

# ARTICLES OF ASSOCIATION OF SINOPEC ENGINEERING (GROUP) CO., LTD. (H SHARE)

## CHAPTER 1 GENERAL

**Article 1** These Articles of Association are drawn up in accordance with the “Company Law of the People’s Republic of China” (the “Company Law”), the “Securities Law of the People’s Republic of China” (the “Securities Law”), “Special Regulations of the State Council Regarding the Issue of Shares Overseas and the Listing of Shares Overseas by Companies Limited by Shares” (the “Special Regulations”), “Mandatory Provisions for these Articles of Association of the Companies to be Listed Overseas” (the “Mandatory Provisions”), “The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (the “Listing Rules”) and other relevant laws and regulations to maintain the legitimate interests of SINOPEC Engineering (Group) Co., Ltd. (the “Company”) and its shareholders and creditors, and to regulate the organization and conducts of the Company.

The Company is a joint stock limited liability company established in accordance with the Company Law, the Special Regulations and other relevant laws and administrative regulations of the People’s Republic of China (“China”, for the purpose of these Articles of Association, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan).

The Company is a joint stock limited liability company which was converted from the former SINOPEC Engineering (Group) Co., Ltd. (中石化炼化工程(集團)有限公司). The Company was established by way of promotion. It is registered with and has obtained a business license from China’s State Administration for Industry and Commerce on 28 August 2012 in China. The Company’s uniform social credit code is: 911100007109349087.

The promoters of the Company are: China Petrochemical Corporation and Sinopec Assets Management Co., Ltd.

**Article 2** The registered name of the Company: In Chinese: 中石化炼化工程(集團)股份有限公司

In English: SINOPEC Engineering (Group) Co., Ltd.

**Article 3** The address of the Company: A67, Ande Road, Xicheng District, Beijing, the PRC

Zip: 100011

Tel: 86-10-56730522

Fax: 86-10-56730500

**Article 4** The Company's legal representative is the chairman of the board of directors of the Company.

**Article 5** The Company is a joint stock limited liability company which has perpetual existence.

**Article 6** These Articles of Association shall become effective as of the date on which the overseas-listed foreign-invested shares are listed on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange"); the original Articles of Association of the Company shall automatically expire on the effective date of these Articles of Association.

From the date on which these Articles of Association come into effect, they shall constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations as between the Company and its shareholders and among the shareholders.

**Article 7** These Articles of Association are binding on the Company, its shareholders, directors, supervisors and senior management personnel, all of whom are entitled to make claims concerning the affairs of the Company in accordance with these Articles of Association.

A shareholder may take legal action against the Company, other shareholders or directors, supervisors, and senior management personnel of the Company pursuant to these Articles of Association, and the Company may take legal action against shareholders or directors, supervisors, and senior management personnel of the Company pursuant to these Articles of Association.

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

Unless otherwise defined, senior management personnel referred to in these Articles of Association refers to the president, vice president, chief financial officer, general counsel, board secretary and any other person designated as senior management by the board of directors the Company.

**Article 8** In accordance with the Company Law and the Constitution of the Communist Party of China (the "Party"), the Company hereby set up Party organizations and related working organs, and maintain sufficient and competent staffs to handle Party affairs as well as sufficient funding necessary for the activities of the Party organizations. The Party organizations of the Company shall play the role of the leadership by setting the right direction, keeping in mind the big picture as well as ensuring the implementation of Party policies and principles.

**Article 9** The Company may set up wholly-owned or non-wholly-owned subsidiaries, branch offices, representative offices and other sub-offices according to its need of business development.

The Company may set up branch organizations (whether or not wholly-owned) overseas and in the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan according to its need of business development and upon the approval of the relevant government bodies.

**Article 10** The Company may invest in other limited liability companies or joint stock limited liability companies. The Company's liability to any company invested in shall be limited to the amount of the investment.

The Company may invest in other enterprises. However, unless otherwise provided by any applicable law, it shall not become liable for the debts of the enterprises in which it invests.

## **CHAPTER 2 THE COMPANY'S OBJECTIVES AND SCOPE OF BUSINESS**

**Article 11** The operation objectives of the Company are: to comply with laws and regulations, to follow market practices, to insist on a people-oriented approach, to establish an oil refining and petrochemical engineering brand with Chinese characteristics and a first-tier global engineering company by relying on technological and management innovation, to reward shareholders and to contribute to society.

**Article 12** The Company's scope of business shall be as approved by the authorities responsible for the registration of the Company.

The Company's scope of business includes: licensed projects: construction engineering design; construction engineering works; construction engineering survey; construction engineering supervision and management; general projects: project management services; procurement agent services; external contracting projects; engineering and technical research and testing development; technical services, technical development, technical consulting, technology exchange, technology transfer, technology promotion; energy saving management services; environmental protection consulting service, soil pollution control and restoration services; engage in investment activities with proprietary funds; asset management services for proprietary investments; information system integration service; information technology consulting service; information system operation and maintenance service; software development; data processing and storage support services; sales of electronic products; wholesale of computer software, hardware and ancillary equipment; sales of specialized equipment for oil refining and petrochemical production; sales of specialized equipment for environmental protection. (Market entities may independently choose to operate projects and carry out business activities in accordance with the laws; projects that are required to be approved in accordance with the laws may only be conducted according to the approved details after approval is granted by the relevant authorities; business activities prohibited or restricted by industrial policies of the state and local authority are not allowed.)

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

**Article 13** There must, at all times, be ordinary shares in the Company. Subject to the approval of authorities authorized by the State Council, the Company may, according to its requirements, create different classes of shares.

**Article 14** The shares issued by the Company are all par value stocks and shall each have a nominal value of Renminbi one yuan.

“Renminbi” as mentioned above means the legal currency of China.

**Article 15** Shares of the Company are in the form of share certificates. Subject to the approval of the securities regulatory authorities of the State Council, the Company may issue shares to Domestic Investors and Foreign Investors. The issue of shares by the Company shall adhere to the principle of equality and fairness. Shares of the same class shall have the same rights. Shares issued at the same time shall be subject to the same conditions and shall be equal in price. The price paid by any organization or individual for each share of the same class during the same share issue shall be the same.

“Foreign Investors” referred to in the preceding paragraph mean those investors who subscribe for the Company’s shares and who are located in foreign countries and in the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan. “Domestic Investors” mean those investors who subscribe for the Company’s shares and who are located within China, excluding the aforementioned regions.

**Article 16** Shares which the Company issues to Domestic Investors for subscription in Renminbi are called “Domestic-Invested Shares”. Shares which the Company issues to Foreign Investors for subscription in foreign currencies are called “Foreign-Invested Shares”. Foreign-invested Shares which are listed overseas are called “Overseas-Listed Foreign-Invested Shares”.

Holders of Domestic-Invested Shares and Overseas-Listed Foreign-Invested Shares are all ordinary shareholders of the Company, having the same rights and obligations.

Subject to the approval of the securities regulatory authorities of the State Council, shareholders of the Company may list and transact the unlisted shares they are holding overseas. These shares, which are listed and transacted on an overseas stock exchange, shall also comply with the regulatory procedures, rules and requirements of the relevant overseas securities markets.

**Article 17** With the approval of the authorities authorized by the State Council, the Company was authorized upon its establishment, to issue 3,100,000,000 shares, all of which were issued to China Petrochemical Corporation and Sinopec Assets Management Co., Ltd., the promoters of the Company, representing 100% of the total number of issued ordinary shares of the Company at the time.

**Article 18** The Company, with the approval of China Securities Regulatory Commission dated 21 March 2013, issued to Foreign Investors 1,460,800,000 Overseas-Listed Foreign-Invested Shares (out of these, 1,328,000,000 shares were newly issued shares of the Company. The promoters transferred 132,800,000 shares of the Company they held to the National Council for Social Security Fund, which were converted into Overseas-Listed Foreign Invested Shares), which were listed on the Hong Kong Stock Exchange on 23 May 2013.

The existing structure of the Company’s share capital is as follows: all shares are ordinary shares with 4,397,881,000 shares in total, out of these, 2,687,876,000 shares representing 61.12% of the total number of issued ordinary shares of the Company are held by the promoter, China Petrochemical Corporation; 219,980,000 shares representing 5.00% of the total number of issued ordinary shares of the Company are held by China National Petroleum Corporation; 59,344,000 shares representing 1.35% of the total number of issued ordinary shares of the Company are held by Sinopec Assets Management Co., Ltd.; 1,430,681,000 shares representing 32.53% of the total number of issued ordinary shares of the Company are held by holders of Overseas-Listed Foreign-Invested Shares.

**Article 19** The Company's board of directors may take all necessary actions for the separate issuance of the Overseas-Listed Foreign-Invested Shares and Domestic-Invested Shares after the proposals for the same have been approved by the securities regulatory authorities of the State Council.

The Company may implement its proposals to issue Overseas-Listed Foreign-Invested Shares and Domestic-Invested Shares pursuant to the preceding paragraph within 15 months from the date of approval by the securities regulatory authorities of the State Council.

**Article 20** Where the Company separately issues Overseas-Listed Foreign-Invested Shares and Domestic-Invested Shares, and the total number of shares to be issued is within the issuance proposals, the shares should be fully subscribed in one issuance respectively. If this is not possible due to special circumstances, the shares may, subject to the approval of the securities regulatory authorities of the State Council, be issued on separate occasions.

**Article 21** The registered capital of the Company is RMB4,397,881,000.

**Article 22** The Company may, based on its operational and development needs, authorize the increase of its capital pursuant to these Articles of Association.

The Company may increase its capital in the following ways:

- (1) by offering new shares for subscription by general investors;
- (2) by placement of new shares to existing shareholders;
- (3) by allotting bonus shares to existing shareholders;
- (4) by increasing the share capital out of the common reserve fund;
- (5) by any other means which is permitted by the laws, administrative regulations and authorized by the securities regulatory authorities of the State Council.

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

**Article 23** Unless otherwise stipulated in the relevant laws or administrative regulations, shares in the Company shall be freely transferable and are not subject to any lien.

## CHAPTER 4 REDUCTION OF CAPITAL AND REPURCHASE OF SHARES

**Article 24** According to the provisions of these Articles of Association, the Company may reduce its registered capital. In doing so, it shall act according to the procedures set out in the Company Law, other relevant regulations and these Articles of Association.

**Article 25** The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within 10 days of the date of the Company's resolution for reduction of capital and shall publish an announcement in newspaper(s) within 30 days. Creditors are entitled to request the Company to repay its debts or to provide a corresponding guarantee for such debt within 30 days of receipt of notice from the Company or, in the case of a creditor who does not receive such notice, within 45 days of the date of the announcement.

The Company's registered capital may not, after the reduction in capital, be less than the minimum amount prescribed by law.

The Company shall complete the registration of capital reduction with the authorities in accordance with the law.

**Article 26** The Company may, in accordance with the procedures set out in these Articles of Association and with the approval of the relevant competent authority, repurchase its outstanding shares under the following circumstances:

- (1) cancellation of shares for the purposes of reducing its capital;
- (2) merging with another company that holds shares of the Company;
- (3) contributing shares in employee stock ownership plan or share option incentive plan;
- (4) when requested by any shareholder to purchase his shares because this shareholder objects to any resolution of merger or division made by the Company at general meeting;
- (5) converting to shares when the corporate bonds convertible into stocks issued by listed company are exercised;
- (6) when necessary, for the listed company to maintain its value and shareholders' interests;
- (7) other circumstances permitted by law, administrative regulations or competent authorities.

Apart from the foregoing, the Company shall not purchase its own shares.



**Article 27** The Company may repurchase shares in one of the following ways, with the approval of the relevant competent authority:

- (1) by making an offer for the repurchase of shares to all its shareholders on a pro-rata basis;
- (2) by on-market repurchase;
- (3) by off-market repurchase through an agreement;
- (4) by any other means which is permitted by competent authorities.

Where shares of the Company are repurchased in accordance with Articles 26(3), (5) and (6) of the Articles of Association, such repurchase shall be carried out in a public and centralised manner.

**Article 28** The Company must obtain the prior approval of the shareholders in a general meeting in the manner stipulated in these Articles of Association before it can effect an off-market repurchase through an agreement. The Company may, by obtaining the prior approval of the shareholders in a general meeting (in the same manner), rescind or vary any contract which has been so entered into or waive any right thereunder.

A contract for the repurchase of shares referred to in the preceding paragraph includes (but is not limited to) an agreement which causes the Company to become entitled or obliged to repurchase its shares.

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

Where the Company has the right to repurchase redeemable shares:

- (1) repurchases not made on-market or by tender shall be limited to a maximum price;
- (2) if repurchases are made by tender, tenders shall be made to all shareholders alike.

**Article 29** If the Company repurchases its shares due to reasons provided in Articles 26(1) and (2), such repurchase shall be approved by the shareholders in general meeting pursuant to these Articles of Association; if the Company repurchases its shares due to reasons provided in Articles 26(3), (5) and (6), such repurchase shall be passed by resolutions at a board meeting attended by more than two-thirds of the directors in accordance with either the provisions of the Articles of Association or the authorisation by shareholders at the general meeting.

Where shares of the Company are repurchased in accordance with Article 26(1), they shall be canceled within 10 days of being repurchased; where shares of the Company are repurchased in accordance with Articles 26(2) or (4), they shall be transferred or canceled within 6 months of being repurchased.

Shares repurchased in accordance with Articles 26(3), (5) and (6) of the Articles of Association shall not exceed 10% of the total issued shares of the Company and shall be transferred or cancelled within three years after being repurchased.

In the event of share cancellation, the Company shall apply to the relevant authority for registration of the change in its registered capital.

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

**Article 30** Unless the Company is in liquidation, it must comply with the following provisions in relation to repurchase of its outstanding shares:

- (1) where the Company repurchases shares at nominal value, payment shall be made out of the book balance of the distributable profits of the Company or out of the proceeds from a new issue of shares made for that purpose;
- (2) where the Company repurchases its shares of the Company at a premium, payment equal to the nominal value may be made out of the book balance of the distributable profits of the Company or out of the proceeds from a new issue of shares made for that purpose. Payment of the premium shall be effected as follows:
  1. if the shares being repurchased were issued at nominal value, payment shall be made out of the book balance of the distributable profits of the Company;
  2. if the shares being repurchased were issued at a premium, payment shall be made out of the book balance of the distributable profits of the Company or out of the proceeds from a new issue of shares made for that purpose, provided that the amount paid out of the proceeds from the new issue shall not exceed the premium received by the Company on the issue of the repurchased shares nor shall it exceed the book value of the Company's capital common reserve fund account (including any premiums on the new issue) at the time of the repurchase;
- (3) the Company shall make any payment for the following purposes out of the Company's distributable profits:
  1. acquisition of the right to repurchase its own shares;
  2. variation of any contract for the repurchase of its shares;
  3. release of the Company's obligation(s) under any contract for the repurchase of shares;
- (4) after the Company's registered capital has been reduced by the aggregate nominal 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 nominal value of shares which have been repurchased shall be recorded in the Company's capital common reserve fund account.



## **CHAPTER 5 FINANCIAL ASSISTANCE FOR ACQUISITION OF SHARES IN THE COMPANY**

**Article 31** The Company and 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 incurs any obligations as a result of acquisition of shares in the Company.

The Company and its subsidiaries shall not, at any time, provide any form of financial assistance for the purposes of reducing or discharging the obligations assumed by any person as a result of acquisition of shares in the Company.

This Article shall not apply to the circumstances specified in Article 33 of these Articles of Association.

**Article 32** For the purposes of this Chapter, “financial assistance” includes (but is not limited to) the following:

- (1) gifts;
- (2) guarantee (including the assumption of obligations of another or provision of assets to secure the performance of obligations by another), compensation (other than compensation arising out of the Company’s own fault) or release or waiver of any right;
- (3) provision of a loan or the making of any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or the change in parties to, or the assignment of rights under, such loan or contract;
- (4) any other form of financial assistance given by the Company when the Company is unable to pay its debts, has no net assets or when its net assets would be reduced by a material extent.

For the purposes of this Chapter, assumption of obligations by a person includes the assumption of obligations by way of contract or other arrangement (irrespective of whether such contract or arrangement is enforceable or not and irrespective of whether such obligations are borne jointly with other persons) or by any other means which results in a change in his financial position.

**Article 33** The following acts shall not be deemed to be acts prohibited by Article 31 of these Articles of Association:

- (1) the provision of financial assistance by the Company where the financial assistance is given in good faith and 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 certain general plan of the Company;
- (2) the lawful distribution of the Company’s assets as dividends;

- (3) the distribution of dividends in the form of shares;
- (4) a reduction of registered capital, a repurchase of shares of the Company or a reorganization of the shareholding structure of the Company effected in accordance with these Articles of Association;
- (5) the provision of loans by the Company for its normal operations within its normal scope of business (provided that this does not reduce the net assets of the Company or that financial assistance is provided out of the distributable profits of the Company, if it does reduce the net assets of the Company);
- (6) contributions made by the Company to employee share schemes (provided that this does not reduce the net assets of the Company or that financial assistance is provided out of the distributable profits of the Company, if it does reduce the net assets of the Company).

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

**Article 34** Share certificates of the Company shall be in registered form.

The share certificates of the Company shall contain the following main items:

- (1) name of the Company;
- (2) date of registration and establishment of the Company;
- (3) type of share, nominal value and the number of shares it represents;
- (4) number of the share certificate;
- (5) other matters as required by the Company Law, Special Regulations and the stock exchange(s) on which the shares are listed.

**Article 35** The share certificates of the Company may be transferred, gifted, inherited and pledged in accordance with relevant laws, administrative rules, regulations of competent authorities as well as these Articles of Association.

The assignment and transfer of shares shall be registered with the share registrar appointed by the Company.

**Article 36** The Company does not accept the pledging of its share certificates.

**Article 37** Share certificates of the Company shall be signed by the chairman of the Company's board of directors. Where the stock exchange(s) on which the Company's shares are listed require(s) other senior management personnel of the Company to sign, the share certificates shall also be signed by such officer(s). The share certificates become effective after being sealed or imprinted with the seal of the Company, or with the seal sign in printed form. The share certificate shall only be sealed with the Company's seal under the authorization of the board of directors. The signatures of the chairman of the board of directors or other senior officer(s) of the Company may be in printed form.

**Article 38** The Company shall keep a register of shareholders which shall contain the following particulars:

- (1) the name and address (residence), the occupation or type of each shareholder;
- (2) the class and quantity of shares held by each shareholder;
- (3) the amount paid-up on or agreed to be paid-up on the shares held by each shareholder;
- (4) the share certificate number(s) of the shares held by each shareholder;
- (5) the date on which each shareholder was registered as a shareholder;
- (6) 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.

**Article 39** The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authorities of the State Council and overseas securities regulatory organizations, maintain the register of shareholders of Overseas-Listed Foreign-Invested Shares overseas and appoint overseas agent(s) to manage such register of shareholders. The original register of shareholders for holders of Overseas-Listed Foreign-Invested Shares listed in Hong Kong shall be maintained in Hong Kong.

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

If there is any inconsistency between the original and the duplicate registers of shareholders of Overseas-Listed Foreign-Invested Shares, the original register of shareholders shall prevail.

**Article 40** The Company shall keep a complete register of shareholders.

The register of shareholders shall comprise the following parts:

- (1) the register of shareholders which is maintained at the Company's residence (other than those share registers which are described in sub-paragraphs (2) and (3) of this Article);
- (2) the register of shareholders in respect of the holders of Overseas-Listed Foreign-Invested Shares of the Company which is maintained in the same place as the overseas stock exchange on which the shares are listed; and
- (3) the register of shareholders which is maintained in such other place as the board of directors may consider necessary for the purposes of the listing of the Company's shares.

**Article 41** Different parts of the register of shareholders shall not overlap. While transferred shares continue to be registered in one part of the register of shareholders, they shall not be registered in another part of the register. 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.

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

- (1) a fee of HK\$2.50 per instrument of transfer or such higher amount agreed by the Hong Kong Stock Exchange has been paid to the Company for registration of the instrument of transfer and other documents relating to or which will affect the right of ownership of the shares;
- (2) the document of transfer only relates to Overseas-Listed Foreign-Invested Shares listed in Hong Kong;
- (3) the stamp duty which is chargeable on the document of transfer has already been paid;
- (4) the relevant share certificate(s) and any other evidence which the board of directors may reasonably require to show that the transferor has the right to transfer the shares have been provided;
- (5) if it is intended that the shares be transferred to joint holders, the maximum number of joint holders shall not be more than four (4); and
- (6) the Company does not have any lien on the relevant shares.

All Overseas-Listed Foreign-Invested Shares shall be transferred by an instrument in writing in the usual or common form or any other form which the board of directors may accept. The instrument of transfer of any share may be executed by hand without seal, or if the assignor or the assignee is a recognized clearing house as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“Recognized Clearing house”) or its agent, the share transfer form may be executed by hand or in mechanically-printed form. All share transfer forms shall be maintained in the legal address of the Company or other places designated by the board of directors from time to time.

**Article 42** No change may be made in the register of shareholders as a result of a transfer of shares within 30 days prior to the date of a shareholders’ general meeting or within five days before the determination date for the Company’s distribution of dividends.

**Article 43** When the Company convenes a shareholders’ meeting for the purposes of dividend distribution, liquidation or for any other purpose for which shareholdings need to be determined, the board of directors or the convenor of the shareholders’ general meeting shall determine a record date for the determination of shareholdings. The shareholders of the Company shall be such persons who appear in the register of shareholders at the close of such record date.

**Article 44** Any person who disputes the register of shareholders and asks for inclusion of his name in or removal of his name from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

**Article 45** Any person who is a registered shareholder or who claims to have his name entered in the register of shareholders in respect of shares in the Company may, if his share certificate (the “original certificate”) relating to the shares is lost, apply to the Company for a replacement share certificate in respect of such shares (the “Relevant Shares”).

Application by a holder of Domestic-Invested Shares, who has lost his share certificate, for a replacement share certificate shall be dealt with in accordance with the relevant requirements of the Company Law.

Application by a holder of Overseas-Listed Foreign-Invested Shares, who has lost his share certificate, for a replacement share certificate may be dealt with in accordance with the law of the place where the original register of shareholders of Overseas-Listed Foreign-Invested Shares is maintained, the rules of the stock exchange or other relevant regulations.

The issuance of a replacement share certificate to a shareholder of Overseas-Listed Foreign-Invested Shares, who has lost his share certificate, shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration, of which the contents shall include the grounds upon which the application is made and the circumstances and evidence of loss, and the declaration that no other person is entitled to have his name entered in the register of shareholders in respect of the Relevant Shares.
- (2) The Company has not received any declaration made by any person other than the applicant declaring that his name shall be entered in the register of shareholders in respect of such shares before it decides to issue a replacement share certificate to the applicant.
- (3) The Company shall, if it intends to issue a replacement share certificate, publish a notice of its intention to do so at least once every 30 days within a period of 90 consecutive days in such newspapers as may be prescribed by the board of directors.
- (4) The Company shall, prior to publication of its intention to issue a replacement share certificate, deliver to the stock exchange on which its shares are listed, a copy of the notice to be published and may publish the notice upon receipt of confirmation from such stock exchange that the notice has been exhibited in the premises of the stock exchange. Such notice shall be exhibited in the premises of the stock exchange for a period of 90 days. In the case of an application which is made without the consent of the registered shareholder of the Relevant Shares, the Company shall deliver by mail to such registered shareholder a copy of the notice to be published.

- (5) If, by the expiration of the 90-day period referred to in paragraphs (3) and (4) of this Article, the Company has not received any objection from any person in respect of the issuance of the replacement share certificate, it may issue a replacement share certificate to the applicant pursuant to his application.
- (6) Where the Company issues a replacement share certificate pursuant to this Article, it shall forthwith cancel the original share certificate and document the cancellation of the original share certificate and issuance of a replacement share certificate in the register of shareholders accordingly.
- (7) All expenses relating to the cancellation of an original share certificate and the issuance of a replacement share certificate shall be borne by the applicant and the Company is entitled to refuse to take any action until reasonable guarantee has been provided by the applicant.

**Article 46** Where the Company issues a replacement share certificate pursuant to these Articles of Association, a bona fide purchaser obtaining new share certificates referred to above or a shareholder registered as a holder of the shares (if he is a bona fide purchaser), his name shall not be removed from the register of shareholders.

**Article 47** The Company shall not be liable for any damage sustained by any person by reason of the cancellation of the original share certificate or the issuance of the replacement share certificate unless the claimant is able to prove fraud on the part of the Company.

## **CHAPTER 7 SHAREHOLDERS' RIGHTS AND OBLIGATIONS**

**Article 48** A shareholder of the Company is a person who lawfully holds shares in the Company and whose name is entered in the register of shareholders.

A shareholder shall enjoy rights and assume obligations according to the class and amount of shares held by him; shareholders who hold shares of the same class shall enjoy equal rights and assume the same class of obligations.

No powers shall be taken by the Company to freeze or otherwise impair any of the rights attached to any share by reason only that the person or persons who has or have direct or indirect interests therein has or have failed to disclose such to the Company.

For joint shareholders, upon the death of any joint shareholder, only the surviving shareholder(s) shall be deemed by the Company to have the ownership of the related shares, but the board of directors is entitled to request for the provision of a death certificate as it may deem fit for the purpose of revising the shareholders' register. For joint shareholders of any shares, only the first-named shareholder in the shareholders' register has the right to receive the share certificates for the relevant shares, receive notices from the Company, attend the shareholders' general meeting and exercise voting rights; and any notice delivered to the said shareholder shall be deemed as if the notice has been delivered to all of the joint shareholders of the relevant shares.



**Article 49** The shareholders of ordinary shares of the Company enjoy the following rights:

- (1) to receive dividends and other forms of distributions of benefits in proportion to their shareholdings;
- (2) to attend or appoint a proxy to attend shareholders' general meetings and to exercise voting rights;
- (3) to supervise and manage the Company's business operations, to make proposals and to raise queries;
- (4) to transfer shares in accordance with laws, administrative regulations and the provisions of these Articles of Association;
- (5) subject to provision of the written documents evidencing the class and quantity of shares held and verification of their identities as shareholders to the Company, to obtain relevant information in accordance with law, administrative regulations and the provisions of these Articles of Association, including:
  1. a copy of these Articles of Association, subject to payment of costs;
  2. the right to inspect and copy, subject to payment of a reasonable fee:
    - (i) all parts of the register of shareholders;
    - (ii) personal particulars of each of the Company's directors, supervisors, senior management personnel, including:
      - (a) present and former names and aliases;
      - (b) principal address (place of residence);
      - (c) nationality;
      - (d) primary and all other part-time occupations and duties;
      - (e) identification documents and numbers;
    - (iii) status of the Company's share capital;
    - (iv) counterfoil of the Company's debentures;
    - (v) reports showing the aggregate nominal value, quantity, highest and lowest prices paid in respect of each class of shares repurchased by the Company since the previous accounting year and the aggregate amount paid by the Company for this purpose;
    - (vi) minutes of shareholders' general meetings, resolutions of the board of directors meetings and supervisors meetings, and financial statements and accountants' reports.

- (6) in the event of the winding-up or liquidation of the Company, to participate in the distribution of remaining assets of the Company in proportion to the number of shares held;
- (7) other rights conferred by law, administrative regulations and these Articles of Association.

**Article 50** The shareholders of ordinary shares of the Company shall assume the following obligations:

- (1) to comply with these Articles of Association;
- (2) to pay subscription money according to the number of shares subscribed and the method of subscription;
- (3) not to surrender the shares unless required by law or administrative regulations;
- (4) not to abuse shareholder's rights and harm the interest of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of the shareholders to impair the interests of creditors of the Company; where the shareholder's abuse of his power causes damage to the Company or other shareholders, he shall be liable for compensation in accordance with the law; where the shareholder has abused the Company's independent legal person status and shareholder's limited liability for debt evasion and caused serious damage to the creditor's interests, he shall bear joint liability for the debts of the Company;
- (5) other obligations imposed by law, administrative regulations and provisions of these Articles of Association.

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

**Article 51** In addition to the obligations imposed by law, administrative regulations or the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder, in exercising his shareholder's rights, shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all or a portion of the shareholders of the Company:

- (1) to exempt a director or supervisor from the obligation of acting honestly in the best interests of the Company;
- (2) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the Company's assets in any way, including (but not limited to) opportunities which are beneficial to the Company;
- (3) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the individual interest of other shareholders, including (but not limited to) any rights to distributions and voting rights (excluding a restructuring which has been submitted for approval by the shareholders in a general meeting in accordance with these Articles of Association).

**Article 52** For the purpose of the foregoing Article, a “controlling shareholder” means a person who satisfies any one of the following conditions:

- (1) a person who, when acting alone or in concert with others, has the power to appoint more than half of the directors;
- (2) a person who, when acting alone or in concert with others, has the power to exercise 30% or more of the voting rights or has power to control the exercise of 30% or more of the voting rights in the Company;
- (3) a person who, when acting alone or in concert with others, holds 30% or more of the issued shares of the Company;
- (4) a person who, when acting alone or in concert with others, has de facto control of the Company in any other way.

## **CHAPTER 8 SHAREHOLDERS’ GENERAL MEETINGS**

**Article 53** The shareholders’ general meeting holds the powers of the Company and shall exercise its functions and powers in accordance with the law.

**Article 54** The shareholders’ general meeting shall have the following functions and powers:

- (1) to decide on the Company’s operational policies and investment plans;
- (2) to appoint and replace directors and to decide on matters relating to the remuneration of directors;
- (3) to appoint and replace supervisors who are not representatives of the employees and to decide on matters relating to the remuneration of supervisors;
- (4) to consider and approve the board of directors’ reports;
- (5) to consider and approve the supervisory committee’s reports;
- (6) to consider and approve the Company’s profit distribution plans and loss recovery plans;
- (7) to consider and approve the Company’s proposed and final annual financial budgets;
- (8) to pass resolutions on the increase or reduction of the Company’s registered capital;
- (9) to pass resolutions on matters such as merger, division, dissolution, liquidation or change of the corporate form of the Company;
- (10) to pass resolutions on the issue of debentures by the Company;

- (11) to pass resolutions or grant authorisations on the repurchase of shares of the Company;
- (12) to pass resolutions on the appointment, dismissal and non-reappointment of the accountants of the Company;
- (13) to amend these Articles of Association;
- (14) to consider motions raised by shareholders, individually or jointly, holding 3% or more of the total number of voting shares of the Company;
- (15) to consider the purchase and sale of major assets or the giving of guarantees with value exceeding 30% of the total assets of the Company as shown in the latest published audited financial statements of the Company;
- (16) to decide on other matters which, according to laws administrative regulations, regulations of the competent authorities or these Articles of Association, need to be approved by shareholders in general meetings.

If necessary and appropriate, the shareholders' general meeting may authorize the board of directors to decide on matters to be resolved and which cannot or are not required to be decided at the shareholders' general meeting.

If the board of directors is authorized in a general meeting to determine matters which shall be determined by ordinary resolution, the authorization should be passed by majority voting rights held by the attending shareholders (including their proxies); if the authorization relates to matters which shall be determined by special resolution, the authorization should be passed by attending shareholders (including their proxies) holding more than two-thirds of the voting rights. The terms of the authorization should be clear and specific.

**Article 55** Unless prior approval in the form of a special resolution is obtained in a general meeting, the Company shall not enter into any contract with any person other than the directors, supervisors, senior management personnel pursuant to which such person shall be responsible for the management and administration of the whole or any substantial part of the Company's business.

**Article 56** Shareholders' general meetings are divided into annual general meetings ("AGM") and extraordinary general meetings ("EGM"). Shareholders' general meetings shall be convened by the board of directors.

AGMs are held once every year and within six months from the end of the preceding accounting year.

**Article 57** The board of directors shall convene an EGM within two months after the occurrence of any one of the following events:

- (1) where the number of directors is less than the number stipulated in the Company Law or two-thirds of the number specified in these Articles of Association;
- (2) where the unrecovered losses of the Company amount to one-third of the total amount of its paid-up share capital;

- (3) where shareholder(s) who individually or jointly hold 10% or more of the Company's issued voting shares make request(s) in writing for the convening of an EGM;
- (4) whenever the board of directors deems necessary or the supervisory committee so requests;
- (5) other circumstances provided by law, administrative regulations, regulations of competent authorities and these Articles of Association.

The shareholdings referred to in item (3) above shall be calculated on the basis of the number of shares held as at the date of written request from the shareholders.

**Article 58** Shareholders' general meetings shall be held at the Company's place of residence or suitable place determined by resolutions of the board of directors.

**Article 59** A notice of a shareholders' general meeting convened by the Company shall be given 45 days before the date of the meeting (excluding the date of meeting) to all registered shareholders. Such notice shall give such shareholders notice of the matters to be considered at such meeting, the date and the place of the shareholders' general meeting. A shareholder who intends to attend the shareholders' general meeting shall deliver his written reply to the Company 20 days before the date of the shareholders' general meeting.

**Article 60** The Company shall, based on the written replies which it receives from the shareholders 20 days before the date of the shareholders' general meeting, calculate the number of voting shares held by the shareholders who intend to attend the meeting. If the number of voting shares held by the shareholders who intend to attend the meeting amount to more than one-half of the Company's total voting shares, the Company may hold the shareholders' general meeting; if not, then the Company shall, within five days, notify the shareholders by way of public announcement the matters to be considered, and the place and date for, the general meeting. The Company may then hold the shareholders' general meeting after publication of such announcement.

Matters which are not specified in the notice shall not be decided at an EGM.

**Article 61** The notice of a shareholders' general meeting shall satisfy the following requirements:

- (1) it should be in writing;
- (2) specifies the place, date and time of the meeting;
- (3) sets out the matters to be discussed at the meeting;
- (4) provides the shareholders with such information and explanation as necessary to enable the shareholders to make an informed decision on the proposals put before them. The principle includes (but is not limited to) where a proposal is made to amalgamate the Company with another, to repurchase shares of the Company, to reorganize its share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with contracts (if any) and the cause and effect of such proposal must be properly explained;

- (5) contains a disclosure of the nature and extent of the material interests if any director, supervisor, manager and other senior management personnel have material interests in the proposed matters and the effect which the proposed matters will have on them in their capacity as shareholders, if it is different from the effect on the interests of shareholders of the same class;
- (6) contains the full text of any special resolution to be proposed at the meeting;
- (7) contains a clear statement that a shareholder entitled to attend and vote at such meeting is entitled to appoint one or more proxies to attend and vote at such meeting on his behalf and that such proxy needs not be a shareholder;
- (8) specifies the time and place for lodging proxy forms for the meeting.

**Article 62** Unless otherwise provided by relevant laws, administrative regulations, the listing rules of the stock exchange where the shares of the Company are listed or these Articles of Association, the notice of a shareholders' general meeting shall be delivered to the shareholders (whether or not such shareholders are entitled to vote at the meeting) by hand or by pre-paid mail to the addresses of the shareholders as shown in the register of shareholders of the Company. For shareholders of Domestic-Invested Shares, the notice of the meeting may also be given by way of public announcement.

The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authorities of the State Council during the period between 45 and 50 days before the date of the meeting. Once the announcement is made, all the shareholders of Domestic-Invested Shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

**Article 63** If a notice of meeting is accidentally omitted to be sent to any person who is entitled to receive the same or that person has not received such a notice of meeting, it will not cause the meeting and any resolution made therein to be void.

**Article 64** Any shareholder who is entitled to attend and vote at a general meeting of the Company shall be entitled to appoint one or more persons (whether such person is a shareholder or not) as his proxy or proxies to attend and vote on his behalf, and a proxy so appointed shall be entitled to exercise the following rights pursuant to the authorization from that shareholder:

- (1) the shareholders' right to speak at the meeting;
- (2) the right to demand or join in demanding a poll;
- (3) the right to vote by hand or on a poll, but a proxy of a shareholder who has appointed more than one proxy may only vote on a poll.

**Article 65** The instrument appointing a proxy to attend the general meeting shall be in writing and shall be under the hand of the appointor or his attorney duly authorized in writing, or if the appointor is a legal person, either under its seal or under the hand of a director or a duly authorized attorney.



**Article 66** The proxy form shall be lodged at the Company's premises or such other place as specified in the notice convening the meeting at least 24 hours prior to the relevant meeting for which the proxy is appointed to vote or 24 hours prior to the scheduled voting time. Where the proxy form is signed by a person authorized by the principal, the power of attorney or other authorization documents shall be notarized. The notarized power of attorney and other authorization documents, together with the proxy form, shall be lodged at the Company's premises or such other place as specified in the notice convening the meeting.

If the proxy is a legal person, its legal representative or any representative authorized by the board of directors or by other decision-making body shall attend the shareholders' meeting of the Company on its behalf.

If the said shareholder is a recognized clearing house (or its agent), the shareholder may authorize one or more suitable persons to act as its representative at any shareholders' general meeting or any class meetings of shareholders; however, if more than one person are authorized, the proxy form shall clearly indicate the number and types of shares each person is authorized in relation to. The persons after such authorization may represent the recognized clearing house (or its agent) to exercise the rights, as if they were the individual shareholders of the Company.

**Article 67** Any proxy form given to a shareholder by the board of directors of the Company for use by such shareholder for the appointment of a proxy to attend and vote at meetings of the Company shall be such as to enable the shareholder to freely instruct the proxy to vote in favour of or against the motions, separate instructions being given in respect of each matter to be voted on at the meeting. Such a proxy form shall contain a statement that, in the absence of specific instructions from the shareholder, the proxy may vote as he thinks fit.

**Article 68** A vote made in accordance with the terms of a proxy shall be valid notwithstanding the death or loss of capacity of the appointor or revocation of the proxy or the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that the Company does not receive any written notice in respect of such matters before the commencement of the relevant meeting.

**Article 69** The shareholders who request to convene an EGM or class meeting shall follow the following procedures:

- (1) Shareholders who separately or jointly hold 10% or more of the voting shares of the Company may request the board of directors to convene an EGM or class meeting by signing a written request (signing in counterparts is acceptable) explaining the matters to be discussed at the EGM. The above shareholders shall ensure that the contents of the proposal are in compliance with the requirements of the law, administrative regulations and these Articles of Association. The board of directors shall convene an EGM or class meeting as soon as practicable upon receipt of the foresaid written request. The shareholdings of the requesting shareholders shall be calculated as at the date of the submission of the written requirement.

- (2) In the event that the board of directors cannot or fails to perform its duty to convene a meeting, the supervisory committee shall convene and chair the meeting promptly; if the supervisory committee fails to convene and chair the meeting, shareholders who separately or jointly hold more than 10% of the voting shares of the Company for more than 90 consecutive days may convene and chair the meeting themselves.

If the shareholders call and convene a meeting by themselves since the board of directors fails to convene a meeting in accordance with the foresaid requirement, the expenses reasonably incurred shall be borne by the Company and be deducted from the amounts due to the defaulting directors.

**Article 70** Shareholders who separately or jointly hold more than 3% of the shares of the Company may submit a proposal to the board of directors in writing 10 days before the date of the shareholders' general meeting; the board of directors shall notify other shareholders within two days of receiving the proposal and include it for consideration at the shareholders' general meeting. The matters stated in the proposal must be within the functions and powers of the shareholders' general meeting and it shall have a clear subject and specific resolutions.

Apart from aforesaid matters, the convener shall not amend the proposals stated in the notice of the shareholders' general meeting or add new proposals upon issuance of the announcement on the notice of the shareholders' general meeting.

**Article 71** The shareholders' general meeting shall be convened by the board of directors and chaired by the chairman; if the chairman cannot or fails to perform his duties, the shareholders' general meeting shall be chaired by the vice chairman; if the vice chairman cannot or fails to perform his duties, the shareholders' general meeting shall be chaired by a director co-elected by more than half of the directors. If the board of directors cannot or fails to perform its duty to convene the shareholders' general meeting, the supervisory committee shall convene and chair the meeting promptly; if the supervisory committee cannot or fails to perform its duty to convene the shareholders' general meeting, the shareholders who separately or jointly hold more than 10% of the Company's voting shares for more than 90 consecutive days may convene and chair the meeting by themselves. If the shareholders cannot elect a chairman due to any reason, the shareholder (including his proxy) present at the meeting who holds the largest number of shares with voting rights shall act as the chairman of the meeting.

**Article 72** A shareholder (including a proxy), when voting at a shareholders' general meeting, may exercise such voting rights as are attached to the voting shares which he represents. Each share shall have one vote.

No voting rights shall be attached to the Company's shares held by itself, and such shares shall be excluded for the purpose of calculating the total number of voting shares held by the shareholders present at the shareholders' general meeting.

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

**Article 73** At any shareholders' general meeting, a resolution shall be decided on a show of hands, unless a poll is demanded before or after a vote is carried out by a show of hands by any of the following, or if otherwise required by the listing rules of the stock exchange on which the Company's shares are listed:

- (1) the chairman of the meeting;
- (2) at least two shareholders present in person or by proxy and being entitled to vote;
- (3) one or more shareholders present in person or by proxy and solely or jointly holding 10% or more of all voting shares present at the meeting.

Unless a poll is demanded, a declaration by the chairman that a resolution has been passed on a show of hands and the record of such in the minutes of the meeting shall be conclusive evidence of the passing of such resolution. There is no need to prove the number or proportion of votes in favour of or against such resolution.

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

**Article 74** A poll demanded to decide on the chairman of the meeting, or to adjourn the meeting shall be taken forthwith. A poll demanded on any other matter shall be taken at such time as the chairman of the meeting directs, the meeting may proceed to discuss any other matters, and the result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

**Article 75** On a poll taken at a meeting, a shareholder (including a proxy) entitled to two or more votes need not cast all his votes in the same way.

**Article 76** In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall have a casting vote.

**Article 77** Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution must be passed by more than half of all votes held by the shareholders (including their proxies) present at the meeting.

A special resolution must be passed by more than two-thirds of all votes held by the shareholders (including their proxies) present at the meeting.

**Article 78** The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:

- (1) work reports of the board of directors and the supervisory committee;
- (2) profit distribution plans and loss recovery plans formulated by the board of directors;
- (3) appointment and removal of members of the board of directors and supervisors assumed by non-representatives of the employees, their remuneration and manner of payment;

- (4) annual preliminary and final budgets, balance sheets and profit and loss accounts and other financial statements of the Company;
- (5) matters other than those which are required by law and administrative regulations or by these Articles of Association to be adopted by special resolution.

**Article 79** The following matters shall be resolved by a special resolution at a shareholders' general meeting:

- (1) the increase or reduction in share capital and the issue of shares of any class, warrants and other similar securities;
- (2) the issue of debentures of the Company;
- (3) the division, merger, dissolution, liquidation or change of corporate form of the Company;
- (4) amendment of these Articles of Association;
- (5) any other matters required by law, administrative regulations or these Articles of Association, and those considered by the shareholders in general meeting, and resolved by way of an ordinary resolution, to be of a nature which have a material impact on the Company and should be adopted by special resolutions.

**Article 80** The chairman of the meeting shall be responsible for determining whether a resolution has been passed. His decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the minutes.

**Article 81** If the chairman of the meeting has any doubt as to the result of a resolution which has been put to vote at a shareholders' meeting, he may have the votes counted. If the chairman of the meeting has not counted the votes, any shareholder who is present in person or by proxy and who objects to the result announced by the chairman of the meeting may, immediately after the declaration of the result, demand that the votes be counted and the chairman of the meeting shall have the votes counted immediately.

**Article 82** If votes are counted at a shareholders' general meeting, the result of the count shall be recorded in the minutes.

**Article 83** Minutes of meetings shall be kept for shareholders' general meetings, and the secretary to the board of directors shall be responsible for such minutes. Minutes of meetings shall be signed by the chairman of the meetings, attending directors and supervisors, the secretary to the board of directors, and the convener of the meeting or his proxy. The minutes of meetings shall be kept at the Company's place of residence together with the shareholders' attendance lists and proxy forms for the Company's records.

**Article 84** Copies of the minutes of proceedings of any shareholders' meeting shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder requests a copy of such minutes from the Company, the Company shall send a copy of such minutes to him within seven days after receipt of reasonable fees.

## **CHAPTER 9 SPECIAL PROCEDURES FOR VOTING BY A CLASS OF SHAREHOLDERS**

**Article 85** Those shareholders who hold different classes of shares are class shareholders.

Class shareholders shall enjoy rights and assume obligations in accordance with laws, administrative regulations and these Articles of Association and its appendices.

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

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

**Article 86** Rights conferred on any class of shareholders (“class rights”) may not be varied or cancelled save with the approval of a special resolution of shareholders in a general meeting and by holders of shares of that class at a separate meeting convened in accordance with Articles 88 to 92 hereof.

**Article 87** The following circumstances shall be deemed to be variation or cancellation of the rights attaching to a particular class of shares:

- (1) to increase or decrease the number of shares of that class, or to increase or decrease the number of shares of a class having equal or better voting, distribution or other rights to those of shares of that class;
- (2) to exchange all or part of the shares of that class for shares of another class or to exchange or to create a right to exchange all or part of the shares of another class for shares of that class;
- (3) to remove or reduce rights to accrued dividends or to cumulative dividends attached to shares of that class;
- (4) to reduce or remove preferential rights attached to shares of that class to receive dividends or to the distribution of assets in the event that the Company is liquidated;
- (5) to add, remove or reduce conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attached to shares of that class;
- (6) to remove or reduce rights to receive payment from the Company in specific currencies attached to shares of that class;
- (7) to create a new class of shares having equal or better voting, distribution or other rights to those of the shares of that class;
- (8) to impose or increase restrictions on the transfer or ownership of shares of that class;

- (9) to issue rights to subscribe for, or to convert the existing shares into, shares in the Company of that class or another class;
- (10) to increase the rights or privileges of shares of another class;
- (11) to restructure the Company in such a way so as to result in the disproportionate distribution of obligations between the various classes of shareholders;
- (12) to vary or abrogate the provisions of this Chapter.

**Article 88** Affected class shareholders, whether or not otherwise having the right to vote at shareholders' general meetings, have the right to vote at class meetings in respect of matters concerning sub-paragraphs (2) to (8), (11) and (12) of Article 87 hereof, but interested shareholder(s) shall not be entitled to vote at such class meetings.

“interested shareholder(s)”, as such term is used in the preceding paragraph, means:

- (1) in the case of a repurchase of shares by way of a general offer to all shareholders of the Company or by way of an on-market repurchase pursuant to Article 27, an interested shareholder is a “controlling shareholder” within the meaning of Article 52;
- (2) in the case of a repurchase of shares by an off-market agreement pursuant to Article 27 hereof, a holder of the shares to which the proposed agreement relates;
- (3) in the case of a restructuring of the Company, a shareholder who assumes a relatively lower proportion of obligations than the obligations imposed on shareholders of the same class under the proposed restructuring or who has an interest in the proposed restructuring different from the general interests of the shareholders of that class.

**Article 89** Resolutions of a class of shareholders shall be passed by votes representing more than two-thirds of the voting rights of shareholders of that class present at the relevant meeting who, according to Article 88, are entitled to vote.

**Article 90** If the Company convenes a class meeting, a written notice of a class meeting shall be given to all shareholders who are registered as holders of that class in the register of shareholders 45 days before the date of the class meeting (not including the date of meeting). Such notice shall give such shareholders notice of the matters to be considered at such meeting, the date and the place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his written reply in respect thereof to the Company 20 days before the date of the class meeting.

If the shareholders who intend to attend such class meeting represent more than half of the total number of shares of that class which have the right to vote at such meeting, the Company may hold the class meeting; if not, the Company shall within five days give the shareholders further notice of the matters to be considered, the date and the place of the class meeting by way of public announcement. The Company may then hold the class meeting after such public announcement has been made.



**Article 91** Notice of class meetings need only be served on shareholders entitled to vote at the meetings.

Class meetings shall be conducted in the same manner as shareholders' general meetings, to the extent possible. The provisions of these Articles of Association relating to the manner for the conduct of shareholders' general meetings are also applicable to class meetings.

**Article 92** Apart from the holders of other classes of shares, the holders of the Domestic-Invested Shares and holders of Overseas-Listed Foreign-Invested Shares shall be deemed to be holders of different classes of shares.

The special procedures for approval by a class of shareholders shall not apply in the following circumstances:

- (1) where the Company issues Domestic-Invested Shares and Overseas-Listed Foreign-Invested Shares, upon the approval by special resolution of its shareholders in a general meeting, either separately or concurrently once every 12 months, not more than 20% of each of its existing issued Domestic-Invested Shares and Overseas-Listed Foreign-Invested Shares;
- (2) where the Company's plan to issue Domestic-Invested Shares and Overseas-Listed Foreign-Invested Shares at the time of its establishment is carried out within 15 months from the date of approval of the securities regulatory authorities of the State Council;
- (3) where unlisted shares held by shareholders of the Company become listed for trading overseas with the approval of the securities regulatory authorities of the State Council.

## **CHAPTER 10 BOARD OF DIRECTORS**

**Article 93** The Company shall have a board of directors. The board of directors is responsible for formulating strategies, making decisions and preventing risks which is accountable to the shareholders' meeting.

**Article 94** The board of directors shall consist of seven to eleven directors, including at least one third of independent non-executive directors. There shall be a chairman and a vice chairman of the board of directors. An independent non-executive director refers to a director who does not hold any position other than directorship in the Company and who has no relationship with the Company or its major shareholder(s) (i.e. a shareholder who alone holds or shareholders who together hold 5% or more of the total voting shares of the Company) that could hinder such shareholder(s) from making independent and objective judgments, and who is in compliance with the independence requirements under the stock exchange rules in the place where shares of the Company are listed.

**Article 95** Directors of the Company shall be natural persons and they are not required to hold any shares in the Company.

Directors shall be elected at the shareholders' general meeting and each has a term of three years. Upon the expiry of the term of office of a director, the term is renewable upon re-election. However, the term of office (excluding the first tenure) of any independent non-executive director may not be renewed for more than six years. If an independent non-executive director has already served nine years, his further appointment shall be subject to a separate resolution to be approved at the shareholders' general meeting.

**Article 96** The list of candidates for directors shall be submitted to the shareholders' general meeting in the form of motion for approval. The board of directors should inform the shareholders of the resume and basic profiles of the director candidates by way of an announcement.

Candidates other than those for independent directors shall be nominated by the board of directors, the supervisory committee or shareholders who individually or jointly hold 3% or more of the Company's voting shares and be elected by the shareholders in general meeting.

Candidates for independent directors of the Company shall be nominated by the Company's board of directors, the supervisory committee or shareholders who individually or jointly hold 1% or more of the Company's voting shares and be elected by the shareholders in general meeting.

Provided that the relevant laws and administrative rules are observed, a director whose term of office has not yet expired may be removed in general meeting by way of ordinary resolution (but the right to lodge a claim under any contract is not affected).

**Article 97** Independent non-executive directors shall be elected in the following manner:

- (1) the nominator of a candidate for independent non-executive director shall seek the consent of the nominee, and understand the occupation, academic qualifications, rank and detailed working experience including all part-time jobs of the nominee and provide written evidence of the same to the Company before making the nomination. The candidate shall give a written undertaking to the Company agreeing to be nominated, undertaking the truthfulness and completeness of his particulars disclosed and guaranteeing the performance of a director's duties after being elected;
- (2) the nominator of an independent non-executive director shall give his opinion on the qualification and independence of the nominee to act as an independent non-executive director. The nominee shall make a public announcement as to the absence of any connection between the Company and him which would affect his independent and objective judgment;

- (3) if the nomination of candidates for independent non-executive directors is made before the Company's convening of a board meeting or a meeting of the supervisory committee the written evidence relating to the nominee referred to in sub-paragraphs (1) and (2) above shall be disclosed together with the board or supervisory committee resolution or the notice of shareholders' general meeting;
- (4) if shareholders with nomination rights nominate in a general meeting of the Company according to law a candidate for independent non-executive directors, a written notice stating their intention to nominate a candidate and the nominee's consent to be nominated, together with the written evidence and undertaking of the nominee referred to in sub-paragraphs (1) and (2) above shall be delivered to the Company not less than ten days before the general meeting (beginning once the Company has sent the notice of meeting).

**Article 98** Directors other than independent non-executive directors shall be elected in the following manner:

- (1) The nominator of a candidate for director shall seek the consent of the nominee, and understand the occupation, academic qualifications, rank and detailed working experience including all part-time jobs of the nominee and provide written evidence of the same to the Company before making the nomination. The candidate shall give a written undertaking to the Company agreeing to be nominated, undertaking the truthfulness and completeness of his particulars disclosed and guaranteeing the performance of a director's duties after being elected;
- (2) If the nomination of candidates for directors is made before the Company's convening of a board meeting or a supervisory committee meeting, the written evidence relating to the nominee referred to in sub-paragraph (1) above shall be disclosed together with the board resolution or the supervisory committee resolution or the notice of the shareholders' general meeting;
- (3) If shareholders with nomination rights nominate in a general meeting of the Company according to law a candidate for director, a written notice stating their intention to nominate a candidate for directors and the nominee's consent to be nominated, together with the written evidence and undertaking of the nominee referred to in sub-paragraph (1) above shall be delivered to the Company not less than ten days before the general meeting (beginning once the Company has sent the notice of meeting).

**Article 99** Independent non-executive directors shall meet the following basic requirements:

- (1) qualified to be a director of a listed company under the laws, administrative regulations and other applicable regulations;
- (2) comply with the listing rules and other requirements of the Hong Kong Stock Exchange regarding the character, integrity, independence and experience of an independent non-executive director;

- (3) have basic knowledge of the operation of a listed company, familiarity with the relevant laws, administrative rules, regulations and rules of competent authorities;
- (4) have five years or more of working experience in the legal, financial or other field, necessary in performing the duties of an independent non-executive director;
- (5) satisfy independence and other requirements stipulated by law, administrative rules, regulations of the competent authorities and these Articles of Association and its appendices.

**Article 100** A director may resign before his term of office expires. The resigning director shall tender a resignation letter to the board of directors in writing.

If another director has not been appointed upon the expiry of a director's term of office, or if the number of directors falls below the legal minimum due to a director's resignation during his term of office, the director whose term of office has expired or who has resigned, as the case may be, shall perform his duties as a director in accordance with the laws, administrative regulations and the provisions of these Articles of Association, until the newly elected director assumes office.

Except for circumstances listed in the provisions in the two preceding paragraphs, the resignation of the directors shall take effect upon receipt of the resignation letter by the board of directors.

**Article 101** The board of directors shall exercise the following functions and powers:

- (1) to be responsible for the convening of the shareholders' general meetings and to report on its work to the shareholders in general meetings;
- (2) to implement the resolutions passed by the shareholders in general meetings;
- (3) to determine the Company's business plans and investment proposals;
- (4) to formulate the Company's annual preliminary and final financial budgets;
- (5) to formulate the Company's profit distribution proposal and loss recovery proposal;
- (6) to formulate proposals for the credit and financial policies of the Company, the increase or reduction of the Company's registered capital and for the issue of any kind of securities by the Company (including but not limited to the Company's debentures) and proposals for listing and repurchase of the Company's shares;
- (7) to formulate plans for significant acquisitions or disposals, or the merger, division, change of corporate form or dissolution of the Company;
- (8) to decide, within the authority granted to them in general meeting, on matters such as external investment, purchase or sale of assets, pledges, entrusted financial management arrangements, connected transaction;

- (9) to evaluate external guarantees of the Company in accordance with laws, regulations and the provisions of these Articles of Association;
- (10) to decide on the Company's internal management structure;
- (11) to appoint or remove the Company's president and to appoint or remove the vice president and the chief financial officer and the general counsel of the Company according to the recommendations of the president; to appoint or remove the secretary to the board of directors and to decide on their remuneration;
- (12) to determine the establishment of Company's branch offices;
- (13) to formulate proposals for any amendment of these Articles of Association;
- (14) to formulate, review and monitor the Company's basic management systems, policies and practices;
- (15) to manage the disclosure of information of the Company;
- (16) to propose in shareholders' general meetings to engage or replace the accounting firm which undertakes auditing work of the Company;
- (17) to consider the president's work report and supervise the president's work;
- (18) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (19) to review and monitor the training and continuous professional development of directors, supervisors and senior management personnel;
- (20) to review the Company's compliance with the Corporate Governance Code as set out in Hong Kong Listing Rules and disclosures in the Corporate Governance Report;
- (21) to determine important matters and administrative matters of the Company other than those which should be determined by resolution of a shareholders' general meeting of the Company as specified by law, administrative rules, regulations of the competent authorities and these Articles of Association, and to enter to other important agreements;
- (22) to exercise any other powers as stipulated by law, administrative rules, regulations of the competent department(s) or these Articles of Association and conferred by the shareholders in a general meeting.

Other than resolutions in respect of the matters specified in sub-paragraphs (6), (7) and (13) of this Article, which shall be passed by more than two-thirds of all the directors, the board of directors' resolutions in respect of all other matters may be passed by over half of the directors.

**Article 102** The above functions and powers of board of directors may be authorized to one or more directors upon the unanimous consent of all directors, but matters concerning material interests of the Company shall be determined by the board of directors collectively. The authorization of the board of directors shall be clear and specific.

The board of directors shall establish special committees such as audit committee, remuneration committee and nomination committee in accordance with laws and regulations and the requirements under the Listing Rules.

**Article 103** When making decisions on significant matters such as direction of reform and development, key objectives, and priority operational arrangements of the Company, the board of directors shall seek advice from the Party organization in advance. When the board of directors appoints the management personnel of the Company, the Party organization shall consider and provide comments on the candidates for management positions nominated by the board of directors or the president, or recommend candidates to the board of directors and/or the president.

**Article 104** An independent non-executive director shall have the following special functions and powers in addition to those conferred by the Company Law, other relevant laws, administrative rules and these Articles of Association:

- (1) material connected transactions (determined according to the standards issued from time to time by the relevant regulatory authorities) shall, after the recognition by independent non-executive directors, be submitted to the board of directors for discussion. The independent non-executive directors may, before making a judgment, engage an intermediary to issue an independent financial advisor report for them to rely upon in making the judgment;
- (2) to propose to the board of directors to engage or remove an accounting firm;
- (3) to propose to the board of directors to convene an EGM;
- (4) to propose the convention of an extraordinary meeting of the board of directors;
- (5) to engage an external auditing or advisory firm independently;
- (6) to collect voting rights from shareholders prior to the convening of a shareholders' general meeting;
- (7) to report directly to the shareholders' general meetings, securities regulatory authorities under the State Council and other relevant departments.

The independent non-executive directors shall seek the consent of more than half of all the independent non-executive directors in exercising their functions and powers as set out above.

If the above proposal is not accepted or the above functions and powers cannot be exercised properly, the Company shall disclose the relevant circumstances.



**Article 105** The board of directors shall not dispose of or agree to dispose of any fixed assets without approval by the general meeting if the sum of the expected value of the fixed assets to be disposed of and the value derived from the disposal of fixed assets within four months before such proposed disposal of the fixed assets exceeds thirty three percent of the value of the fixed assets as shown on the latest balance sheet considered and approved at the general meeting.

Disposals of fixed assets mentioned herein include transfer of certain asset interests, but do not include provision of security interests by pledge of fixed assets.

The effectiveness of the Company's disposal of fixed assets shall not be affected by any breach of the foregoing provisions in Paragraph 1 of this Article.

**Article 106** The chairman and the vice chairman shall be directors of the Company and be appointed and removed by affirmative vote of a majority of all directors.

**Article 107** The chairman of the board of directors shall exercise the following functions and powers:

- (1) to preside over shareholders' general meetings and to convene and preside over meetings of the board of directors;
- (2) to review the implementation of resolutions passed by the board of directors;
- (3) to sign the certificates of shares, debentures and other securities for consideration issued by the Company;
- (4) to sign important documents of the board of directors and other documents which should be signed by the Company's legal representative;
- (5) to exercise the functions and powers of a legal representative;
- (6) where it is lawful and in the interest of the Company, to exercise the special right to deal with the Company's affairs during emergencies such as the occurrence of terrible natural disasters and other events of force majeure, and to report to the Company's board of directors and general meetings thereafter;
- (7) to exercise other powers conferred by the board of directors.

**Article 108** The vice chairman of the board of directors shall assist the chairman of the board of directors with his work. Whenever the chairman is unable to or fails to exercise his powers, the vice chairman of the board of directors shall perform the duties (if the Company has two or more vice chairmen of the board of directors, the vice chairman voted by more than one half of the directors shall perform the duties); where the vice chairman of the board of directors is unable to or fails to fulfill his duty, a director elected by more than one half of the directors shall perform the duties.

**Article 109** Regular meetings of the board of directors shall be convened at least four times a year and be called by the chairman of the board of directors. A notice of meeting and the meeting documents shall be served to all directors and supervisors at least 14 days before the meeting is convened.

**Article 110** The chairman of the board of directors shall convene and preside over a special meeting of the board of directors within ten days since receiving the proposal in case of the occurrence of any one of the following events:

- (i) When the shareholders representing over 10% of voting rights make a proposal;
- (ii) When the chairman of the board of directors deems necessary;
- (iii) When over one third of directors make a proposal;
- (iv) When two or more than one half of independent non-executive directors make a proposal;
- (v) When the supervisory committee makes a proposal;
- (vi) When the president makes a proposal.

Notice of the special meeting of the board of directors and meeting documents shall be delivered during a reasonable period before the meeting is convened.

**Article 111** Meetings of the board of directors shall be held only if a majority of all the directors (including any director who has authorized other directors in writing to attend the meeting on behalf of him) are present.

Each director shall have one vote. Resolutions made by the board of directors must be approved by a majority of all the directors.

Where there is a tie in the votes cast both for and against a resolution, the chairman of the board of directors shall have a casting vote.

**Article 112** The directors shall attend the board of directors' meeting in person. In the event that directors are unable to attend the meeting for some reason, the directors may appoint in writing other directors to attend the board meetings. The proxy letter shall specify the proxy's name, authorized matters, scope of authorization and the valid term, and shall be affixed with the signature or seal of the principal.

The director who attends the meeting on behalf of another director shall exercise the right of the director within the scope of authorization. If any director fails to attend the meeting of the board of directors or authorizes a proxy to be present on his behalf, such director shall be deemed to have waived his voting rights at that meeting.

**Article 113** If a director is connected (as defined under the Listing Rules) to any third party, he shall not cast vote himself or on behalf of other directors on any transaction between the Company and that third party; such director shall not be counted in the quorum of the relevant meeting. Where the number of the directors who can vote on this matter is less than three, such issue shall be submitted to the shareholders' general meeting for voting.

**Article 114** If a substantial shareholder (holding 10% or more shares) or a director has a material conflict of interest in a matter to be considered by the board of directors, the matter should be dealt with by way of the meeting of the board of directors (rather than by written resolution). Also, the independent non-executive directors who do not have material interest in such matter should attend the meeting.

**Article 115** Matters determined in a board meeting shall be recorded in minutes of meetings. Minutes of meetings shall be signed by directors attending such meetings and the recorder. Directors shall be liable for board resolutions. If a board resolution is against the law, administrative rules or these Articles of Association and resolutions of the shareholders' general meetings, which causes the Company to suffer any loss, the directors who participate in voting shall assume the liability to compensate the Company; directors who have been proved as having expressed dissenting opinions on the resolution during the voting as recorded in the minutes of meeting shall be exempted from liability.

## **CHAPTER 11 SECRETARY TO THE BOARD OF DIRECTORS**

**Article 116** The Company shall have one secretary to the board of directors, being a senior management personnel, who shall be accountable to the Company and the board of directors.

The Company may establish its secretarial department of the board of directors when necessary.

**Article 117** In principle, the role of the secretary to the board of directors shall be performed by designated staff. However, the directors or other senior management personnel of the Company may also act in the capacity of the secretary to the board of directors. No accountant of the accounting firm engaged by the Company may concurrently act as the secretary to the Company's board of directors.

**Article 118** The secretary to the Company's board of directors shall be a natural person who has the requisite professional knowledge and experience, and shall be nominated by the chairman of the board of the directors and appointed by the board of directors. In the case of a director acting concurrently as the secretary to the board, if an act has to be performed by a director and the secretary to the board respectively, this director acting concurrently as the secretary to the board may not act in both capacities.

**Article 119** The main duties and responsibilities of the secretary to the board of directors include:

- (1) to assist directors in dealing with daily matters of the board of directors, continuously provide, remind and ensure directors and the president, etc. be well informed of the laws, regulations, policies and requirements of both domestic and overseas regulatory organizations concerning corporate governance, and assist directors and the president in practically complying with domestic and foreign laws, regulations, these Articles of Association and other regulations when performing their duties and powers;
- (2) to be responsible for the organization and preparation of the documents of the board of directors and shareholders' general meeting, prepare the meeting minutes, ensure the meeting resolutions complying with the legal procedures, and to keep abreast of the execution of the resolutions of the board of directors;
- (3) to ensure that the Company has complete organization documents and records;
- (4) to ensure that the Company legally prepares and submits reports and documents as required by the regulatory authorities;
- (5) to ensure that the register of shareholders of the Company is properly established and that the persons who have the right of access to the relevant documents and records of the Company can obtain the same in a timely manner;
- (6) to be responsible for the organization and coordination of information disclosure, to ensure a timely, accurate, lawful, true and complete disclosure of information, to coordinate the relationship with the investors, and to enhance the transparency of the Company;
- (7) to participate in and organize the financing in capital market;
- (8) to deal with the relationships with the intermediary organs, regulatory authorities and the media.

**Article 120** The secretary to the board of directors shall discharge his duties diligently according to laws, administrative rules, regulations of the competent authorities and these Articles of Association.

The secretary to the board of directors shall assist the Company in complying with the relevant PRC laws and regulations of the securities regulatory authorities of the place where the Company's shares are listed.

## **CHAPTER 12 PRESIDENT**

**Article 121** The Company shall have a president who is accountable to the board of directors. The president shall be nominated by the chairman of the board of directors and appointed or removed by the board of directors.

The Company shall have several vice presidents, one chief financial officer and one general counsel who shall assist the president in work. The vice president, the chief financial officer and the general counsel shall be nominated by the president and appointed or removed by the board of directors.

The president and other senior management personnel of the Company shall be responsible for business operation, decision implementation and management improvement.

**Article 122** The president shall exercise the following duties and powers:

- (1) to be in charge of the Company's production, operation and management, to coordinate the implementation of the resolutions of the board of directors and to report his work to the board of directors;
- (2) to organize the implementation of the Company's annual business plan and investment proposal;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft plans for the establishment of the branch company of the Company;
- (5) to draft the Company's basic management system;
- (6) to formulate specific rules and regulations for the Company;
- (7) to propose the appointment or dismissal of the Company's senior management personnel, such as vice president, the chief financial officer and etc.;
- (8) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors;
- (9) to determine the wages, benefits, rewards and punishments of the Company's staff, to determine the appointment and dismissal of the Company's staff;
- (10) to propose the convening of extraordinary meetings of the board of directors;
- (11) other powers conferred by these Articles of Association and the board of directors.

**Article 123** The senior management personnel who are not directors have the right to attend board meetings and to receive notices of meetings and other relevant documents, but do not have any voting rights at board meetings.

**Article 124** In performing their functions and powers, the president and other senior management personnel shall act honestly and diligently and in accordance with laws, administrative regulations and these Articles of Association. They may not alter the resolutions of a shareholders' general meeting or of a board meeting nor act ultra vires.

## **CHAPTER 13 GENERAL COUNSEL**

**Article 125** The Company shall adhere to the rule of law in corporate governance, and strives to build a law-abiding enterprise with sound governance, operational compliance, management discipline, law-abiding and integrity.

The audit committee of the board of directors shall be responsible for advancing and guiding the establishment of the Company's rule of law and compliance management.

**Article 126** The Company shall implement the general counsel system. The general counsel shall play the role of legal review in operation management, promoting the establishment of the Company's rule of law and compliance management.

The general counsel, a member of the senior management personnel of the Company, shall be nominated by the president and appointed or removed by the board of directors.

**Article 127** The general counsel shall attend any board meeting that involves legal affairs to be considered and provide legal advice.

## **CHAPTER 14 SUPERVISORY COMMITTEE**

**Article 128** The Company shall have a supervisory committee which is accountable to the shareholders' general meetings.

The supervisory committee shall consist of five to nine supervisors, including at least one third of employee representative supervisors. The non-employee representative supervisors shall be elected and dismissed through the meetings of shareholders. Employee representative supervisors shall be elected and dismissed through the employee representatives meetings, employee meetings or through other forms of democratic election.

Each supervisor shall serve for a term of three years, which term is renewable upon re-election. If a supervisor is not re-elected in time upon expiry of his term of office, or if the number of supervisors falls below the quorum due to a supervisor's resignation during his term of office, the original supervisor shall perform his duties as a supervisor in accordance with the laws, administrative regulations and the provisions of these Articles of Association, until a newly elected supervisor assumes office.

**Article 129** The supervisory committee shall have one chairman, and may have a vice chairman, both of whom shall be supervisors. The election or removal of the chairman and vice chairman of the supervisory committee shall be determined by two-thirds or more of the members of the supervisory committee.

The chairman of the supervisory committee shall convene and preside over the meetings. In the event that the chairman is unable to or fails to perform such duties, the vice chairman of the supervisory committee shall convene and preside over such meetings; if the vice chairman is unable to or fails to perform such duties, more than one half of the supervisors shall jointly recommend a supervisor, who shall convene and preside over the meetings.

**Article 130** If necessary, the supervisory committee may establish its offices responsible for daily affairs of the supervisory committee.

**Article 131** A director and senior management personnel may not act concurrently as a supervisor.

**Article 132** The list of non-employee representative supervisors shall be submitted to the shareholders' general meeting in the form of proposal for approval. The board of directors shall announce the resume and basic profile of the candidate supervisors to the shareholders.

**Article 133** The non-employee representative supervisors shall be elected in the following manner:

- (1) the nominator of a candidate for a supervisor shall seek the consent of the nominee, find out the occupation, academic qualification, positions and detailed working experience including all part-time positions of the nominee and provide written proofs of the same to the Company before making the nomination. The candidate shall give a written undertaking to the Company agreeing to be nominated, undertaking the truthfulness and completeness of his particulars disclosed and guaranteeing the performance of a supervisor's duties after being elected.
- (2) If the nomination of a candidate for a supervisor is made before the Company's convening of a supervisor meeting, the written proofs of the nominee referred to in sub-paragraphs (1) above shall be disclosed together with the resolution of the supervisor committee or the notice of the shareholders' general meeting.
- (3) If the shareholders who have the rights to nominate nominates in a shareholders' meeting of the Company a candidate for a supervisor, a written notice stating their intention to nominate a candidate for a supervisor and the nominee's consent to be nominated together with the written proofs and undertaking of the nominee referred to in sub-paragraph (1) above shall be delivered to the Company ten days before the general meeting.



**Article 134** The supervisory committee shall convene at least two regular meetings every year. Where it is deemed necessary by the chairman of the supervisory committee or where other supervisors propose, the chairman shall convene extraordinary meetings of the supervisory committee. The meeting of the supervisory committee shall be called by the chairman. Notices and other documents in relation to the meetings shall be delivered to all supervisors ten days before the meetings. Notices and other documents in relation to extraordinary meetings of the supervisory committee shall be delivered within a reasonable time before the meetings.

**Article 135** The meeting of the supervisory committee shall only be held when two-thirds or more of the members of the supervisory committee attend.

**Article 136** The supervisory committee shall exercise the following functions and powers in accordance with law:

- (1) to review the Company's financial position;
- (2) to supervise the directors, senior management personnel to ensure that they do not act in contravention of any law, regulation or these Articles of Association, and to advise on dismissal of directors or senior management personnel who are in breach of laws, administrative rules, these Articles of Association or resolutions of the shareholders' general meetings;
- (3) to demand the directors or the senior management personnel to rectify their error if they have acted in a harmful manner to the Company's interest;
- (4) to check and inspect the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the board of directors to the shareholders' general meetings, and to engage, in the Company's name, certified public accountants and practicing auditors to assist in the review on such information should any doubt arise in respect thereof;
- (5) to make proposals in a shareholders' general meeting;
- (6) to propose to convene an EGM, where the board of directors fails to perform the duties in relation to convene or chair a shareholders' general meeting as required by the Company Laws, to convene and chair the shareholders' general meeting;
- (7) to propose to convene an extraordinary board meeting;
- (8) to represent the Company in negotiations with or in bringing actions against a director or a senior management personnel;
- (9) to investigate into any abnormalities in operation of the Company; if necessary, to engage accounting firms, law firms and other professional institutions to assist its work, and the expenses shall be borne by the Company;
- (10) other duties and powers as specified in these Articles of Association.

Supervisors attend board meetings and may raise queries or make proposals on matters of board resolutions.

**Article 137** The supervisory committee may require the directors, senior management personnel, internal and external auditors to attend supervisors' meetings and answer any question that the supervisory committee may have regarding matter it cares about.

**Article 138** Resolutions of the supervisory committee shall be passed by the affirmative vote of more than two-thirds of all of its members.

**Article 139** Records shall be made for all supervisors' meetings and be signed by all attending supervisors and the recording person.

**Article 140** All reasonable fees incurred in respect of the engagement of professionals (such as, lawyers, certified public accountants or practicing auditors) which are required by the supervisory committee in the exercise of its functions and powers shall be borne by the Company.

**Article 141** A supervisor shall carry out his duties faithfully in accordance with laws, administrative regulations and these Articles of Association.

## **CHAPTER 15 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT PERSONNEL OF THE COMPANY**

**Article 142** A person may not serve as a director or a senior management personnel of the Company if any of the following circumstances apply:

- (1) a person who does not have or who has limited capacity for civil conduct;
- (2) a person who has been found guilty of for corruption, bribery, infringement of property or misappropriation of property or other crimes which destroy the social economic order, and not more than five years have lapsed since the sentence was served or a person who has been deprived of his political rights and not more than five years have lapsed since the sentence was served;
- (3) a person who is a former director, factory manager or manager of a company or enterprise which has been dissolved or put into liquidation as a result of mismanagement and who was personally liable for the winding up of such company or enterprise, where less than three years have elapsed since the date of completion of the insolvent liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise the business license of which was revoked due to violation of law and who are personally liable therefore, where less than three years have elapsed since the date of the cancellation of the business license;
- (5) a person who has a relatively large amount of debts which have become due and outstanding;
- (6) a person who is currently under investigation by the judicial authorities for violation of criminal law;

- (7) a person who, according to laws and administrative regulations, or regulations of the competent authorities cannot act as a leader of an enterprise;
- (8) a person other than a natural person;
- (9) a person who has been adjudged by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where not more than five years have lapsed from the date of such conviction;
- (10) other circumstances which are applicable according to laws and administrative regulations, or regulations of the competent authorities.

The election of directors, supervisors or the engagement of senior management personnel in contravention to the provisions under this Article shall be null and void. Upon any contravention of the above by the directors, supervisors or senior management personnel during their term of office, the Company shall remove them from their position.

**Article 143** The validity of an act carried out by a director, a supervisor, a senior management personnel of the Company on behalf of the Company shall, as against a bona fide third party, not be affected by any irregularity in his office, election or any defect in his qualification.

**Article 144** In addition to the obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which shares of the Company are listed, each of the Company's directors, supervisors and senior management personnel owes a duty to each shareholder, in the exercise of the duties and powers which the Company has entrusted to him:

- (1) not to procure the Company to do anything ultra vires to the scope of business as stipulated in its business licence;
- (2) to act honestly and in the best interests of the Company;
- (3) not to expropriate the Company's property in any way, including (without limitation to) usurpation of opportunities which may benefit the Company;
- (4) not to deprive of the individual interest of shareholders, including (without limitation to) rights to distribution and voting rights, save and except pursuant to a restructuring of the Company which has been submitted to the shareholders in general meeting for approval in accordance with these Articles of Association.

**Article 145** Each of the Company's directors, supervisors, and senior management personnel owes 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 146** Each of the Company's directors, supervisors, and senior management personnel shall exercise his powers or perform his duties in accordance with the fiduciary principle, and shall not put himself in a position where his duty and his interest may conflict. This principle includes (without limitation to) discharging of the following obligations:

- (1) to act bona fide in the best interests of the Company;
- (2) to act within the scope of his powers and not to exceed such powers;
- (3) 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 transfer the power to exercise his discretion to others;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) unless otherwise provided for in these Articles of Association or except with the informed consent of the shareholders given in a general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) not to use the Company's property for his own benefit, without the informed consent of the shareholders given in a general meeting;
- (7) not to abuse his position to accept bribes or other illegal income or expropriate the Company's property in any way, including (but not limited to) opportunities which benefit the Company;
- (8) not to accept commissions in connection with the Company's transactions, without the informed consent of the shareholders given in a general meeting;
- (9) to comply with these Articles of Association, to perform his duties faithfully, to protect the Company's interests and not to exploit his position and power in the Company to advance his own interests;
- (10) not to compete with the Company in any way, save with the informed consent of the shareholders given in a general meeting;
- (11) not to misappropriate the Company's funds or to lend such funds to any other person, not to use the Company's assets to set up deposit accounts in his own name or in the any other name or to use such assets to guarantee the debts of a shareholder of the Company or any other personal liabilities;

(12) not to divulge any confidential information which he has obtained during his term of 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, unless disclosure of such information to the court or other governmental authorities is made in the following circumstances:

1. disclosure is required by law;
2. public interests so require;
3. the interests of the relevant director, supervisor, or senior management personnel so requires.

**Article 147** Each director, supervisor, senior management personnel of the Company shall not direct the following persons or institutions ("associates") to act in a manner which a director, supervisor or senior management personnel is prohibited from so acting:

- (1) the spouse or minor children of the director, supervisor, or senior management personnel of the Company;
- (2) the trustee of the director, supervisor, senior management personnel or trustee of any person described in sub-paragraph (1) above;
- (3) partners of directors, supervisors, senior management personnel or any person referred to in sub-paragraphs (1) and (2) of this Article;
- (4) a company in which a director, supervisor, senior management personnel, whether alone or jointly with one or more of the persons referred to in sub-paragraphs (1), (2) and (3) of this Article and other directors, supervisors, senior management personnel, has de facto controlling interest;
- (5) the directors, supervisors and senior management of a company which is being controlled in the manner set out in sub-paragraph (4) above.

**Article 148** The duty of a director, supervisor, and the senior management personnel to act in good faith does not necessarily terminate on the expiration of their term of office. His duty of confidentiality in respect of trade secrets of the Company survives the termination of his tenure until the same has become open information. Other duties may continue for such period as the principle of fairness may require depending on the length of time which has lapsed between the termination and the act concerned and on the circumstances and the terms under which the relationship with the Company was terminated.

**Article 149** A director, supervisor or senior management personnel of the Company may be relieved of liability for specific breaches of his duty with the informed consent of the shareholders given at a general meeting, save under the circumstances of Article 51 hereof.

**Article 150** Where a director, supervisor or senior management personnel 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 service contract with the Company), he shall declare the nature and extent of his interests to the board of directors at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal therefor is otherwise subject to the approval of the board of directors.

A director shall not vote on any resolution of the board of directors in relation to any contract, transaction, arrangement or proposal in which he or any of his associates (as defined in the Listing Rules) is materially interested, and shall not be included in the quorum of the relevant meeting, unless otherwise permitted under the Listing Rules or by the Hong Kong Stock Exchange.

Unless the interested director, supervisor, senior management personnel discloses his interests in accordance with the preceding sub-paragraph of this Article and the contract, transaction or arrangement is approved by the board of directors at a meeting in which the director, supervisor, or senior management personnel is not counted as part of the quorum and refrains from voting the Company shall have the right to cancel such contract, transaction or arrangement except as against a bona fide party who does not have notice of the breach of duty by the interested director, supervisor or senior management personnel.

A director, supervisor or senior management personnel of the Company is deemed to be interested in a contract, transaction or arrangement in which his associate is interested.

**Article 151** Where a director, supervisor or senior management personnel of the Company gives to the board of directors a notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements which may subsequently be made by the Company, that notice shall be deemed for the purposes of the preceding Article to be a sufficient disclosure of his interests, so far as the content stated in such notice is concerned, provided that such notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration by the Company.

**Article 152** The Company shall not pay taxes for or on behalf of a director, supervisor or senior management personnel in any manner.

**Article 153** The Company shall not directly or indirectly make a loan to or provide any guarantee in connection with the making of a loan to a director, supervisor or senior management personnel of the Company or its holding company or any of their respective associates.

The foregoing prohibition shall not apply to the following circumstances:

- (1) provision of a loan or guarantee for a loan by the Company to its subsidiary;
- (2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or other payment to its directors, supervisors, senior management personnel to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of service contracts approved by the shareholders in general meetings;

- (3) if the ordinary course of business of the Company includes providing loans or guarantees, the Company may make a loan to or provide a guarantee in connection with the making of a loan to a director, supervisor, senior management personnel or his associates in the ordinary course of its business on normal commercial terms.

**Article 154** Any person who receives funds from a loan which has been made by the Company acting in breach of the preceding Article shall, irrespective of the terms and conditions of the loan, forthwith repay such funds.

**Article 155** A guarantee for the repayment of a loan which has been provided by the Company acting in breach of Article 150(1) shall not be enforceable against the Company, save in respect of the following circumstances:

- (1) the guarantee was provided in connection with a loan which was made to an associate of a director, supervisor, and senior management personnel of the Company or the Company's parent company and the lender of such funds was not aware of the relevant circumstances when making the loan;
- (2) the collateral which has been provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.

**Article 156** For the purposes of the foregoing provisions of this Chapter, a "guarantee" includes an undertaking or property provided to secure the obligor's performance of his obligations.

**Article 157** In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor or senior management personnel of the Company breaches the duties which he owes to the Company, the Company has a right:

- (1) to demand such a director, supervisor or senior management personnel to compensate the Company for its losses sustained as a result of such breach;
- (2) to rescind any contract or transaction which has been entered into between the Company and such a director, supervisor or senior management personnel or entered into between the Company and a third party (where such third party knew or should have known that such a director, supervisor or senior management personnel representing the Company has breached his duties owed to the Company);
- (3) to demand such a director, supervisor or senior management personnel to surrender the gains made as result of the breach of his obligations;
- (4) to recover any monies which should have been received by the Company and which were received by such a director, supervisor or senior management personnel instead, including (without limitation to) commissions;
- (5) to demand repayment of interest earned or which may have been earned by a director, supervisor or senior management personnel on money that should have been paid to the Company.



**Article 158** If a director, supervisor or a senior management personnel has violated the law, administrative rules, regulations of the competent authorities or these Articles of Association in performing his duties thereby causing losses to the Company, he shall be liable for compensation.

**Article 159** The Company shall enter into written contract with a director or supervisor in relation to emoluments, which shall be approved in advance by the shareholders in a general meeting. The aforesaid emoluments include:

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

No proceedings may be brought by a director or supervisor against the Company for anything due to him except pursuant to the preceding contracts.

**Article 160** The contract concerning the emoluments between the Company and its directors or supervisors should provide that in the event that the Company is acquired, the Company's directors and supervisors shall, subject to the prior approval of shareholders in a general meeting, have the right to receive compensation or other payment for his loss of office or retirement. For the purposes of this paragraph, the acquisition of the Company includes any of the following:

- (1) an acquisition offer made by any person to the general body of shareholders;
- (2) an acquisition offer made by any person with a view to the offeror becoming a "controlling shareholder" within the meaning of Article 52 hereof.

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

## **CHAPTER 16 FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDITING**

**Article 161** The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and PRC enterprise accounting standards formulated by the finance regulatory department of the State Council.

**Article 162** The accounting year of the Company shall adopt the calendar year, i.e. starting from the 1 January of every calendar year and ending on 31 December of every calendar year.

The Company shall adopt Renminbi as its denominated currency for booking and accounting purposes, the account books shall be recorded in Chinese.

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

**Article 163** The board of directors of the Company shall submit to the shareholders at every AGM such financial reports which the relevant laws, administrative regulations and directives promulgated by competent regional and central governmental authorities require the Company to prepare.

**Article 164** The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days before the date of every shareholders' annual general meeting. Each shareholder shall be entitled to have a copy of the financial reports referred to in this Chapter.

The Company shall deliver or send to each shareholder of Overseas-Listed Foreign-Invested Shares by way of the methods provided in these Articles of Association or by prepaid mail at the address registered in the register of shareholders the aforementioned reports no later than 21 days prior to the date of every annual general meeting of the shareholders.

**Article 165** The financial statements of the Company shall, in addition to being prepared in accordance with PRC enterprise accounting standards and regulations, be prepared in accordance with international accounting standards, or the accounting standards of the place overseas where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in the notes to the financial statements. In distributing its profits after tax for the relevant fiscal year, the lower of the two amounts shown in the financial statements shall be adopted.

**Article 166** Any interim results of operation or financial information published or disclosed by the Company shall also be prepared in accordance with PRC enterprise accounting standards and regulations, and also in accordance with international accounting standards or the accounting standards of the place overseas where the Company's shares are listed.

**Article 167** The Company shall publish its financial reports twice in each fiscal year, that is, the interim financial report shall be published within 60 days after the end of the first six months of each fiscal year; and the annual financial report shall be published within 120 days after the end of each fiscal year.

**Article 168** The Company shall not keep accounts other than those required by law. Assets of the Company will not be deposited into any account opened in the name of an individual.

**Article 169** When distributing the after-tax profits for the current year, the Company shall allocate ten percent of its profits to the statutory common reserve fund. In the event that the accumulated statutory common reserve fund of the Company has reached more than 50 percent of the registered capital of the Company, no allocation will be required.

In the event that the statutory common reserve fund of the Company is insufficient to make up the losses of the Company for the previous year, before allocating the statutory common reserve fund in accordance with the stipulations of the previous paragraph, the Company shall first make up the losses by using the profits for the current year.

After allocating the after-tax profits of the Company to the statutory common reserve fund, the Company can allocate such profits to its arbitrary common reserve fund according to the resolution of shareholders' general meeting.

The profits distributable to the shareholders for the current year, upon the approval in the shareholders' general meeting, shall be distributed in accordance with the proportion of shares held by the shareholders.

**Article 170** Before making-up the losses, allocating the statutory common reserve funds, the Company shall not distribute the dividends or carry out other distribution by way of bonus, where distribution had been completed, the shareholders shall return the profits distributed in breach of the regulations to the Company.

The Company shall not participate in the profit distribution for holding its own shares.

**Article 171** Capital common reserve fund includes the following items:

- (1) premium on shares issued at a premium price;
- (2) any other income designated for the capital common reserve fund by the regulations of the finance regulatory department of the State Council.

**Article 172** The common reserve fund of the Company shall be applied for compensating the losses, expansion of production and operation, or conversion into the capital of the Company.

However, the capital common reserve fund of the Company shall not be used to offset loss of the Company.

When the statutory common reserve fund is converted into capital of the Company, the balance of the statutory common reserve fund may not fall below 25 percent of the Company's registered capital prior to such conversions.

## **Article 173 Profits Distribution**

- (1) The Company shall comply with the requirements of relevant laws and regulations of the Company Law, which highly values the reasonable investment return to investors and guarantees the continuity and stability of the profits distribution policy of the Company.
- (2) The Company may distribute dividends in the following manner: cash, shares, or other means permitted by laws, administrative rules, regulations of competent authorities and regulatory provisions in the place where the Company's shares are listed.
- (3) The Company's distributable profits in the form of cash each year shall be no less than 30% of the net profits attributable to the Company's shareholders in the year, under the circumstances that there are net profits attributable to the Company's shareholders and accumulated undistributable profits, and that the Company's investment plan and cash expenses can be satisfied. In case of force majeure such as war and natural disasters, or changes to the Company's external operating environment which results in a material impact on its production and business, or relatively significant changes to the Company's asset, business or financial position, the Company may adjust the aforementioned profits distribution ratio.
- (4) The profits of the Company can be distributed twice a year. The final profits shall be determined by ordinary resolution at the general meeting, while the interim profits can be determined by the Board as authorized by the ordinary resolution obtained at the general meeting. Except otherwise specified in laws and administrative rules, the half-year distributable dividends shall not exceed 50% of the current net profits of the Company for the relevant half-year.

**Article 174** The Company shall pay cash dividends and other payments which are payable to holders of Domestic-Invested Shares in Renminbi. The Company shall calculate and declare cash dividends and other payments which are payable to holders of Overseas-Listed Foreign-Invested Shares in Renminbi, and shall make such payments in foreign currencies. As for the foreign currency needed by the Company for payment of cash dividends and other payments which are payable to the holders of the Overseas-Listed Foreign-Invested Shares, it shall be handled in accordance with any related national regulations on foreign exchange control.

Any amount paid up in advance of calls on any shares may carry interest but the holder of such shares shall not be entitled to participate in respect thereof in a subsequent dividend declaration.

**Article 175** In the event of distributing the dividends to shareholders of the Company, the payable taxes on the dividend incomes of the shareholders shall be withdrawn in accordance with the requirements of Taxation Law of China and in consideration of the amount distributed.

**Article 176** The Company shall appoint receiving agents for holders of the Overseas-Listed Foreign-Invested Shares. Such receiving agents shall receive dividends which have been declared by the Company and all other amounts which the Company should pay to holders of Overseas-Listed Foreign-Invested Shares on such shareholders' behalf.

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

The receiving agents appointed for holders of Overseas-Listed Foreign-Invested Shares listed in Hong Kong shall each be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

In respect of dividends distributed to shareholders, the Company, subject to the requirements of the relevant stock exchanges, has the power to forfeit unclaimed dividends but such power shall not be exercised until the expiration of relevant period.

When permitted by laws, the Company has the power to sell the shares of a shareholder who is untraceable under the following circumstances:

- (1) during a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and
- (2) on expiry of such 12 years the Company gives notice of its intention to sell the shares by way of an advertisement published in the newspapers and notifies the Hong Kong Stock Exchange of such intention.

**Article 177** The Company adopts the system of internal auditing and hires professional auditors to undertake internal auditing of the Company's operating activities and internal control.

**Article 178** The Company's internal auditing system and duties of the auditors shall be implemented after they have been approved by the board of directors. The person in charge of audit shall be responsible to and report to the board of directors.

## **CHAPTER 17 APPOINTMENT OF ACCOUNTING FIRMS**

**Article 179** The Company shall appoint an independent firm of accountants which is qualified under the relevant regulations of the State to audit the Company's annual financial report and review other financial reports of the Company.

The first accounting firm of the Company may be appointed by the founders' meeting before the first shareholders' annual meeting. The term of appointment of the accounting firm shall terminate at the end of the first shareholders' annual meeting.

If the founders' meeting does not exercise its duties and powers according to the aforementioned provisions, then the board of directors shall exercise its duties and powers.

**Article 180** The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting of shareholders at which it was appointed until the conclusion of the next annual general meeting of shareholders.

**Article 181** The accounting firm appointed by the Company shall be entitled to the following rights:

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

**Article 182** If there is a vacancy in the position of the accounting firm, the board of directors may appoint an accounting firm to fill such vacancy before the convening of the shareholders' general meeting. Any other accounting firm which has been appointed by the Company may continue to act during the period when such a vacancy arises.

**Article 183** The shareholders' general meeting may by ordinary resolution remove the accounting firm before the expiration of its term of office, irrespective of the provisions in the contract between the Company and the accounting firm. However, the right of the accounting firm in claiming for damages which arise from its removal shall not be affected thereby.

**Article 184** The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined by the shareholders in a general meeting. The remuneration of an accounting firm appointed by the board of directors shall be determined by the board of directors.

**Article 185** The Company's appointment, removal or non-reappointment of an accounting firm shall be resolved by the shareholders in a general meeting. Such resolution shall be filed with the securities authority of the State Council.

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

- (1) A copy of the appointment or removal proposal shall be sent (before issue of the notice of shareholders' general meeting) to the firm proposed to be appointed or proposing to leave its post or the firm which has left its post in the relevant fiscal year. Reference as leaving herein includes leaving by removal, resignation and retirement.
- (2) If the accounting firm leaving its post makes representations in writing and requests the Company to give the shareholders notice of such representations, the Company shall (unless the representations have been received too late) take the following measures:
  - (i) in any notice to shareholders for the resolution, state the fact of the representations having been made by the accounting firm leaving its post; and
  - (ii) attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in these Articles of Association.
- (3) If the Company fails to circulate the accounting firm's representations in the manner set out in sub-paragraph (2) above, such accounting firm may (in addition to its right to be heard) require that the representations be made at the shareholders' general meeting.
- (4) An accounting firm which is leaving its post shall be entitled to attend to the following shareholders' general meetings:
  - (i) the general meeting at which its term of office would otherwise have expired;
  - (ii) the general meeting at which it is proposed to fill the vacancy caused by its removal; and
  - (iii) the general meeting which is convened as a result of its voluntary resignation.

The accounting firm which is leaving its post has the right to receive all notices of, and other communications relating to, any such meeting, and to speak at any such meeting which it attends on any part of the business of the meeting which concerns it as the former accounting firm of the Company.

**Article 186** Prior notice of 15 days should be given to the accounting firm if the Company decides to remove such accounting firm or not to renew the appointment thereof. Such accounting firm shall be entitled to make representations at the shareholders' general meeting. Where the accounting firm resigns from its position, it shall make clear to the shareholders in a general meeting whether there has been any impropriety on the part of the Company.



An accounting firm may resign its office by depositing at the Company's domicile a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall contain the following statements:

- (1) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or
- (2) a statement of any such circumstances.

Where a notice is deposited under the preceding sub-paragraph, the Company shall within 14 days send a copy of the notice to the relevant competent authority. If the notice contains a statement under the preceding sub-paragraph (2), a copy of such statement shall be placed at the Company for shareholders' inspection. The Company should also deliver or send a copy of such statement by way of the methods provided in these Articles of Association or by prepaid mail to every shareholder of Overseas-Listed Foreign Shares at the address registered in the register of shareholders.

Where the accounting firm's notice of resignation contains a statement in respect of the above, it may require the board of directors to convene a shareholders' extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

## **CHAPTER 18 EMPLOYEES**

**Article 187** In compliance with the State's laws and regulations, the Company shall establish a healthy and complete employee's management system and effectively develop and utilize human resources.

**Article 188** Based on its business needs and subject to the Company's internal rules and regulations, the Company shall employ, dismiss or terminate employees labor contracts in its discretion within the scope stipulated by the State's laws and regulations.

**Article 189** Pursuant to the State's regulations and these Articles of Association, the Company shall establish the salary, insurance, benefits systems. In light of the economic and social development and business operations of the Company, the Company shall make endeavors to enhance the overall benefits for its employees, and improve their working conditions.

**Article 190** Pursuant to the State's regulations, the Company shall develop an employees training system based on its business development and employees needs, to best pave the path for employees professional development.

## **CHAPTER 19 THE UNION**

**Article 191** The employees of the Company shall duly organize the trade union, develop its event programs, and protect the employees' lawful rights. The Company shall provide necessary conditions for the trade union to carry out its activities.

## CHAPTER 20 MERGER AND DIVISION

**Article 192** The Company may carry out mergers or division in accordance with law. In the case of merger or division of the Company, the board of directors shall provide the proposal, and, upon approval in accordance with the procedures under these Articles of Association, deal with the relevant approval procedures pursuant to laws. The board of directors of the Company shall take necessary measures to protect the legitimate interests of the shareholders who object to the plan of merger or division. A shareholder who objects to the plan of merger or division shall have the right to demand the Company or the shareholders who consent to the plan of merger or division to acquire such dissenting shareholders' shareholding at a fair price.

The contents of the resolution of merger or division of the Company shall constitute special documents which shall be available for inspection by the shareholders of the Company. Such special documents shall be sent or delivered by mail or by way of the methods provided in these Articles of Association to holders of Overseas-Listed Foreign-Invested Shares.

**Article 193** The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

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 days from the date of the Company's merger resolution which is passed and shall publish a public notice in a newspaper within 30 days of the date of the Company's merger resolution. The creditor may, within 30 days as of its receipt of the notice or in case when no such notice is received within 45 days as of the date of the publication of notice in a newspaper, ask the Company for settling its debt or providing relevant guarantee.

**Article 194** Where there is a division of the Company, its assets shall be divided up accordingly.

In the event of division of the Company, the parties to such division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days from the date of the Company's division resolution which is passed and shall publish a public notice in a newspaper within 30 days of the date of the Company's division resolution.

**Article 195** After the merger, the rights against debtors and the indebtedness of each of the parties to the merger shall be inherited by the company which survives the merger or the newly established company.

Debts of the Company prior to division shall be severally and jointly assumed by the companies which exist after the division, unless that otherwise a written agreement has been reached between the Company and the creditor upon debt retirement prior to division.

**Article 196** The Company shall, in accordance with law, apply for change in its registration with the companies registration authority where a change in any item in its registration arises as a result of any merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with law. Where a new company is established, the Company shall apply for registration thereof in accordance with law.

## **CHAPTER 21 DISSOLUTION AND LIQUIDATION**

**Article 197** The Company shall be dissolved and liquidated in accordance with law upon the occurrence of any of the following events:

- (1) a resolution regarding the dissolution is passed by shareholders at a general meeting;
- (2) dissolution is necessary due to a merger or division of the Company;
- (3) the Company is declared insolvent in accordance with law due to its failure to repay debts as they become due;
- (4) business license is revoked lawfully, its operation is ceased or canceled by the relevant authorities;
- (5) The Company is dissolved by the people's court as provided in Article 195 of these Articles of Association.

**Article 198** The company meets with great difficulties in its operation and management and its continuation may incur great loss to the interest of the shareholders, it cannot be resolved by other means and the shareholders holding more than 10% of the voting share may petition to the people's court for its dissolution.

**Article 199** Where the Company is dissolved under sub-paragraph (1),(4) or (5) of the preceding Article 194, a liquidation committee shall be set up within fifteen (15) days thereafter and commence the liquidation proceedings, and members of the liquidation committee of the Company shall be determined at the shareholders' or directors' general meetings. Where a liquidation committee is not established according to schedule, the creditor may apply to the People's Court to organize the relevant personnel to establish a liquidation committee to proceed the liquidation.

Where the Company is dissolved under sub-paragraph (3) of the preceding Article 194, the People's Court shall in accordance with the provisions of relevant laws organize the shareholders, relevant organizations and relevant professional personnel to establish a liquidation committee to proceed the liquidation.

**Article 200** Where the board of directors proposes to liquidate the Company for any reason other than the Company's declaration of its own insolvency, the board shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the board of directors is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation.

Upon the passing of the resolution by the shareholders in a general meeting in relation to the liquidation of the Company, all duties and powers of the board of directors shall cease.

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

**Article 201** The liquidation committee shall, within ten days of its establishment, send notices to creditors and shall, within 60 days of its establishment, publish a public announcement in a newspaper. The creditors who have received the notice shall, within 30 days as of its receipt of the notice, and the creditors who fail to receive the notice shall within 45 days as of the date when the announcement was made, declare their creditor's right to the liquidation team.

The creditor who declares the creditor's right shall state the relevant matter in relation to the debt, and provide evidentiary materials. The liquidation committee shall register the creditors' rights.

During the liquidation period, the liquidation committee shall not settle any debt with the creditor.

**Article 202** During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (1) to categorise the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify the creditors or to publish public announcements;
- (3) to dispose of and liquidate any unfinished businesses of the Company;
- (4) to pay all outstanding taxes and taxes incurred during the liquidation proceedings;
- (5) to settle claims and debts;
- (6) to deal with the surplus assets remaining after repayment by the Company of its debts;
- (7) to represent the Company in any civil proceedings.

**Article 203** After it has categorised the Company's assets and after it has prepared the balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to a shareholders' general meeting or to the people's court for confirmation.

The remaining asset shall, after having paid the liquidation expense, salary of the staff, social insurance expense and the statutory compensation, the tax arrears and settled the Company's debt, be distributed in accordance with the proportion of shares held by the shareholders.

The Company may, during the liquidation period, remain, but shall not carry out activities irrelevant to the liquidation. Before the Company's assets are distributed in accordance with the preceding provisions, they shall not be allocated to the shareholders.

**Article 204** Where the Company is liquidated by reason of dissolution, upon completion of the categorization of the Company's assets and preparation of a balance sheet and an inventory of assets, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall immediately apply to the People's Court in accordance with laws for a declaration of insolvency.

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

Where the Company is declared bankrupt according to law, it shall carry out bankruptcy liquidation according to the legal provisions concerning bankruptcy liquidation.

**Article 205** Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, a statement of income and expenses received and made during the liquidation period and a financial report, which shall be verified by a Chinese registered accountant and submitted to the shareholders' general meeting or the people's court for confirmation.

The liquidation committee shall, within 30 days after the confirmation of the liquidation report by the shareholders' general meeting or the people's court, submit the documents referred to in the preceding paragraph to the companies registration authority and apply for cancellation of registration of the Company, and publish a public announcement relating to the termination of the Company.

**Article 206** The members of the liquidation team shall be faithful to their duty and fulfill the liquidation obligation in accordance with the law.

The members of the liquidation team shall not abuse their authority to accept bribery or other illegal income, nor embezzle the Company's assets.

Where a member of the liquidation team causes significant loss to the Company by reason of wilful default or gross negligence, he shall bear the relevant compensation liability.

## **CHAPTER 22 PROCEDURES FOR AMENDMENT OF THE COMPANY'S ARTICLES OF ASSOCIATION**

**Article 207** The Company may amend its Articles of Association in accordance with the requirements of laws, administrative regulations and provisions in these Articles of Association.

**Article 208** The Company shall amend these Articles of Association on the occurrence of any of the following events:

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

**Article 209** Any amendment of these Articles of Association shall be made in the following manner:

- (1) The Board of directors draw up a proposal for amendment of these Articles of Association in accordance with these Articles of Association;
- (2) The foregoing proposal shall be furnished to the shareholders and a shareholders' meeting shall be convened for voting;
- (3) The amendments shall be approved by a special resolution in a shareholders' general meeting.

The board of directors shall amend these Articles of Association pursuant to the resolution of shareholders in a general meeting for amendment of these Articles of Association and the approval opinions of the competent authority.

**Article 210** Amendment of these Articles of Association involving the contents of the Mandatory Provisions shall become effective upon receipt of approvals from the companies approving department authorized by the State Council.

If there is any change concerning the registration of the Company, application shall be made for change in registration in accordance with law.

## CHAPTER 23 NOTICE

**Article 211** Notices, communications or any other written materials of the Company may be sent out by the following means:

- (1) by hand;
- (2) by post;
- (3) by fax or email;
- (4) by making announcements in the Company's website and the websites designated by Hong Kong Stock Exchange provided that doing so will be in compliance with laws, administrative regulations and listing rules of the place of listing;
- (5) by public announcements;
- (6) by other means as agreed between the recipient of the notice and the Company in advance or recognized by the recipient of the notice after receiving such notice;
- (7) other manners as recognized by securities regulatory authorities at the place where the Company's shares are listed or as provided in these Articles of Association.

Whilst these Articles of Association may have otherwise provided for the delivery methods of any notice, communication or any other written material, the Company may publish its communications by the means specified in sub-paragraph (4) of this Article to replace the means of sending written documents to each holder of the Overseas-Listed Foreign-Invested Shares by hand or by prepaid mail provided that doing so will be in compliance with the relevant regulations of securities regulatory authorities in the places of listing. The said communications refer to any documents sent or to be sent by the Company to the shareholders for reference or taking action, including but not limited to report of the board of directors (together with balance sheet and income statement), annual report (including annual financial reports), interim report (including interim financial reports), listing documents, meeting notice, circulars, proxy forms and reply slips, etc.

**Article 212** When the Company is required to send, mail, pass, deliver, issue or provide relevant documents of the Company in both English and Chinese according to the relevant requirements of the securities regulatory authorities at the place where the Company's shares are listed, if the Company has made appropriate arrangement to ensure whether its shareholders expect to receive an English copy only or a Chinese copy only, the Company may (based on the intention clearly presented by its shareholders) send an English copy or Chinese copy only to relevant shareholders within the scope permitted by applicable laws and regulations and in accordance with such applicable laws and regulations.



**Article 213** Where a notice from the Company is sent out by hand, to be signed or stamped by the recipient on the return receipt of delivery, the date of the recipient's signature shall be deemed to be the delivery date. Where the notice is sent out via post, the delivery date shall be forty-eight hours after such notice is delivered to the post office. Where the notice is sent out by fax or email or published on website, the delivery date shall be the date when the notice is sent out. Where the notice is sent out by public announcement, the delivery date shall be the first date of publication of such announcement provided that such announcement is published in newspapers or websites that meet relevant requirements.

Where a notice sent by the Company is made by way of an announcement, the notice shall be deemed as received by all relevant parties.

**Article 214** If a notice of meeting is accidentally omitted to be sent to any person who is entitled to receive the same or that person has not received such a notice of meeting, it will not cause the meeting and any resolution made therein to be void.

## **CHAPTER 24 RESOLUTION OF DISPUTES**

**Article 215** The Company shall abide by the following principles for dispute resolution:

- (1) Whenever any disputes or claims arise between: holders of the Overseas-Listed Foreign-Invested Shares and the Company; holders of the Overseas-Listed Foreign-Invested Shares and the Company's directors, supervisors, senior management personnel; or holders of the Overseas-Listed Foreign-Invested Shares and holders of Domestic-Invested Shares, in respect of any disputes or claims in relation to the affairs of the Company arising as a result of any rights or obligations arising from these Articles of Association, the Company Law or other relevant laws and administrative regulations, such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and 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, shall, where such person is the Company or the Company's shareholders, directors, supervisors, or senior management personnel, comply with the decisions made in the arbitration. Disputes in respect of the definition of shareholders and disputes in relation to the register of shareholders need not be resolved by arbitration.

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

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

- (3) If any disputes or claims of rights are referred to arbitration in accordance with sub-paragraph (1) of this Article, the laws of the PRC shall apply, save as otherwise provided in the laws and administrative regulations.
- (4) The judgment of an arbitral body shall be final and conclusive and binding on all parties.

## **CHAPTER 25 SUPPLEMENTARY**

**Article 216** These Articles of Association are written in Chinese. Where versions in other languages or different versions have different interpretations or meanings, the latest verified Chinese version registered in the Company registration authority shall prevail.

**Article 217** The expressions of “above”, “within”, “below” shall include the figures mentioned whilst the expressions of “more than”, “short of”, “without” and “less than” shall not include the figures mentioned.

**Article 218** The right to interpret these Articles of Association vests with the board of directors of the Company.

**Article 219** If these Articles of Association are in conflict with the laws, administrative regulations, provisions of other regulatory documents or regulatory provisions in the place where the Company’s shares are listed promulgated, from time to time, such laws, administrative regulations and provisions of other regulatory documents or regulatory provisions in the place where the Company’s shares are listed shall prevail.

**Article 220** In these Articles of Association, references to “accounting firm” shall have the same meaning as “auditors”.