes dividends, commences liquidation or participates in other activities which require to confirm the identification of shareholders, the convener of the Board or the shareholders' general meeting shall decide the record date. The shareholders whose names appear on the register of shareholders at the close of trading on the record date shall enjoy the relevant rights.

**Article 39** Any person who disputes the register of shareholders and requests to have his name entered in or removed from the register of shareholders may apply to a competent court for rectification of the register.

**Article 40** Any shareholder who is registered in, or any person who requests to have his name entered in, the register of shareholders may apply to the Company for issue of a replacement share certificate in respect of such shares (the "**Relevant Shares**") if his share certificate (the "**Original Certificate**") is lost.

If a shareholder who has lost his share certificate of Domestic Shares applies for a replacement share certificate, it shall be dealt with in accordance with the relevant provisions of the Company Law.

If a shareholder who has lost his share certificate of overseas-listed Foreign Shares applies for a replacement share certificate, it shall be dealt with in accordance with the laws, rules of the stock exchange(s) or other relevant provisions of the place where the original register of holders of overseas-listed shares is kept.

For holders of H Shares who have lost their share certificates and applied for replacement of share certificates, such replacement shall comply with the following requirements:

- (I) the applicant shall submit an application to the Company in prescribed form accompanied by a notarial certificate or statutory declaration containing the reason for the application and the circumstances and evidence to prove the share certificates are lost as well as a declaration that no other person shall be entitled to request for registration as the shareholder in respect of the Relevant Shares.
- (II) no statement has been received by the Company from a person other than the applicant who request to have his name registered as a holder of the Relevant Shares before the Company decided to issue the replacement share certificate.
- (III) the Company shall, if it decides to issue a replacement share certificate to the applicant, publish an announcement of its intention to issue the replacement share certificate in such press designated by the Board. The presses designated by the Board shall be at least one Chinese press and English press recognized by the Hong Kong Stock Exchange. The announcement shall be published repeatedly at least once every thirty (30) days within the period of the announcement of ninety (90) days.

(IV) the Company shall have, prior to the publication of its announcement of intention to issue a replacement share certificate, delivered a copy of the announcement to be published to the Hong Kong Stock Exchange. The Company may publish the announcement upon receiving a confirmation from the Hong Kong Stock Exchange that the announcement has been exhibited at the premises of the Hong Kong Stock Exchange. The announcement shall be exhibited at the premises of the stock exchange for a period of ninety (90) days.

In case an application to issue a replacement share 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 photo copy of the announcement to be published.

(V) if, upon expiration of the ninety (90)-day period referred to in items (III) and (IV) of this Article, the Company has not received from any person any objection to such issue of a replacement share certificate, the Company may issue a replacement share certificate to the applicant according to his application.

(VI) where the Company issues a replacement share certificate under this Article, it shall immediately cancel the Original Certificate and record such cancellation and issue in the register of shareholders accordingly.

(VII) 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 shall be entitled to refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

**Article 41** Where the Company issues a replacement share certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned replacement share certificate or a shareholder who thereafter registers as the owner of such shares (provided that he is a bona fide purchaser) shall not be removed from the register of shareholders.

**Article 42** The Company shall not be liable for any damages sustained by any person due to the cancellation of the Original Certificate or the issue of the replacement share certificate, unless the claimant can prove fraud on the part of the Company.

## **Section 5 Transfer of Shares**

**Article 43** Document of transfer and other documents relating to or affecting the title to any H Shares of the Company shall be registered by the share registrar in Hong Kong engaged by the Company. And the expense for registration shall be paid to the Company in the amount as stipulated in the Stock Exchange Listing Rules.

**Article 44** All H Shares shall be transferred by an instrument in writing in any usual or common form or any other form which the Board accepts (including the prescribed form or transfer form as required by the Hong Kong Stock Exchange from time to time). The instrument of transfer may be executed by hand or (if the transferor or the transferee is a company) affixed with the Company's seal. If the transferor or the transferee is a recognized clearing house (the "**recognized clearing house**") as defined by the relevant regulations of the laws of Hong Kong in effect from time to time or the agent thereof, the transfer form may be executed by hand or by machine imprinted signatures. All transfer documents shall be kept at the legal address of the Company or such other place as specified by the Board from time to time.



**Article 45** The Company shall not accept its shares being held as security under a pledge.

**Article 46** Shares held by a promoter may not be transferred within one (1) year from the date of the establishment of the Company.

**Article 47** Shares of the Company issued before the public offering of shares shall not be transferred within one (1) year from the date on which the shares are listed and commenced trading on a stock exchange.

**Article 48** Directors, Supervisors and senior management shall report to the Company their shareholdings in the Company and changes therein and shall not transfer more than 25% of the total number of shares they held in the Company during their terms of office. The shares of the Company held by them shall not be transferred within one (1) year from the date on which the shares are listed. They shall not transfer the shares of the Company held by them within six (6) months from the date they leave the Company, unless enforced by a court.

## **CHAPTER 4 SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETING**

### **Section 1 Shareholders**

**Article 49** A shareholder of the Company is a person who lawfully holds shares in the Company and whose name (title) is entered in the register of shareholders.

**Article 50** A shareholder shall enjoy rights and assume obligations according to the class of shares held by him. Shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.

If a shareholder of the Company is a legal person, its rights shall be exercised by its legal representative or proxy of the legal representative on its behalf.

**Article 51** The ordinary shareholders of the Company shall be entitled to the following rights:

- (I) the right to receive dividends and other distributions in proportion to their shareholdings;
- (II) the right to legally request, convene, preside over, attend or appoint a proxy to attend shareholders' general meetings and to exercise corresponding voting rights;
- (III) the right to supervise the Company's business operations, present proposals or raise queries;
- (IV) the right to transfer shares in accordance with laws, administrative regulations and provisions of the Articles of Association;
- (V) to inspect the Articles of Association, register of shareholders, stubs of corporate bonds, minutes of shareholders general meetings, resolutions of the meetings of the Board of Directors, resolutions of the meetings of the Board of Supervisors, and financial and accounting reports;
- (VI) in the event of the termination or liquidation of the Company, the right to participate in the distribution of remaining assets of the Company in proportion with the number of shares held;

(VII) the shareholders disagreeing with the merger or separation resolution made by the general meeting are entitled to ask the Company to acquire their shares;

(VIII) to obtain relevant information in accordance with the Articles of Association including:

1. the right to a copy of the Articles of Association at cost;
2. the right to inspect and copy upon paying reasonable charges:
  - (1) all parts of the register of shareholders;
  - (2) personal particulars of each of the Directors, Supervisors, President and other senior management including:
    - i. present and former name and alias;
    - ii. principal residential address (domicile);
    - iii. nationality;
    - iv. primary and all other part-time occupations and duties;
    - v. identification documents and identification numbers.
  - (3) the state of the Company's share capital;
  - (4) special resolution of the Company;
  - (5) reports of the aggregate par value, number of shares, highest and lowest prices paid by the Company in respect of each class of shares bought back by the Company since the end of the last accounting year and all the expenses paid by the Company therefor;
  - (6) minutes of shareholders' general meetings;
  - (7) report of the Board of Directors and Board of Supervisors;

(IX) other rights conferred by law, administrative regulations, departmental regulations or the Articles of Association.

**Article 52** Where shareholders request for inspection of the relevant information or demand for materials as mentioned in the preceding Article, they shall provide the Company with written documents evidencing the class and number of shares of the Company they hold. Upon verification of the shareholder's identity, the Company shall provide information requested by such shareholders.

**Article 53** If a resolution passed at the shareholders' general meeting or meeting of the Board of the Company violates the laws or administrative regulations, the shareholders shall have the rights to submit a petition to the competent court to render the same invalid.

If the procedures for convening, or the method of voting at, a shareholders' general meeting or meeting of the Board violate the laws, administrative regulations or the Articles of Association, or the contents of a resolution violate the Articles of Association, shareholders shall have the rights to submit a petition to the competent court to revoke such resolution within sixty (60) days from the date on which such resolution is adopted.

Where the Company has completed procedures for registration of change pursuant to the resolutions of shareholders' general meeting or Board meeting which are declared by the competent court as invalid or ordered to be rescinded, the Company shall apply to the registration authority for withdrawal of such registration of change.

**Article 54** Where the Company incurs loss as a result of violation of the laws, administrative regulations or the Articles of Association by Directors and senior management in the course of performing their duties, shareholders individually or jointly holding 1% or more of the shares of the Company for one hundred and eighty (180) consecutive days or more shall have the rights to request in writing the Supervisory Committee to initiate legal proceedings in the competent court. Where the Company incurs loss as a result of violation of laws, administrative regulations or the Articles of Association by the Supervisory Committee in the course of performing its duties, the shareholders shall have the rights to request in writing to the Board to initiate legal proceedings in the competent court.

If the Supervisory Committee or the Board refuses to initiate legal proceedings upon receipt of the written request of shareholders stated in the preceding paragraph, or fails to initiate such legal proceedings within thirty (30) days from the date on which such request is received, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company's interests, shareholders described in the preceding paragraph shall have the rights to initiate legal proceedings in the competent court directly in their own names in the interest of the Company.

If any person infringes the lawful rights and interests of the Company, thus causing any losses to the Company, the shareholders as mentioned in the first paragraph of this Article may initiate legal proceedings in the competent court in accordance with the provisions of the preceding paragraphs.

**Article 55** If any Director or senior management is in violation of laws, administrative regulations or the Articles of Association, thus causing any losses to the shareholders, the shareholders may initiate legal proceedings against such Director or senior management in the competent court.

**Article 56** Shareholders of the Company shall have the following obligations:

- (I) to abide by laws, administrative regulations and the Articles of Association;
- (II) to pay for the shares based on the shares subscribed for and the manners in which they became shareholder;
- (III) not to withdraw its capital contribution upon the approval of registration by the Company, except as provided in laws and regulations;

- (IV) not to abuse their shareholders' rights to jeopardize the interests of the Company or other shareholders; and not to abuse the status of the Company as an independent legal person and the limited liability of shareholders to jeopardize the interests of any creditors of the Company.

Where any shareholder of the Company abuses the shareholders' rights and incur losses to the Company or other shareholders, such shareholder shall be liable for the damages.

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

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

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

**Article 57** The controlling shareholders of the Company shall not use their affiliation to jeopardize the interests of the Company; otherwise, they shall make compensation for the loss incurred by the Company.

In addition to obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchanges on which the shares of the Company are listed, a Controlling Shareholder shall not exercise his voting rights in a manner prejudicial to the interests of all or some of the shareholders of the Company in respect of the following matters:

- (I) to relieve a Director or Supervisor of his duty to act honestly in the best interests of the Company;
- (II) to approve the expropriations by a Director or Supervisor (for his own benefit or for the benefit of another person) of the Company's assets in any way, including without limitation, opportunities beneficial to the Company;
- (III) to approve the expropriations by a Director or Supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including without limitation, rights to distributions and voting rights, except pursuant to a restructuring of the Company which has been submitted to the shareholders for approval in a shareholders' general meeting in accordance with the Articles of Association.

**Article 58** "Controlling Shareholder" referred to in the previous article means a person who satisfies any one of the following conditions:

- (I) he alone or acting in concert with others has the power to elect more than half of the Directors;
- (II) he alone or acting in concert with others has the power to exercise or to control the exercise of 30% or more of the voting rights in the Company;
- (III) he alone or acting in concert with others holds 30% or more of the outstanding shares;

(IV) he alone or acting in concert with others in any other manner is in de facto control of the Company.

In the Articles of Associations, “**acting in concert with others**” shall mean two (2) or more persons reaching an agreement (either orally or in writing), pursuant to which any one of them shall obtain voting rights of the Company for control or consolidation of control over the Company.

## **Section 2 General Provisions for the Shareholders’ General Meeting**

**Article 59** The shareholders’ general meeting is the authority of the Company and shall exercise the following powers:

- (I) to decide on the Company’s overall operational policies and investment plans;
- (II) to elect or replace the Directors and to decide on matters relating to the remuneration of Directors;
- (III) to elect or replace the Supervisors held by shareholder representatives and to decide on matters relating to the remuneration of Supervisors;
- (IV) to examine and approve reports of the Board;
- (V) to examine and approve reports of the Supervisory Committee;
- (VI) to examine and approve the proposed annual financial budget report, final accounts report, balance sheet, profit statement and other financial statements of the Company;
- (VII) to examine and approve the Company’s proposals for profit distribution and recovery of losses;
- (VIII) to decide on any increase or reduction of registered capital of the Company and issuance of any class of shares, warrants and other similar securities;
- (IX) to decide on the issue of bonds by the Company;
- (X) to decide on merger, division, dissolution, liquidation or change of nature of the Company;
- (XI) to amend the Articles of Association;
- (XII) to determine the appointment, dismissal or non-re-appointment of accounting firms by the Company;
- (XIII) to consider the acquisition or disposal of significant assets or provision of a guarantee in an amount exceeding 30% of the audited total assets of the Company in the most recent period, which were carried out by the Company within 1 year;
- (XIV) to consider and implement the share incentive plan of the Company;
- (XV) to consider related party transactions which are subject to consideration at the shareholder’s general meeting;

(XVI) consider and approve external guarantees which are subject to approval at the shareholders' general meeting, the details are as follows:

1. Any guarantee which is provided after the total amount of external guarantees of the Company reaches or exceeds thirty percent of the audited total assets for the most recent period;
2. Any guarantee which is provided to the principal whose asset-liability ratio exceeds seventy percent;
3. Any guarantee with a single guarantee amount exceeding ten percent of the audited net assets for the most recent period;
4. Any guarantee provided to shareholders, actual controllers and their related parties;
5. Other external guarantees which are subject to consideration at the shareholder's general meeting, in accordance with Article 138 hereof, laws and regulations;

(XVII) consider proposals of shareholders representing more than 3% (inclusive) of voting shares of the Company;

(XVIII) consider other matters which are subject to determination at the shareholder's general meeting in accordance with laws, administrative regulations, departmental rules, the Articles of Association, the listing rules of the stock exchange in the place where Shares of the Company are listed.

In the Articles of Association, "external guarantee" means a guarantee provided by the Company to other persons, including guarantee provided by the Company to holding subsidiaries; total amount of external guarantees of the Company and its holding subsidiaries means the sum of the total amount of external guarantees provided by the Company to companies including holding subsidiaries and the total amount of external guarantees provided by holding subsidiaries of the Company.

**Article 60** Shareholders' general meetings include annual shareholders' general meetings and extraordinary shareholders' general meetings. Shareholders' general meetings shall be convened by the Board.

Annual shareholders' general meetings are required to be held once every year within six (6) months after the end of the previous financial year.

**Article 61** An extraordinary shareholders' general meeting is required to be held within two (2) months after the occurrence of any of the following:

- (I) the number of Directors is less than the number stipulated by the Company Law or less than two-thirds of the number specified in the Articles of Association;
- (II) the losses of the company which are not recovered reach one third of the total paid-in share capital of the Company;
- (III) when shareholders alone or in aggregate holding 10% or more of the Shares of the Company request;

- (IV) whenever the Board deems necessary;
- (V) when the Supervisory Committee so requests;
- (VI) other circumstances as provided by laws, administrative regulations, departmental regulations or the Articles of Association.

In the case of paragraphs (III), (IV) and (V) of this Article, the matters put forward by a person requesting the meeting shall be included in the agenda of the meeting.

**Article 62** The location for convening a shareholders' general meeting of the Company shall be the domicile of the Company or such other place as notified by the shareholders' general meeting convener.

A venue shall be set for the shareholders' general meeting which shall be convened on-site. The Company may facilitate shareholders in the shareholders' general meeting by providing other means recognized or required by the relevant securities regulatory authority. Any shareholders who participate in the meeting in the aforesaid manner shall be deemed as present.

### **Section 3 The Convening of General Meetings**

**Article 63** The shareholders' general meetings shall be convened by the Board of Directors within the period stipulated in the Articles of Association.

**Article 64** More than two Independent Non-executive Directors shall have the rights to propose to the Board of Directors to convene an extraordinary general meeting. Regarding the proposal requesting to convene an extraordinary general meeting by the Independent Non-executive Directors, the Board of Directors shall give a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within 10 days after receiving the proposal in accordance with the laws, administrative regulations and the Articles of Association.

If the Board of Directors agrees to convene an extraordinary general meeting, a notice for convening such meeting shall be issued within 5 days after the date of the resolution of the Board of Directors. If the Board of Directors refuses to convene an extraordinary general meeting, an explanation and relevant announcement shall be made.

**Article 65** The Supervisory Committee shall have the rights to propose to the Board of Directors to convene an extraordinary general meeting, and such proposal shall be submitted in writing. The Board of Directors shall give a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within 10 days after receiving the proposal in accordance with the laws, administrative regulations and the Articles of Association.

If the Board of Directors agrees to convene an extraordinary general meeting, a notice for convening such meeting shall be issued within 5 days after the date of the resolution of the Board of Directors and any changes to the original proposal contained in the notice shall be subject to the approval of the Supervisory Committee.

If the Board of Directors disagrees to convene the extraordinary general meeting or does not give any written reply within 10 days after receiving the proposal, the Board of Directors shall be deemed as failing to perform the duty of convening a shareholders' general meeting. In such case, the Supervisory Committee may convene and preside over the meeting.

**Article 66** Shareholders individually or jointly holding more than 10% of Shares of the Company are entitled to request the Board of Directors in writing to convene an extraordinary general meeting. The Board of Directors shall, in accordance with the requirements of laws, administrative regulations and the Articles of Association, reply with a written opinion to state whether it agrees or disagrees to convene an extraordinary general meeting within 10 days upon receipt of the request.

If the Board of Directors agrees to convene the extraordinary general meeting, it shall issue a notice of convening the shareholders' general meeting within 5 days upon after the date of the resolution of the Board of Directors. Any changes made to the original proposal in the notice shall be agreed by the relevant shareholders.

If the Board of Directors disagrees to convene the extraordinary general meeting, or does not reply within 10 days upon receipt of the proposal, shareholders individually or jointly holding more than 10% of the Shares of the Company are entitled to request the Supervisory Committee in writing to convene an extraordinary general meeting.

If the Supervisory Committee agrees to convene the extraordinary general meeting, it shall issue a notice of convening the shareholders' general meeting within 5 days upon receipt of the proposal. Any changes made to the original proposals in the notice shall be agreed by the relevant shareholders.

If the Supervisory Committee does not issue the notice of general meeting within the prescribed period, it shall be deemed as the Supervisory Committee not convening and not holding the shareholders' general meeting. Then the shareholders individually or jointly holding more than 10% of the Shares of the Company for more than 90 consecutive days are entitled to convene and hold the meeting by themselves.

**Article 67** Where the Supervisory Committee or shareholders decide to convene a shareholders' general meeting by themselves, a written notice shall be submitted to the Board of Directors and filed with the relevant securities regulatory authorities and stock exchange in the place where the Company is domiciled according to the applicable provisions.

Before making an announcement on the resolution(s) of the shareholders' general meeting, the shareholders convening the meeting shall hold no less than 10% of the Shares.

**Article 68** Where the Supervisory Committee or shareholders convene a shareholders' general meeting by themselves, the Board of Directors and the secretary to the Board of Directors shall cooperate. The Board of Directors shall provide the register of shareholders on the shareholding record date. If the Board of Directors fails to provide the register of shareholders, the convener may carry relevant announcement on the notice of convening general meeting to apply with the securities registration and clearing institutions. The convener shall not use the register of shareholders for purposes other than convening a shareholders' general meeting.

**Article 69** Where the Supervisory Committee or shareholders convene and hold a shareholders' general meeting by themselves as a result of the failure of the Board of Directors to hold a shareholders' general meeting according to the as aforesaid requirements, the expenses necessarily accrued therefrom shall be borne by the Company and be deducted from the amounts due for payment to the Directors as a result of their negligence.



## Section 4 Proposals and Notices of General Meeting

**Article 70** The contents of the proposals to be raised shall be within the scope of duties of the shareholders' general meetings. It shall have a clear topic and specific matters to be resolved on, and shall be in compliance with relevant requirements of the laws, administrative regulations, and the Articles of Association.

**Article 71** When a shareholders' general meeting is convened by the Company, the Board of Directors, the Supervisory Committee or shareholders individually or jointly holding 3% or more of the Shares of the Company are entitled to propose resolutions to the Company.

Shareholders individually or jointly holding 3% or more of the Shares of the Company may submit ad hoc proposals in writing to the convener of the shareholders' general meeting 10 days before the convening of the shareholders' general meeting. The convener shall issue a supplemental notice of the shareholders' general meeting within 2 days upon receipt of the proposals and announce the contents of the ad hoc proposals. If the ad hoc proposal does not comply with Article 70 herein according to the view of the convener after his/her reviewing and the convener decide not to include this ad hoc proposal into the agenda, the convener shall issue a notice for not including this ad hoc proposal into the agenda within 2 days and specify the reason; and at the same time, the convener shall make explanation at this shareholders' general meeting, and make announcement on the content of ad hoc proposal and the explanation of the convener and as well as the resolutions of shareholders' general meetings after the shareholders' general meeting.

Except for circumstances provided in the above paragraph, the convener, after issuing the notice and announcement of the shareholders' general meeting, shall neither revise the proposals stated in the notice of general meetings nor add new proposals.

If a notice of general meeting does not specify the proposed resolutions or does not comply with Article 70 herein, no voting for resolutions shall be carried out at the shareholders' general meeting.

**Article 72** Where a shareholders' general meeting is convened by the Company, it shall issue a written notice 45 days prior to the meeting to notify all the registered shareholders of the matters proposed to be considered as well as the date and place of the meeting. Shareholders who intend to attend the shareholders' general meeting shall deliver their written replies to the Company 20 days prior to the convening of the meeting.

**Article 73** The Company shall calculate the number of voting shares represented by the shareholders who intend to attend the meeting in accordance with the written replies received 20 days prior to the convening of the shareholders' general meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting reaches one half of the total number of the Company's voting shares, the Company shall convene the shareholders' general meeting. If not, the Company shall within 5 days notify the shareholders again by publishing an announcement stating the matters to be considered as well as the date and place of the meeting. Upon notifying by the announcement, the Company is entitled to convene the shareholders' general meeting.

An extraordinary general meeting shall not decide on matters that have not been stated in the notice of the meeting.

**Article 74** Notice of the shareholders' general meeting shall comply with the following requirements:

- (I) shall be in written form;
- (II) shall specify the time, venue and duration of the meeting;
- (III) matters and proposals that shall be submitted to the meeting for consideration;
- (IV) shall provide shareholders the detailed information and explanations necessary for the shareholders to make sound decisions about the matters to be discussed. This principle includes (but not limited to) the provision of the specific terms and contract(s), if any, of the proposed transaction(s) and serious explanations about the causes and effects when the Company proposes mergers, repurchase of shares, restructuring of share capital or other restructuring;
- (V) in the event that any of the Directors, Supervisors, President and other senior management has material interests at stake in matters to be discussed, the nature and extent of the interests at stake shall be disclosed. If the matters to be discussed affect any Director, Supervisor, President and other senior management as a shareholder in a manner different from how they affect the same type of other shareholders, the difference shall be explained;
- (VI) shall include the full text of any special resolution to be proposed for approval at the meeting;
- (VII) shall contain a conspicuous statement that a shareholder who is entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote at the meeting on his/her behalf and such proxy needs not to be a Shareholder;
- (VIII) shall specify the date and place for the delivery of proxy forms for voting;
- (IX) shall specify the record date for determining the shareholders who are entitled to attend the shareholders' general meeting;
- (X) shall state the names and telephone numbers of the standing contact persons for the meeting;

**Article 75** The notice of a shareholders' general meeting shall be served to shareholders (regardless of whether they are entitled to vote at the shareholders' general meeting) either by hand or by post in a prepaid mail, addressed to such shareholders at their registered addresses as shown in the register of shareholders. For holders of Domestic Shares, the notice of a shareholders' general meeting may also be given by publishing an announcement. For holders of H Shares, in accordance with relevant process under the Listing Rules of the Stock Exchange and under the permission expressly given by the shareholders, the notice of a shareholders' general meeting, a circular for shareholders and relevant files may also be given by making announcement in the Company's website or the websites of Hong Kong Stock Exchange.

The announcement referred to in the preceding paragraph shall be published in one or more national newspapers designated by CSRC within a period of 45 to 50 days before convening the meeting. Once the announcement is published, all holders of Domestic Shares shall be deemed

to have received the notice in relation to the shareholders' general meeting. For the notice of a shareholders' general meeting, a circular for shareholders and relevant files issued to holders of H Shares by the Company, the Company may send only the English or the Chinese version of the notice of a shareholders' general meeting and relevant files in accordance with relevant process under the Listing Rules of the Stock Exchange and under the permission expressly given by the shareholders.

**Article 76** After issuance of the notice for shareholders' general meeting, the shareholders' general meeting shall not be postponed or cancelled without proper reasons and the proposals specified in the notice shall not be withdrawn. In case of delay or cancellation, the convener shall make an announcement giving reasons at least 2 working days before the date when the meeting is convened. If there are any other requirements on the above matters under listing rules of the place where the Shares of the Company are listed, such requirements shall prevail.

**Article 77** The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice, shall not invalidate the meeting and the resolutions passed at the meeting.

### **Section 5 The Convening of Shareholders' General Meeting**

**Article 78** The Company shall convene the shareholders' general meeting in strict compliance with the relevant requirements under laws, administrative regulations, departmental rules and the Articles of Association in order to ensure shareholders can legally exercise their respective rights.

The Board of the Company shall practically perform its duties and organize the shareholders' general meeting in a carefully and timely manner. All Directors shall perform their respective duties and responsibilities diligently in order to ensure a shareholders' general meeting is properly convened and duties are legally exercised.

**Article 79** The Board of the Company or any other convener shall take necessary steps to ensure the proper order of the shareholders' general meeting. The Board or any other convener shall take steps to stop any act disturbing the shareholders' general meeting, seeking trouble or infringing upon the legitimate rights of shareholders, and shall report such act to the relevant department for investigation and treatment.

**Article 80** An individual shareholder who attends the shareholders' general meeting in person shall present valid proof which can confirm his/her shareholder's identity. If a proxy is appointed to attend the meeting, in addition to presenting the proxy's identity card, the proxy shall also present the shareholder's identity proof together with the authorization letter from the shareholder.

If a shareholders' meeting of the Company is attended on behalf of a corporate shareholder by its legal representative or a person authorized by a resolution of its Board or other decision-making bodies, the Company has the right to request the representative to produce identity documents of the corporate shareholder and the representative, copies of the resolution or form of proxy of the Board or other governing bodies of the corporate shareholder to appoint such representative which are notarized, or certified and recognized by the Company.

**Article 81** Any shareholder entitled to attend and vote at a shareholders' general meeting shall have the rights to appoint one or more persons (such persons may not be shareholders) as his proxies to attend and vote on his behalf, and the proxies so appointed may exercise the following rights pursuant to the authorizations from such shareholder:

- (I) the shareholder's rights to speak at the shareholders' general meeting;
- (II) the rights to demand by himself or jointly with others in voting by way of poll;
- (III) the rights to vote by a show of hands or on a poll, except that if a shareholder has appointed more than one proxy, such proxies may only exercise their voting rights on a poll.

If a shareholder is a recognized clearing house or its agent within the meaning of the relevant regulations imposed in Hong Kong from time to time, it may authorize one or more proxy(ies) as it thinks fit to act as its proxy(ies) at any shareholders' general meeting or class meeting of shareholders. However, if more than one proxy is appointed, the proxy form shall specify the number and class of shares represented by each of such proxies under the authorization, and signed by authorized proxies of recognized clearing house. Such authorized proxies may attend meeting on behalf of the recognized clearing house or its agent (without presentation of evidence of its shareholding, notarized authorization and/or any further proof demonstrating the duly granting of the same) and exercise the right of the recognized clearing house or their agent, as if they are the individual shareholders of the Company.

**Article 82** The instrument appointing a proxy shall be in writing under the hand of the principal or his/her attorney authorized in writing; If the principal is a legal person, the document shall be affixed with the seal of the legal person or signed by its legal representative or the proxy authorized by a resolution of its Board or other decision-making bodies.

The instrument issued by a shareholder to authorize another person to attend the shareholders' general meeting shall include the following contents:

- (I) name of the proxy;
- (II) whether the proxy has voting rights;
- (III) indication of consent, objection or abstention concerning each proposal to be resolved on the shareholders' general meeting;
- (IV) date of signing of the instrument and term of validity;
- (V) signature (or seal) of the principal;
- (VI) specifying the number of shares represented by such proxy;
- (VII) if more than one proxy is appointed, the instrument shall specify the number of shares represented by each proxy respectively.

**Article 83** The instrument appointing a voting proxy shall be placed at the domicile of the Company or at such other place as specified in the notice of the meeting before 24 hours prior to the meeting at which the proxy is authorized to vote or before 24 hours prior to the specified time of the voting. Where the instrument is signed by another person authorized by the entrusting party, the authorization letter or other document authorizing the signatory shall be notarized. The

notarized authorization letter or other authorizing document shall be placed together with the instrument appointing the voting proxy at the domicile of the Company or at such other place as specified in the notice of the meeting. The proxy attending a shareholder's general meeting on behalf of a shareholder shall produce his/her identity document and the form of proxy signed by the principal or its legal representative with the issue date.

**Article 84** Any form issued by the Board of the Company to its shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast vote in favor of or against each resolution and enable the shareholders to give separate instructions on each matter to be voted at the meeting. The proxy form shall state that if the shareholder does not give specific instructions, the proxy shall vote at his/her own discretion.

**Article 85** Where the principal has deceased, incapacitated to act, withdrawn the signed appointment prior to the voting, or the relevant shares have been transferred prior to the voting, a vote given in accordance with the terms of instrument of proxy shall remain valid as long as the Company did not receive a written notice of the event before commencement of the relevant meeting.

**Article 86** A registration record for attendants at the meeting shall be compiled by the Company. The registration record shall contain items including but not limited to the names of attendants (or names of organizations), identity card numbers, residential addresses, the number of shares held or representing the voting rights and names (or name of organizations) of the proxies.

**Article 87** The convener shall examine the legality of the shareholders' qualifications according to the register of members provided by the securities registrations and clearing organizations. The names of shareholders and the number of shares with voting rights shall be registered. The registration at the meeting shall terminate before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the shares held with voting rights.

**Article 88** The shareholder's general meeting shall be chaired by the chairman of the Board. If the chairman is unable to or refuses to perform its duties, the vice chairman shall serve as the chairman of the meeting. If both the chairman and the vice chairman are unable to attend the meeting, a Director shall be elected as the chairman of the meeting by a majority of Directors. If the Board fails to elect a chairman of the meeting, a person may be elected as the chairman of the meeting by shareholders present at the meeting; if shareholders are unable to elect the chairman for any reason, the shareholder (including its proxy) with the largest number of shares shall serve as the chairman of the meeting.

If a shareholders' general meeting is convened by the Supervisory Committee itself, the chairman of the Supervisory Committee shall preside over the meeting. If the chairman of the Supervisory Committee is unable to or fails to discharge his/her duty, the meeting shall be presided over by a Supervisor elected by more than one half of the Supervisors.

If a shareholders' general meeting is convened by the shareholders themselves, the convener will nominate a representative to conduct the meeting. If for any reason the shareholders are unable to elect a chairman, the attending shareholder holding the largest number of voting shares (whether in person or by proxy) shall preside over the meeting.

At a shareholders' general meeting, if the chairman of the meeting contravenes the Articles of Association, making the meeting impossible to proceed, with consent from more than one half of the attending shareholders with voting rights, the shareholders may nominate one person to serve as the chairman and continue with the meeting. If for any reason the shareholders are unable to elect a chairman, the attending shareholder holding the largest number of voting shares (whether in person or by proxy) shall preside over the meeting.

**Article 89** Directors, Supervisors and senior management of the Company shall, upon request of the shareholders' general meeting, attend such meeting for answering queries raised by the shareholders.

**Article 90** The chairman of the meeting shall, prior to voting, declare the number of attending shareholders and their proxies as well as the total number of their voting shares, and the number of attending shareholders and their proxies and the total number of their voting shares shall be subject to registration of the shareholders' general meeting.

**Article 91** Minutes shall be prepared for shareholders' general meetings by the secretary to the Board. The attending Directors and chairman of the meeting shall sign on the minutes. The minutes shall be kept together with the registration record of attending shareholders and authorization letters of proxies.

**Article 92** The convener shall ensure the shareholders' general meeting can be conducted continuously until final resolutions are made. If the shareholders' general meeting is suspended or resolutions cannot be made because of force majeure or other special circumstances, the convener shall take necessary measures to resume the meeting or directly terminate that meeting immediately followed by a timely public announcement.

## **Section 6 Voting and Resolutions at Shareholders' General Meetings**

**Article 93** Resolutions of shareholders' general meetings shall take the form of ordinary resolutions or special resolutions.

An ordinary resolutions at a shareholders' general meeting shall be passed by more than one half of the voting rights held by shareholders (including their proxies) attending the shareholders' general meeting.

A special resolution at a shareholders' general meeting shall be passed by more than two-thirds of the voting rights held by shareholders (including their proxies) attending the shareholders' general meeting.

**Article 94** When shareholders (including their proxies) vote at a shareholders' general meeting, they shall exercise their voting rights according to the number of voting shares that they represent. Each share shall carry one voting right.

Shares held by the Company do not carry voting rights, and shall not be counted in the total number of voting shares represented by shareholders present at a shareholders' general meeting.

A voting right shall be exercised only by one voting method including on-the-spot voting. If a voting right is exercised repeatedly, only the first exercise of the voting right is recognized.

Subject to and conditional upon compliance with applicable laws, regulations or requirements of the listing rules of the place(s) in which the shares of the Company are listed, the Board, independent non-executive Directors and other shareholders who qualify with relevant specified conditions may solicit for the voting shares from shareholders.

When relevant related party transactions are considered at a shareholders' general meeting, the related shareholders shall not participate in the voting if so specified in applicable laws, regulations or listing rules of the place(s) in which the shares of the Company are listed. His/her shares held with voting rights will not be counted within the total number of valid votes. The public announcement on the voting results of the general meeting shall fully disclose the voting results of the non-related shareholders. Provisions otherwise provided by applicable laws, administrative regulations, departmental rules or listing rules of the place(s) in which the shares of the Company are listed shall prevail.

When the proposal for providing guarantee to the shareholders, actual controllers and its related parties is reviewed by the general meeting, actual controller and its related parties, the relevant shareholder or the shareholders controlled by the actual controller shall not participate in the voting, and this proposal shall be passed by the more than half of the votes of other shareholders present at the meeting.

When the Company provides guarantees to the shareholders, actual controllers and its affiliates, it must ask the counterparty to provide counter guarantee, and the counter guarantee provider shall have the actual performance capability.

**Article 95** Matters shall be determined by voting by way of a poll, unless in accordance with the Stock Exchange Listing Rules, or voting at the shareholder's general meeting shall be by a show of hands unless the following persons demand a poll prior to or after a show of hands:

- (I) the chairman of the meeting;
- (II) at least two shareholders with voting rights or their proxies;
- (III) One or more shareholders (including their proxies) individually or collectively holding ten percent or more of voting shares at the meeting.

Unless a poll is demanded, the chairman of the meeting announces whether a proposal is passed according to the results of voting by a show of hands, which is recorded in the meeting minutes as a final evidence, without proving the number and proportion of votes for and against the resolution passed at the meeting.

A demand for a poll may be withdrawn by the demander.

The aforesaid voting is by open ballot.

If a matter required be voted on by way of a poll is the election of the chairman of the meeting or suspension of the meeting, such matter shall be forthwith voted on by way of a poll; for other matters required to be voted on by way of a poll, the time for the voting shall be determined by the chairman of the meeting, and the meeting may be continued to discuss the matters, and the poll results are deemed to be a resolution passed at the meeting.

**Article 96** On a poll taken at a meeting, a shareholder (including his/her proxies) entitled to two or more votes need not to cast all votes in the same way.

When the number of votes for and against a resolution is equal, whether vote by a show of hands or on a poll, the chairman of the meeting shall be entitled to one additional vote.

**Article 97** The following matters shall be passed by way of an ordinary resolution at a shareholders' general meeting:

- (I) determine the overall management principle and investment plan of the Company;
- (II) work reports of the Board and the Supervisory Committee;
- (III) profit distribution plan and loss recovery plan formulated by the Board;
- (IV) appointment and removal of Directors and shareholder representative Supervisors, and remuneration of Directors and Supervisors and method of payment thereof;
- (V) annual budgets report and final account report of the Company;
- (VI) balance sheets, statement of profit and other financial statements of the Company;
- (VII) appointment, dismissal or refraining from the re-appointment of an accounting firm;
- (VIII) matters other than those requiring the approval by way of special resolutions in accordance with the laws, administrative regulations or the Articles of Association.

**Article 98** The following matters shall be passed by way of a special resolution at a shareholders' general meeting:

- (I) increase or reduction of the registered capital and the issuance of any kinds of share certificate, share warrants and other similar securities by the Company;
- (II) issuance of corporate bonds;
- (III) division, merger, dissolution, liquidation or transformation of the Company;
- (IV) amendment to the Articles of Association;
- (V) acquisition or disposal of significant assets or provision of a guarantee in an amount exceeding 30% of the audited total assets of the Company in the most recent period, which were carried out by the Company within 1 year;
- (VI) other matters required by laws, administrative regulations, the Articles of Association or the Stock Exchange Listing Rules and those that the shareholders' general meeting by way of an ordinary resolution concluded that may have a material impact on the Company and require adoption by way of a special resolution.

**Article 99** At a shareholders' general meeting, the approach and procedures for nomination of Directors and Supervisors (except for staff representative Supervisors) are as follows:

- (I) The Board, the Supervisory Committee and shareholders holding, individually or collectively, more than 3% of 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.

- (II) 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 Supervisory Committee for approval. After the list of candidates for Directors and Supervisors is determined based on the examination by the Board of Directors and Supervisory Committee and the adoption of a resolution, it should be proposed in writing at a general meeting.
- (III) The candidates nominated for election as Directors and Supervisors shall, before a shareholder's general meeting, make a written undertaking that it agrees to accept the nomination, and that information of the Director candidates publicly disclosed is authentic and complete, and that it will practically perform the duties of a Director upon election.
- (IV) the written undertakings 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 end no later than seven days prior to the shareholders' general meeting). The Board of Directors and Supervisory Committee shall provide shareholders with biographical details and basic information on the candidates for Directors and Supervisors.
- (V) 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).
- (VI) in the shareholders' general meeting, voting for each candidate for a director and Supervisor shall be taken separately.
- (VII) in the case of ad hoc addition or replacement of any director or Supervisor, the Board of Directors and Supervisory Committee shall put forward a proposal to the general meeting for such election or replacement.

**Article 100** The Company shall not, without prior approval at a shareholders' general meeting, enter into a contract to handover all or material business management of the Company to a person other than to a Director, Supervisor, President or other senior management.

**Article 101** No amendment shall be proposed to a motion when it is being considered at a shareholders' general meeting. Otherwise, the relevant amendment shall be regarded as a new motion and shall not be put forward for voting at that shareholders' general meeting.

**Article 102** Where any shareholder is, under the Stock Exchange Listing Rules, required to abstain from voting for any resolution or restricted to voting only for or only against it, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted in the total number of voting shares.

**Article 103** Shareholders who attend the shareholders' general meeting shall take one of the following stances when a resolution is put forward for voting: for, against or abstain.

Any unfilled, improperly filled or poorly handwritten votes or votes that are not cast shall be considered as abstentions from voting by the shareholders. Its respective shares shall be counted as "**abstentions**" in the voting results.

**Article 104** The chairman of the meeting shall be held responsible for deciding whether or not a resolution of the shareholders' general meeting has been passed. His decision shall be final and shall be announced at the meeting and recorded in the minutes of meeting.

**Article 105** If the chairman of the meeting has any doubts about the voting result of a resolution, he may arrange the recounting of the votes. If the chairman of the meeting does not arrange the recounting of the votes, a shareholder or proxy attending the meeting who dissents from the result announced by the chairman of the meeting shall be entitled to request the recounting of votes immediately after the announcement of the voting result, in which case the chairman of the meeting shall immediately arrange the recounting of the votes.

**Article 106** If the counting of votes is conducted at a shareholders' general meeting, the result of the counting shall be recorded in the minutes of meeting.

The minutes of meeting, the registration record of attending shareholders and authorization letters of proxies shall be kept at the Company's domicile.

**Article 107** If proposals on cash distribution, bonus issue or conversion of capital reserve into share capital are passed at the shareholder's general meeting, the Company will implement specific plans within 2 months following the end of the shareholder's general meeting.

**Article 108** Shareholders may examine photocopies of the minutes of meetings during the Company's office hours free of charge. If any shareholder requests for a photocopy of the relevant minutes of meetings, the Company shall send such photocopies within 7 days upon receipt of the payment for reasonable charges.

### **Section 7 Special Procedures for Voting by Class Shareholders**

**Article 109** Shareholders who hold different classes of shares shall be class shareholders.

Class shareholders shall enjoy rights and undertake obligations in accordance with the laws, administrative regulations and the Articles of Association.

Where the Company issues preferred shares, it shall ensure holders of preferred shares have sufficient voting rights.

Where the share capital of the Company includes shares which do not carry voting rights, the words "**no voting rights**" must appear in the designation of such shares.

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

**Article 110** The Company shall not proceed to change or abrogate the class shareholders’ rights unless such change or abrogation has been approved by way of a special resolution at the shareholders’ general meeting and at a separate shareholders’ general meeting by the class shareholders so affected in accordance with Articles 112 to 116.

**Article 111** The rights of shareholders of a certain class shall be deemed to have been changed or abrogated in the following conditions:

- (I) increase or decrease in the number of shares of such class or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (II) conversion of all or part of the shares of such class into shares of another class or conversion of all or part of the shares of another class into shares of such class or the grant of the rights to such conversion;
- (III) removal or reduction of rights to accrued dividends or cumulative dividends attached to the shares of such class;
- (IV) reduction or removal of a dividend preference or property distribution preference during the liquidation of the Company, attached to the shares of such class;
- (V) addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, pre-emptive placing rights or rights to acquire the securities of the Company attached to the shares of such class;
- (VI) removal or reduction of rights to receive amounts payable by the Company in a particular currency attached to the shares of such class;
- (VII) creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that class;
- (VIII) imposition of restrictions or additional restrictions on the transfer of or ownership of the shares of such class;
- (IX) issuance of rights to subscribe for, or convert into, the shares of such class or another class;
- (X) increase in the rights and privileges of the shares of another class;
- (XI) a restructuring plan of the Company that causes shareholders of different classes to bear liability to different extents during the restructuring;
- (XII) any amendment to or repeal of the provisions of this section.

No approval by a shareholders' general meeting or a class shareholders' 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 112** Class shareholders so affected, whether or not having the right to vote at the shareholders' general meeting, shall have the rights to vote at class shareholders' meetings in respect of matters referred to in paragraphs (II) to (VIII) and (XI) to (XII) in Article 111, except that interested shareholders do not have rights to vote at class shareholders' meetings.

The term "interested shareholders" in the preceding paragraph shall have the following meanings:

- (I) if the Company has made a repurchase offer to all shareholders in the same proportion or has bought back its own shares through open transactions on a stock exchange in accordance with the Articles of Association, the controlling shareholders as defined in the Articles of Association shall be the "interested shareholders";
- (II) if the Company has bought back its own shares by an agreement outside of a stock exchange in accordance with the Articles of Association, holders of shares in relation to such agreement shall be the "**interested shareholders**";
- (III) under a restructuring proposal of the Company, shareholders who will bear liability in a proportion smaller than that of the liability borne by other shareholders of the same class, or shareholders who have an interest different from that interest of other shareholders of the same class shall be the "**interested shareholders**".

**Article 113** Resolutions of a class shareholders' meeting may be passed only by shareholders attending the class shareholders' meetings who represent more than two-thirds of the voting rights in accordance with Article 112.

The quorum required for any class shareholders' meeting (excluding the adjournment thereof) to be convened for the purposes of changing or revoking the rights of any class shareholders must be at least one third of the holders of the issued shares of such class.

**Article 114** When the Company is to hold a class shareholders' meeting, it shall issue a written notice 45 days prior to the meeting informing all the registered shareholders of that class of the matters to be considered at the meeting as well as the date and venue of the meeting. Shareholders who intend to attend the meeting shall, within 20 days prior to the day of the meeting, deliver their written replies regarding their attendance to the Company.

If the number of the voting shares represented by the shareholders intending to attend the meeting is more than one half of the total number of voting shares of that class at the meeting, the Company may hold the class shareholders' meeting. If not, the Company shall within 5 days inform the shareholders once again of the matters to be considered at the meeting and the date and venue of the meeting in the form of an announcement. Upon notification by an announcement, the Company may hold the class shareholders' meeting.

**Article 115** The notice of the class shareholders' meeting shall be delivered only to the shareholders entitled to voting thereat.

The procedures of a class shareholders' meeting shall, to the extent possible, be identical with the procedures of a shareholders' general meeting. The provisions of the Articles of Association in relation to the procedures for the holding of a shareholders' general meeting shall be applicable to a class shareholders' meeting.

**Article 116** In addition to the holders of other classes of shares, holders of Domestic Shares are deemed to be different class shareholders with overseas-listed Foreign Shares.

The special procedures for voting of class shareholders shall not apply under the following circumstances: (I) where the Company issues Domestic Shares and overseas-listed Foreign Shares, upon approval in the form of a special resolution by its shareholders at a shareholders' general meeting, either separately or concurrently, once every 12 months and the number of each of the Domestic Shares and overseas-listed Foreign Shares to be issued is not more than 20% of the respective outstanding shares of such class; (II) where the Company's plan to issue Domestic Shares and overseas-listed Foreign Shares upon its incorporation is implemented within 15 months from the date of approval by the CSRC; (III) upon approval by the CSRC, unlisted shares of the Company may be converted into Foreign Shares for listing and trading on an overseas stock exchange.

## **CHAPTER 5 BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 117** Directors shall be elected or changed at the shareholders' general meeting pursuant to the procedures set out in Article 99 of the Articles of Association. The term of Directors is three years. A Director may serve consecutive terms if re-elected upon the expiry of his/her term.

The term of a Director shall be calculated from the date upon which the relevant resolution is passed at the shareholders' general meeting to the expiry of the current Board. 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 a Director pursuant to laws, administrative regulations, departmental rules and Articles of Association until a new Director is elected.

Subject to compliance with relevant laws and administrative regulations, a Director whose term of office has not expired may be dismissed at the shareholders' general meeting by way of an ordinary resolution, provided that claims which may be raised under any contract shall not be affected.

President or other senior management may hold a concurrent post as a Director, but the number of such Directors may not exceed half of the total number of Directors of the Company.

The number of senior management of the controlling shareholder also holding the office of the chairman and executive Directors of the Company shall not exceed 2.

A Director is not required to hold shares of the Company.

**Article 118** If a Director is elected, the Company shall forthwith sign a service contract with the Director, which, in accordance with laws, regulations and the Articles of Association, specifies the rights and obligations between of the Company and the Director, the term of office of the Director, liabilities of the Director for violation of laws, regulations and the Articles of Association, and compensation by the Company for early termination of the contract for any reasons, and otherwise.

**Article 119** The Directors shall comply with laws, administrative regulations and the Articles of Association and shall faithfully perform their following obligations to the Company:

- (I) not to abuse their rights to accept bribes or other illegal income and not to misappropriate the properties of the Company;
- (II) not to misappropriate the money of the Company;
- (III) not to deposit any assets or money of the Company in any accounts under their names or in the names of other persons;
- (IV) not to violate the Articles of Association and lend the money of the Company to others or provide guarantee to others by charging the Company's property without approval of the shareholders' general meetings or the Board of Directors;
- (V) not to enter into contracts or transactions with the Company in violation of the Articles of Association or without approval of the shareholders' general meeting;
- (VI) not to use their position to obtain business opportunities which should be available to the Company for themselves or others, or to run his/her own or others' business which is similar to the Company's business without approval of the shareholders' general meeting;
- (VII) not to accept commissions in relation to the Company' transactions;
- (VIII) not to disclose the secrets of the Company without consent;
- (IX) not to use their connections to harm the interests of the Company;
- (X) to be bound by other fiduciary duties stipulated by the laws, administrative regulations, departmental rules and the Articles of Association.

The Company shall be entitled to the income gained by the Directors in violation of this Article; the Director shall be liable for compensation if any loss is caused to the Company.

**Article 120** The Directors shall comply with the laws, regulations and the Articles of Association and shall diligently perform their following obligations to the Company:

- (I) to exercise prudently, conscientiously and diligently the rights granted by the Company to ensure that the Company's commercial activities are in compliance with the laws, administrative regulations and the requirements of economic policies of China and that its commercial activities are within the scope stipulated in the business license;

- (II) to treat all shareholders equally and fairly;
- (III) to understand the operation and management of the Company in a timely manner;
- (IV) to approve regular reports of the Company and sign written confirmation opinion and to ensure the integrity, accuracy and completeness of the information disclosed by the Company;
- (V) to provide all relevant information and materials required by the Supervisory Committee and shall not intervene the performance of duties of the Supervisory Committee or Supervisors;
- (VI) to perform other obligations of diligence stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

**Article 121** In circumstances as stipulated in Article 193 of the Articles of Association and a Director is determined by the CSRC as forbidden to entering the securities market or other circumstances, the Board of the Company shall immediately prevent such Director from performing his/her duties and propose dismissal of such Director at the Shareholders' general meeting.

**Article 122** A Director who fails to attend two consecutive meetings of the Board in person or by proxy shall be deemed to be unable to perform his/her duties. The Board shall propose to the shareholders' general meeting for removal of such Director.

**Article 123** A Director may resign before expiry of his/her term of service. When a Director resigns, he/she shall submit a written resignation notice to the Board.

Subject to the relevant laws and regulations, as well as regulatory rules of the local authority where the Company's shares are listed, if a Director resigns during his/her term of office, a Director shall be appointed by the current Board to fill the casual vacancy for a term ending at next annual shareholders' general meeting of the Company and can offer himself/herself for re-election and re-appointment.

If the number of Directors in the Board of the Company falls below the minimum statutory requirement or as required under the Articles of Association due to a Director's resignation, the former Director shall still perform his/her duties as a Director in accordance with the requirements of laws, administrative regulations, departmental rules and the Articles of Association before the appointment of the re-elected Director.

Save for the circumstances referred to in the preceding paragraph, a Director's resignation takes effect upon delivery of his/her resignation report to the Board.

**Article 124** When a Director's resignation takes effect or his/her term of service expires, the Director shall complete all transfer procedures with the Board. His/her fiduciary duties towards the Company and its shareholders do not necessarily cease after the end of his/her term of service and shall be still in effect within half a year after the end of his/her term of service. The duty of confidentiality in respect of trade secrets of the Company shall still be in effect after his/her resignation takes effect or his/her term of service expires, until such trade secrets become publicly available information. Other duties may continue for such period as the principle of fairness may require, depending on the length of time which has elapsed between the occurrence of the event concerned and the termination of tenure, and the circumstances and terms under which the relationships between them and the Company have been terminated.

**Article 125** Unless legally authorized by the Articles of Association or the Board, no Director shall act in his/her own name on behalf of the Company or the Board. When a Director acts in his/her own name and a third party reasonably considers such Director acts on behalf of the Company or the Board, such Director shall declare in advance his/her position and capacity.

**Article 126** A Director shall be personally liable for compensation for any loss suffered by the Company as a result of a violation by him/her of any laws, administrative regulations, departmental rules or the Articles of Association in the course of performing his/her duties.

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

**Article 127** The Company has three independent non-executive Directors. In any circumstances, at least three of members of the Board shall be independent non-executive Directors and independent non-executive Directors shall be at least one-third of members of the Board.

Independent non-executive Directors of the Company shall include at least one accounting professional. Independent non-executive Directors shall faithfully perform their duties, safeguard the interests of the Company, and especially pay attention to the protection of legitimate rights and interest of public shareholders from damage, so as to ensure sufficient representation of interests of all shareholders.

Independent non-executive Directors may report directly to the shareholder's general meeting, CSRC and other relevant authorities.

**Article 128** The independent non-executive Directors serve the same term as other Directors of the Company. Upon expiration of their terms, Directors may be re-elected and re-appointed, provided that if an independent non-executive Director has served for more than 9 years, his/her re-appointment shall be considered and approved by shareholders by way of a separate resolution. Documents attaching to the resolution sent to shareholders shall include the reasons why the Board believes such independent non-executive Director is still independent and should be re-elected.

**Article 129** The independent non-executive Directors shall have the duties of good faith and due diligence toward the Company and all the shareholders. The independent non-executive Directors shall, in accordance with relevant laws, regulations, regulatory documents and the Articles of Association, carefully perform their duties and safeguard the interest of the Company as a whole, particularly to protect the legal rights and interests of minority shareholders from damage.

The independent non-executive Directors shall perform their duties independently, without any influence of the Company's controlling shareholders or other entities or individuals who have interests with the Company.

**Article 130** The nomination, election and change of independent non-executive Directors shall be made in a legal and standardized manner in compliance with laws or all the relevant requirements of stock exchange in the place where the Company's shares are listed.

**Article 131** In order to fully leverage the role of independent non-executive Directors, independent non-executive Directors shall have duties and powers conferred by the Company Law and other relevant laws and regulations as well as the Stock Exchange Listing Rules to Directors and independent non-executive Directors.



### **Section 3 Board**

**Article 132** The Company shall set up a Board of Directors (i.e., the Board) which shall be accountable to the shareholders' general meeting.

**Article 133** The Board consists of 9 Directors, including 3 independent non-executive Directors. The Board shall have a chairman and a vice chairman.

The number of senior management officers of the controlling shareholder also holding the office of the chairman or executive Directors of the Company shall not exceed 2.

**Article 134** The Board shall perform the following duties:

- (I) to convene the shareholders' general meetings, make a proposal or propose a resolution at the shareholders' general meeting for approval and report its work to the shareholders' general meetings;
- (II) to implement the resolutions of shareholders' general meetings;
- (III) to determine specific business operation plans and investment plans of the Company;
- (IV) to formulate annual financial budget plans and final accounts plans of the Company;
- (V) to formulate the profit distribution plans and plans for recovery of losses of the Company;
- (VI) to formulate proposals for the Company to increase or decrease its registered capital and issue corporate bonds;
- (VII) to prepare plans for the acquisition and disposal of significant assets of the Company, repurchase of shares of the Company, merger, division, dissolution and transformation of the Company, which are required to be submitted for consideration at the shareholder's general meeting;
- (VIII) to decide on the establishment of the Company's internal management structure;
- (IX) to appoint or dismiss the Company's President; based on the nominations of the President, to appoint or dismiss deputy President, secretary to the Board, chief financial officer and other senior management and to determine their remuneration and rewards and penalties;
- (X) to formulate the basic management system of the Company;
- (XI) to formulate proposals for any amendments to the Articles of Association;
- (XII) to propose to shareholders' general meetings the appointment or change of the accounting firm acting as the auditor of the Company;

(XIII) determine an equity investment exceeding RMB100 million by the Company (including but not limited to establishment of a new company and joint venture, equity acquisition and participation in capital increase), provided that the total equity investment within 1 year which meets the condition specified in paragraph (XIII) of Article 59 hereof for consideration at the shareholder's general meeting, shall be submitted for consideration at the shareholder's general meeting;

(XIV) determine a fixed asset investment exceeding RMB150 million by the Company (including but not limited to construction, technical transformation and asset acquisition projects), provided that the total fixed asset investment within 1 year which meets the condition specified in paragraph (XIII) of Article 59 hereof for consideration at the shareholder's general meeting, shall be submitted for consideration at the shareholder's general meeting;

(XV) determine investment, acquisition or disposal of assets, financing, connected transactions and other matters, which do not meet the condition specified by laws, regulations and the Articles of Association for consideration at the shareholder's general meeting, or which are required to be determined by the Board, in accordance with the Stock Exchange Listing Rules;

(XVI) other matters authorized by laws, administrative regulations, departmental rules or the Articles of Association and the shareholders' general meeting.

Resolutions relating to the above, with the exception of paragraphs (VI), (VII) and (XI) above which shall be approved by more than two-thirds of the Directors, shall be approved by more than half of the Directors.

All resolutions related to connected transactions proposed by the Board of Directors shall be subject to the endorsement of independent non-executive Directors.

**Article 135** The Board shall explain to the shareholders' general meeting regarding the non-standard audit opinions given by certified accountant in relation to the financial report of the Company.

**Article 136** The Board shall establish Special Committees in accordance to the relevant requirements under the Stock Exchange Listing Rules and in light of the Company's needs and formulate the working rules of each committee, to ensure the implementation by the Board of the resolutions of shareholders' general meeting, to improve efficiency and to have scientific decision-making. The composition of members of the Special Committees of the Board shall meet the relevant requirements under the Stock Exchange Listing Rules.

**Article 137** The Board shall examine stringently the external investment, acquisition or disposal of assets, mortgage of assets, and external guarantee of the Company. Specialists or professionals shall be retained to evaluate major issues.

**Article 138** The total external investment, acquisition and disposal of assets, mortgage of assets, and external guarantee during twelve successive months which are considered by the Board shall not exceed thirty percent of the audited total assets of the Company in the previous year.

**Article 139** All the Directors of the Company shall carefully treat and strictly control the debt risks arising from providing guarantee for any external party and shall bear several and joint liabilities in accordance with the law for the losses caused by violation against the power or procedures of approving provision of guarantee for any external party.

The controlling shareholder and other related parties shall not force the Company to provide guarantee for others.

**Article 140** The Board shall not, without the prior approval of a shareholders' general meeting, dispose or agree to dispose of, the fixed assets where the estimated value of the consideration, for the proposed disposition, and the aggregate amount of the consideration for any such disposition of the fixed assets that has been completed in the period of four months immediately preceding the proposed disposition, exceeds 33% of the value of the fixed assets as shown in the last balance sheet placed before the shareholders at a shareholders' general meeting.

The disposition of fixed assets referred to in this Article shall include, among other things, the act of transferring certain interests in assets, but exclude the act of providing guarantee by way of using fixed assets.

The validity of a disposal by the Company of fixed assets shall not be affected by the breach of the first provision aforesaid.

**Article 141** The chairman and the vice chairman of the Board shall be a Director of the Company and shall be elected and removed by more than one half of all the Directors. The chairman and the vice chairman of the Board shall serve a term of three years and may be re-elected upon the expiry of his/her term.

**Article 142** The chairman of the Board shall perform the following duties:

- (I) to preside over shareholders' general meetings and to convene and preside over meetings of the Board;
- (II) to examine the implementation of resolutions passed by the Board;
- (III) to execute the securities issued by the Company;
- (IV) to perform other duties entrusted by the Board.

**Article 143** In case the chairman of the Board cannot or fails to perform his duties, the vice chairman of the Board can be appointed by the chairman of the Board to perform his duties on behalf; in case both of the chairman and the vice chairman of the Board cannot or fails to perform its duties, one Director may be elected jointly by over half Directors to perform the duties of the chairman of the Board on behalf.

**Article 144** The Board meetings include regular meetings and extraordinary meetings. No less than four meetings of the Board shall be held each year. Such meetings shall be convened by the chairman of the Board and notice thereof shall be given in writing to all Directors and Supervisors 14 days before the meeting.

**Article 145** The chairman of the Board shall convene and preside over the extraordinary meeting of the Board within 10 days under the following circumstances:

- (I) Any shareholder holding more than 10% voting rights propose;
- (II) More than one third of the Directors jointly propose;
- (III) The Supervisory Committee proposes;

(IV) The President proposes.

**Article 146** The Board shall convene the extraordinary meeting of the Board, and the chairman of the Board shall give written notice to all Directors and Supervisors three days before the meeting is held.

**Article 147** The notice of the meeting of the Board shall consist of the following:

- (I) date and venue of the meeting;
- (II) period of the meeting;
- (III) causes and issues of discussion;
- (IV) date of issuance of notice.

**Article 148** Unless otherwise provided by the Articles of Association, the Board meeting shall not be held unless more than one half of the Directors are present. Each Director shall have one vote.

When the number of votes cast for and against a resolution equals, the chairman of the Board shall have a casting vote.

**Article 149** If any Director has connection with the entity involved in the resolution of a meeting of the Board, the connected Director shall abstain from voting on the resolution and shall not vote on behalf of other Directors. When determining whether the quorum is reached, connected Directors shall not be counted. The meeting of the Board may be held when more than half of the non-connected Directors attend the meeting. The resolution of the meeting of the Board shall be passed by more than half of the non-connected Directors. If the number of non-connected Directors attending the meetings is less than three, the matter shall be submitted to the shareholders' general meeting for approval.

In this Article, "connected Director" include Director who or any of whose close associates are under the following circumstances:

- (I) is a counterparty;
- (II) has direct or indirect control of a counterparty;
- (III) works for a counterparty, or legal persons or other organizations which have direct or indirect control of the counterparty or are directly or indirectly controlled by the counterparty;
- (IV) is a close family member of a counterparty or its direct or indirect controller;
- (V) is a close family member of a Director, Supervisor or senior management of a counterparty or its direct or indirect controller;
- (VI) a person who, as determined by the Company, affects its independent commercial judgment for other reasons.

**Article 150** The resolution of the meeting of the Board shall be voted by a show of hands or open ballot.

The resolution of the extraordinary meeting of the Board may be voted by means of communications and the signature of the attending Directors, provided that the Directors' opinions are fully expressed. The Directors voting by means of communications shall sign and date it afterwards.

**Article 151** Directors shall attend meetings of the Board in person. Where a Director is unable to attend a meeting of the Board for any reason, he may authorize in writing another Director to attend on his/her behalf. The power of attorney shall state name of the proxy, the matters represented, scope of authorization and validity period. It shall be signed or sealed by the principal.

The appointed Director who attends the meeting shall exercise a Director's duties as authorized. If a Director fails to attend a meeting of the Board in person and fails to appoint a representative to attend the meeting, he shall be deemed to have waived his/her voting rights at the meeting.

**Article 152** The Board shall keep minutes of the matters discussed in the meeting. The attending Directors and the person taking the minutes shall sign on the minutes of the meeting. The attending Directors are entitled to request that an explanatory record of their comments made at the meetings be noted in the minutes. Minutes of meeting of the Board shall be maintained as company files by the secretary of the Board.

**Article 153** The minutes of the Board shall consist of the following:

- (I) date and venue of the meeting and the name of the convener;
- (II) the name of the Director present and name of Director (attorney) being appointed to attend the Board meetings on the other's behalf;
- (III) the agenda;
- (IV) the main points of Directors' speeches;
- (V) the voting method of each resolution and the result (the result shall specify the number of votes for, against and abstaining).

The Directors shall sign on and be responsible for the resolutions of the Board. Where a resolution of the Board is in violation of laws, regulations, or the Articles of Association, thereby causing losses to the Company, the Directors who took part in the resolution shall be liable to the Company for damages. However, where a Director can prove that he/she expressed his/her opposition to such resolution when such resolution was put to the vote, and that such opposition was recorded in the minutes of the meeting, the Director shall be relieved from such liability.

## Section 4 Special Committees of the Board

**Article 154** The Board shall set up an Audit Committee, a Remuneration Committee, a Nomination Committee and other Special Committees. All members of the Special Committees shall be Directors, among which, the Audit Committee must have at least three members, and all members shall be non-executive Directors, of whom the majority shall be independent non-executive Directors. At least one of these independent non-executive Directors shall be an independent non-executive Director with the proper qualification as required by the Stock Exchange Listing Rules, or appropriate accounting or related financial management expertise. The chairman of the Audit Committee must be an independent non-executive Director. The majority of the members of the Remuneration Committee shall be independent non-executive Directors. The chairman of the Remuneration Committee must be an independent non-executive Director. The majority of the members of the Nomination Committee shall be independent non-executive Directors. The chairman of the Nomination Committee must be the chairman of the Board or an independent non-executive Director.

**Article 155** The main responsibilities of the Audit Committee include:

- (I) to make recommendations on appointment or change of the external auditors, approve the remuneration and employment terms of such auditors, handle any issues on resignation or dismissal of such auditors, monitor whether such auditors are independent and objective and the audit procedures are valid or not, discuss the nature and scope of the audit and the relevant reporting responsibilities with such auditors before auditing, and formulate and implement the policies on non-audit service provided by such auditors;
- (II) to supervise the internal audit system of the Company and its implementation;
- (III) to be responsible for the communication between internal auditors and external auditors;
- (IV) to audit the financial information of the Company and its disclosure;
- (V) to supervise the financial report system, risk management and internal control system of the Company;
- (VI) to perform other duties provided by the Stock Exchange Listing Rules.

**Article 156** The main responsibilities of the Remuneration Committee include:

- (I) to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- (II) to review and approve management's remuneration proposal with reference to the Board's corporate goals and objectives;
- (III) to determine, with delegated responsibility by the Board, the remuneration packages of individual executive Directors and senior management; or make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (IV) to make recommendations to the Board on the remuneration of non-executive Directors;

- (V) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions of other positions in the group;
- (VI) to review and approve compensation payable to the executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (VII) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (VIII) to ensure that no Director or any of his associates is involved in deciding his own remuneration;
- (IX) to perform other duties provided by the Stock Exchange Listing Rules.

**Article 157** The main responsibilities of the Nomination Committee include:

- (I) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least once a year and make recommendations regarding any proposed changes in the Board in line with the Company's corporate strategy;
- (II) to identify individuals suitably qualified to become Directors, select and nominate candidates of Directors or make recommendations to the Board in this regard;
- (III) to assess the independence of independent non-executive Directors;
- (IV) to make recommendations to the Board on the appointment or reappointment of the Directors and succession plan of the Directors (especially the chairman of the Board and the chief executive officer); and
- (V) to perform other duties provided by the Stock Exchange Listing Rules.

**Article 158** The Board may have a Strategy and Investment Committee, which is mainly responsible for analyzing long-term development strategies and significant investment decisions of the Company, and providing suggestions.

**Article 159** Each Special Committee may engage an intermediary agency to provide professional advices at the expense of the Company.

**Article 160** Each Special Committee shall be responsible for the Board and the proposals of each Special Committee shall be submitted to the Board for review and approval.

## CHAPTER 6 PRESIDENT AND OTHER SENIOR MANAGEMENT

### Section 1 President

**Article 161** The Company has one President, who is appointed or removed by the Board, and several vice Presidents, who are appointed by the Board according to nomination by the President or removed by the Board. A Director may be appointed as a President, vice President or other senior management, but the chairman shall not act as a President.

**Article 162** The President, vice Presidents, secretaries of the Board and chief financial officer of the Company are senior management of the Company.

If the senior management in office is required to be removed as specified in Article 193 hereof, is bared from accessing the securities market by CSRC or should not hold such position for other reasons, the Board shall immediately remove the senior management, from the date of becoming aware of such circumstance.

**Article 163** A person who holds an office other than that of the Director and the Supervisor in the controlling shareholder of the Company shall not act as a senior management of the Company.

**Article 164** The President and other senior management serve for a term of 3 years and are eligible for re-election at the expiry of the term.

**Article 165** The President shall be accountable to the Board and perform the following duties:

- (I) to be in charge of the Company's production, operation and management, to organize and implement the resolutions of the Board and to report his/her work to the Board;
- (II) to organize and implement the Company's annual plan and investment scheme;
- (III) to prepare a plan for establishing internal governing bodies of the Company, and adjust the internal organization structuring of the Company within the scope of authorization by the Board;
- (IV) to establish the draft for the Company's basic management system;
- (V) to formulate specific rules and systems of the Company in relation to daily operations and management;
- (VI) to recommend the Board for the appointment or dismissal of vice President and chief financial officer of the Company;
- (VII) to appoint or remove managers other than those who are subject to appointment or removal by the Board, and determine the remuneration and benefits of the managers;
- (VIII) to approve any equity investment of less than RMB100 million by the Company (including but not limited to establishment of a new company and joint venture, equity acquisition and participation in capital increase);
- (IX) to approve any fixed asset investment of less than RMB150 million (including but not limited to construction, technical transformation and asset acquisition projects);



(X) to perform other duties granted by the Articles of Association or the Board.

**Article 166** The President may be present at the meetings of the Board, but shall have no voting rights if he is not a Director.

**Article 167** The President of the Company shall bear the fiduciary and diligent obligations in accordance with the provisions of laws, administrative regulations and the Articles of Association in performing his/her duties.

**Article 168** The senior management of the Company may resign before expiry of his/her term of service.

## **Section 2 Secretary of the Board**

**Article 169** The Company shall have a secretary to the Board.

**Article 170** The secretary to the Board should be a natural person who have the requisite professional knowledge and experience and shall be appointed by the Board. The secretary to the Board shall primarily perform the following duties:

- (I) to ensure that the Company has complete constitution documents and records;
- (II) to ensure the preparation and submission of reports and documents by the Company as required by the competent authorities in accordance with laws;
- (III) to ensure that the Company's register of members are properly established, and that persons entitled to access to the relevant records and documents are furnished with such records and documents in timely manner;
- (IV) to organize and prepare for the meeting of the Board and the shareholder's general meeting, prepare meeting materials, arrange relevant meeting affairs, and take charge of taking meeting minutes, ensure the accuracy of the records, and properly make and keep meeting documents and records, and actively understand the implementation of relevant resolutions, and report to the Board, important issues in the implementation, and provide suggestions;
- (V) to take charge of coordinating and organizing information disclosure of the Company, establish a sound system on information disclosure, participate in all meetings in relation to information disclosure, and in a timely manner, know significant operating decisions and relevant information of the Company.

**Article 171** A Director or other senior management of the Company may concurrently act as the secretary to the Board. The Supervisors of the Company and the accountant of the accounting firm appointed by the Company shall not act as secretary to the Board of the Company.

If a Director serves as a secretary of the Board, and an action is required to be taken by a Director and a secretary of the Board separately, the person concurrently serving as a Director and a secretary of the Board shall not take such action in the capacity of both Director and a secretary of the Board.

## CHAPTER 7 SUPERVISORY COMMITTEE

### Section 1 Supervisors

**Article 172** Directors, President and other senior management of the Company may not act concurrently as Supervisors.

**Article 173** Supervisors shall comply with laws, administrative regulations and the Articles of Association and bear fiduciary and diligent duties to the Company. Supervisors are prohibited from abusing their power to accept bribes or other illegal income and from misappropriating the Company's properties.

**Article 174** Each term of office of a Supervisor is three years and he may serve consecutive terms if re-elected upon expiration of his term.

**Article 175** The term of Supervisors shall commence on the date on which the relevant resolution is adopted in the shareholders' general meeting until the expiry of the session. If no Supervisor is elected in place of a retiring Supervisor upon expiry of his/her term or a Supervisor resigns before the expiry of his/her term resulting in the number of Supervisors to be less than the required number, the leaving Supervisor shall continue to perform his/her duties as a Supervisor in accordance with the provision of the laws, administrative regulations and the Articles of Association until a Supervisor is elected in his/her place.

**Article 176** Supervisors shall ensure that the information disclosed by the Company is true, accurate and complete.

**Article 177** A Supervisor may attend meetings of the Board, and make enquiry or suggestion regarding resolutions of meetings of the Board.

**Article 178** A Supervisor may not make use of his/her connected relationship to harm the Company's interests. For any losses suffered by the Company arising therefrom, he shall be liable to make indemnification.

**Article 179** A Supervisor shall be personally liable for any loss suffered by the Company as a result of a violation by him of any laws, administrative regulations, departmental rules or the Articles of Association in the course of performing his/her duties.

### Section 2 Supervisory Committee

**Article 180** The Company shall have a Supervisory Committee. The Supervisory Committee shall consist of three Supervisors and have one chairman of the Supervisory Committee.

The Supervisory Committee shall consist of shareholder representatives and the Company's employee representatives and the percentage of employee representatives shall not be less than one-third. The shareholder representatives in the Supervisory Committee are elected and removed by the shareholders' general meeting according to the procedures specified in Article 99 hereof, and employee representatives are elected and removed by employees at the employee representatives' meeting, employee meeting or otherwise democratically.

The election or removal of the chairman of the Supervisory Committee shall be subject to voting by more than two-thirds of the members of the Supervisory Committee.

If a Supervisor in office is required to be removed as specified in Article 193 hereof, is bared from accessing the securities market by CSRC or should not hold such position for other reasons, the Supervisory Committee shall immediately suspend the performance of duties by the Supervisor and recommend the replacement of the Supervisor at the shareholder's general meeting from the date of becoming aware of such circumstance.

**Article 181** The Supervisory Committee shall perform the following duties:

- (I) to review the Company's financial condition;
- (II) to supervise the conducts of the Directors and senior management in discharge of their duties which are in breach of laws, administrative regulations and the Articles of Association;
- (III) to demand rectification from the Directors and senior management where their conducts are detrimental to the interests of the Company;
- (IV) to examine the financial information such as the financial reports, business reports and plans for profit distribution to be submitted by the Board to the shareholders' general meetings, to conduct reviews whenever queries arise, to authorize, in the name of the Company, certified public accountants and practicing auditors to conduct a re-examination;
- (V) to propose convening of extraordinary general meeting;
- (VI) to represent the Company in negotiating with or in bringing legal action against the Directors;
- (VII) other duties as stipulated by laws, administrative regulations and the Articles of Association or granted at the shareholders' general meetings.

**Article 182** Supervisors have the right to access operation information of the Company and shall keep the information confidential. When Supervisory Committee perform duties, if necessary, they can engage professional institutions such as law firms and accounting firms to assist in their work with expenses to be borne by the Company.

**Article 183** Meetings of the Supervisory Committee shall be convened at least every six (6) months. The written notice of any meeting shall be given to all Supervisors ten (10) days before the meeting. Interim meetings of the Supervisory Committee can be convened by the Supervisors. The written notice of any interim meeting shall be given to all Supervisors three (3) days before the meeting.

**Article 184** A notice of the Supervisory Committee meeting shall include the following particulars: the date of the meeting, the place and duration of the meeting, the causes and issues to be discussed and the date of the notice.

### **Section 3 Resolutions of the Supervisory Committee**

**Article 185** The chairman of the Supervisory Committee shall convene and preside over Supervisory Committee meetings. In the event that the chairman of the Supervisory Committee is incapable of performing or not performing his duties, a Supervisor nominated by more than half of Supervisors shall convene and preside over the Supervisory Committee meetings.

**Article 186** A meeting of the Supervisory Committee shall not be held unless it is attended by not less than two Supervisors. Each Supervisor shall have one vote. Resolutions of the Supervisory Committee shall be passed by two-thirds (2/3) or more of all Supervisors and signed by the Supervisors attending the meeting.

**Article 187** A Supervisor shall attend meetings of the Supervisory Committee in person, or appoint in writing another Supervisor to attend the meeting on his/her behalf due to his/her absence.

The letter of authorization shall specify the name of the entrusted Supervisor, entrusted matter, authorities and period of validity and shall be signed by the entrusting Supervisor.

**Article 188** The Supervisory Committee may request the Directors, President and other senior management of the Company, internal and external auditors to attend meetings of the Supervisory Committee and answer any concerned queries.

**Article 189** Voting is conducted by a show of hands or open ballot at the meetings of the Supervisory Committee. Each Supervisor shall have one vote.

**Article 190** The Supervisory Committee shall record the decisions made on the issues discussed at the meeting in the minutes, which shall be signed by the Supervisors present at the meeting.

**Article 191** The Company shall be responsible for payment of all reasonable fees incurred in respect of employment of professionals such as solicitors, certified public accountants and practicing auditors in the exercise of the functions of the Supervisory Committee.

**Article 192** Supervisors shall carry out their supervisory duties faithfully in accordance with laws, administrative regulations and the Articles of Association.

### **CHAPTER 8 THE QUALIFICATIONS AND OBLIGATIONS OF THE COMPANY'S DIRECTORS, SUPERVISORS, PRESIDENT AND OTHER SENIOR MANAGEMENT**

**Article 193** A person may not serve as a Director, Supervisor, President or other senior management of the Company if such person:

- (I) has no civil capacity or has limited civil capacity;
- (II) was sentenced for the offence of corruption, bribery, expropriation, misappropriation of property or for disrupting the social and economic order, and less than five years has elapsed since the sentence was served, or who has been deprived of political rights due to such crimes, where less than five years has elapsed since the deprivation was completed;

- (III) was a former director, factory manager or President of a company or enterprise which has been declared bankrupt on the ground of maladministration and was personally liable for the winding up of such company or enterprise, and less than three years has elapsed since the date of completion of the bankruptcy and liquidation of the company or enterprise;
- (IV) was a former legal representative of a company or an enterprise which has had its business license revoked for violating the laws, and was personally liable for that revocation, and less than three years has elapsed since the date of revocation;
- (V) has comparatively large amount of individual debts that have become overdue and have not been settled;
- (VI) has been currently under investigation by judicial organs for criminal offence which investigation is not yet concluded;
- (VII) is prohibited from acting as leader of an enterprise by virtue of any laws and administrative regulations;
- (VIII) is not a natural person;
- (IV) has been convicted by relevant competent authorities for violation of securities regulations, where such violation involved fraudulent or dishonest acts, and less than five years has elapsed since the date of such conviction.

**Article 194** The validity of an act by a Director, President or other senior management on behalf of the Company to bona fide third party shall not be affected by any irregularity in his appointment, election or eligibility.

**Article 195** In addition to the obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which the shares of the Company are listed, the Company's Directors, Supervisors, President and other senior management owes a duty to each shareholder, in the exercise of the functions and powers of the Company entrusted to him:

- (I) not to cause the Company to exceed the scope of business stipulated in its business license;
- (II) to act honestly and in the best interests of the Company;
- (III) not to expropriate the Company's property in any way, including (without limitation) usurpation of opportunities which benefit the Company;
- (IV) not to expropriate the individual rights of shareholders, including (without limitation) rights to distributions and voting rights, except for a restructuring of the Company which has been submitted to shareholders' general meeting for approval in accordance with the Articles of Association.

**Article 196** The Directors, Supervisors, President and other senior management of the Company owe a duty, in the exercise of his powers and in the discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Article 197** The Directors, Supervisors, President and other senior management of the Company shall perform his duties in accordance with the fiduciary principle and shall not put himself in a position where his duty and his interest may conflict. This principle includes (without limitation) discharging the following obligations:

- (I) to act honestly in the best interests of the Company;
- (II) to act within the scope of his powers and not to exceed such powers;
- (III) to exercise the discretion vested in him personally and not to allow himself to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in a general meeting, not to delegate the exercise of his discretion;
- (IV) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (V) 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;
- (VI) not to take advantage of the assets of the Company for his own benefit in any form without the informed consent of the shareholders given in a general meeting;
- (VII) not to exploit his position to accept bribes or other illegal income or expropriate the Company's property in any way, including (without limitation) opportunities which benefit the Company;
- (VIII) not to accept commissions in connection with the Company's transactions, unless with the informed consent of the shareholders given in a general meeting;
- (IX) to comply with the Articles of Association, to perform his official duties faithfully, to protect the Company's interests and not to exploit his position and power in the Company to advance his own interests;
- (X) not to compete with the Company in any way, unless with the informed consent of the shareholders given in a general meeting;
- (XI) not to appropriate the capital of the Company or to loan such funds to others, not to deposit the funds of the Company in their own or other personal bank accounts, or provide assets of the Company as guaranty for the shareholders of the Company or others;
- (XII) not to release any confidential information relating to the Company which he has obtained during his term in office, without the informed consent of the shareholders in a general meeting; nor shall he use such information otherwise than for the Company's benefit save that disclosure of such information to the court or other governmental authorities is permitted if:
  - 1. disclosure is required by law;

2. public interests so requires;
3. the interests of the relevant Director, Supervisor, President or other senior management so requires.

**Article 198** The Directors, Supervisors, President and other senior management of the Company shall not direct the following persons or institutions (the “Connected Persons”) to act in a manner which he is prohibited from doing:

- (I) the spouse or minor child of the Directors, Supervisors, President or other senior management of the Company;
- (II) the trustee of the Directors, Supervisors, President or other senior management of the Company or of any person described in item (I) of this Article;
- (III) the partner of the Directors, Supervisors, President or other senior management of the Company or any person referred to in items (I) and (II) of this Article;
- (IV) a company in which the Directors, Supervisors, President or other senior management of the Company, whether alone or jointly with the persons referred to in items (I), (II) and (III) of this Article or other Directors, Supervisors, President and other senior management of the Company, have de facto controlling interest;
- (V) the Directors, Supervisors, President and other senior management of a company which is being controlled in the manner set out in item (IV) of this Article.

**Article 199** The fiduciary duties of the Directors, Supervisors, President and other senior management of the Company do not necessarily cease with the termination of their tenure. The duty of confidentiality in respect of trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period in fair principle, depending on the time which has lapsed between the termination and the act concerned and the circumstances and terms under which the relationship with the Company was terminated.

**Article 200** Unless otherwise provided by Article 57 herein, Directors, Supervisors, President and other senior management of the Company may be relieved of liability for specific breaches of duties by the informed consent of shareholders at a shareholders’ general meeting.

**Article 201** Where a Director, Supervisor, President and other senior management of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than his/her contract of service with the Company), he/she shall declare the nature and extent of his/her interests to the Board at the earliest opportunity, whether or not the related matters under normal circumstances is otherwise subject to the approval of the Board.

**Article 202** Unless the interested Director, Supervisor, President and other senior management of the Company has disclosed such interest to the Board as required under Article 201 herein and the matter has been approved by the Board at a meeting where he was not counted in the quorum and had refrained from voting, the Company shall have the rights to revoke the contract, transaction or arrangement, except where the other party is a bona fide party acting without knowledge of the breach of obligation by the Director, Supervisor, President and other senior management concerned.

**Article 203** A Director, Supervisor, President and other senior management of the Company shall be deemed to have some interest in a certain contract, transaction or arrangement in which a Connected Person of such Director, Supervisor, President and other senior management has some interest.

**Article 204** In the event that a Director, Supervisor, President and other senior management of the Company gives a written notice to the Board before the Company considers to enter into the contract, transaction or arrangement for the first time, stating that due to the contents of the notice, such Director, Supervisor, President and senior management of the Company has an interest in the contract, transaction or arrangement that may subsequently be made by the Company, such Director, Supervisor, President and other senior management shall be deemed, for the purposes of the preceding Articles of this Chapter, to have disclosed his/her interest, insofar as attributable to the scope stated in the notice.

**Article 205** The Company shall not in any manner pay taxes for or on behalf of a Director, Supervisor, President and other senior management.

**Article 206** The Company shall not directly or indirectly extend a loan to or provide any guarantee to a Director, Supervisor, President and other senior management of the Company or of the Company's parent company or any of their respective Connected Persons.

The following transactions are not subject to the above prohibition:

- (I) the provision by the Company of a loan or a guarantee of a loan to its subsidiaries;
- (II) the provision by the Company of a loan or a guarantee of a loan or any other funds to any of its Directors, Supervisors, President and other senior management to meet expenditure incurred by him for the purposes of the Company or for the purpose of enabling him to perform his/her duties, in accordance with the service contract approved by the shareholders' general meeting;
- (III) the Company may make a loan to or provide a loan guarantee to any of the relevant Directors, Supervisors, President and other senior management or their respective Connected Persons on normal commercial terms, provided that the ordinary course of business of the Company should include the lending of money or the provision of loan guarantees.

**Article 207** 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 208** A loan guarantee provided by the Company in breach of item (I) of Article 206 of the Articles of Association shall not be enforceable against the Company unless:

- (I) the guarantee was provided in connection with a loan to a Connected Person of any of Directors, Supervisors, President and other senior management of the Company or its parent company and the lender were not aware of the relevant circumstances;
- (II) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.



**Article 209** For the purposes of the preceding Articles of this Chapter, the term “security” shall include an act whereby a guarantor assumes its liability or provides property to guarantee in order to secure the performance of obligations by an obligator.

**Article 210** In addition to any rights and remedies provided by the laws and administrative regulations, where a Director, Supervisor, President and other senior management of the Company breaches the duties which he owes to the Company, the Company has a right:

- (I) to demand such Director, Supervisor, President and other senior management to compensate it for losses sustained by the Company as a result of such breach;
- (II) to rescind any contract or transaction which has been entered into between the Company and such Director, Supervisor, President and other senior management or between the Company and a third party (where such third party knows or should have known that such Director, Supervisor, President and other senior management representing the Company has breached his duties owed to the Company);
- (III) to demand such Director, Supervisor, President and other senior management to account for profits made as a result of the breach of his duties;
- (IV) to recover any monies which should have been received by the Company and which were received by such Director, Supervisor, President and other senior management instead, including (without limitation) commissions;
- (V) to demand repayment of interest earned or which may have been earned by such Director, Supervisor, President and other senior management on monies that should have been paid to the Company.

**Article 211** The Company shall enter into written contracts with Directors and Supervisors of the Company with regard to remuneration, and with the prior approval of the shareholder’s general meeting, and disclose to shareholders, the remuneration of Directors, Supervisors and senior management. The above emoluments include:

- (I) emoluments in respect of his/her service as a Director, Supervisor or senior management of the Company;
- (II) emoluments in respect of his/her service as a Director, Supervisor or senior management of a subsidiary of the Company;
- (III) emoluments in respect of other services for the management of the Company and its subsidiary;
- (IV) funds received by such directors or Supervisors as compensation for their loss of position or for their retirement.

A Director or Supervisor may not sue the Company for such benefits due to him on the grounds of the foregoing matters, except for under such contract as mentioned above.

**Article 212** The contracts regarding emoluments entered into by and between the Company and its Directors and Supervisors shall provide that in the event of a takeover of the Company, the Company's Directors and Supervisors shall, subject to the prior approval of the shareholders' general meeting, have the rights to receive compensation or other payment for loss of their position or for their retirement. For the purposes of the preceding paragraph, the term "a takeover of the Company" shall refer to any of the following occasions:

- (I) anyone makes a tender offer to all the shareholders;
- (II) anyone making a tender offer aims at that the offeror becomes a controlling shareholder which has the same definition as that provided in Article 58 herein.

If the relevant Director or Supervisor fails to comply with this Article, any fund received by him/her shall belong to those persons that have sold their shares as a result of their acceptance of the foregoing offer, and the expenses incurred from the distribution of such fund on a pro rata basis shall be borne by the relevant Director and Supervisor and may not be paid out of such fund.

## **CHAPTER 9 FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT**

### **Section 1 Financial and Accounting System and Profit Distribution**

**Article 213** The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the provisions of relevant departments of the PRC.

**Article 214** The Company shall prepare the financial reports at the end of each accounting year. The financial reports shall be examined and verified in a manner prescribed by laws.

**Article 215** The Board of the Company shall place before the shareholders at every annual shareholders' general meeting such financial reports which the relevant laws, administrative regulations and directives promulgated by local governments and competent authorities concerned require the Company to prepare.

**Article 216** The Company's financial reports shall be made available for shareholders' inspection at the Company twenty days before the date of every annual shareholders' general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter.

The financial reports specified in the preceding paragraph shall include report of the Board, balance sheet (including all documents which shall be attached in accordance with laws of the PRC or other laws and administrative regulations), income statement (profit statement), income and expenditure statement (cash flow statement) or (subject to relevant laws of the PRC) summary financial report approved by the Hong Kong Stock Exchange.

The Company shall deliver or send to each shareholder of H Shares by prepaid mail at the address registered in the register of shareholders the report of directors and the said report not later than twenty-one days before the date of every annual shareholders' general meeting.

**Article 217** The financial reports of the Company shall, in addition to being prepared in accordance with the PRC Accounting Standards for Business Enterprises and regulations, be prepared in accordance with either international accounting standards, or those of the place outside China where the shares of the Company are listed. If there is any material difference between the financial statements prepared in accordance with the two accounting standards, such difference shall be stated in the notes to the financial reports. When the Company is to distribute its after-tax profits for relevant accounting years, the lower of the after-tax profits as shown in the two financial statements shall be adopted.

**Article 218** Any interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC Accounting Standards for Business Enterprises and regulations, and also in accordance with either international accounting standards or those of the place outside China where the shares of the Company are listed.

**Article 219** The Company shall disclose two financial reports in each accounting year, i.e., its interim financial reports within sixty (60) days of the end of the first six months of an accounting year and its annual financial reports within one hundred and twenty (120) days after the end of the accounting year.

**Article 220** The Company shall not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

**Article 221** Upon completion of preparation of its interim and annual financial reports, the Company shall follow such procedures and make such announcements as required by the securities-related laws and regulations of the PRC and provisions of the stock exchange on which the shares of the Company are listed.

**Article 222** When distributing current year's after-tax profits, the Company shall set aside 10% of its profits for the Company's statutory common reserve fund, except where the fund has reached over 50% of the Company's registered capital.

When the Company's statutory common reserve fund is not sufficient to make up for its losses of the previous year, current year profits shall be used to make good the losses before allocating such profits to the statutory common reserve fund in accordance with the above provisions.

After the Company has made appropriations to the statutory common reserve fund from its after-tax profit, it may, with the approval of the shareholders' general meeting by way of resolution, make further appropriations from its after-tax profit to the discretionary common reserve fund.

After the Company has made good on its losses and made allocations to its common reserve fund, the remaining after-tax profits shall be distributed in proportion to the number of shares held by the shareholders, except when the Articles of Association provide not to distribute in proportion to their shareholding.

Profit distributed to shareholders by the shareholders' general meeting before losses have been made good and appropriations have been made to the statutory common reserve fund in violation of the foregoing provisions must be returned to the Company.

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

Any amount paid up in advance of calls on any shares may carry interest but shall not entitle such shareholder to the dividend subsequently declared.

Domestic Shares and H Shares shall enjoy equal rights to dividend or any other distribution.

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

**Article 223** Capital common reserve fund includes the following items:

- (I) premium obtained from the issue of shares over the nominal value of shares;
- (II) other incomes required by the finance department of the State Council to be treated as the capital common reserve.

**Article 224** The common reserve shall be applied to make up the Company's losses, expand the production and business operations of the Company or increase the Company's capital. Nonetheless, the capital common reserve shall not be used to make good the Company's losses.

Upon the conversion of statutory common reserve into capital, the balance of the common reserve shall not be less than 25% of the registered capital of the Company before such conversion.

**Article 225** The Company may distribute its dividend by means of:

- (I) cash;
- (II) stocks.

**Article 226** After a resolution is made on a profit distribution plan at the shareholder's general meeting, the Board shall complete the distribution of dividends (or shares) within 2 months following the shareholder's general meeting.

**Article 227** The Company shall appoint receiving agents on behalf of the holders of overseas-listed Foreign Shares to receive on behalf of such shareholders dividends declared and all other monies owing by the Company in respect of such shares to be paid to the holders.

The receiving agents appointed by the Company shall meet the requirements of the laws or the relevant provisions of the stock exchanges in the place where the Company is listed.

The receiving agents appointed on behalf of holders of H Shares shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

Subject to relevant laws, administrative regulations and rules of China and requirements of the Hong Kong Stock Exchange, all dividends unclaimed for 6 years or more following the date of the declaration of the dividends, may be forfeited by the Company.

The Company shall have the right to terminate the delivery of the dividend coupon through the postal service to a holder of H Shares, but the Company may only exercise such right after the dividend coupon is not cashed twice in succession. The Company may also exercise such right after the dividend coupon is not delivered to the recipient for the first time and was thus returned.

The Company shall have the right to sell the shares held by a holder of H Shares who is not available for contact in such a way as is considered appropriate by the Board, but this shall observe the following conditions:

(I) the Company has distributed dividend to relevant shares for at least 3 times within 12 years, during which the dividend is unclaimed; and

(II) after the 12-year period expires, the Company shall publish an announcement in newspapers, specifying the intent to sell the shares, and notify the Hong Kong Stock Exchange.

## **Section 2 Internal Audit**

**Article 228** The Company shall conduct internal audit system and assign full-time auditors to conduct internal audit and supervision on the revenues and expenditures and economic activities of the Company.

**Article 229** The internal audit system and the duties of the auditing staff of the Company shall come into effect upon the approval of the Board. The officer-in-charge of the audit team shall be responsible to and report to the Board.

## **Section 3 Appointment of Accounting Firm**

**Article 230** The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of China to audit the annual financial reports and other financial reports of the Company.

The first accounting firm of the Company could be appointed by the founding meeting before the first annual shareholders' general meeting and the term of the office of the first accounting firm shall be terminated before the conclusion of the first annual shareholders' general meeting.

The Board could discharge the duties aforesaid where the founding meeting fails to do so.

**Article 231** The accounting firm appointed by the Company shall hold office for a period commencing from the conclusion of this annual general meeting until the conclusion of the next annual shareholders' general meeting. The appointment may be renewed.

**Article 232** The Company guarantees that it shall provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accountant engaged without any refusal, withholding and false information.

**Article 233** The accounting firm engaged by the Company shall enjoy the following rights:

(I) to have the access to the account book, records or vouchers of the Company at any time, and have the right to require the Directors, President or other senior management of the Company to provide relevant materials and statements;

- (II) to require the Company to take every reasonable measure to obtain the materials and statements of the subsidiaries necessary for the accounting firm to perform its duties;
- (III) to attend the general meeting, obtain the meeting notices any shareholder is entitled to or other information related to the meeting, and address any general meeting over the issues concerning the accounting firm.

**Article 234** If there is a vacancy of the office of the accounting firm, the Board may fill up the vacancy by appointing an accounting firm before convening the general meeting. But during the period when the vacancy subsists, if the Company has other accounting firm in office, such firm can continue to carry out the relevant duty.

**Article 235** The general meeting may dismiss any accounting firm through an ordinary resolution before the term of such accounting firm expires, regardless of the contract made by the Company with such accounting firm. If the relevant accounting firm enjoys the right to claim compensation from the Company because of the disengagement, the relevant rights shall not be influenced by this provision.

**Article 236** The remuneration of the accounting firm or the method of determining the remuneration shall be decided by the shareholders' general meeting. The remuneration of the accounting firm engaged by the Board shall be decided by the Board.

**Article 237** The appointment, removal and non-reappointment of an accounting firm shall be resolved by the shareholders' general meeting and shall be filed with the CSRC.

Where it is intended to pass a resolution at a shareholders' general meeting to appoint an accounting firm which is not holding a current position to fill any vacancy of the position of the accounting firm, or to renew the engagement of an accounting firm engaged by the Board to fill up the vacancy, or to dismiss an accounting firm before the expiry of its term of appointment, such matters shall be handled pursuant to the following provisions:

- (I) before dispatch of the shareholders' general meeting notice, the proposal on the appointment or dismissal is delivered to the accounting firm to be appointed or to leave its office or already retired in the relevant accounting year.

Leaving office shall include the dismissal, resignation and retirement for an accounting firm.

- (II) if the accounting firm to leave its office makes any statement in writing and requires the statement to be informed to shareholders by the Company, unless being too late for the receipt of such statement, the Company shall take the following measures:
  1. making instructions on the notice to the resolution that the leaving accounting firm has made such a statement;
  2. copies of such a statement as the annex to the notice shall be sent to every shareholder who is entitled to the notice in such manner set forth in the Articles of Association.

(III) if the Company fails to deliver such statement made by the relevant accounting firm in accordance with the provisions in item (II) of this Article, the accounting firm concerned may require the statement to be read out at the shareholders' general meeting and make further complaints.

(IV) the accounting firm to leave office is entitled to attend the following meetings:

1. the shareholders' general meeting at which its term of office shall expire;
2. the shareholders' general meeting at which the corresponding vacancy caused by its dismissal shall be filled;
3. the shareholders' general meeting convened for the resignation that it takes initiative to render.

The accounting firm to leave office is entitled to receive all notices or other information related to the foregoing meetings, and to speak at the foregoing meetings regarding such matters related to it as the former accounting firm of the Company.

**Article 238** Thirty (30) days' prior notice shall be given to the accounting firm if the Company decides to remove such accounting firm or not to renew the appointment thereof. The accounting firm shall be entitled to make representations when the resolution regarding the removal of the accounting firm is considered at the shareholders' general meeting of the Company. Where the accounting firm resigns, it shall make clear to the shareholders' general meeting whether there is any impropriety existing in the Company.

(I) An accounting firm may resign by depositing a written resignation notice at the registered office of the Company. The resignation notice shall become effective on the date of such deposit or on such later date stipulated in such notice. Such notice shall contain the following statements:

1. a statement to the effect that there are no circumstances in connection with its resignation which should be brought to the notice of the shareholders or creditors of the Company; or
2. a statement of other circumstances considered necessary.

(II) The Company shall send a copy of the above written notice to the competent authority within fourteen (14) days after receiving such notice. If the notice contains item 2 statement abovementioned, a copy of such statements shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statements by prepaid mail to every shareholder who is entitled to the financial report of the Company at the address registered in the register of shareholders.

(III) Where the accounting firm's notice of resignation contains a statement regarding any accountable affair referred to in item 2 of (I) of this Article, it may require the Board to convene an extraordinary general meeting for the explanation of the circumstances regarding to its resignation.

## CHAPTER 10 NOTICE AND ANNOUNCEMENT

### Section 1 Notice

**Article 239** A notice of the Company shall be delivered by:

- (I) hand;
- (II) mail, fax and email;
- (III) by way of publication of an announcement on the website of the Company and the website designated by the Hong Kong Stock Exchange;
- (IV) other means specified by the Articles of Association or recognized by relevant regulatory bodies in the place where shares of the Company are listed.

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

**Article 240** The notice sent by the Company shall allow sufficient time for shareholders whose registered addresses are in Hong Kong to exercise their rights or act according to the notice.

Where a notice is served by way of announcement, it shall be published in newspapers and upon the publication of such announcement, all relevant persons shall be deemed to have received the notice.

Unless the context otherwise requires, “**announcements**” referred to in the Articles of Association shall mean, in relation to announcements to holders of Domestic Shares or announcements required by the relevant provisions and the Articles of Association to be published in the PRC, such announcements published in PRC newspapers designated under the PRC laws and regulations or by the CSRC; or, in relation to announcements to shareholders of H Shares or announcements required by the relevant provisions and the Articles of Association to be published in Hong Kong, such announcements that must be published in the Company’s website, the website of the Hong Kong Stock Exchange and other websites stipulated by the Stock Exchange Listing Rules from time to time in accordance with the requirements of the Stock Exchange Listing Rules.

**Article 241** The meeting notice of convening the shareholders’ general meeting shall be delivered by announcement or serve a written notice to shareholders.

**Article 242** The meeting notice of convening the meeting of the Board shall be delivered by serving a written notice or email to all Directors.

**Article 243** The meeting notice of convening the meeting of the Supervisory Committee shall be delivered by serving a written notice or email to all Supervisors.



**Article 244** Unless otherwise stipulated in the Articles of Association, corporate communication (as defined in the Stock Exchange Listing Rules), such as notices, information or written statements, sent to holders of H Shares by the Company may be delivered by hand or by prepaid post to the registered address of each holder of H Shares. The Company may deliver its corporate communication in electronic way in accordance with the provisions of the Stock Exchange Listing Rules, provided that the Company has made appropriate arrangements and is in compliance with the provisions of the Stock Exchange Listing Rules regarding delivery of corporate communication in electronic way. By giving a written notice to the Company, the Company's holders of H Shares may select receiving corporate communication from the Company either in electronic way or by post. They may also select only receive corporate communication in either Chinese or English or both Chinese and English. The shareholder may also give a written notice to the Company in advance within reasonable time to amend his or her choice of the mean to receive the aforesaid communication and language version(s) according to appropriate procedures.

**Article 245** Where a notice of the Company is delivered by hand, the addressee shall sign (or seal) on reply slip and the date of receipt shall be deemed as the date of service; where a notice of the Company is delivered by mail, the seventh (7th) working day from the date of delivery to the post office shall be deemed as the date of service; and where a notice of the Company is delivered by announcement, the first day on which such announcement is published shall be deemed as the date of service. Where a notice of the Company is delivered by email, the date of sending the email shall be deemed as the date of service, but the Company shall notify the addressee by telephone on the date of sending and keep sending record and email reply slip until the signing of the resolutions.

## **CHAPTER 11 MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION**

### **Section 1 Merger, Division, Capital Increase and Capital Reduction**

**Article 246** The merger or division of the Company shall be proposed by the Board, and upon approval in accordance with the procedures provided in the Articles of Association, it shall go through relevant examination and approval formalities according to the laws. A shareholder objecting to merger or division of the Company may require the Company or the shareholders who are in favor of such merger or division to acquire his/her shares at a fair price. A special document about the content of the resolution on merger or division of the Company shall be made for inspection by the shareholders.

The aforesaid documents shall also be sent by mail to holders of H shares of the Company.

**Article 247** Merger of the Company may take the form of absorption or establishment of a new company.

**Article 248** In the event of a merger, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days from the date of the Company's merger resolution and shall publish an announcement in newspapers within thirty (30) days from the date of the Company's merger resolution. A creditor has the rights, within thirty (30) days of receiving such notice from the Company or, for creditors who do not receive the notice, within forty-five (45) days from the date of the public notice, to demand the Company to settle its debts or provide a guarantee for such debt.

**Article 249** Upon the merger of the Company, claims and debts of each of the merged parties shall be assumed by the company which survives the merger or the newly established company.

**Article 250** When the Company is divided, its assets shall be split up accordingly. In the event of a division, the parties to the division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days from the date of the Company's resolution to divide and shall publish an announcement in newspapers within thirty (30) days from the date the Company made a resolution to divide.

**Article 251** Debts of the Company prior to division shall be jointly assumed by the companies which exist after the division, except provided otherwise in the written agreement between the Company and the creditors relating to the settlement of debt before the division.

**Article 252** A balance sheet and an inventory of assets shall be prepared for the purpose of the reduction of registered capital of the Company.

The Company shall inform its creditors of the reduction in capital within ten (10) days and publish an announcement of the reduction in the newspaper within thirty (30) days after the resolution regarding the reduction is made. The creditors may require the Company to pay its debts or provide guarantees for the debts within thirty (30) days upon receiving such notice or, in the absence of such notice, within forty-five (45) days from the date of the relevant announcement.

The registered capital of the Company after reduction shall not be less than the statutory minimum amount.

**Article 253** Changes in particulars of the companies as a result of merger or division must be registered with the registration authorities in accordance with the laws. Cancellation of a company shall be registered in accordance with the laws when a company is dissolved. Incorporation of a company shall be registered when a new company is incorporated in accordance with the laws.

When increasing or reducing the registered capital, the Company shall register the changes with company registration authorities in accordance with the laws.

## **Section 2 Dissolution and Liquidation**

**Article 254** The Company shall be dissolved and liquidated according to law upon the occurrence of any of the following events:

- (I) the term of its operations has expired or other events of dissolution specified in the Articles of Association have occurred;
- (II) a resolution on dissolution is passed by shareholders at a shareholders' general meeting;
- (III) dissolution is due to the merger or division;
- (IV) the Company is in violation of laws or administrative regulations, thereby the Company's business license is revoked or the Company is ordered to close down or de-registered according to law;
- (V) where the Company gets into serious trouble in operation and management and its continuation may cause substantial loss to the interests of shareholders, and no solution can be found through any other channel, shareholders representing more than 10% of the voting rights of all shareholders of the Company may request the court of relevant jurisdiction to dissolve the Company;

(VI) the Company is legally declared bankruptcy due to its failure to repay debts due.

**Article 255** Upon the occurrence of the situation described in item (I) of Article 254 hereof, the Company may continue to exist by amending the Articles of Association.

Where the Company is dissolved in accordance with items (I), (II), (IV) and (V) of Article 254 hereof, a Liquidation Committee shall be established to commence liquidation within fifteen (15) days from the date of occurrence of events giving rise to dissolution. The members of the Liquidation Committee shall be composed of its Directors or the person approved by the shareholders' general meeting. In case no Liquidation Committee is established within the specified period to commence liquidation, the creditors may apply to the court of relevant jurisdiction to designate relevant persons to form a Liquidation Committee and commence liquidation. If the Company is dissolved in accordance with item (VI) of Article 254 hereof, the court of relevant jurisdiction shall, according to the relevant laws and regulations, organize the shareholders, relevant authorities and professionals to form a Liquidation Committee so as to carry out the liquidation proceedings.

**Article 256** If the Board decides that the Company shall be liquidated (except for such liquidation as a result of the Company's declared bankruptcy), the notice of the shareholders' general meeting convened for such purpose shall include a statement to the effect that the Board has made full inquiry into the position of the Company and that the Board is of the opinion that the Company can pay off its debts in full within 12 months after the liquidation has commenced.

Upon passing of the resolution to liquidate the Company at the shareholders' general meeting, the functions and powers of the Board shall cease immediately.

The Liquidation Committee shall take instructions from the shareholders' general meeting and shall report to the shareholders' general meeting on the Liquidation Committee's income and expenditure, the business of the Company and the progress of the liquidation at least once per year. It shall make a final report to the shareholders' general meeting upon the completion of such liquidation.

**Article 257** The Liquidation Committee shall exercise the following powers during the liquidation period:

- (I) to notify creditors or issue public notices;
- (II) to handle the Company's assets and to prepare a balance sheet and an inventory of the assets;
- (III) to deal with the Company's outstanding businesses related to liquidation;
- (IV) to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- (V) to claim credits and pay off debts;
- (VI) to handle the surplus assets of the Company after its debts have been paid off;

(VII) to represent the Company in civil lawsuits.

**Article 258** The Liquidation Committee shall notify the creditors within ten (10) days after its establishment, and issue public notices in the newspapers within sixty (60) days. A creditor shall lodge its claim with the Liquidation Committee within thirty (30) days after receiving notification, or within forty-five (45) days of the public notice if it did not receive any notification.

A creditor shall state all matters relevant to its creditor rights in making its claim and furnish evidence. The Liquidation Committee shall register such creditor rights.

**Article 259** Upon liquidation of the Company's properties and the preparation of the balance sheet and inventory of assets, the Liquidation Committee shall draw up a liquidation plan to be submitted to the shareholders' general meeting or court of relevant jurisdiction for endorsement.

**Article 260** The assets of the Company shall be distributed in the following order:

- (I) payment of liquidation expenses;
- (II) payment of wages, social insurance expenses and statutory compensation;
- (III) payment of outstanding taxes;
- (IV) payment of the Company's debt;
- (V) distribution to the shareholders according to the class and proportion of their respective shareholdings.

The Company shall continue to exist during the liquidation period, although it shall not engage in any operating activities that are not related to the liquidation. The Company's properties shall not be distributed to the shareholders before repayment is made in accordance to the foregoing provisions.

**Article 261** Should the Liquidation Committee find that the properties of the Company are insufficient for clearing off the debts after liquidating the properties of the Company and preparing the balance sheets and inventory of assets, it shall immediately apply to the court of relevant jurisdiction to declare the Company's bankruptcy. Once the court of relevant jurisdiction declares the bankruptcy of the Company, the Liquidation Committee shall hand over the liquidation matters to the court of relevant jurisdiction.

**Article 262** Following the completion of the liquidation of the Company, the Liquidation Committee shall prepare a liquidation report, a income and expenditure statement and financial accounts in respect of the liquidation period and, after verification thereof by a certified public accountant in China, such Committee shall submit the same to the shareholders' general meeting or court of relevant jurisdiction for confirmation.

Within thirty (30) days from the date of said confirmation made by the shareholders' general meeting or court of relevant jurisdiction, the Liquidation Committee shall submit the same to the company registration authority to apply for de-registration of the Company, and to announce that the Company is terminated.

**Article 263** The members of the Liquidation Committee shall devote themselves to their duties and fulfill their obligations of liquidation according to laws. None of the members of the Liquidation Committee may take any bribe or any other illegal proceeds by taking advantage of his/her position, nor may he/she misappropriate any of the properties of the Company.

Where any members of the Liquidation Committee cause any loss to the Company or any creditor with intention or due to gross negligence, he/she shall be liable to make compensation.

**Article 264** Where the Company is declared bankruptcy in accordance with laws, it shall implement bankruptcy liquidation in accordance with the laws relating to bankruptcy of enterprise.

## **CHAPTER 12 AMENDMENT TO ARTICLES OF ASSOCIATION**

**Article 265** The Company may amend the Articles of Association in accordance with the laws, administrative laws and the Articles of Association. Under any one of the following circumstances, the Company shall amend its articles of association:

- (I) after amendment has been made to the Company Law or relevant laws or administrative regulations, the contents of the Articles of Association conflict with the amended laws or administrative regulations;
- (II) the changes that the Company have undergone are not in consistence with the records made in the Articles of Association;
- (III) the shareholders' general meeting decides that the Articles of Association should be amended.

**Article 266** Where the amendments to the Articles of Association involves the Mandatory Provisions, such amendments shall be made according to the relevant laws and regulations and approved by the CSRC. Where amendments involve registration matters of the Company, procedures for alteration of registration shall be dealt with in accordance with the law.

**Article 267** The Articles of Association and its amendments shall be approved by the shareholders' general meeting of the Company. Where the amendments to the Articles of Association approved by the shareholders' general meeting shall be subject to the approval of the relevant regulatory authorities, such amendments shall be submitted to the relevant competent authorities for approval.

**Article 268** The Board shall amend the Articles of Association according to the authorization of the shareholders' general meeting and the approval opinions of the relevant competent authority.

**Article 269** Any amendment to the Articles of Association that involves information to be disclosed as required by the laws and regulations, shall be publicly announced as required.

## CHAPTER 13 SETTLEMENT OF DISPUTES

**Article 270** The Company shall comply with the following rules in settling disputes:

- (I) whenever any disputes or claims concerning the affairs of the Company arise from any rights or obligations as provided in the Articles of Association, the Company Law and other relevant laws and administrative regulations between a holder of overseas-listed Foreign Shares and the Company, between a holder of overseas-listed Foreign Shares and a Director or Supervisor or President or other senior management of the Company, and between a holder of overseas-listed Foreign Shares and a holder of Domestic Shares, the parties concerned shall resolve such disputes and claims through arbitration.

Where a dispute or claim described above is submitted for arbitration, the entire dispute or claim shall be resolved through arbitration; all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, if they are shareholders, Directors, Supervisors or Presidents or other senior management of the Company or the Company, shall submit to arbitration.

Disputes over who is a shareholder and over the register of members do not have to be resolved through arbitration.

- (II) the party seeking arbitration may select to have the dispute or claim arbitrated either by the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or by the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once the party seeking arbitration submits a dispute or claim to arbitration, the other party must submit to the arbitral institution selected by the party seeking the arbitration. If the party seeking arbitration selects to arbitrate the dispute or claim at the Hong Kong International Arbitration Centre, then either party may apply to have such arbitration conducted in Shenzhen according to the securities arbitration rules of the Hong Kong International Arbitration Centre.
- (III) if any disputes or claims are settled by way of arbitration in accordance with item (I), the laws of the People's Republic of China shall apply, except as otherwise provided in the laws and administrative regulations.
- (IV) the award of the arbitral institution is final and shall be binding on the parties thereto.

## CHAPTER 14 SUPPLEMENTARY ARTICLES

**Article 271** The Articles of Association are in Chinese. In case of any inconsistency between the Articles of Association and those in other languages or other versions, the Articles of Association in Chinese which are most recently filed with the Market Supervision Administration of Shenzhen shall prevail.

**Article 272** In the Articles of Association, the terms of “no less than”, “within” and “no more than” shall be inclusive whilst the terms of “beyond”, “under”, “over” and “exceeding” shall be exclusive.

In the Articles of Association, “**actual controller**” means a person who is not a shareholder of the Company but is able to actually govern actions of the Company through investment relationship, agreement or other arrangements.

In the Articles of Association, “**connected transaction**”, “**interested person**” and “**connected Director**” have the same meaning ascribed to them in Stock Exchange Listing Rules.

In the Articles of Association, “**accounting firm**” has the same meaning as “**auditor**”.

**Article 273** The Articles of Association shall be considered and passed by a special resolution at a shareholders’ general meeting of the Company, and shall take effect from the date when the H Shares issued by the Company are listed and traded on the Hong Kong Stock Exchange.

**Article 274** Any matter which is in conflict with the laws, administrative regulations, other relevant regulatory documents and provisions of the listing rules where the shares of the Company are listed as promulgated from time to time, the laws, administrative regulations, other relevant regulatory documents and provisions of the listing rules where the shares of the Company are listed shall prevail.

**Article 275** The Articles of Association are subject to interpretation by the Board of the Company, which may, in accordance with the Articles of Association, formulate detailed rules, which shall not conflict with the Articles of Association.

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