

# ARTICLES OF ASSOCIATION OF BRETON TECHNOLOGY CO., LTD.

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## CHAPTER 1 GENERAL PROVISIONS

**Article 1** To safeguard the legitimate rights and interests of Breton Technology Co., Ltd. (hereinafter referred to as the “Company”), its shareholders and creditors, and to regulate the organization and activities of the Company, the Articles of Association are hereby collaboratively prepared by the promoters, in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Guidelines for Articles of Association of Listed Companies, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (hereinafter referred to as the “Administrative Measures”), the Opinion Letter with reference to Additional Amendments to the Articles of Association for Companies to be Listed in Hong Kong (Zheng Jian Hai Han [1995] No. 1, hereinafter referred to as “Letter from Overseas Listing Division of CSRC”), the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to Overseas Listed Companies (Guo Han [2019] No. 97, hereafter referred to as the “Reply of the Adjustment of the Notice Period”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereafter referred to as the “Hong Kong Listing Rules”) and other relevant provisions.

**Article 2** On November 28, 2016, the Company was incorporated and established in Shanghai, the PRC, and converted into a joint stock limited company from Breton Technology Co., Ltd. (博雷頓科技有限公司) under the laws on November 23, 2022. It obtained the Business License for joint stock company on November 23, 2022, with the Unified Social Credit Code of 91310112MA1GBF725T.

**Article 3** The promoters of the Company include Shanghai Fangao Business Consulting Partnership (Limited Partnership), Chen Fangming, Yue Yong, Zhao Xuewen, Lin Ziting, Zhang Xiaohui, Chai Guang, You Yifei, Yang Jiayong, Yang Zibin, Zhao Yongge, Lu Qianyuan, Wang Yicheng, Cai Yulin, Xiao Wenbin, Wu Weizhong, Suzhou Zhongding No. 5 Equity Investment Fund Partnership (Limited Partnership), Suzhou Zhongding No. 5 Qinglan Equity Investment Fund Partnership (Limited Partnership), Fujian Diquan Equity Investment Fund Partnership (Limited Partnership), Shanghai Cloud Tribe Yijin Venture Capital Center (limited Partnership), Zhongchuang Hengxing Asset Management Co., Ltd., Yellow River Shanxi Industrial Co., Ltd., Zhongshan Broad-Ocean Motor Co. Ltd., Sichuan Hydrogen Lithium Breton New Energy Technology Co., Ltd., Chengang International Trade (Shanghai) Co., Ltd., Guangzhou Naibixin Phase I Venture Capital Fund Partnership (Limited Partnership), Huzhou Qingyun Xinzhengtu Equity Investment Partnership (Limited Partnership), Shenzhen Changde Enterprise Management Consulting Partnership (Limited Partnership), Nanjing Bochen Shengan Information Technology Service Co., Ltd., Zibo Naying Equity Investment Partnership (Limited Partnership), Jiaxing Dixin Equity Investment Partnership (Limited Partnership), Qiu Debo, Yang Hui, Shanghai Jifang Business Consulting Partnership (Limited Partnership), Jiaxing Tongneng Xingyuan Equity Investment Partnership (Limited Partnership), Hainan Trunk Network Technology Partnership

(Limited Partnership), Hefei Rendun Equity Investment Partnership (Limited Partnership), Changzhou Kesheng Venture Capital Center (Limited Partnership), Shanghai Kechuang Shenxin Venture Capital Partnership (Limited Partnership), Shanghai Kechuang Shenxin Venture Capital Management Co., Ltd., CIMC Vehicles (Group) Co., Ltd. and Rockets Capital L.P..

**Article 4** Registered Chinese name of the Company: 博雷頓科技股份公司  
Registered English name of the Company: Breton Technology Co., Ltd.

**Article 5** Address of the Company: Room 701-705, Building 1, Hongqiao Xintiandi, No. 818 Shenchang Road, Minhang District, Shanghai.

**Article 6** The registered capital of the Company is RMB389,651,762.

**Article 7** The Company is a joint stock limited company with perpetual existence.

**Article 8** The legal representative of the Company is the chairman of the Board of Directors.

**Article 9** As an independent corporate legal person, the Company has independent corporate property, and enjoys full corporate property rights. The total capital of the Company is divided into shares of equal value. The shareholders shall be liable to the Company to the extent of the shares they subscribe, and the Company shall be liable for its debts with all its assets.

**Article 10** The Articles of Association shall become effective after the consideration and approval at the Company's general meeting, from the date the H shares issued by the Company are traded on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Stock Exchange"). From the date when the Articles of Association become effective, the original articles of association of the Company will automatically become invalid. The Articles of Association shall constitute a legally binding document that regulates the organization and activities of the Company as well as the rights and obligations between the Company and the shareholders and among the shareholders from the date when the Articles of Association become effective.

**Article 11** The Articles of Association shall be binding on the Company and its shareholders, directors and senior management. All the above persons may make claims for alleged rights in connection with the Company's affairs in accordance with the Articles of Association.

**Article 12** In accordance with the Articles of Association, shareholders may sue the Company; the Company may sue shareholders, shareholders may sue other shareholders; shareholders may sue the directors, general manager and other senior management of the Company.

**Article 13** The term "sue" in the preceding article shall include the initiation of proceedings in a court or the application of arbitration to an arbitration organization.

**Article 14** The term senior management in the Articles of Association shall include the Company's general manager, financial controller (chief financial officer), board secretary (company secretary) and other senior management designated by the Board of Directors.

**Article 15** The Company may invest in other limited liability companies or joint stock companies, and shall be liable for the invested companies to the extent of its amount of investment. Unless otherwise specified by laws, the Company shall not, as an investor, be jointly and severally liable for the debts of the invested companies.

## CHAPTER 2 OBJECTIVES AND SCOPE OF BUSINESS

**Article 16** The business goals of the Company: upholding the development philosophy of green, intelligence, efficiency enhancement and harmonious coexistence between humans and nature, and providing users with scenario-based new energy equipment and intelligent solutions through technological innovation, to drive efficient new energy services for the benefits of humanity with intelligent operation capacity.

**Article 17** Upon registration according to laws, the scope of business of the Company includes general items in the following areas: research and development of mechanical equipment; sales of mechanical equipment; manufacturing of special equipment (excluding licensed professional equipment manufacturing); manufacturing of mining machinery; sales of mining machinery; manufacturing of mechanical and electrical equipment; sales of mechanical and electrical equipment; sales of new energy vehicles; sales of electrical accessories for new energy vehicles; sales of battery swap facilities for new energy vehicles; processing of mechanical parts and components; sales of mechanical parts and components; manufacturing of automotive parts and accessories; sales of charging piles; sales of photovoltaic equipment and components; manufacturing of photovoltaic equipment and components; solar power generation technology services; wind power generation technology services; research and development of emerging energy technologies; power generation technology services; research and development of high - efficiency and energy-saving technologies for the power industry; manufacturing of power facility equipment; energy storage technology services; manufacturing of power transmission and distribution and control equipment; manufacturing of power transmission, transformation and distribution monitor and control equipment; sales of intelligent power transmission and distribution and control equipment; manufacturing of power distribution switch control equipment; sales of advanced power electronic devices; battery manufacturing; battery sales; production of battery parts; sales of battery parts; sales of electronic components and electromechanical component equipment; technical services, technology development, technology consulting, technology exchange, technology transfer, technology promotion; software development; AI basic software development; AI application software development; AI industry application system integration services; information system integration services; sales of AI hardware; leasing services (excluding licensed leasing services); transportation equipment leasing services; photovoltaic power generation equipment leasing; repair of special equipment; repair of general equipment; technology import and export; goods import and export. (except for items that require approval according to laws, business activities shall be carried out independently according to the business license) The company's scope of business shall be subject to the scope of business approved and registered by the company registration authority.

**Article 18** The Company may adjust its scope and model of business in due course and establish branches and offices at home and abroad in light of domestic and international market trend and its own development capacity and business needs in accordance with the provisions of relevant laws and regulations.

**Article 19** In conducting business operations, the Company shall give full consideration to the interests of stakeholders such as its employees and consumers, as well as social public interests including ecological and environmental protection, and shall undertake social responsibility.

## CHAPTER 3 SHARES AND REGISTERED CAPITAL

**Article 20** All existing shares issued by the Company are ordinary shares. The Company may issue shares of a class with rights different from those of ordinary shares in accordance with the provisions of the Articles of Association and to the extent permitted by laws and regulations.

**Article 21** The Company's shares are represented by share certificates.

**Article 22** The shares of the Company shall be issued in accordance with the principles of openness, equitability and fairness. Each share of the same class shall carry the same rights. Shares of the same class and in the same issue shall be issued on the same conditions and at the same price. Any entity or individual subscribing to shares shall pay the same price per share.

**Article 23** All the shares issued by the Company shall have a par value RMB1 per share, denominated in Renminbi.

**Article 24** Subject to the approval of the securities authority under the State Council or registration with department that are authorised by the State Council, the Company may issue shares to domestic investors and foreign investors. "Foreign investors" mentioned mean those investors who subscribe for the shares of the Company and are located in foreign countries and in Hong Kong, Macao and Taiwan. "Domestic investors" mean those investors who subscribe for the shares of the Company and are located within the territory of the People's Republic of China excluding the regions mentioned above.

**Article 25** Shares issued by the Company to domestic investors and other qualified investors for subscription in RMB shall be referred to as domestic shares. Shares issued by the Company to foreign investors for subscription in foreign currency shall be referred to as foreign shares. Foreign shares which are listed overseas shall be referred to as overseas listed foreign shares.

Subject to the compliance with applicable laws, regulations and the requirements of securities regulatory authorities, all or part of the domestic unlisted shares may be converted into overseas listed foreign shares. Such converted shares listed and traded on overseas stock exchanges shall further comply with the regulatory procedures, rules and requirements of the relevant overseas securities market. The conversion of domestic unlisted shares into overseas listed foreign shares shall not require voting for approval at a shareholders' general meeting.

**Article 26** The Company has a total of 300,000,000 ordinary shares issued upon the overall conversion into a joint stock company with limited liability. The number of shares subscribed by the promoters, method of shareholding and way of capital contributions are as follows:

No.	Names of promoters	Number of shares subscribed (0'000)	Shareholding percentage (%)	Way of capital contribution
1	Shanghai Fangao Business Consulting Partnership (Limited Partnership)	8,450.2397	28.1676	By conversion of net assets into shares
2	Chen Fangming	3,110.1004	10.3670	By conversion of net assets into shares
3	Yue Yong	235.5049	0.7850	By conversion of net assets into shares

No.	Names of promoters	Number of shares subscribed (0'000)	Shareholding percentage (%)	Way of capital contribution
4	Zhao Xuewen	206.1034	0.6870	By conversion of net assets into shares
5	Lin Ziting	1,030.5170	3.4351	By conversion of net assets into shares
6	Zhang Xiaohui	267.9344	0.8931	By conversion of net assets into shares
7	Chai Guang	237.0189	0.7901	By conversion of net assets into shares
8	You Yifei	288.5448	0.9618	By conversion of net assets into shares
9	Yang Jiayong	535.8689	1.7862	By conversion of net assets into shares
10	Yang Zibin	618.3102	2.0610	By conversion of net assets into shares
11	Zhao Yongge	618.3102	2.0610	By conversion of net assets into shares
12	Lu Qianyuan	103.0517	0.3435	By conversion of net assets into shares
13	Wang Yicheng	41.2207	0.1374	By conversion of net assets into shares
14	Cai Yulin	1,112.9584	3.7099	By conversion of net assets into shares
15	Xiao Wenbin	309.1551	1.0305	By conversion of net assets into shares
16	Wu Weizhong	61.8310	0.2061	By conversion of net assets into shares
17	Suzhou Zhongding No. 5 Equity Investment Fund Partnership (Limited Partnership)	2,342.0841	7.8069	By conversion of net assets into shares
18	Suzhou Zhongding No. 5 Qinglan Equity Investment Fund Partnership (Limited Partnership)	234.2085	0.7807	By conversion of net assets into shares
19	Fujian Diquan Equity Investment Fund Partnership (Limited Partnership)	793.4981	2.6450	By conversion of net assets into shares
20	Shanghai Cloud Tribe Yijin Venture Capital Center (limited Partnership)	237.0189	0.7901	By conversion of net assets into shares
21	Zhongchuang Hengxing Asset Management Co., Ltd.	82.4414	0.2748	By conversion of net assets into shares
22	Yellow River Shanxi Industrial Co., Ltd.	144.2724	0.4809	By conversion of net assets into shares
23	Zhongshan Broad-Ocean Motor Co. Ltd.	476.0989	1.5870	By conversion of net assets into shares
24	Sichuan Hydrogen Lithium Breton New Energy Technology Co., Ltd.	16.4883	0.0550	By conversion of net assets into shares
25	Chengang International Trade (Shanghai) Co., Ltd.	61.8310	0.2061	By conversion of net assets into shares

No.	Names of promoters	Number of shares subscribed (0'000)	Shareholding percentage (%)	Way of capital contribution
26	Guangzhou Naibixin Phase I Venture Capital Fund Partnership (Limited Partnership)	494.6482	1.6488	By conversion of net assets into shares
27	Huzhou Qingyun Xinzengtu Equity Investment Partnership (Limited Partnership)	1,937.3720	6.4579	By conversion of net assets into shares
28	Shenzhen Changde Enterprise Management Consulting Partnership (Limited Partnership)	164.8827	0.5496	By conversion of net assets into shares
29	Nanjing Bochen Shengan Information	82.4414	0.2748	By conversion of net assets into shares
30	Technology Service Co., Ltd. Zibo Naying Equity Investment	851.9491	2.8398	By conversion of net assets into shares
31	Partnership (Limited Partnership) Jiaxing Dixin Equity Investment	412.2068	1.3740	By conversion of net assets into shares
32	Partnership (Limited Partnership) Qiu Debo	309.1551	1.0305	By conversion of net assets into shares
33	Yang Hui	257.6293	0.8588	By conversion of net assets into shares
34	Shanghai Jifang Business Consulting Partnership (Limited Partnership)	1,494.2497	4.9808	By conversion of net assets into shares
35	Jiaxing Tongneng Xingyuan Equity Investment Partnership (Limited Partnership)	459.0953	1.5303	By conversion of net assets into shares
36	Hainan Trunk Network Technology Partnership (Limited Partnership)	176.5785	0.5886	By conversion of net assets into shares
37	Hefei Rendun Equity Investment Partnership (Limited Partnership)	470.6860	1.5690	By conversion of net assets into shares
38	Changzhou Kesheng Venture Capital Center (Limited Partnership)	626.0391	2.0868	By conversion of net assets into shares
39	Shanghai Kechuang Shenxin Venture Capital Partnership (Limited Partnership)	85.0177	0.2834	By conversion of net assets into shares
40	Shanghai Kechuang Shenxin Venture Capital Management Co., Ltd.	56.1117	0.1870	By conversion of net assets into shares
41	CIMC Vehicles (Group) Co., Ltd.	75.3597	0.2512	By conversion of net assets into shares
42	Rockets Capital L.P.	431.9664	1.4399	By conversion of net assets into shares
<b>Total</b>		<b>30,000.00</b>	<b>100.0000</b>	-

**Article 27** The Articles of Association or the general meeting may authorise the Board of Directors to decide to issue shares not exceeding 50% of the issued shares within three years. However, any capital contribution made with non-monetary assets shall be resolved by the general meeting.

**Article 28** Prior to the initial public offering of overseas listed foreign shares, the registered capital of the Company was RMB366,651,762 and the total number of shares was 366,651,762, all of which are ordinary shares.

Upon the completion of the initial public offering of overseas listed foreign shares, the share capital structure of the Company is: 379,651,762 ordinary shares. Upon the completion of the placing of new overseas listed foreign shares in November 2025, the share capital structure of the Company is: 389,651,762 ordinary shares.

**Article 29** After the Company's plan for the offering of domestic shares and overseas listed foreign shares has been approved by the securities authority under the State Council, the Board of Directors of the Company may implement such plan through separate offerings.

**Article 30** The Company's plans for the offerings of domestic shares and overseas listed foreign shares in accordance with the preceding article may be implemented through separate offerings within 15 months from the date of approval by the securities authority under the State Council.

**Article 31** If the Company offers domestic shares and overseas listed foreign shares separately to the extent of total number of shares specified in the offering plan, each offering shall be fully subscribed for in one time. If special circumstances make it impossible for each offering to be fully subscribed for in one time, the shares may be offered in multiple tranches, subject to the approval of the securities authority under the State Council.

**Article 32** Save as otherwise provided in laws, administrative regulations, departmental rules, regulatory documents and the listing rules of the stock exchange where the shares of the Company are listed, shares in the Company may be transferred freely and shall be clear of any lien. The transfer of overseas listed foreign shares listed in Hong Kong shall be registered with the local share registrar appointed by the Company.

**Article 33** Shares in issue prior to the public offering of the Company shall not be transferred within one year from the date of their listing on any stock exchange.

**Article 34** The directors and senior management members of the Company shall declare their holding of the shares of the Company that they hold and the changes in their shareholdings. During their terms of service as determined upon appointment, they may not transfer more than 25% of their total shareholding of the same class each year. Any of them may not transfer the Company's shares they hold within six months after their departure from the Company. If the shares are pledged within the restricted transfer period prescribed by relevant laws and administrative regulations, the pledgee may not exercise the pledge right within the restricted transfer period.

## CHAPTER 4 INCREASE, DECREASE AND BUYBACK OF SHARES

**Article 35** Based on its business and development needs, the Company may increase its capital in accordance with laws and regulations upon resolution passed by the general meeting:

- (I) public offering of shares;
- (II) private placement of shares;
- (III) allotment of shares to existing shareholders;
- (IV) allotment of bonus shares to existing shareholders;
- (V) conversion of capital reserve to share capital;
- (VI) other methods permitted by laws, administrative regulations, rules and approved by relevant regulatory authorities.

To increase its capital by offering of new shares, the Company shall do so as per the procedure provided for in relevant laws, administrative regulations, departmental rules, regulatory documents and the listing rules of the stock exchange where the shares of the Company are listed after such increase has been approved in accordance with the Articles of Association.

**Article 36** The Company may reduce its registered capital. To reduce its registered capital, the Company shall do so as per the procedures set forth in the Company Law and other relevant provisions, the Hong Kong Listing Rules and the Articles of Association.

**Article 37** To reduce its registered capital, the Company must prepare a balance sheet and a property inventory.

**Article 38** The Company shall notify its creditors within 10 days and publish an announcement of the resolution in newspapers within 30 days from the date of adoption of the resolution to reduce its registered capital and post the same on its website and the website of the relevant stock exchange in accordance with the requirements of the place where the Company's shares are listed. A creditor may, within thirty days from the date of receipt of the written notice or, for those who do not receive a written notice, within 45 days from the date of the announcement, require the Company to repay debts or provide commensurate guarantees.

**Article 39** The Company may, in the following circumstances, buy back its own shares as per the procedures provided for in laws, administrative regulations, departmental rules, regulatory documents and the listing rules of the stock exchange where the shares of the Company are listed and the Articles of Association:

- (I) to reduce the registered capital of the Company;
- (II) to merge with other companies that hold shares in the Company;
- (III) to use the shares for employee shareholding schemes or share incentives;
- (IV) to acquire the shares of shareholders (upon their request) who disagree on any resolution adopted at any general meetings on the merger or division of the Company;
- (V) to use the shares for conversion of corporate bonds issued by the Company which are convertible into shares;
- (VI) to safeguard the Company's value and shareholders' interests as it deems necessary;
- (VII) other circumstances permitted by laws and administrative regulations.

Where the Company purchases its own shares due to the reasons in clauses (I) to (II) above, a resolution shall be adopted at a general meeting in this regard. Where the Company purchases its own shares due to the circumstances specified in clauses (III), (V) and (VI) above, a resolution shall be adopted at a meeting of the Board of Directors attended by at least two-thirds of the directors in this regard. Save as otherwise provided by relevant laws, administrative regulations, departmental rules, regulatory documents and the listing rules of the stock exchange where the shares of the Company are listed, and if the Company repurchases its own shares in accordance with the provisions of the first paragraph of this article, the shares shall be cancelled within 10 days from the date of acquisition in case of clause (I); or the shares shall be transferred or cancelled within six months in case of clause (II) and (IV); or in case of clauses (III), (V) and (VI), the total number of shares held by the Company shall not exceed 10% of its total issued shares, and such shares shall be transferred or cancelled within three years. Except for the aforementioned circumstances, the Company may not engage in the trading of its shares.

**Article 40** The Company may elect to buy back its own shares by any of the following methods upon approval by competent state authorities:

- (I) buyback through open transactions on a stock exchange;
- (II) issuance to all of the shareholders of a buyback offer on a pro rata basis;
- (III) buyback through off-market agreements; or
- (IV) other methods permitted by laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed or as approved by competent authority.

**Article 41** To buy back shares through off-market agreements, the Company shall obtain prior approval from the general meeting in accordance with the Articles of Association. Upon prior approval by the general meeting in the same manner, the Company may terminate or alter the contract entered into in the manner set forth above or waive any of its rights under such contract.

For the purposes of the preceding paragraph, “contract” for the buyback of shares shall include but not be limited to an agreement to become obliged to repurchase or to acquire the right to repurchase shares.

The Company may not transfer a contract for the buyback of its own shares or any of its rights thereunder.

With respect to redeemable shares which the Company has the right to buy back, if the buyback is to be made in a manner other than repurchase through the market or by tender, the buyback price must be limited to a maximum price; if the buyback is to be made by tender, invitation for tenders shall be available to all shareholders alike.

**Article 42** Unless the Company is in liquidation, it must comply with the following provisions in buying back its outstanding shares:

- (I) if the Company buys back shares at their par value, payment thereof shall be made from the book balance of distributable profit of the Company and/or from the proceeds of the new issuance made to repurchase the outstanding shares;
- (II) if the Company buys back shares at a price higher than their par value, payment up to the par value shall be made from the book balance of distributable profit of the Company and/or from the proceeds of the new issuance made to repurchase the outstanding shares; and payment the portion in excess of the par value shall be made according to the following methods:
  - 1. if the shares being bought back were issued at their par value, payment shall be made from the book balance of distributable profit of the Company;
  - 2. if the shares being bought back were issued at a price higher than their par value, payment shall be made from the book balance of distributable profit of the Company and/or the proceeds of the new issuance made to repurchase the outstanding shares, provided that the amount paid out of the proceeds of the new issuance shall not exceed the aggregate of the premiums received on the issue of the outstanding shares repurchased nor shall it exceed the amount in the Company’s premium account (or capital reserve account) (including the premiums from the new issuance) at the time of the buyback;

(III) the Company shall make payments for the following purposes from the Company's distributable profits:

1. acquisition of the right to buy back its own shares;
2. modification of any contract for the buyback of its shares;
3. release from any of its obligations under a buyback contract.

(IV) after the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with relevant regulations, the amount deducted from the distributable profit for payment of the par value of the repurchased shares shall be credited to the Company's capital reserve account.

Where laws, administrative regulations and relevant provisions of the securities regulatory authority in the place where the Company's shares are listed have otherwise provisions on the financial treatment involved in the aforesaid share buyback, such provisions shall prevail.

## **CHAPTER 5 FINANCIAL ASSISTANCE FOR THE PURCHASE OF SHARES OF THE COMPANY**

**Article 43** Neither the Company nor its subsidiaries shall at any time provide any financial assistance in any form to purchasers or prospective purchasers of shares of the Company, except where the Company implement employee share ownership schemes. For the benefit of the Company, subject to a resolution passed by a general meeting or made by the Board of Directors according to the Articles of Association or under authorization by a general meeting, the Company may provide financial aid for others to acquire shares in the Company, provided that the cumulative total amount of financial aid may not exceed 10% of the total share capital issued. Any purchaser of shares of the Company aforementioned shall include persons assuming direct or indirect obligations due to the purchase of the Company's shares.

Neither the Company nor its subsidiaries shall at any time provide any financial assistance in any form to the above obligors in order to reduce or relieve them from their obligations.

The provisions of this article shall not apply to the circumstances described in Article 45 of this Chapter.

**Article 44** For the purposes of this Chapter, the term “financial assistance” shall include but not be limited to the following:

- (I) gifts;
- (II) guarantees (including the assumption of liability or the provision of property by the guarantor to secure the performance of obligations by the obligor), indemnity (excluding, however, indemnity arising from the Company’s own fault), release or waiver of any rights;
- (III) provision of a loan or entry into of a contract under which the obligations of the Company precede those of the other party to the contract, or a change in the parties to, or the assignment of rights under, such loan or contract;
- (IV) any other form of financial assistance given by the Company when the Company is insolvent or has no net asset or when its net assets would thereby be reduced to a material extent.

**Article 45** The acts listed below shall not be regarded as acts prohibited under Article 43 of this Chapter:

- (I) the provision of financial assistance by the Company where the financial assistance is provided in good faith in the interests of the Company and the principal purpose of which is not for the acquisition of shares in the Company, or where the provision of financial assistance is an incidental part of certain overall plan of the Company;
- (II) the lawful distribution of the Company’s properties in the form of dividends;
- (III) distribution of dividends in the form of shares;
- (IV) a reduction of registered capital, buyback of shares or adjustment of shareholding restructuring effected in accordance with the Articles of Association;
- (V) the provision by the Company of a loan within its scope of operation and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided from its distributable profit).

## CHAPTER 6 SHARE CERTIFICATES AND REGISTER OF MEMBERS

**Article 46** The share certificates of the Company shall be in registered form.

In addition to those provided in Company Law, a share certificate of the Company shall also contain any other items required to be specified by Hong Kong Stock Exchange.

Where the share capital of the Company includes shares that do not carry voting rights, the wording “non-voting” must be indicated in such shares. Where the share capital includes shares with different voting rights, the name of each class of shares, other than those with the most favorable voting rights, shall indicate the wording “restricted voting” or “limited voting”.

The H shares issued by the Company may take the form of overseas depositary receipts or other derivative forms of shares pursuant to the laws in Hong Kong, requirements of the Hong Kong Stock Exchange or practices for registration and deposit of securities.

**Article 47** During the period when H shares are listed on the Hong Kong Stock Exchange, the Company shall ensure all listing documents pertaining to securities listed on the Hong Kong Stock Exchange contain the statements below and shall also instruct and cause its share registrar not to register the subscription, purchase or transfer of any of its shares in the name of any individual holder unless and until such individual holder delivers to such share registrar a signed form for such shares containing the statements below:

- (I) The subscriber of shares agrees with the Company and its shareholders, and the Company agrees with each shareholder, to observe and comply with the requirements of laws and regulations such as the Company Law and the requirements under the Articles of Association.
- (II) The subscriber of shares agrees with the Company and its shareholders, directors, the general manager and other senior management, and the Company (for itself and on behalf of its directors, the general manager and other senior management) agrees with its shareholders to refer all disputes and claims arising from the Articles of Association or any right or obligation conferred or imposed by the Company Law or other relevant laws, administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct an open hearing and to publish its award. Such arbitration shall be final and conclusive.
- (III) The subscriber of shares agrees with the Company and its shareholders that shares of the Company are freely transferred, gifted, inherited and pledged by the holder thereof in accordance with the relevant laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the Company’s shares are listed and the Articles of Association.
- (IV) The subscriber of shares authorizes the Company to enter into a contract on his/her behalf with each director and senior management whereby such director and senior management undertake to observe and fulfil their duties to shareholders stipulated in the Articles of Association.

**Article 48** The share certificates shall be signed by the chairman of the Board of Directors. Where the signatures of other members of the senior management of the Company are required by the stock exchange on which the shares of the Company are listed, the share certificates shall also be signed by such other relevant senior management. The share certificates shall take effect after the Company seal is affixed thereto, whether physically or in printed form. The share certificates shall only be affixed with the Company's seal under the authorization of the Board of Directors. The signatures of the chairman of the Board of Directors of the Company or other relevant senior management on the share certificates may also be reproduced in printed form.

Under the condition that the shares of the Company are issued and traded in paperless form, the applicable provisions of the securities regulatory authority and stock exchanges where the Company's shares are listed shall apply separately.

**Article 49** The Company shall keep a register of members, which shall contain the following particulars:

- (I) the name, address (domicile), occupation or nature of each shareholder;
- (II) the class and number of shares held by each shareholder;
- (III) the amount paid-up or payable for the shares held by each shareholder;
- (IV) the serial numbers of the shares held by each shareholder;
- (V) the date on which a person is registered as a shareholder;
- (VI) the date on which a person ceases to be a shareholder.

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

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

The transfer or assignment of stocks must be registered with the domestic or foreign share registrar authorized by the Company, and shall be recorded in the register of members.

The Company shall enter into a share custody agreement with the share registrar, regularly inquire the information of substantial shareholders and the changes in shareholdings (including pledge of equity interests) of substantial shareholders, and keep abreast of the shareholding structure of the Company.

**Article 50** The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authority under the State Council and overseas securities regulatory authorities, keep its register of holders of overseas listed foreign shares outside of the PRC and appoint overseas agent(s) to manage such register. The original register of holders of H shares shall be maintained in Hong Kong.

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

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

**Article 51** The Company shall maintain a complete register of members. The register of members shall include the following parts:

- (I) the register of members which is maintained at the Company's place of domicile (other than those registers which are described in clauses (II) and (III) of this article);
- (II) the register of members in respect of the holders of overseas listed foreign shares of the Company which is maintained at the place where the overseas stock exchange on which the shares are listed is located;
- (III) the register of members which is maintained in such other place as the Board of Directors may consider necessary for the purpose of listing of the Company's shares.

**Article 52** Different parts of the register of members shall not overlap one another. No transfer of the shares registered in any part of the register shall be registered in any other part of the register of members while that registration remains in effect.

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

**Article 53** All overseas listed foreign shares for which the share capital has been paid in full may be transferred freely in accordance with the Articles of Association. The Board of Directors may refuse to accept any instrument of transfer without giving any reason unless such transfer is carried out in compliance with the following conditions:

- (I) payment of HK\$2.50 per instrument of transfer or the fee as agreed for at the time by the Hong Kong Stock Exchange has been made to the Company for the purpose of registering the instrument of transfer and other documents relating to or affecting the title to the shares;
- (II) the instrument of transfer only relates to overseas listed foreign shares listed in Hong Kong;
- (III) the stamp duty payable on the instrument of transfer as required by Hong Kong laws has been paid;
- (IV) relevant share certificates and evidence as reasonably required by the Board of Directors to prove that the transferor has the right to transfer such shares have been provided;
- (V) if the shares are to be transferred to joint holders, the number of registered joint holders may not exceed four; and
- (VI) the relevant shares are not encumbered by any lien in favor of any company.

All transfers of overseas listed foreign shares shall be effected by a written instrument of transfer in usual or ordinary format or such other format as acceptable to the board of director. If the transferor or transferee of the Company's shares is a recognized clearing house as defined by relevant ordinances of Hong Kong laws in force from time to time (a "Recognized Clearing House") or its agent, the signature on the written instrument of transfer may be signed by hand or in mechanically-printed form. All instruments of transfer must be kept at the legal address of the Company or other place as may be designated by the Board of Directors from time to time.

**Article 54** Laws, administrative regulations, departmental rules, regulatory documents and the listing rules of the stock exchange where the shares of the Company are listed stipulate regulations regarding on the closure of register of member before the general meeting is held or the record date on which the Company decides to distribute dividends, such provisions shall prevail.

**Article 55** Any person who challenges the register of members and requests to have his/her name entered in or removed from the register of members may apply to the court having jurisdiction for rectification of the register of members.

**Article 56** Any shareholder who is registered in, or any person who requests to have his name entered in, the register of members may (if his share certificate (the “original share certificate”) is lost) apply to the Company for replacement of the share certificate in respect of such shares (the “relevant shares”).

If a holder of the domestic shares loses his share certificate and applies for replacement, it shall be dealt with in accordance with the requirements prescribed in article 164 of the Company Law.

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

The holder of H shares who loses his/her share certificates and applies for their replacement shall proceed with the replacement in compliant with the following requirements:

- (I) the applicant shall submit an application to the Company in prescribed form accompanied by a notarial certificate or statutory declaration, containing the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as statement that no other person shall be entitled to request to be registered as the shareholder in respect of the relevant shares.
- (II) before the Company decides to reissue new share certificate, it does not receive a declaration on requiring being registered as a shareholder of the shares from anyone except the applicant.
- (III) before the Company decides to reissue new share certificate to the applicant, it shall publish an announcement on intention for reissuance of new share certificate on the newspapers and periodicals designated by the Board of Directors; the announcement shall be published for 90 days, and republished at least once every 30 days.
- (IV) before the Company publishes an announcement on intention for reissuance of new share certificate, it shall submit a duplicate of the announcement to be published to the stock exchange where it is listed. After receiving the reply of the stock exchange and confirming that the announcement has been displayed in the stock exchange, the Company may publish the announcement. The announcement shall be displayed at the stock exchange for 90 days.
- (V) If the application for a replacement of share certificate is not consented by the registered shareholders of relevant shares, the Company shall mail the photocopies of the announcement to be published to the shareholders.
- (VI) after the ninety-day period of display of announcement specified in clauses (III) and (IV) of this article expires, if the Company does not receive objection to the replacement from anybody, it may reissue a new share certificate according to the application of the applicant.
- (VII) when the Company reissues new share certificate according to the provisions of this article, it shall immediately cancel the original share certificate and record the cancellation and reissuance in the register of members.
- (VIII) the applicant shall bear all the expenses incurred by the Company on cancellation of original share certificate and reissuance of new share certificate. Before the applicant provides reasonable guarantee, the Company shall have the right to refuse to take any action.

**Article 57** Where the Company issues a replacement certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforesaid replacement certificate or a shareholder who thereafter is registered as the owner of such shares (in the case where he or she is a bona fide purchaser) shall not be removed from the register of members.

**Article 58** The Company shall not be liable to any person for any damages caused by the cancellation of the original share certificate or the issuance of the replacement certificate, unless the claimant is able to prove that the Company has acted fraudulently.

If the Company issues warrants to bearer, no new warrant shall be issued to replace the original that is lost unless the Company is satisfied beyond a reasonable doubt that the original warrant has been destroyed.

## CHAPTER 7 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

**Article 59** A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is recorded in the register of members. A shareholder shall enjoy relevant rights and assume relevant obligations in accordance with the class and number of shares he/she holds. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

**Article 60** For holders of H shares, when two or more persons registered as joint shareholders of any share, they shall be deemed as joint holders of the relevant share, and shall be subject to the following provisions:

- (I) The Company shall not have more than four persons registered as joint shareholders for any share;
- (II) All joint shareholders of any share shall, individually and collectively, bear the liabilities for all the payable amount of the relevant share;
- (III) In case of death of one of the joint shareholders, only the other surviving joint shareholder(s) shall be deemed by the Company as owner of the shares, but for the purpose of revising the register of shareholder, the Board shall be entitled to demand the surviving joint shareholder(s) to provide a death certificate as the Board thinks fit;
- (IV) For joint shareholders of any share, the person whose name stands first in the register of shareholders shall be entitled to receive share certificate of the relevant share or receive notice from the Company, and the service of notice to the aforesaid person shall be deemed as service of notice to all joint shareholders. Any of the joint shareholders may sign a proxy form; provided, however, where the number of the joint shareholders presenting in person or by proxy at a meeting is more than one, the vote cast, no matter in person or by proxy, by the shareholder whose name appears in prior sequence shall be regarded as the sole and exclusive vote on behalf of the rest joint shareholders. For the purpose of such voting, the shareholder's priority shall be determined in accordance with the sequence of the joint shareholders holding relevant shares as prescribed in the Company's register of shareholders.
- (V) Where one of the joint shareholders delivers a receipt to the Company as regards to any dividends, bonus or return of capital which shall be distributed to such joint shareholders, such receipt shall be deemed as a valid receipt from such joint shareholders to the Company.

**Article 61** Where the Company convenes a general meeting, distributes dividends, liquidates or carries out other activities that require the determination of identity of shareholders, the Board of Directors or a convener of the general meeting shall set a record date for determination of shareholding, and such date shall not be more than seven business days from the date of convening the general meeting. The shareholders who are registered after the market closes on the record date are the shareholders who enjoy the relevant rights and interests.

**Article 62** Holders of ordinary shares of the Company shall have the following rights:

- (1) The right to receive dividends and other distributions in proportion to the number of shares held;
- (2) The right to request, convene, preside over, attend and vote in person or appoint a proxy to attend and vote correspondingly on their behalf and speak at general meetings in accordance with the laws;
- (3) The right to supervise the Company's operations, and to put forward proposals or raise enquiries;
- (4) The right to transfer, donate or pledge the shares held in accordance with the laws, administrative regulations and the listing rules of the stock exchange where the Company's shares are listed and the provisions of the Articles of Association;
- (5) The right to obtain the relevant information in accordance with the Articles of Association, including:
  1. A copy of the Articles of Association upon payment of a reasonable fee;
  2. The right to inspect and reproduce upon payment of a reasonable fee;
    - 1) The complete register of members;
    - 2) Personal particulars of directors, general manager and other senior management of the Company, including (a) current and former names and aliases; (b) principal address (place of residence); (c) nationality; (d) full-time jobs and all other part-time jobs and positions; (e) identification documents and the numbers thereof;
    - 3) The status of the Company's share capital;
    - 4) Reports showing the aggregate par value, quantity, highest and lowest prices paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount paid by the Company for this purpose (with a breakdown between domestic shares and foreign shares);
    - 5) Counterfoils of corporate bonds;

- 6) Minutes of general meetings (for inspection by shareholders only), resolutions of the board meetings, and resolutions of the meetings of the Audit Committee;
- 7) Financial report;
- 8) A copy of the latest annual report filed with the competent administration for industry and commerce or other competent authorities;
- 9) all relevant foregoing materials of wholly-owned subsidiaries of the Company.

The Company shall make the foregoing documents available for inspection by shareholders at its domicile and at its place of business in Hong Kong.

- (6) In the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining assets of the Company in proportion to the number of shares held;
- (7) With respect to shareholders who voted against any resolution adopted at a general meeting on the merger or division of the Company, the right to demand the Company to acquire the shares held by them;
- (8) Shareholders individually or jointly holding more than 3% of the Company's shares is entitled to make a provisional motion in writing to the Board of Directors ten days before the date of the general meeting;
- (9) Any other rights prescribed by laws, administrative regulations, departmental rules, regulatory documents and the listing rules in the place where the Company's shares are listed or the Articles of Association.

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

**Article 63** If a shareholder asks to review the information mentioned in the preceding Article or makes a request for information, he or she shall submit to the Company written documents evidencing the class and number of shares he or she holds. The Company shall provide the same as requested by the shareholder after authenticating his or her identity.

**Article 64** If any resolution of the general meeting or the Board of Directors of the Company violates the laws or administrative regulations, the shareholders shall have the right to request the people's court to invalidate the resolution. If the convening procedure or voting method of the general meetings or meetings of the Board of Directors violates the laws, administrative regulations or the Articles of Association, or if the contents of a resolution contravene the Articles of Association, the shareholders shall have the right to request the people's court to rescind such resolution within sixty days after passing the resolution.

**Article 65** Shareholders individually or jointly holding over 1% of the Company's shares for at least 180 consecutive days shall have the right to request the Audit Committee in writing to bring a legal action in the people's court against any director other than members of the Audit Committee or senior management for loss of Company resulting from their violation of any laws, administrative regulations or provisions of the Articles of Association in the course of performing their duties; Shareholders individually or jointly holding at least 1% of the Company's shares for at least 180 consecutive days shall have the right to request the Audit Committee and the Board of Directors of the wholly-owned subsidiaries in writing to bring a legal action in the people's court or directly file a legal action with the people's court in their own name against any director or senior management of such wholly-owned subsidiaries for loss of the Company resulting from their violation of any laws, administrative regulations or provisions of the Articles of Association in the course of performing their duties, or when others infringe on the legal rights and interests of the Company and cause losses to the Company. Shareholders may request the Board of Directors in writing to bring a legal action with the people's court against the Audit Committee for the loss of the Company resulting from their violation of any laws, administrative regulations or provisions of the Articles of Association in the course of performing their duties.

The shareholders described in the preceding paragraph may bring legal action in the people's court directly in their own names in the interest of the Company in the event that the Audit Committee or the Board of Directors refuses to initiate legal proceedings after receiving the aforesaid written request of shareholders, or fails to initiate such legal proceedings within 30 days on which such request is received, or in case of emergency where failure to initiate such legal proceedings immediately will result in irreparable damage to the Company's interest.

Shareholders as referred to in the first paragraph of this article may also initiate legal proceedings in the people's court under the provisions set out in the preceding two paragraphs if any third parties infringe on the lawful interests of the Company which caused damages to the Company.

**Article 66** Shareholders may initiate legal proceedings in the people's court against any director or senior management for violation of any laws, administrative regulations or the provisions of the Articles of Association which has damaged the interests of shareholders.

**Article 67** Where the directors and the senior management cause damage to others in the course of performing their duties, the Company shall be liable for compensation; where the directors or the senior management acts with willful or material default, they shall also be liable for compensation.

**Article 68** Holders of ordinary shares of the Company shall assume the following obligations:

- (1) To abide by laws, administrative regulations, departmental rules, regulatory documents, the listing rules of the place where the Company's shares are listed and the Articles of Association;
- (2) To pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) Not to surrender the shares unless required by laws or regulations;

- (4) Not to abuse the shareholders' rights to prejudice the interests of the Company or other shareholders; not to abuse the status of the Company as an independent legal person or the limited liability of the shareholders to prejudice the interests of any creditors of the Company; Where any shareholder of the Company abuses the shareholders' rights and incurs losses to the Company or other shareholders, such shareholder shall be liable for the damages according to the law; Where shareholders of the Company abuse the Company's status as an independent legal person and the limited liability of the shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company;
- (5) Other obligations imposed by laws, administrative regulations, departmental rules, regulatory documents, the listing rules of the place where the Company's shares are listed and the Articles of Association;
- (6) Shareholders are not liable to make any further contribution to the share capital other than as agreed by the subscribers of the relevant shares on subscription.

**Article 69** Where a shareholder holding over 5% of voting shares of the Company pledges any shares in his possession, he shall report the same to the Company in writing on the day on which he pledges his shares.

**Article 70** In addition to the obligations imposed by the laws and Hong Kong Listing Rules, a controlling shareholder, when exercising the shareholders' rights, shall not exercise his or her voting rights in respect of the following matters in a manner prejudicial to the interests of all or some of the shareholders:

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

**Article 71** The controlling shareholder(s) and de facto controller(s) of the Company shall not use the connected relations to the detriment of the interests of the Company, and shall not use its controlling status to expropriate the Company's assets; otherwise, they shall be liable for compensation for any loss incurred to the Company.

The controlling shareholder(s) and de facto controller(s) of the Company shall perform fiduciary duty to the Company and general public shareholders thereof. The controlling shareholder(s) shall exercise capital contributors' rights in strict accordance with laws, shall not damage the legitimate rights and interests of the Company and general public shareholders by such means as profit distribution, asset reorganization, external investment, fund appropriation, loan and guarantee and shall not abuse their controlling status to damage the interests of the Company and general public shareholders.

The Company shall not provide the shareholders or de facto controller(s) with funds, commodities, services or other assets gratis or on manifestly unfair terms; shall not provide funds, commodities, services or other assets to the shareholders or de facto controller(s) on manifestly unfair terms; shall not provide funds, commodities, services or other assets to the shareholders or de facto controller(s) who are noticeably unable to make repayment; shall not provide guarantee to the shareholders or de facto controller(s) who are noticeably unable to make repayment or provide guarantee to the shareholders or de facto controller(s) without justifiable reasons; and shall not, without justifiable reasons, relinquish creditor's rights against the shareholders or de facto controller(s) or assume debts of the shareholders or de facto controller(s). Such transactions as provision of funds, commodities, services or other assets between the Company and the controlling shareholder(s) or de facto controller(s) shall be deliberated by the Board of Directors and the shareholders meeting in strict accordance with the decision-making policies for related party (connected) transactions, in order to prevent the controlling shareholder(s) or de facto controller(s) and its subsidiaries to expropriate the Company's assets.

If the Company finds that any of shareholder expropriates the Company's assets, the Company shall understand the reasons, timing and amounts for expropriating assets immediately, and issue a written notice to the shareholders who expropriate the Company's assets for requiring them to resolve within a specified time frame. The Company shall immediately apply for judicial freezing of the equity interest of the Company they held if the shareholders cannot resolve with a specified time frame, the misappropriated assets shall be compensated through realization of equity interests.

The directors and members of the senior management of the Company have legal obligations to safeguard the capital of the Company. The Board shall immediately investigate if it finds that the directors and the members of the senior management of the Company assist and connive the controlling shareholders and its subsidiaries to expropriate the Company's assets, after confirmation the facts that the directors and the members of the senior management of the Company assist or connive the controlling shareholders and its subsidiaries to expropriate the Company's assets, the Company shall, depending on the seriousness of the case, give a notice and disciplinary warning to the person directly responsible, and propose to the general meeting to dismiss the directors who are seriously responsible.

## CHAPTER 8 GENERAL MEETINGS

**Article 72** The general meeting shall be the organ with authority of the Company and shall exercise following functions and powers in accordance with the law.

- (1) To decide the Company's operational directions and investment plans;
- (2) To elect and replace directors who are not staff representatives and to determine matters relating to the remuneration of the directors;
- (3) To consider and approve the reports of the Board of Directors;
- (4) To consider and approve the Company's annual financial budgets and final accounts;
- (5) To consider and approve the Company's profit distribution plans and loss recovery plans;
- (6) To make resolutions on increase or reduction of the Company's registered capital;
- (7) To make resolutions on the issue of debentures and other securities by the Company;
- (8) To make resolutions on the merger, division, dissolution, liquidation or change of corporate form of the Company;
- (9) To amend the Articles of Association;
- (10) To make resolutions on the appointment, re-appointment or dismissal of the accounting firms;
- (11) To consider and approve the motions put forward by shareholders individually or jointly holding more than 1% of the Company's shares with voting rights;
- (12) To consider other matters which are required to be determined at the general meeting as required by laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the Company's shares are listed and the Articles of Association.

**Article 73** Shareholders' meetings include annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year and within six months after the end of the preceding fiscal year.

**Article 74** The Company shall convene an extraordinary general meeting within two months from the date of the occurrence of any of the following circumstances:

- (I) when the number of directors is less than the quorum prescribed by the Company Law or less than two-thirds of the quorum required by the Articles of Association;
- (II) when the unrecovered loss of the Company is higher than one-third of the total paid-up capital;
- (III) when shareholders individually or collectively holding 10% or more of the shares of the Company make a written request;
- (IV) when the Board consider it necessary;
- (V) when the Audit Committee propose to convene an extraordinary meeting;
- (VI) Other circumstances stipulated by relevant PRC laws, administrative regulations, Hong Kong Listing Rules or the Articles of Association.

**Article 75** The place for holding the Company's general meeting shall be the domicile of the Company or other place as indicated in the notice of the general meeting. The general meeting shall be held in the form of on-site meeting. The Company will provide internet services or other methods to help the shareholders to participate in the general meeting, shareholders may vote by electronic means at virtual general meetings convened with the use of technology. Shareholders shall be deemed to have attended the general meeting by way of the aforesaid methods.

**Article 76** The Company shall engage lawyers to attend the general meeting and issue a legal opinion and an announcement on the following issues:

- (I) whether the procedures relating to the convening and the holding of such meeting comply with laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed and the Articles of Association;
- (II) the legality and validity of the qualifications of the attendees and the convenor of the meeting;
- (III) the legality and validity of the voting procedures and voting results;
- (IV) legal opinions issued on other related matters as requested by the Company.

**Article 77** The independent non-executive director has the right to propose the Board to convene extraordinary general meeting. The Board shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within ten days upon receiving the proposal in accordance with the requirements of the laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed and the Articles of Association.

If the Board agrees to convene the extraordinary general meeting, the notice of convening the extraordinary general meeting shall be issued within five days after a resolution is reached. If the Board does not agree to convene such extraordinary general meeting, reasons shall be explained and announced.

Where the regulatory authorities of the stock exchange where shares of the Company are listed provide otherwise, such provisions shall prevail.

**Article 78** The Audit Committee has the right to propose the Board to convene extraordinary general meeting and such proposal shall be made in writing. The Board shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within ten days upon receiving the proposal in accordance with the requirements of the laws, administrative regulations, the listing rules of the stock exchange where the shares of the Company are listed and the Articles of Association.

If the Board agrees to convene the extraordinary general meeting, the notice of convening the extraordinary general meeting shall be issued within five days after a resolution is reached. Should there be alterations to the original requests in the notice, consent has to be obtained from the Audit Committee. If the Board does not agree to convene the extraordinary general meeting or does not reply within ten days upon receiving the request, the Board will be considered as unable or refused to fulfill the obligation to convene general meetings and the Audit Committee may convene and preside over the meeting on its own initiative.

**Article 79** Shareholder(s) severally or jointly holding 10% or more voting shares of the Company shall have the right to request the Board of Directors to hold an extraordinary general meeting or class meeting, and shall put forward such request to the Board of Directors in writing. The Board of Directors shall, pursuant to relevant laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association, give a written reply on whether or not it agrees to hold such an extraordinary general meeting or class meeting within 10 days after receipt of the request.

Where the Board of Directors agrees to hold the extraordinary general meeting or class meeting, it shall serve a notice of such meeting within 5 days after the resolution is made by the Board of Directors. Any change to the original request set forth in the notice shall be subject to approval by the relevant shareholders. If the Board of Directors does not agree to hold the extraordinary general meeting or class meeting or fails to give a written reply within 10 days after receipt of the request, shareholder(s) severally or jointly holding more than 10% voting shares of the Company shall be entitled to propose to the Audit Committee to hold an extraordinary general meeting or class meeting, and shall put forward such request to the Audit Committee in writing.

If the Audit Committee agrees to convene the extraordinary general meeting or class meeting, it shall serve a notice of such meeting within 5 days after receipt of the said request. In the event of any change to the original proposal set forth in the notice, the consent of relevant shareholder(s) shall be obtained. If the Audit Committee fails to serve the notice of general meeting or class meeting within the prescribed period, the shareholder(s) severally or jointly holding more than 10% voting shares of the Company for more than 90 consecutive days may convene and preside over the meeting by themselves.

**Article 80** Where the Audit Committee or shareholders decide to convene a general meeting by itself/themselves, it/they shall notify the Board in writing and file with the local office of the securities regulatory authority of the State Council in the locality of the Company and with the stock exchange in the place where the stocks of the Company are listed.

Prior to the announcement of the resolution of the general meeting, the shareholding of shareholders who convene the meeting shall not be less than 10%. The Audit Committee and the convening shareholders shall, upon issuing a notice of general meeting and announcing the resolution thereof, submit the relevant documentation to the local office of the securities regulatory authority of the State Council in the locality of the Company and to the stock exchange in the place where the stocks of the Company are listed.

**Article 81** With regard to the general meeting convened by the Audit Committee or shareholders on its/their own initiative, the Board of Directors and its secretary shall offer cooperation. The Board of Directors shall provide a register of members as of the equity registration date. Where the Board of Directors does not provide a register of members, the convener may apply for obtaining it to the securities registration and clearing institution in the place where the stocks of the Company are listed by providing relevant announcement on convention of a general meeting. The register of members obtained by the convener may not be used for other purposes except convention of a general meeting.

**Article 82** If the Audit Committee or shareholders itself/themselves convene a general meeting, the expenses necessary for the meeting shall be borne by the Company and set off against sums owned by the Company to the defaulting directors.

**Article 83** The content of proposals shall fall within the scope of responsibility of the general meeting, shall contain clear subjects for discussion and specific matters to be resolved and shall comply with relevant provisions of the laws, administrative regulations, the listing rules of the place where the shares of the Company are listed and the Articles of Association.

**Article 84** When a general meeting is convened by the Company, the Board of Directors, the Audit Committee and shareholders who individually or collectively hold over 1% of the shares of the Company shall be entitled to put forward proposals to the Company.

Shareholders who individually or collectively hold over 1% of the shares of the Company may submit ad hoc proposals in writing to the convener of the general meeting 10 days before the convening of the general meeting. The convener shall issue a supplemental notice of general meeting within 2 days upon receipt of the proposals and announce the contents of the ad hoc proposals.

Save those specified in the preceding paragraph, the convener shall neither revise the proposals stated in the notice of general meetings nor add new proposals after issuing the announcement on the notice of general meeting.

No voting shall be carried out and no resolution shall be made over the proposals that are not specified in the notice of general meeting or not fulfill the proposal required in Article 83 of the Articles of Association.

**Article 85** When the Company is to hold a general meeting, it shall issue a written notice at least 20 days prior to an annual general meeting or 15 days prior to other general meeting, informing all shareholders of the date, time and place of the meeting and the matters to be considered at the meeting and stating that shareholders may appoint a proxy in writing to attend the meeting and vote on their behalf. Regarding the calculation of the notice period, the date of the meeting shall not be included.

**Article 86** A notice of general meeting shall meet the following requirements:

- (I) be given in writing;
- (II) specify the venue, the date and the time of the meeting;
- (III) state the matters and motions to be discussed at the meeting;
- (IV) provide such information and explanations as are necessary for the shareholders to exercise a sensible judgment on the proposals. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase shares, to reorganize the share capital or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such proposal must be properly explained;
- (V) contain a disclosure of the nature and extent, if any, of the material interests of any director, our general manager, other member of senior management in the transaction proposed and the effect of the proposed transaction on them in their capacity as shareholders in so far as it is different from the effect on the interests of the shareholders of the same class;
- (VI) contain the full text of any special resolution proposed to be voted at the meeting;
- (VII) contain conspicuously a statement that all shareholders are entitled to attend the general meeting and vote, and the shareholder may appoint a proxy in writing to attend the meeting and vote on his/her behalf and that a proxy need not be a shareholder of the Company;
- (VIII) specify the time and place for delivering proxy forms for the relevant meeting;
- (IX) specify the record date for determining the shareholders who are entitled to attend the general meeting; the period between the record date and the date for the meeting shall not be more than 7 working days. No changes shall be made once the record date is confirmed;
- (X) state the names and telephone numbers of the standing contact persons for the meeting.

If a general meeting is held online or otherwise, the designated time and procedure for voting online or through other means shall be expressly stated in the notice of such meeting.

Any notice and supplementary notice of general meetings shall sufficiently and completely disclose all contents of all motions in full and all such information or explanation as are necessary for the shareholders to make an informed judgment on the matters to be discussed in full. If any matter to be discussed requires opinions of the independent non-executive directors, the opinions and reasons of the independent non-executive directors shall be disclosed together with the issuance of such notice. Matters that are not included in the notice shall not be resolved at the general meeting.

**Article 87** If the election of directors is proposed to be discussed at a general meeting, the notice of such meeting shall adequately disclose the detailed information of the candidates for directors, which information shall at least include:

- (I) personal particulars, including educational background, work experience, and part-time jobs;
- (II) whether one has any connected relations with the Company, its controlling shareholders and de facto controllers;
- (III) the number of shares of the Company one holds;
- (IV) whether one has been punished by the securities regulatory authority of the State Council or any other relevant authority or the reprimand of the stock exchange;
- (V) the information of the directors appointed, or reappointed or transferred that must be disclosed according to the provisions of Hong Kong Listing Rules.

Unless a director is elected via the cumulative voting system, each candidate for director shall be proposed via a single proposal.

**Article 88** Unless otherwise specified in the laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed or the Articles of Association, the notice of a general meeting shall be sent out to shareholders (whether they have voting rights at the shareholders meeting or not) by personal delivery or by prepaid mail. The addresses of the recipients are subject to the addresses registered in the register of members.

For shareholders of domestic shares, the notice of a general meeting may also be sent out in form of announcement.

Subject to relevant provisions of laws and regulations, requirements of the listing rules of the stock exchange in the place where the stocks of the Company are listed and relevant procedures, the Company may also give the notice of a general meeting to holders of H shares by means of publishing the notice on the website of the Company and the websites designated by the Hong Kong Stock Exchange or in other ways permitted by Hong Kong Listing Rules and the Articles of Association, instead of giving the notice to H Share shareholders by personal delivery or by prepaid mail.

**Article 89** After the notice of general meeting is issued, the same meeting shall not be postponed or cancelled and the proposals set out in the notice shall not be cancelled without proper reasons. In the case of any postponement or cancellation of the meeting, the convener shall make an announcement and give the reasons therefore at least two workdays prior to the date on which the meeting is originally scheduled.

**Article 90** The Board of Directors of the Company or any other convener shall take necessary measures to ensure the proper order of the general meeting. The Board of Directors or any other convener shall take measures to stop any act disturbing the general meeting, seeking trouble or infringing upon the legitimate rights and interests of shareholders, and shall report such act to the relevant authority for investigation and treatment.

**Article 91** All shareholders or their proxies in the register of members on the equity registration date shall be entitled to attend the general meeting and exercise their voting rights according to relevant laws, administrative regulations, departmental rules, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association.

The shareholders that have the right to attend general meetings and exercise voting rights may attend at general meetings either in person or by one or multiple proxies (the proxies may be not shareholders of the Company) on their behalf and exercise voting rights within the authorization scope. If the shareholder is a recognized clearing house or its agent as defined in the relevant laws or regulations of the place where stocks of the Company are listed, it may authorize one or more persons it deems appropriate to act as its representatives at any general meeting or creditors' meeting. However, if more than one person is authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized. The power of attorney shall be signed by a person authorized by the recognized clearing house. A person so authorized may attend meetings (without presenting proof of shareholding, notarized authorization and/or further evidence to prove they have obtained official authorization) and exercise rights on behalf of the recognized clearing house (or its agent), as if the person is an individual shareholder of the Company.

**Article 92** An individual shareholder attending a meeting in person shall present his/her identity card or other valid identity certificates or share account card; a proxy attending a meeting on behalf of an individual shareholder shall present his/her identity card and power of attorney of the shareholder. For a legal person shareholder, its legal representative or a proxy appointed thereby attending the meeting shall be deemed it attended the meeting in person. The legal representative attending the meeting shall present his/her identity card or valid certificate bearing evidence of his/her qualifications as legal representative; a proxy attending the meeting shall present this/her identity card and the written power of attorney lawfully issued by the legal representative of the legal person shareholder.

**Article 93** Any shareholder entitled to attend and vote at a general meeting shall have the right to appoint one or several person(s) (who may not be a shareholder) to act as his/her/its proxy(ies) to attend and vote at the meeting on his/her/its behalf. A shareholder shall authorize a proxy in a written form, with the signature of the principal or the proxy authorized by it in a written form. If the principal is a legal person, the legal person seal or the signature of its director or officially authorized proxy shall be affixed.

The power of attorney issued by a shareholder to appoint a proxy to attend a general meeting shall specify:

- (I) the name of the proxy;
- (II) number and class of shares of the principal represented by the proxy;
- (III) whether or not the proxy has any voting right;

- (IV) directive to vote for or against or abstain from voting on each and every matter under consideration included in the agenda of the general meeting;
- (V) the date of issue and validity period of the power of attorney;
- (VI) signature (or seal) of the principal. If the principal is a corporate shareholder, the corporate seal shall be affixed.

**Article 94** Any format of power of attorney sent by the Board of Directors of the Company to shareholders for appointing shareholder proxies shall enable the shareholders to freely select instructing the shareholder proxies to cast affirmative or negative votes, and give instructions on the matters to be voted at every topic of the meeting. A power of attorney shall state clearly that the proxy shall be entitled to vote or not at his discretion in the absence of specific instructions from the shareholder.

**Article 95** The power of attorney for voting shall be prepared at the Company's domicile or at such other place as specified in the notice of the meeting at least 24 hours prior to the convention of the meeting at which the power of attorney authorizes to vote, or 24 hours prior to the designated voting time. If the power of attorney for voting by proxy is signed by the authorized person of the principal, the letter of authority for signing or other authorization documents shall be notarized. The notarized power of attorney and other authorization documents shall, together with the power of attorney for voting, be deposited at the Company's domicile or at such other place as specified in the notice of the meeting.

Where the principal is a legal person, its legal representative or a person authorized by the Board of Directors or other decision-making body shall attend the general meeting of the Company.

**Article 96** Where the principal is deceased, or loses capacity for act, or withdraws appointment, or withdraws the authorization to endorse appointment, or relevant shares have been transferred before voting, as long as the Company does not receive written notice on such matter before commencement of the meeting, the vote made by the shareholder proxy according to the power of attorney shall be still valid.

**Article 97** Attendees' register shall be prepared by the Company. The attendees' register shall state the names (or names of the corporations), identification card number and the address of the attendees, the number of voting shares held or represented, names of the principals (or names of the corporations) and so on.

**Article 98** The convener and the lawyer appointed by the Company shall jointly verify the validity of the shareholders' qualifications based on the register of members provided by the securities registration and clearing organization, and shall register the names of the shareholders as well as the number of their voting shares. The registration for a meeting shall be completed before the presider announces the number of shareholders and proxies that attend the meeting and the total number of their voting shares.

**Article 99** All directors and secretary to the Board of Directors shall attend general meetings of the Company, and the general manager and other senior management shall be present at the meetings.

**Article 100** Shareholders' meetings shall be convened by the Board of Directors. Shareholders' meetings shall be presided over by the chairman. Where the chairman cannot or does not fulfil the duty thereof, the vice chairman shall preside over the meeting; and where the vice chairman cannot or does not fulfil the duty thereof, more than half of the directors may jointly elect a director to preside over the meeting.

A general meeting convened by the Audit Committee itself shall be presided over by the chairman of the Audit Committee. Where the chairman of the Audit Committee cannot or does not fulfil the duty thereof, more than half of the members of the Audit Committee may jointly elect a member of the Audit Committee to preside over the meeting.

A general meeting convened by the shareholders themselves shall be presided over by a representative elected by the convener. If for any reason, the shareholder is unable to elect a representative as a presider to preside over the meeting, the shareholder holding the most voting shares among the shareholders (including shareholder proxy (other than HKSCC Nominees)) shall act as the preside to preside over the meeting.

When a general meeting is held and the presider violates the Articles of Association or the rules of procedure for general meetings of the Company, which makes it difficult for the general meeting to continue, a person may be elected at the general meeting to act as the presider, subject to the approval of more than half of the attending shareholders with voting rights.

**Article 101** The Company shall formulate rules of procedure for general meetings specifying in details the convening and voting procedure of general meetings, covering notification, registration, consideration of proposal, voting, counting of votes, announcement of voting result, formation of resolution, meeting minutes and signing thereof and announcement, and the principle and contents of authorization of the Board on general meetings. The rules of procedure for general meetings shall be attached as appendix to the Articles of Association and shall be formulated by the Board of Directors and approved at the general meeting.

**Article 102** The Board of Directors and the Audit Committee shall report their work in the preceding year at the annual general meeting.

**Article 103** Directors and members of the senior management shall make explanations in relation to the inquiries and suggestions made by shareholders at general meetings.

**Article 104** The presider shall, prior to voting, announce the number of attending shareholders and their proxies as well as the total number of their voting shares, and the number of attending shareholders and their proxies and the total number of their voting shares shall be based on the meeting records.

**Article 105** Minutes of a general meeting shall be kept by the secretary to the Board of Directors. The minutes of the meeting shall contain:

- (I) time, venue and agenda of the meeting, and the name of the convener;
- (II) the names of the presider, and the directors, general manager and other senior management attending or present at the meeting;
- (III) the number of shares with voting rights held by the holders of domestic shares (including the shareholder proxy) and holders of foreign shares (including the shareholder proxy) attending the meeting, and their respective proportions in the total number of shares of the Company;
- (IV) the consideration process, summaries of comments and voting result for each proposal; when the voting results are recorded, the voting circumstances of the holders of domestic shares and holders of foreign shares on each matter subject to resolution;
- (V) inquiries or suggestions of the shareholders, and the corresponding responses or explanations;
- (VI) the names of the lawyer, counting officer and monitoring officer;
- (VII) other contents that shall be recorded in the minutes in accordance with the Articles of Association.

**Article 106** The convener shall ensure the minutes of the meeting are true, accurate and complete. The attending directors, secretary to the Board, convener or representative thereof, and the presider shall sign the minutes of the meeting. The minutes of the meeting, the signed attendance list of shareholders present and the power of attorney for attendance by proxy, and the valid information relating to the voting over the Internet or other means shall be kept for 10 years.

**Article 107** Shareholders may inspect the photocopies of minutes of meetings for free during the business hours of the Company. If any shareholder asks for the photocopy of relevant meeting minutes from the Company, the Company shall provide the photocopy within seven days after receipt of reasonable fee.

**Article 108** The convener shall ensure that a general meeting is held continuously until final resolutions are arrived at. If the general meeting is terminated or fails to reach any resolution due to force majeure or for other special reasons, the convener shall take necessary measures to resume the general meeting as soon as possible or directly terminate the general meeting and make a responsive announcement. Meanwhile, the convener shall report to the local office of the securities regulatory authority under the State Council of the place where the Company operates and the stock exchange in the place where the stocks of the Company are listed.

**Article 109** Resolutions of a general meeting shall be classified as ordinary resolutions and special resolutions.

Ordinary resolutions shall be passed by votes representing at least half of the voting rights held by shareholders (including proxies thereof) attending the general meeting. Special resolutions shall be passed by votes representing at least two thirds of the voting rights held by shareholders (including proxies thereof) attending the general meeting.

**Article 110** The following matters shall be approved by ordinary resolutions at a general meeting:

- (I) work reports of the Board of Directors;
- (II) the Company's profit distribution plan and loss recovery plan;
- (III) appointment and dismissal of the members of the Board of Directors, their remunerations and the method of payment thereof;
- (IV) the Company's annual budgets, final accounts, balance sheets, income statements and other financial statements;
- (V) the Company's annual reports;
- (VI) external guarantees specified in the Articles of Association;
- (VII) consideration and approval of matters relating to the changes in the use of proceeds from share offerings;
- (VIII) resolution on appointment or dismissal or non-renewal of the engagement of the Company's accounting firm;
- (IX) other matters than those that should be passed by special resolutions pursuant to laws, administrative regulations, the listing rules of the stock exchange in the place where the stocks of the Company are listed or the Articles of Association.

**Article 111** The following matters shall be approved by special resolutions at a general meeting:

- (I) increase or decrease of registered capital of the Company and issuance of any class of shares, warrants and other similar securities;
- (II) issuance of corporate bonds;
- (III) the division, merger, dissolution and liquidation of the Company;
- (IV) amendment to the Articles of Association;
- (V) any other matter specified in the laws, administrative regulations, the listing rules of the stock exchange of the place where the Company's shares are listed or the Articles of Association and confirmed by an ordinary resolution at a general meeting that it may have material impact on the Company and accordingly shall be approved by special resolutions.

At least two-thirds of the Company's shareholders of the class to which the rights are attached shall be required to approve a change to those rights.

**Article 112** Shareholders (including shareholder proxies) shall exercise their voting rights in the amount of the voting shares they represent, with each share carrying one vote. The votes casted by minority investors shall be separately counted when material matters affecting the interests of minority investors are being considered at the general meeting. The results of the separate vote-counting shall be publicly disclosed in a timely manner in accordance with applicable laws, regulations, and the listing rules of the stock exchange where the company's shares are listed. The shares held by the Company itself shall have no voting rights and shall not be included into the total number of voting shares held by the attending shareholders. The Board of Directors, independent non-executive directors and shareholders who meet related provisions may solicit the voting rights of shareholders. Where the voting rights of a shareholder are being solicited, information such as the specific voting intention shall be fully disclosed to the shareholder. It is prohibited to solicit shareholders' voting rights through compensated or disguised compensated means. The Company shall not impose restrictions on the minimum shareholding percentage for solicitation of voting rights.

**Article 113** When a connected transaction is considered at a general meeting, connected shareholders shall not vote, and the voting shares they represent shall not be counted in the total number of valid voting shares; the announcement of any resolution made at the general meeting shall adequately disclose information relating to voting by non-connected shareholders.

When a general meeting considers the connected transaction matter, the connected shareholder shall actively give an explanation to the general meeting and explicitly indicate that he will not participate in the voting. In case such connected shareholder fails to actively explain the connected relation, other shareholders may request him to do the same and avoid voting. Connected shareholder fails to explain the connected relation and avoid voting, the voting shares held by him/her shall not be included into the total number of voting shares present at the general meeting.

If, after the conclusion of the general meeting, other shareholders find out that the related shareholders have participated in the voting on the related party transactions, such shareholders shall be entitled to initiate legal proceedings with the people's courts in respect of the relevant resolutions according to the Company Law and the provisions of the Articles of Association.

**Article 114** The Company shall facilitate shareholder participation in general meetings by whatever means and channels including the use of modern information technology means such as online voting platform, provided that the general meeting shall be held legally and validly.

**Article 115** Unless the Company is in a crisis or any special circumstance, the Company may not enter into any contract with anyone other than a director, general manager or other senior management to have all or a significant part of the Company's business in the care of the said person, unless with the approval by special resolutions at a general meeting.

**Article 116** List of the candidates for directors shall be submitted by way of proposal at general meetings for voting.

1. Shareholders individually or in aggregate holding at least 1% of the Company's shares may nominate and recommend candidates for directors to the Board of Directors in written form. After review of qualifications of candidacy by the Board of Directors, a written proposal will be submitted to general meeting for election.
2. The Board of Directors may nominate and recommend candidates for directors and independent non-executive directors of the Company, and formulate a written proposal in the form of Board of Directors' resolution and submit to the general meeting for election.
3. Shareholders individually or in aggregate holding at least 1% of the Company's Shares can nominate and recommend candidates for independent non-executive directors of the Company. After review of qualifications of candidacy by the Board of Directors, a written proposal will be submitted to general meeting for election.

**Article 117** When the shareholders in the general meeting vote in respect of the election of directors, a cumulative voting system shall be implemented in accordance with the provisions of the Articles of Association or the resolutions of the general meeting.

The cumulative voting system as referred above means that when a director is elected at the general meeting, each share shall carry the same number of voting rights as the number of directors to be elected. That is, a shareholder attending the general meeting holds a number of votes equal to the product of the number of shares they represent and the number of directors to be elected. Each shareholder may cast all his votes to a single candidate or spread his votes among different candidates, provided that the cumulative votes cast shall not exceed the total number of votes held by that shareholder. The Board of Directors shall announce the biographies and basic information of each candidate for directors to the shareholders. The directors shall be elected according to the number of votes received. The number of votes obtained by the elected directors shall exceed half of the voting rights held by the shareholders attending the general meeting. For the candidates for directors whose affirmative votes exceed at least half of the effective voting rights held by shareholders attending the general meeting, the elected directors shall be determined specifically according to the predetermined number of directors to be determined and based on the votes in descending order.

**Article 118** The Company uses the cumulative voting system for the measures of voting in the election of directors:

- (I) When the directors (including independent non-executive directors) are elected by way of voting at the general meeting of the Company, each shareholder holds a number of votes equal to the product of the number of shares they represent and the number of directors to be elected; when the shareholders exercise voting rights, they have the right to determine whether to vote for a candidate of director and the number of votes.
- (II) When filling in a ballot, a shareholder may either put all his/her votes to one candidate for director or allocate his/her votes among different candidates for directors, with indication of the number of votes underneath the name of each candidate for directors he/she elected. For candidates for directors that a shareholder is not willing to elect, zero votes shall be marked underneath their names.

- (III) A ballot shall be valid when number of votes indicated on ballots do not exceed the aggregate number of votes held by a shareholder. Votes by such shareholder shall be listed in valid voting results.
- (IV) A ballot shall be invalid if the number of votes cast by a shareholder exceed the valid number of votes held by such shareholder. Votes by such shareholder shall not be included in the valid voting results.
- (V) An elected director shall receive affirmative votes representing at least one-half of the valid voting rights held by shareholders attending the general meeting. For candidates for directors who receive affirmative votes representing at least one-half of valid votes at the general meeting, the elected director shall be determined based on the predetermined numbers of director to be elected and the valid votes of each candidate for directors and then the number of votes received in descending order.
- (VI) If the number of candidates for directors who receive affirmative votes representing at least one-half of the valid voting rights held by shareholders attending the general meeting exceed predetermined numbers to be elected, those unelected candidates for directors according to the number of votes received in descending order, shall be deemed unelected.
- (VII) If all or some of the candidates for director have not received affirmative votes representing at least one-half of the valid voting rights held by shareholders attending the general meeting, resulting in the number of directors so elected not reaching the predetermined quota for election, a second round of voting may be taken for election among the candidates for director not receiving affirmative votes representing at least one-half of the valid vote rights held by shareholders attending the general meeting. If in the second round of voting, there are candidates for directors who receive affirmative votes representing at least one-half of the valid voting rights held by shareholders attending the general meeting, the elected director shall be determined based on the number of votes received in descending order and dependent on the predetermined number of directors need to be elected. If in the second round of voting, no candidate for director receives affirmative votes representing at least one-half of the valid voting rights held by shareholders attending the general meeting, or the number of candidates so elected does not meet the predetermined number for election, no more election will be held at such general meeting, and by-election shall be held at the next general meeting.
- (VIII) If there are candidates for directors who receive the same number of affirmative votes representing at least one-half of the valid voting rights held by the shareholders attending the general meeting, and the number of such candidates exceeds the predetermined number of directors to be elected, a second round of voting shall be conducted in accordance with the relevant rules of this article; if the predetermined number of directors is still not met after the second round of voting, no more election will be held at such general meeting, and by-election shall be held at the next general meeting.
- (IX) No voting will be held at such general meeting and election for next general meeting will be arranged when no director of corresponding class and number required under the Articles of Association have been elected after two elections held in such general meeting.

**Article 119** Except for the cumulative voting system, all resolutions shall be resolved on a case-by-case basis at the general meeting. Where different resolutions for the same issue are proposed, such resolutions shall be voted on and resolved in the order of time in which they are proposed. Unless the general meeting is suspended or no resolution can be made due to special reasons such as force majeure, voting of such proposals shall neither be put on hold nor voting by-passed at the general meeting.

**Article 120** When considering a resolution at a general meeting, no amendment shall be made thereto. Otherwise, any change made thereto shall be considered as a new resolution, of which the voting shall not proceed in that meeting.

**Article 121** The same voting right may only be exercised at either an on-site meeting, on the Internet or in another voting method. In the event that the same voting right is exercised repeatedly, the result of the first vote cast shall prevail.

**Article 122** Unless otherwise required in the Articles of Association, at any general meeting, a resolution shall be decided on a show of hands, unless, before or after a vote is carried out by a show of hands, a poll is demanded by the following persons or required by relevant regulations of the securities regulatory authority of the place where the shares of the Company are listed:

- (I) the chairman of the meeting;
- (II) at least two shareholders present in person or by proxy entitled to vote thereat;
- (III) one or more shareholders (including proxies) holding, individually or in the aggregate, 10% or more of all shares carrying the right to vote at the meeting.

Unless a poll is demanded as requested, a declaration by the chairman that a resolution has been passed on a show of hands and the recording of the same in the minutes of meeting shall be conclusive evidence of the fact that such resolution has been passed. There is no need to provide evidence of the number or proportion of votes in favor of or against such resolution.

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

If a poll is demanded in accordance with the relevant regulations of the securities regulatory authority at the place where the shares of the Company are listed, the chairman of the meeting may make a decision in good faith to permit the resolutions solely relating to procedures or administrative matters to be passed by a show of hands.

A poll demanded on the election of the chairman of the meeting, or the adjournment of the meeting, shall be taken forthwith. A poll demanded on any other matter shall be taken on the date determined by the chairman of the meeting, and the meeting may proceed with the discussion of other matters; the result of the ballot shall still be regarded as a resolution passed at the meeting.

**Article 123** On a poll taken in respect of shares at a meeting, a shareholder (including a proxy) entitled to two or more votes is not required to cast all his votes for, against or in abstention.

**Article 124** In the event of an equality of the number of votes for and against a resolution, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to one additional vote.

**Article 125** Voting at a general meeting shall be taken by a registered ballot.

**Article 126** Before the proposals are voted at the general meeting, two shareholder representatives shall be appointed to participate in vote counting and monitoring. If any shareholders are interested in the matters to be considered, relevant shareholders or their proxies shall not participate in the vote counting or monitoring.

When the proposals are being voted at the general meeting, lawyers and shareholder representatives shall be jointly responsible for vote counting and scrutinizing and announcing the voting results onsite, while result of the vote would be recorded in the minutes of the meeting. The Company shall appoint its accounting firm, share registrar or an external auditor qualified as its accounting firm to be the scrutineer.

Shareholders of listed companies or their proxies voting via the internet shall have the right to check their own votes cast through the relevant voting system.

**Article 127** An on-site general meeting shall not end earlier than the one held through internet or by other methods. The chairman of the meeting shall decide whether the resolutions of the meeting have been passed according to the voting and result of each proposal and his/her decision shall be conclusive, announced at the meeting and be recorded in the minutes.

Before announcing the poll results officially, the listed companies, the vote-counter, the voting scrutineer, our major shareholders and the internet service providers involved in the voting at the general meeting, through the internet or other method shall assume confidentiality obligations.

**Article 128** Shareholders present at the general meeting shall give one of the following comments to the proposals put forward for voting: for, against or abstention. If the voting slip has not been completed or has been completed incorrectly or that the writing is illegible or that the voting slip has not been cast, it shall be treated that the voter has renounced his/her voting rights and the voting result of the relevant number of shares held by him/her shall be counted as “abstain”.

Where the Hong Kong Listing Rules requires an abstention in respect of a resolution by any shareholder, or imposes restrictions on any shareholder for voting for (or against) a resolution, the vote casted by such shareholders or their proxies shall not be counted in case of any violation of the said requirement or restrictions.

**Article 129** If the chairman of the meeting has any doubt on the poll results, he may arrange for vote counting. If the chairman of the meeting does not arrange for vote counting and the shareholders or their proxies attending the meeting object to the results announced by the chairman, they shall have the right to demand vote counting immediately after announcement of the voting results, and the chairman of the meeting shall arrange for vote counting immediately.

If counting of votes is held at a general meeting, the result of the counting shall be recorded in the minutes of the meeting. Minutes of meetings together with the signature book of the shareholders attending the meeting and proxy forms shall be kept at the domicile of the Company.

**Article 130** Public announcement of the voting results of a general meeting, containing the number of shareholders and proxies attending the meeting, the total number of voting shares held by them and its proportion to the total number of voting shares of the Company, the form of voting, result of each resolution and the detailed content of each resolution, shall be issued in time.

**Article 131** If a proposal is not passed or a resolution passed at the previous general meeting is amended at such general meeting, it shall be set out as a special reminder in the announcement on resolutions of the general meeting.

**Article 132** Where a proposal on election of directors is passed at the general meeting, saved as otherwise required by the general meeting, the term of office of a new director shall commence on the date on which resolutions being approved by the general meeting until the date on which the term of the current Board of Directors expire.

**Article 133** Where a proposal on cash dividends, bonus shares or increase of share capital by way of transfer from capital reserves, the Company shall implement the specific scheme within two months after conclusion of the general meeting.

## CHAPTER 9 BOARD OF DIRECTORS

**Article 134** Directors shall be elected or replaced by the general meeting, and may be removed from his office by the general meeting before the expiration of their term.

The term of office of a director is three years. A director may serve consecutive terms if re-elected. Independent non-executive directors who hold office for more than 9 years shall be re-elected after relevant consideration procedures are performed in accordance with the listing rules of the stock exchange where the shares of the Company are listed.

Any director with unexpired term of office may be removed by the general meeting by an ordinary resolution in accordance with relevant laws and regulations and the listing rules of the stock exchange at which the shares of the company are listed, provided that the director's right to claim damages based on any contract shall not be affected.

A director's term of service commences from the date he takes office, until the current term of service of the Board of Directors ends. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations, departmental rules, the listing rules of the stock exchange at which the shares of the company are listed and the Articles of Association until a re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office.

The general manager or other members of senior management may concurrently serve as a director, provided that the aggregate number of the directors, who concurrently serve as general manager or other members of senior management, and the directors who are employee representatives, shall not exceed one half of all the directors of the Company.

A director is not required to hold shares of the Company. Directors of the Company shall be natural persons. A director is not required to hold shares of the Company.

**Article 135** The directors shall comply with the laws, administrative regulations, the listing rules of the stock exchange at which the shares of the company are listed and the Articles of Association and shall faithfully perform their following obligations to the Company:

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

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

**Article 136** The directors shall comply with the laws, administrative regulations, the listing rules of the stock exchange at which the shares of the company are listed and the Articles of Association and shall diligently perform their following obligations to the Company:

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

- (III) to understand the operation and management of the Company in a timely manner;
- (IV) to approve regular reports of the Company in written form and to ensure the integrity, accuracy and completeness of the information disclosed by the Company;
- (V) to provide all relevant information and materials required by the Audit Committee and shall not intervene the performance of duties of the Audit Committee or members of the Audit Committee;
- (VI) to perform other obligations of diligence stipulated by the laws, administrative regulations, departmental rules, the listing rules of the stock exchange at which the shares of the company are listed and the Articles of Association.

**Article 137** The methods and procedures of director nomination are as follows:

- (I) The methods and procedures of nomination of director candidates shall be carried out in accordance with the relevant requirements of laws, administrative regulations, departmental rules, the listing rules of the stock exchange of the place where the shares of the Company are listed or the Articles of Association;
- (II) Written notification of the intention to nominate a candidate for director and the confirmation of the candidate's consent to be nominated as director shall be served upon the Company 7 days prior to date of the general meeting (such 7-days notification period shall begin no earlier than the next day following the delivery of the notice of the general meeting and end no later than 7 days prior to the date of the general meeting). The Company shall give a period of at least 7 days (which begins from the next day following the delivery of the notice of the general meeting) for the nominators and the director candidates to submit the abovementioned notice and documents. The director candidate who has given his/her consent to be nominated shall undertake that his/her personal information as disclosed are true and complete and that he/she will conscientiously perform his/her duties as director if so elected.

**Article 138** A director who fails to attend meetings of the Board of Directors in person or by proxy for two consecutive times shall be deemed as unable to perform his/her duties. The Board of Directors shall propose to the general meeting for removal of such director.

**Article 139** A director may resign prior to the expiry of his/her term of office. To resign, the director must submit a written resignation notice to the Board of Directors. The Board of Directors shall make relevant disclosure as soon as possible, but no later than 2 days.

If the Board of Directors falls below the required minimum number due to a director's resignation, the resigning directors shall still perform their duties as directors in accordance with the requirements of laws, administrative regulations, departmental rules, the listing rules of the stock exchange at which the shares of the Company are listed and the Articles of Association until a replacement director assumes office. Except as described in the preceding paragraph, a director's resignation takes effect upon delivery of his/her resignation report to the Board of Directors.

Subject to relevant laws and regulations and the regulatory rules of the place where the shares of the Company are listed, any director appointed to fill a casual vacancy or as an addition to the Board of Directors shall serve only until the first annual general meeting of the Company following their appointment and shall be eligible for re-election at that meeting.

**Article 140** When a director's resignation takes effect or his/her term of service expires, the director shall complete all handover procedures with the Board of Directors. His/her fiduciary duties towards the Company and the shareholders do not necessarily cease before the resignation letter becomes effective or within a reasonable period after it has become effective, and within a reasonable period after the end of his/her term of service. The duty of confidentiality in respect of trade secrets of the Company shall still maintain in effect after the director's departure, until such trade secrets become publicly available information. Other duties may continue for such period as the principle of fairness may require, taking into account the length of time elapsed between the occurrence of the event concerned and the director's departure, and the circumstances and conditions under which such director's relationship with the Company is terminated.

**Article 141** Unless legally authorized by these Articles of Association or the Board of Directors, no director shall act on behalf of the Company or the Board of Directors in their individual capacity. When a director acts in his/her own name and if a third party could reasonably consider such director acts on behalf of the Company or the Board of Directors, such director shall declare in advance his/her position and capacity.

**Article 142** A director shall be personally liable for any loss incurred by the Company as a result of his/her violation of any laws, administrative regulations, departmental rules, the listing rules of the stock exchange at which the shares of the Company are listed or the Articles of Association in the course of performing his/her duties.

A director who abandons his/her duties without authorization shall be liable for economic loss incurred by the Company as a result.

**Article 143** Independent non-executive directors shall perform their duties in accordance with the relevant requirements of laws, administrative rules, departmental rules and the listing rules of the stock exchange where the shares of the Company are listed.

Independent non-executive directors may resign before their term expires. If, at any time, the independent non-executive directors of the Company fail to meet the number, qualification and independence requirements as required by the Hong Kong Listing Rules, the Company shall notify the Hong Kong Stock Exchange and, by way of announcement, clarify the details and reasons thereof. The Company shall, within 3 months of such non-compliance, appoint such number of independent non-executive directors that is sufficient to meet the requirements of the Hong Kong Listing Rules as soon as possible.

**Article 144** The Company shall have a Board of Directors accountable to the general meeting.

**Article 145** The Board of Directors shall comprise 10 directors and shall have one chairman. Directors are elected by the general meetings. The number of independent non-executive directors shall be not less than three and they shall comprise not less than one-third of the total number of directors. At least one independent non-executive director must possess appropriate accounting or related financial management expertise. At least one independent non-executive directors must be ordinarily resident in Hong Kong.

**Article 146** The Board of Directors shall exercise the following powers:

- (I) to convene general meetings and report to the general meetings;
- (II) to implement resolutions of general meetings;
- (III) to decide on the Company's business plans and investment plans;
- (IV) to formulate the annual financial budgets and final accounts of the Company;
- (V) to prepare the profit distribution plans and loss recovery plans of the Company;
- (VI) to formulate proposals for the increase or reduction of the Company's registered capital, issue of bonds or other securities and the listing plans;
- (VII) to formulate plans for material acquisitions, purchase of shares of the Company, merger, division, dissolution or change to the corporate structure of the Company;
- (VIII) to decide on, within the scope of authority granted by the general meeting, external investment, acquisition and disposal of assets, pledge of asset, entrusted wealth management and other matters;
- (IX) to decide on the establishment of internal management organizations of the Company;
- (X) to appoint or dismiss the general manager, secretary to the Board of Directors, and financial controller of the Company, and other senior management and to determine their remunerations, rewards and disciplinary actions;
- (XI) to set up the basic management system of the Company;
- (XII) to formulate the proposals for any amendment to the Articles of Association;
- (XIII) to manage the information disclosure of the Company;

- (XIV) to propose to the general meeting the appointment or replacement of the accounting firms which provide audit services to the Company;
- (XV) to listen to work reports of the general manager and review his/her work;
- (XVI) to exercise other functions and powers as conferred by laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed, the general meetings or the Articles of Association.

The Board of Directors may resolve on the issues specified in the above paragraphs by approval of more than half of the directors save for the issues specified in clauses (VI), (VII) and (XII), for which approval of more than two-thirds of the directors is required.

The Board of Directors of the Company has established the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy Committee according to the need. These special committees shall be accountable to the Board of Directors and perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors, and proposals shall be submitted to the Board of Directors for consideration and decision. Members of the special committees are all comprised of directors, in particular, with a majority of the members of the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee being independent non-executive directors. The convenors (the chairman) of the Audit Committee and the Remuneration and Appraisal Committee shall be independent non-executive director(s) and the convenor (the chairman) of the Nomination Committee shall be the chairman or an independent non-executive director.

The Board of Directors is responsible for formulating the rules of procedure of the special committees, and regulating the operation of the special committees.

**Article 147** The Audit Committee, as one of the special committees of the Board of Directors, exercises the powers of the Board of Supervisors as stipulated in the Company Law. The Audit Committee shall be comprised of at least three members, a majority of whom shall not hold any position in the Company other than that of director, and shall not have any relationship with the Company that may affect their independent and objective judgment and one of the members shall be an independent non-executive director possessing appropriate accounting or related financial management expertise.

**Article 148** 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 realised from the disposal of fixed assets within four months before such proposed disposal exceeds 33% of the value of the fixed assets as shown on the latest balance sheet considered and approved by the general meeting.

The disposal of the fixed assets mentioned herein includes the transfer of certain asset interests, but excludes the creation of security over fixed assets.

The validity of the Company's disposal of the fixed assets shall not be affected by any breach of the foregoing provisions in the first paragraph of this article

**Article 149** The Company's Board of Directors shall explain to the general meeting any non-standard audit advice issued by certified accountant in relation to the financial report of the Company.

**Article 150** The Board of Directors shall formulate the rules of procedure for meetings of the Board of Directors to ensure the implementation by the Board of Directors of the resolutions of general meeting, improve efficiency and guarantee well-informed decision-making.

The rules of procedure of the Board of Directors provide the convening and voting procedures of the meetings of the Board of Directors and shall be attached to and have equal legal effect as, the Articles of Association. The rules of procedure of the Board of Directors shall be drafted by the Board of Directors and be subject to the approval by the general meetings.

**Article 151** The Board of Directors shall determine the scope of authorities in respect of external investments, acquisitions or sales of assets, asset mortgages, external guarantees, entrusted wealth management and connected transactions, and establish strict review and decision-making procedures. Material investment projects shall be reviewed by experts and professionals and shall be subject to shareholders' approval at general meeting.

It shall be considered by the Board of Directors of the Company that the Company provides any guarantee to others with its assets or credit, and it shall be considered and approved by more than two-thirds of directors present at the board meetings. Any external guarantee provided by the Company shall be disclosed to the public in a timely manner upon consideration by the Board of Directors. When the Board of Directors considers any external guarantee, it shall obtain approval from more than two-thirds of directors present at the meetings of the Board of Directors and approval from more than two-thirds of all of independent non-executive directors.

The Company requires counterparties to provide counter-guarantees for external guarantees exceeding the Company's proportional shareholding and such counterparties shall have actual ability to perform. Before deciding to provide any external guarantee (or before proposing to a general meeting for voting), the Board of Directors of the Company shall understand the creditworthiness of the guaranteed party and thoroughly analyze the benefits and risks of such guarantee.

No directors and senior management of the Company shall enter into an external guarantee contract on behalf of the Company without approval and authorization by a general meeting or the Board of Directors of the Company.

Directors and senior management of the Company shall prudently manage and strictly control the risks of debts arising from external guarantees. If the Company suffers losses because the directors and senior management of the Company violate the approval authority and review procedures for external guarantees, the responsible directors and members of the senior management shall be liable for compensation for the losses arising from the violations or improper external guarantees in accordance with the laws. The Audit Committee or eligible shareholders of the Company may initiate a legal proceeding in accordance with the requirements under this Articles of Association.

The Company shall strictly comply with the relevant listing rules of the stock exchange and the relevant requirements under this Articles of Association, and diligently fulfill its obligation of disclosure of external guarantees.

The independent non-executive directors of the Company shall specifically explain and issue an independent opinion in its annual report regarding the cumulative and current external guarantees of the Company and relevant requirements of the execution of external guarantees.

**Article 152** The chairman and vice chairman of the Company shall be elected and removed by a majority vote of all directors.

**Article 153** The chairman shall exercise the following powers:

- (I) to preside over general meeting and to convene and preside over meetings of the Board of Directors;
- (II) to monitor and inspect the implementation of resolutions passed by the Board of Directors;
- (III) to sign the securities certificates issued by the Company;
- (IV) to nominate the candidate for the Company's general manager and secretary to the Board of Directors and submit to the Board of Directors for consideration;
- (V) to handle the daily affairs of the Board when it is in recess;
- (VI) to sign legal documents that shall be signed by the chairman of the Company;
- (VII) to exercise special authority regarding the Company's affairs in accordance with laws and regulations and the interests of the Company, and to subsequently report such actions to the Company's Board of Directors and general meeting, in the event of any emergency caused by force majeure such as major natural disaster;
- (VIII) to exercise other powers granted by the Board of Directors.

**Article 154** The vice chairman of the Company shall assist the chairman in his duties. If the chairman is unable or fails to perform his duties, the vice chairman shall perform such duties; if the vice chairman is unable or fails to perform his duties, a director elected by more than half of the directors shall perform such duties.

**Article 155** The Board of Directors shall discuss its business through board meetings. Meetings of the Board of Directors include regular meetings and extraordinary meetings.

The Board of Directors shall hold at least four regular meetings each year on a roughly quarterly basis and shall be convened by the chairman. Notice of a regular meeting of the Board of Directors shall be given to all directors at least 14 days in advance.

The agenda and all relevant meeting documents of regular board meetings shall be delivered to all directors in a timely manner, and at least three days (or any other agreed period) prior to the scheduled date of board meetings or its committee meetings.

**Article 156** The Board of Directors shall call for an extraordinary meeting in any of the following circumstances:

- (I) where shareholders representing over one-tenth of the voting right propose;
- (II) where over one-third of the directors jointly propose;
- (III) where the Audit Committee proposes;
- (IV) where the Board of Directors considers it necessary;
- (V) where over half of the independent non-executive directors propose;
- (VI) where the general manager proposes;
- (VII) where the securities governing authorities request to convene;
- (VIII) other circumstances stipulated by the Articles of Association.

The chairman shall convene and preside over a meeting of the Board of Directors within 10 days from receipt of such proposals.

**Article 157** Notice of an extraordinary meeting of the Board of Directors shall be served by personal delivery, mail, facsimile or emails at least 3 days before the meeting. This provision may be waived upon unanimous consent of all directors.

**Article 158** The notice of the board meeting shall include the following information:

- (I) date, time and place of the meeting;
- (II) duration of the meeting;
- (III) purpose and issues to discuss;
- (IV) date of notice.

**Article 159** The board meeting shall be held only if more than half of directors are present. Resolutions of the Board of Directors are voted by way of poll with each director having one vote. In case of a tie vote, the chairman of the Board of Directors shall have an additional vote.

**Article 160** If any director has a connection with the enterprise involved in the resolution proposed at a board meeting, the said director shall not vote on the said resolution for himself or on behalf of another director. Such board meeting may be held when more than half of the non-connected directors attend the meeting. The resolution proposed at the board meeting shall be passed by more than half of the non-connected directors; while resolutions requiring approval of over two-thirds of the Board of Directors shall be passed by over two-thirds of the non-connected directors. If fewer than three non-connected directors attend the meeting, the issue shall be submitted to the general meeting for consideration.

**Article 161** Resolutions of board meetings may be decided by written ballot or by a show of hands.

Unless otherwise required by laws, administrative regulations, departmental rules, regulatory documents and the listing rules of the stock exchange of the place where the shares of the Company are listed, and provided that directors are fully guaranteed to express their opinions at an extraordinary board meeting, resolutions may be passed and adopted by way of facsimile, postal mail, communication and countersignature etc., and signed by participating directors. Written resolutions shall then be signed by the directors who have voted by way of facsimile or communication.

**Article 162** Directors shall attend the meetings of the Board of Directors in person. Where a director is unable to attend a meeting for any reason, he/she may, by a proxy form, appoint another director to attend the meeting on his/her behalf. The proxy form shall set out the name of the proxy, issues under consideration, scope of authorization and effective period, which will be signed or sealed by the appointing director. The proxy director present at the meeting shall exercise the rights of a director within the scope of authorization. Where a director is unable to attend a meeting of the Board of Directors and has not appointed a proxy to attend the meeting on his/her behalf, he shall be deemed to have waived his/her right to vote at the meeting.

A director who appoints another director to attend the meeting on his/her behalf shall be severally liable for legal liability for any decisions made by the proxy within the scope of authorization.

**Article 163** Each director shall have an equal right to speak in the board discussion and shall have the right to fully express their views or suggestions on matters or issues under consideration at the board meeting.

**Article 164** Where a director leaves during a board meeting without the consent of the chairman of the meeting, he/she is deemed to have waived his/her right as a director for that the meeting.

**Article 165** The Board of Directors shall keep minutes of decision made on issues discussed at the board meetings. The minutes shall be signed by the participating directors.

The minutes of a board meeting shall be kept as the Company's record for a period of at least 10 years.

**Article 166** The minutes of a board meeting shall include the following information:

- (I) date, time and place of the meeting and the name of the convener and the chair;
- (II) names of the attending directors and names of the directors (proxies) appointed by other directors to attend the board meetings;
- (III) agenda of the meeting;
- (IV) main points of directors' remarks;
- (V) method and result of the voting for each proposal (the voting result should specify the number of votes for and against the proposal or abstention).

**Article 167** Directors shall be responsible for the resolutions of Board of Directors. If the Company suffers serious losses as a result of any of resolutions of Board of Directors in breach of laws, administrative regulations or the Articles of Association or the resolutions of the general meetings, the directors who participated in the passing of such resolution are liable to compensate the Company therefor. However, if it can be proven that a director expressly dissented from the resolution when the resolution was voted on, and that such dissent was recorded in the minutes of the meeting, such director may be relieved of liability.

## CHAPTER 10 THE SECRETARY TO THE BOARD OF DIRECTORS

**Article 168** The Company shall have a secretary to the Board of Directors, who shall be a member of the senior management of the Company.

**Article 169** The secretary to the Board of Directors of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be appointed by the Board of Directors. Main responsibilities include:

- (I) to ensure the Company's organization documents and records are kept complete;
- (II) to ensure the preparation and submission by the Company of reports and documents as required by competent authorities in accordance with the law;
- (III) to ensure the Company's registers of members are properly maintained, and that persons entitled to access the Company's records and documents are furnished with such records and documents in a timely manner;
- (IV) to perform other duties as granted by the Board of Directors and required by the laws, administrative regulations and the listing rules of the stock exchange at the place where the shares of the Company are listed and the Articles of Association.

**Article 170** A director or other senior manager may serve as the secretary to the board concurrently. An accountant from the accounting firm engaged by the Company shall not serve as the secretary to the Board of Directors concurrently. Where a director concurrently serves as the secretary, and an act is required to be conducted by a director and the secretary separately, the person who holds both positions may not perform such act in a dual capacity.

## CHAPTER 11 GENERAL MANAGER AND OTHER SENIOR MANAGEMENT OFFICERS

**Article 171** The Company shall have one general manager, one president, one financial controller and one secretary to the Board of Directors. Each has a term of three years, and shall be appointed or dismissed by the Board of Directors, renewable upon re-appointment.

Directors may concurrently serve as the general manager and vice general manager.

**Article 172** Requirements set out in Article 135 hereof with respect to the directors' fiduciary duty and the requirements set out in Article 136 (IV) to (VI) hereof with respect to the directors' diligence duty shall also be applicable to the members of the senior management of the Company.

**Article 173** A person holding other administrative positions other than directors in any entity of the Company's controlling shareholders and de facto controllers shall not serve as members of the senior management of the Company.

**Article 174** The general manager shall be accountable to the Board and exercise the following functions and powers:

- (I) to be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions adopted by the Board of Directors, and to report to the Board of Directors;
- (II) to organize the implementation of the annual business plans and investment plans of the Company;
- (III) to propose plans for the structuring of the Company's internal management departments;
- (IV) to propose the basic management system of the Company;
- (V) to formulate the detailed rules and regulations of the Company;
- (VI) to propose to the Board of Directors on appointment or dismissal of management members who shall be appointed or dismissed by the Board of Directors;
- (VII) to propose the salaries, benefits, rewards and disciplinary actions for the Company's employees, and to decide on the hiring or dismissal of the Company's employees;
- (VIII) other duties and powers authorized by the Articles of Association and the Board of Directors.

**Article 175** When working out issues that involve the vital interests of the Company's employees, such as the wages, benefits, work safety, labor protection, social insurance or staff resettlement, the general manager shall first take into account the opinions of the labor union and the employee representative assembly.

**Article 176** At the request of the Board of Directors and the Audit Committee, the general manager shall promptly report on matters including the execution and performance of material contracts, on the use of funds and on profits and losses of the Company. The general manager shall ensure the truthfulness, objectivity and completeness of the reported information.

**Article 177** The general manager shall be present at meetings of the Board of Directors. The general manager who is not also a director shall not have voting rights at the board meetings.

**Article 178** The general manager may resign before the end of his or her term. The specific procedures and methods for resignation of the general manager shall be provided for in the employment contract between the general manager and the Company.

**Article 179** Candidates for the general manager of the Company shall be nominated by the Board of Directors, and appointed or dismissed by the Board of Directors.

**Article 180** In the exercise of their functions and powers, the general manager and other senior management members shall perform their duties of fiduciary and diligence in accordance with laws and the Articles of Association.

A member of the senior management shall be personally liable for any loss incurred by the Company as a result of his/her violation of any laws, administrative regulations, departmental rules or the Articles of Association in the course of performing his/her duties.

## **CHAPTER 12 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY**

**Article 181** The following person shall not serve as the director, general manager or other senior management of the Company:

- (I) persons without capacity or with limited capacity of civil conduct;
- (II) persons who have committed offences relating to corruption, bribery, embezzlement of property, misappropriation of property or disruption of social economic order and have been sentenced to criminal punishment, where less than five years has elapsed since the date of enforcement, or who have been deprived of their political rights due to a criminal offense, where less than five years has elapsed since the date of enforcement;
- (III) persons who were former directors, factory managers or managers of a company or enterprise which was declared bankrupt due to its poor operation and management and was liquidated and who were personally liable for the bankruptcy of such company or enterprise, where less than three years has elapsed since the date of completion of the bankruptcy and liquidation of the company or enterprise;
- (IV) persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of the law and who were personally liable, where less than three years has elapsed since the date of the revocation;
- (V) persons who have a substantial amount of debts due and outstanding;
- (VI) persons who are under the investigation by the judicial authority for alleged offence in accordance with the criminal laws and the proceedings remain pending;

- (VII) persons who are banned by the securities regulatory authority under the State Council from the securities markets and the enforcement period has not expired;
- (VIII) persons who are prohibited from acting as a leader of an enterprise by virtue of laws or administrative regulations;
- (IX) persons other than a natural person;
- (X) persons who have been convicted by the competent authority for violation of securities regulations by acting fraudulently or dishonestly, where less than five years has elapsed since the date of the conviction;
- (XI) other contents stipulated by laws, administrative regulations, departmental rules, regulatory documents or listing rules of stock exchange where the shares of the Company are listed.

Where the Company elects and appoints a director or employs member of the senior management to which any of the above circumstances applies, such election, appointment or employment shall be null and void. A director and member of the senior management to which the first paragraph of this article applies during his/her term of office shall be released of his/her duties by the Company.

**Article 182** The validity of an act of a director, general manager and other senior management on behalf of the Company for a bona fide third person is not affected by any incompliance in the appointment, election or qualification thereof.

**Article 183** In addition to obligations imposed by laws, administrative regulations or the listing rules of the stock exchange where the shares of the Company are listed, each of the directors, general manager, and other members of the senior management owes a duty to each shareholder in the exercise of the functions and powers of the Company entrusted to him/her:

- (I) not to cause the Company to exceed the scope of business laid down in its business license;
- (II) to act honestly in the best interests of the Company;
- (III) not to expropriate in any way the Company's property, including (without limitation) usurpation of opportunities advantageous to the Company;
- (IV) not to expropriate the individual rights of shareholders, including (without limitation) rights to distribution and voting rights, save pursuant to the corporate restructuring submitted to the general meetings for approval in accordance with the Articles of Association.

**Article 184** Each of the directors, general manager, and other members of the senior management of the Company owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Article 185** Each of the directors, general manager, and other members of the senior management of the Company shall carry on his duties in accordance with the principle of fiduciary and shall not put himself in a position where his duty and his interest may conflict. This principle includes (without limitation) the discharge of the following obligations:

- (I) to act honestly in the best interests of the Company;
- (II) to exercise powers within the scope of his powers and not to exceed those powers;
- (III) to exercise the discretion vested in him personally and not to allow himself to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in general meeting, not to delegate the exercise of his discretion;
- (IV) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (V) except in accordance with the Articles of Association or with the informed consent of shareholders given in general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (VI) without the informed consent of shareholders given in general meeting, not to use the Company's property for his own benefit;
- (VII) not to abuse his position to accept bribes or other illegal income or expropriate the Company's property by any means, including (without limitation) opportunities advantageous to the Company;
- (VIII) without the informed consent of shareholders given in general meeting, not to accept commissions in connection with the Company's transactions;
- (IX) to abide by the Articles of Association, faithfully execute his official duties and protect the Company's interests, and not to exploit his position and power in the Company to advance his own private interests;
- (X) not to compete with the Company in any form unless with the informed consent of the general meeting;
- (XI) not to misappropriate the Company's funds or lend such funds to others, not to open accounts in his own name or other names for the deposit of the Company's assets and not to provide a guarantee for debts of a shareholder of the Company or other individual(s) with the Company's assets;

(XII) unless otherwise permitted by informed consent of the general meeting, to keep in confidence information acquired by him in the course of and during his tenure and not to use the information other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:

1. disclosure is made under compulsion of law;
2. the interests of the public require disclosure;
3. the interests of the relevant director, general manager and other members of the senior management require disclosure.

**Article 186** Each director, general manager and other members of the senior management of the Company shall not cause the following persons or institutions (“associate(s)”) to do what he is prohibited from doing:

- (I) the spouse or minor child of a director, general manager and other senior management of the Company;
- (II) a person acting in the capacity of trustee of a director, general manager, and other members of the senior management of the Company or any person referred to in (I) herein;
- (III) a person acting in the capacity of partner of a director, general manager and other members of the senior management of the Company or any person referred to in (I) and (II) herein;
- (IV) a company in which a director, general manager and other members of the senior management of the Company, alone or jointly with one or more persons referred to in (I), (II) and (III) herein and other directors, general manager and other members of the senior management of the Company have a de facto controlling interest;
- (V) the directors, general manager and other members of the senior management of the controlled company referred to in the (IV) herein.

**Article 187** The fiduciary duties of the directors, general manager and other members of the senior management of the Company do not necessarily cease with the termination of their terms of office. The duty of confidence in relation to trade secrets of the Company survives the termination of their terms of office. Other duties may continue for such period as fairness may require depending on the time lapse between the termination and the act concerned and the circumstances under which the relationships between them and the Company are terminated.

**Article 188** The liability of directors, general manager and other members of the senior management of the Company for breaching a given obligation may be waived by the general meeting which has knowledge of the circumstances, save for other circumstances specified in the Articles of Association.

**Article 189** Where a director, general manager and other members of the senior management of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, other than his contract of service with the Company, he shall declare the nature and extent of his interests to the Board of Directors at the earliest opportunity, whether or not such contract, transaction or arrangement therefor is otherwise subject to the approval of the Board of Directors.

Unless under the exceptional circumstances specified in the Hong Kong Listing Rules or permitted by the Hong Kong Stock Exchange, directors shall not vote on any resolutions of the Board of Directors in respect of any contract or arrangement or any other suggestion in which he/she or his/her close associates (as defined in the Hong Kong Listing Rules) have a material interest. When determining whether the quorum is reached, such directors shall not be counted.

Unless the interested director, general manager and other members of the senior management disclose his/her interests in accordance with the requirements of the preceding paragraph of this article and the contract, transaction or arrangement is approved by the Board of Directors at a meeting in which the interested director, general manager and other members of the senior management is not counted in the quorum and refrains from voting, such contract, transaction or arrangement is voidable at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the interested director, general manager and other members of the senior management.

A director, general manager and other members of the senior management of the Company is deemed to be interested in a contract, transaction or arrangement in which an associate of him is interested.

**Article 190** If, prior to the Company's initial consideration of entering into relevant contracts, transactions, or arrangements, a director, general manager and any other member of senior management of the Company has delivered a written notice to the Board, which contains a statement that he/she has interests in the contracts, transactions, or arrangements to be entered into by the Company in the future due to the contents specified in the notice, such director, general manager and other members of senior management shall be deemed to have made the disclosure stipulated by the preceding Article in respect of the statement contained in the notice.

**Article 191** The Company shall not, in any manner, pay taxes for its directors, general managers and other members of senior management.

**Article 192** The Company shall not, directly or indirectly, make a loan to or provide a loan guarantee to any director, general manager and other member of senior management of the Company and of the Company's parent company or any of the relevant persons of the foregoing.

The preceding provision shall not apply to the following circumstances:

- (I) the provision by the Company of a loan or loan guarantee to its subsidiaries;
- (II) the provision by the Company of a loan or loan guarantee or any other funds available to any of its directors, general manager and other members of senior managements to meet expenditures incurred by him/her for the purpose of the Company or for the purpose of enabling him to perform his/her duties in accordance with the employment contract approved by the general meeting;
- (III) if the ordinary course of the business of the Company includes the provision of a loan or loan guarantee, the Company may provide a loan or loan guarantee to the relevant directors, general manager and other members of senior managements and the relevant persons thereof, provided that such provision is on normal commercial terms.

**Article 193** 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 of the loan, forthwith repay such funds to the Company.

**Article 194** The loan guarantee which has been provided by the Company in breach of the Article 192 (I) shall not be enforceable against the Company, save in respect of the following circumstances:

- (I) at the time the loan was made to a relevant person of any of the directors, general manager and other members of senior managements of the Company or the Company's parent company, the lender was not aware of the relevant circumstances;
- (II) the security provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

**Article 195** The guarantee as referred to in the preceding article of this Chapter shall include the undertaking of liability of the provision of property by the guarantor to secure the obligor's performance of his obligations.

**Article 196** In addition to any rights and remedies provided by laws and administrative regulations, when a director, the general manager and any other member of senior management of the Company is in breach of his/her duties to the Company, the Company has a right:

- (I) to demand relevant director, general manager and other members of senior management to compensate for the losses sustained by it as a result of such breach of duty;
- (II) to rescind any contract or transaction entered into between the Company and relevant director, general manager and other member of senior management and between the Company and a third party (where such party knew or should have known that such director, general manager and other members of senior management representing the Company has been in breach of his duty to the Company);
- (III) to demand such director, general manager and other member of senior management to surrender the proceeds as result of the breach of his duty;

- (IV) to recover any money which shall have been received by the Company but were received by such director, general manager and other member of senior management instead, including (without limitation) any commissions;
- (V) to demand repayment of any interests earned or which may have been earned by such director, general manager and other member of senior management on money which shall have been received by the Company.

**Article 197** The Company shall enter into a written contract with each director, general manager and other member of senior management, which shall at least include the following provisions:

- (I) the director, general manager and other member of senior management shall undertake to the Company, to comply with the Company Law, the Articles of Association and the Hong Kong Codes on Takeovers and Mergers and Share Repurchases and regulations of the Hong Kong Stock Exchange, and agree that the Company will be entitled to the remedies as specified in the Articles of Association, and such contract and his/her position shall not be transferred;
- (II) the director, general manager and other member of senior management shall undertake to the Company, to comply with and perform the duties that he/she shall perform to the shareholders as required by the Articles of Association;
- (III) the arbitration provisions specified in the Articles of Association;

A written contract shall also include remuneration, with the prior approval of the general meeting. The aforesaid remuneration may include:

- (I) remuneration in respect of his/her service as director or member of senior management of the Company;
- (II) remuneration in respect of his/her service as director or member of the senior management of any subsidiary of the Company;
- (III) remuneration in respect of the provision of other services in connection with the management of the Company and any of its subsidiaries;
- (IV) payment by way of compensation for loss of office or for or in connection with the retirement of such director from office.

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

**Article 198** Any contracts for remuneration between the Company and its directors shall provide that in the event that the Company is to be acquired by others, the Company's directors shall, subject to the prior approval of the general meeting, have the right to receive compensation or other payment for his/her loss of or retirement from office. Acquisitions mentioned above of the Company includes any of the following:

- (I) an acquisition offer made by any person to all the shareholders;

(II) an acquisition offer made by any person with a view to enable the offeror to become a controlling shareholder.

If the relevant director does not comply with this article, any sum so received by him/her shall belong to those persons who have sold their shares as a result of acceptance such offer. The expenses incurred for distributing such sum on a pro rata basis amongst such persons shall be borne by such director and shall not be paid out of such sum.

## **CHAPTER 13 FINANCIAL AND ACCOUNTING SYSTEM, AND PROFIT DISTRIBUTION**

**Article 199** The Company shall formulate its financial and accounting systems in accordance with PRC laws and the PRC accounting standards formulated by relevant state authorities.

**Article 200** The Company shall prepare financial reports at the end of each fiscal year. Such reports shall be audited by an accounting firm in accordance with the law. The Company shall adopt the Gregorian calendar year as its fiscal year, which shall commence on January 1 and end on December 31 of the same Gregorian calendar year. The Company shall adopt the Renminbi as its bookkeeping base currency and its account books shall be kept in Chinese.

**Article 201** The Board of Directors of the Company shall place before the shareholders at each annual general meeting such financial reports as relevant laws, administrative regulations, and directions promulgated by the local government and the authorities-in-charge require the Company to prepare.

**Article 202** The financial reports of the Company shall be made available for inspection by shareholders 20 days prior to an annual general meeting. Each shareholder of the Company shall have the right to obtain a copy of the financial reports referred to in this Chapter.

The Company shall send the foregoing report of the Board of Directors, the financial report together with the balance sheet (including all annexes to the balance sheet as prescribed by the laws), profit and loss statement and income and expenditure statement, or summary financial report to each holder of overseas listed foreign shares by pre-paid mail at least 21 days before the convening of the general meeting. The address of the recipient shall be the registered address as shown on the register of members.

**Article 203** The Company shall prepare its financial statements in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the place where the Company's shares are listed overseas. In case of any material difference between the financial statements respectively in accordance with the two accounting standards, explanations shall be made in the notes to the financial statements. Distribution of the profit after tax for the relevant fiscal year shall be based on the lesser of the profit after tax as shown in the two sets of financial statements.

**Article 204** The interim results or financial information announced or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the place where the Company's shares are listed overseas.

**Article 205** The Company shall publish financial reports twice every fiscal year, namely an interim financial report within 60 days after the end of the first six months of the fiscal year and an annual financial report within 120 days after the end of the fiscal year.

The aforementioned financial reports shall be prepared in accordance with relevant laws.

**Article 206** The Company shall not keep accounts other than those provided by law.

**Article 207** The capital reserve shall include the following funds:

- (I) the premiums obtained from the issue of shares above par;
- (II) other revenue required by the State Council's finance authority to be included in the capital reserve.

**Article 208** The Company's profit distribution policy is:

**(I) Principles of profit distribution**

The Company has implemented a consistent, stable and proactive profit distribution policy, especially the cash dividend policy. The Company's profit distribution policy aims to provide reasonable investment returns to investors while also taking into account the actual situation and long-term interests of the Company, and shall not be detrimental to the overall interests of all shareholders of the Company and the sustainable development of the Company, and adheres to the distribution of profits in accordance with the legally prescribed order of priority. The profits distributed shall not exceed the cumulative distributable profits.

**(II) Forms of profit distribution**

The Company may distribute its profit in the form of cash, shares or a combination of cash and shares or in other ways as permitted by the laws and regulations.

**(III) Interval of profit distribution**

On the premise that the Company meets the conditions for cash dividends and ensure its normal production, operation and long-term development, it will, in principle, declare cash dividends once every year, and the Board of Directors may propose the interim dividend when feasible based on the scale of the Company's profitability, its liquidity, the stage of its development and its capital requirements.

**(IV) Specific circumstances of cash dividends**

The Company shall fulfill the following specific conditions for the implementation of cash dividends:

1. The realised distributable profit of the Company for the year or half-year (the profit after tax of the Company after recovery of losses and allocation to the reserve fund) is positive with sufficient cash flows, and the cash dividend distribution will not affect the subsequent continuing operation of the Company;

2. The Company's cumulative distributable profit is positive;
3. The Company's auditor issues a standard unqualified audit report on the Company's financial report for the year;
4. The Company does not have any material investment plan or significant cash expenditure and other matters scheduled in the next 12 months (except for the fund - raising investment projects).

Material investment plans or significant cash expenditures means: the Company's proposed cumulative expenditures for foreign investment, acquisition of assets or purchase of equipment in the next 12 months will reach or exceed 50% of the Company's latest audited net assets and exceed RMB50 million, or will reach or exceed 30% of the Company's latest audited total assets.

#### **(V) Proportion of profit distribution**

Under the premise of conforming to the principle of profit distribution and ensuring the normal operation and development planning of the Company, the Company shall prioritize the distribution of dividends in cash when the conditions for the implementation of cash dividends are met. If there is no material investment plan or significant cash expenditure occurs, the Company's profits distributed in cash in the year shall be no less than 10% of the available profits realized in the year, the specific dividend distribution ratio based on the Company's cash flow, financial condition, future development planning and investment projects in the year, distinguishing by analyzing the differences of the following circumstances, and in accordance with the procedures set out in the Articles of Association, to put forward a differentiated cash dividend policy:

1. Where the Company is in a developed stage with no substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 80% of the profit distribution;
2. Where the Company is in a developed stage with substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 40% of the profit distribution;
3. Where the Company is in a developing stage with substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 20% of the profit distribution.

In the case that it is difficult to distinguish the Company's stage of development but the Company has significant capital expenditure arrangements, the profit distribution may be dealt with pursuant to the preceding provisions.

## **(VI) Conditions for the payment of share dividends**

In conjunction with the Company's production and operation, and based on the Company's cumulative distributable profits, provident funds and liquidity, the Company may distribute profits by way of share dividends provided that the Company's cash dividends, the size of the Company's share capital and the shareholding structure are reasonable. In determining the specific plan for the distribution of profits by share dividends, the Company shall give full consideration to whether the total share capital after the distribution of profits by share dividends is commensurate with the Company's scale of operation, the rate of growth of earnings, and the impact on the cost of bond financing in the future, so as to ensure that the plan for the distribution of profits is in line with the overall interests of all shareholders and the long-term interests of the Company. The specific dividend distribution ratio will be considered and approved by the Board of Directors of the Company and submitted to the general meeting for consideration and decision.

## **(VII) Decision-making procedures and mechanisms for profit distribution**

1. The Board of Directors of the Company shall formulate annual or interim profit distribution proposals for submission to the Board of Directors of the Company for consideration after taking into account the specific operating results, the scale of profitability, liquidity, the stage of development, the current capital requirements and the shareholders' return planning, as well as the opinions of the shareholders, in particular the small and medium-sized shareholders, and the independent non – executive directors. The Board of Directors shall carefully analyse and justify matters such as the timing, conditions and minimum percentage of the Company's cash dividends, the conditions for adjustments and the requirements of the decision – making procedures when considering the specific plan for cash dividends. The independent non-executive directors shall issue clear written independent opinions.
2. When the general meeting considers the profit distribution plan, in addition to voting at the on-site meeting, the Company may make an online voting system available to shareholders to fully listen to their opinions and demands, especially the small and medium-sized shareholders. Meanwhile, the Company will proactively communicate and exchange with small and medium-sized shareholders through a variety of channels such as telephone, fax and interactive platforms, and respond to issues of concern to small and medium-sized shareholders in a timely manner.
3. The profit distribution plan shall be approved by a majority of the votes held by the shareholders or shareholders' proxies present at the general meeting. The Board of Directors of the Company is required to complete the profit distribution plan within 2 months from the date that the profit distribution resolution is considered and approved at the general meeting.

4. The Audit Committee of the Company shall supervise the implementation of the Company's profit distribution policy and shareholders' return planning by the Board of Directors and the management as well as the decision-making procedures.
5. In the event that the Company does not pay any cash dividends when it is profitable and has positive cumulative undistributed profits for a certain year, the Board of Directors shall provide a special explanation on the specific reasons for not paying cash dividends, the exact use of the Company's retained earnings and the projected investment income, etc., which shall be submitted to the general meeting for consideration after the independent non-executive directors have given their written opinions.

**(VIII) Decision-making procedures and mechanisms for alternation to the profit distribution policy**

1. The Company may adjust or alter its profit distribution policy and shareholders' return planning if it is materially affected by significant changes in the external operating environment or its own operating conditions, or if the Company needs to do so based on its production and operating conditions, investment planning and long-term development.

“Significant changes in the external business environment or its own operating conditions” refers to significant changes in the economic environment, force majeure events leading to the Company's operating losses, significant changes in its principal business, major asset reorganization, etc.

2. The Board of Directors of the Company shall, when adjusting or altering the profit distribution policy and shareholders' return planning, take into account the specific operating conditions, give full consideration to the profitability and business scale, liquidity, the stage of development and the current capital requirements, and carry out a detailed discussion with a view to protecting the rights and interests of shareholders, especially small and medium-sized shareholders, and taking into account the Company's sustainable development in the long term. The opinions of the shareholders, especially the small and medium-sized shareholders, independent non – executive directors and the Audit Committee shall be fully given into account. The proposed adjustment or alternation shall be submitted to the general meeting of the Company for deliberation after consideration and approval by the Board of Directors and shall be implemented only after the proposal is approved by at least two-thirds of the votes held by the shareholders present at the general meeting.
3. When the general meeting considers the adjustment or alternation of profit distribution policy, the Company shall at the same time provide online voting method to facilitate the participation of small and medium-sized shareholders in the general meeting to vote on the matter.

**Article 209** The Company shall appoint receiving agents for holders of overseas listed foreign shares to collect on behalf of the relevant shareholders the dividends distributed and other moneys payable in respect of overseas listed foreign shares.

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

**Article 210** The Company shall not keep accounts other than those provided by law. Any assets of the Company shall not be kept under any account opened in the name of any individual.

**Article 211** When the Company distributes its after-tax profits for a given year, it shall allocate 10% of profits to its statutory reserve fund. The Company shall no longer be required to make allocations to its statutory reserve fund once the aggregate amount of such reserve reaches at least 50% of its registered capital.

If the Company's statutory reserve fund is insufficient to make up losses from previous years, the Company shall use its profits from the current year to make up such losses before making the allocation to its statutory reserve fund in accordance with the preceding paragraph.

After making the allocation from its after-tax profits to its statutory reserve fund, the Company may, subject to a resolution of the general meeting, make an allocation from its after-tax profits to the discretionary reserve fund.

After the Company has made up its losses and made allocations to its reserve funds, the remaining profits of the Company shall be distributed in proportion to the shareholdings of its shareholders, unless the Articles of Association provide those distributions are to be made otherwise than proportionally.

If the general meeting breaches the provisions of the preceding paragraph by distributing profits to shareholders before the Company has made up its losses and made allocations to the statutory reserve fund, the shareholders must return to the Company the profits that were distributed in breach of the said provisions.

Shares of the Company that are held by the Company itself shall not participate in the distribution of profits.

The Company's reserve funds shall be used to make up the Company's losses, to expand the Company's production and operations or, is capitalized to increase the Company's capital. Where the reserve is used to make up for the Company's losses, the discretionary reserve fund and statutory reserve fund shall be firstly used. If these are insufficient to make up the losses, the capital reserve can be used in accordance with relevant provisions. The capital reserve shall include the following funds:

- (I) the premiums obtained from the issue of shares above par;
- (II) other revenue required by the State Council's finance administrative authority to be included in the capital reserve.
- (III) When funds in the statutory reserve fund are converted into capital, the funds remaining in such reserve will not be less than 25% of the Company's registered capital before the conversion.

**Article 212** The Company shall enjoy dividends of any and all shares for which it has already paid prior to the call is made, but the holder of such shares shall have no right to receive the dividends distributed thereafter with respect to the paid-up shares. On the premise that the pertinent laws, regulations, departmental rules and regulatory documents of the PRC are observed, the Company may exercise the right of confiscation against any unclaimed dividends, but such right may only be exercised until after the expiration of the applicable limitations period.

**Article 213** After a resolution is made at the general meeting on the profit distribution plan, or after the Board of Directors of the Company has formulated a specific plan based on the conditions and maximum amount of interim dividends for the following year as considered and approved at the annual general meeting, the distribution of dividends (or shares) shall be completed within two months.

**Article 214** The Company has the power to cease sending dividend warrants by post to a holder of H shares, but may exercise such power only if such warrants have been left uncashed on two consecutive occasions. However, the Company may exercise such power after the first occasion on which such a warrant is returned undelivered.

On the premise of conforming to the relevant laws, administrative regulations, departmental rules, regulatory documents and the listing rules of the stock exchange, the Company shall have the right to sell any shares of H shareholders who could not be reached in a manner which the Board deems appropriate, but the following conditions must be observed:

- (I) the Company has paid, during a period of 12 years, at least three dividends in respect of the shares in question but no dividend during that period was claimed;
- (II) on expiry of the 12 years, the Company gives notice of its intention to sell the shares by way of an announcement published in one or more newspapers in the place where the Company is listed and notifies the securities regulatory authority of the place where its shares are listed of such intention.

**Article 215** The Company shall appoint receiving agents for holders of overseas listed foreign shares to collect on behalf of the relevant shareholders the dividends distributed and other money payable in respect of overseas listed foreign shares. The receiving agents appointed by the Company shall meet the requirements of the laws of the place, or the relevant regulations of the stock exchange, where shares are listed. The receiving agents appointed by the Company for the holders of H shares shall be trust companies registered under the Trustee Ordinance of Hong Kong.

**Article 216** The Company shall conduct internal audit and assign full-time auditors to conduct internal audit and supervision on the financial revenues/expenditures and economic activities of the Company.

**Article 217** The internal audit system and duties of the auditors of the Company shall be subject to the approval of the Board. The officer in charge of audit shall be accountable to the Board and report his work to the same.

## CHAPTER 14 APPOINTMENT OF ACCOUNTING FIRM

**Article 218** The Company shall engage such accounting firm which has obtained the “Qualifications for Engaging in the Business Related to Securities” for carrying out the audit for the accounting statements and reports, net asset verification and other relevant consultancy service. The accounting firm shall serve a term of one year, from conclusion of the current annual general meeting to conclusion of the next annual general meeting, and can be re-appointed.

**Article 219** The employment of an accounting firm by the Company must be approved by a majority of the shareholders at a general meeting.

**Article 220** The certified public accountants engaged by the Company shall have the following rights:

- (I) to access the account books, records and vouchers of the Company, and to ask directors, manager or other senior executives to provide relevant documents and explanations;
- (II) to ask the Company to take every action possible to obtain documents and explanations from its subsidiaries needed for the certified public accountants to perform their duties;
- (III) to attend at the general meetings, receive notices of general meetings or other information relating to the general meetings that the shareholders are entitled to, and speak at any general meeting in relation to the matters concerning the accounting firm's role with the Company.

**Article 221** Regardless of the terms in the contract concluded between the accounting firm and the Company, the general meeting may, through an ordinary resolution, resolve to dismiss the said accounting firm before the expiration of the term thereof. In the event of any rights claimed by the accounting firm against the Company, the said rights shall not be affected.

**Article 222** The Company ensures to provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

**Article 223** The remuneration of the accounting firm or method to determine the remuneration shall be determined by a majority of the shareholders at the general meeting.

**Article 224** Should the Company dismiss or no longer re-appoint the accounting firm, it shall notify such accounting firm 30 days in advance. When the general meeting votes for the dismissal of such accounting firm, such accounting firm shall be allowed to express their opinions.

Where the accounting firm resigns its office, it shall make clear to the general meeting whether there has been any impropriety on the part of the Company.

**Article 225** The accounting firm may resign by placing a written notice of resignation at the legal address of the Company. The said notice shall take effect as on the date of placement at the legal address of the Company, or on a later date specified in the notice. The said notice shall include the following statements:

1. statement that the accounting firm thinks its resignation does not involve any circumstances that it shall be explained to the shareholders or creditors of the Company; or
2. representation on any circumstances that shall be explained.

Within 14 days after receiving the above written notice, the Company shall send the photocopies of this notice to relevant competent authorities. If the notice contains any of the representation mentioned in clause 2 under this article, the Company shall also mail, by prepaid mail or other means permitted by the stock exchange in the place where the stocks of the Company are listed, the aforesaid duplicate of representation to every shareholder entitled to receive the financial condition reports of the Company, at the address registered in the register of members. If the resignation notice contains any of the representations mentioned in the clause 2 above of this article, the accounting firm may require the Board of Directors to convene an extraordinary general meeting to listen to its explanation on the resignation.

## **CHAPTER 15 NOTICE AND ANNOUNCEMENT**

**Article 226** The notice of the Company may be served as follows:

- (I) by personal delivery;
- (II) by post;
- (III) by announcement;
- (IV) by fax;
- (V) by email;
- (VI) by publication on the website of the Company and the websites designated by the stock exchange under the precondition of conforming to laws, administrative regulations, departmental rules, regulatory documents, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association;
- (VII) by other means specified in the Articles of Association;
- (VIII) by other means agreed by the Company or the notified party in advance or accepted by the notified party after receipt of the notice;
- (IX) by other means accepted by the regulators in the place where the stocks of the Company are listed or prescribed in the Articles of Association.

For the means by which the Company provides or delivers communications of the Company to the holders of the H Shares pursuant to Hong Kong Listing Rules, such communications may be published on the website designated by the Company and/or the website of the Hong Kong Stock Exchange or by electronic means provided or delivered to the holders of the H Shares under the precondition of conforming to the laws, regulations and listing rules in the listing place, and the Articles of Association.

For the purpose of the foregoing paragraph, communications of the Company shall mean any document delivered or to be delivered by the Company for the reference of any holder of the H Shares or other people required in Hong Kong Listing Rules, or for taking any action, including without limitation:

- (I) annual reports of the Company (including reports of the Board of Directors and the annual account, audit report and financial summary report (if applicable) of the Company);
- (II) interim reports and interim summary reports (if applicable) of the Company;
- (III) notices of meetings;
- (IV) listing documents;
- (V) circulars;
- (VI) proxy form (the definition of which shall be subject to the listing rules of the stock exchange in the place where the stocks of the Company are listed).

Where notices are given by way of announcements under authorization conferred by the Articles of Association, such announcements shall be published by means specified in the Hong Kong Listing Rules.

**Article 227** Under the precondition of conforming to laws, administrative regulations, departmental rules, regulatory documents, the listing rules of the stock exchange in the place where the stocks of the Company are listed and the Articles of Association, if a notice of the Company is served by announcement, the said notice shall be deemed as received by all relevant persons once the said notice is announced.

**Article 228** Notice of general meeting of the Company shall be served by announcement and published on the media for disclosure of information of listed companies required under the securities regulatory authorities under the State Council and the listing rules of the stock exchange in the place where the stocks of the Company are listed.

**Article 229** Notice of meeting of the Board of Directors of the Company shall be served by personal delivery, post, fax or email.

**Article 230** If the notice of the Company is served by personal delivery, the recipient shall affix signature (or seal) to the return on service and the signing date shall be the date of service; if the notice of the Company is served by post, the third working day after handover to the post office shall be the date of service; if the notice of the Company is sent by fax, the sending date shall be the date of service; if the notice of the Company is sent by email, the date of delivery recorded on the computer that sent the email shall be the date of service; if the notice of the Company is served by announcement, the date of first announcement shall be the date of service.

**Article 231** The accidental omission to give notice of meeting to, or the non-receipt of notice of meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolutions adopted at such meeting.

**Article 232** If the listing rules in the place where the stocks of the Company are listed require the Company to send, mail, distribute, issue, publish or provide by other means the relevant documents of the Company in English and Chinese versions, the Company may (according to the intentions expressed by shareholders) send only English text or only Chinese text to relevant shareholders in the range permitted by the applicable laws and regulations and according to applicable laws and regulations, provided that the Company has made appropriate arrangement to determine whether its shareholders hope to receive only English text or only Chinese text.

**Article 233** The Company shall designate a newspaper and a website required under the securities regulatory authorities under the State Council for disclosure of information of listed companies as the media for Company to publish announcements and other to-be-disclosed information to shareholders of domestic shares. If an announcement shall be sent to shareholders of the H Shares in accordance with the Articles of Association, it shall be published by the methods specified in Hong Kong Listing Rules.

The information disclosed by the Company on other public media shall not be earlier than those disclosed on designated newspapers and designated websites. The announcement of the Company may not be substituted by press conference, or answer to reporter's questions or other forms.

The Board shall have the right to decide to adjust the determined media for disclosure of the Company, but should ensure that the designated media for disclosure meets the qualifications and conditions stipulated by the Mainland China and Hong Kong laws and regulations, the securities regulatory authority of the State Council, overseas regulatory authorities and the stock exchange in the place where the stocks of the Company are listed.

## **CHAPTER 16 MERGER, DIVISION, CAPITAL INCREASE, CAPITAL DECREASE, DISSOLUTION AND LIQUIDATION**

**Article 234** Merger of the Company may take the form of absorption or establishment of a new company.

A merger by absorption means one company absorbing another company, and the company being absorbed shall be dissolved. Merger of two or more companies to establish a new company is a consolidation, and the companies being consolidated shall be dissolved.

**Article 235** For the merger or division of the Company, the Board of Directors of the Company shall propose a plan. The plan shall be approved pursuant to the procedures specified in the Articles of Association and go through relevant examination and approval formalities according to laws. The shareholders who disagree on the merger or division plan of the Company shall have the right to require the Company or the shareholders who agree with the merger or division plan of the Company to acquire their shares at a fair price. The resolution on the merger or division of the Company shall be documented separately and made available shareholders for inspection.

For shareholders of the H Shares of the Company listed in Hong Kong, the aforesaid document shall also be served by mail or by other means permitted by the Hong Kong Stock Exchange.

**Article 236** In the event of merger of the Company, the parties concerned shall enter into a merger agreement and prepare the balance sheets and property inventories. The Company shall notify all creditors within 10 days and shall make announcements in designated media within 30 days (at least 3 times) from the date adopting the merger resolution. A creditor may, within thirty days from the date of receipt of the written notice or, for those who do not receive a written notice, within 45 days from the date of the announcement, require the Company to repay debts or provide commensurate guarantees.

**Article 237** In the event of a merger of the Company, the credits and debts of the merging parties shall be assumed by the surviving company or the newly established company.

**Article 238** In the event of a division of the Company, its properties shall be divided accordingly.

Where the Company is divided, a balance sheet and a property inventory shall be prepared. The Company shall notify all creditors within 10 days and shall make announcements in designated media (at least 3 times) or on the National Enterprise Credit Information Publicity System within 30 days from the date adopting the division resolution.

**Article 239** The debts of the Company prior to the division shall be jointly undertaken by the companies after the division, save as otherwise specified in the written agreement on debt repayment reached between the Company and its creditors before the division.

**Article 240** Where the Company needs to reduce its registered capital, the Company shall prepare a balance sheet and a property inventory.

The Company shall notify the creditors within 10 days and shall make announcements in designated media or on the National Enterprise Credit Information Publicity System within 30 days from the date the resolution to decrease the registered capital is approved at the general meeting. A creditor may, within thirty days from the date of receipt of the written notice or, for those who do not receive a written notice, within 45 days from the date of the announcement, require the Company to repay debts or provide commensurate guarantees. When the Company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the shareholders' capital contribution or shareholding.

If the Company remains in loss position after making up for its losses in accordance with the provisions of Article 211 of the Articles of Association, it may reduce its registered capital to make up for the losses. If the registered capital is reduced to make up for the loss, the Company shall not make any distribution to the shareholders; nor shall the shareholders be exempted from the obligation to make capital injection or payment for the shares.

**Article 241** Change in registered particulars arising from a merger or division of the Company shall be registered with the companies registration authority according to laws. If the Company is dissolved, it shall be deregistered according to laws. If a new company is established, such establishment shall be registered according to laws.

Increase or decrease of registered capital of the Company shall be registered with the companies registration authority according to laws.

**Article 242** The Company shall be dissolved in accordance with the laws in any of the following circumstances:

- (I) the general meeting resolves to dissolve the Company;
- (II) dissolution is necessary as a result of the merger or division of the Company;
- (III) the Company is legally declared bankrupt because it is unable to pay its debts as they fall due;
- (IV) the Company has its business license revoked, is ordered to close down or is rescinded in accordance with the laws;
- (V) where the Company encounters serious difficulties in its operation and management and its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding at least 10% of all shareholders' voting rights may petition the people's court to dissolve the Company.

**Article 243** Where the Company is dissolved in accordance with clauses (I), (IV) and (V) of the preceding article, a liquidation group shall be established within 15 days from the date of occurrence of the cause of liquidation. The members of the liquidation group shall be determined by general meetings through ordinary resolutions. In case no liquidation group is established within the time limit, the creditors may apply to the people's court to designate relevant persons to form a liquidation committee and commence liquidation.

Where the Company is dissolved according to clause (III) of the preceding Article, the people's court shall, according to provisions of related laws, establish a liquidation group to carry out liquidation composed of the shareholders, the relevant authority and related professionals.

**Article 244** If the Board of Directors decides to liquidate the Company for any reason other than the Company's declaration of insolvency, it shall state in the notice of the general meeting to be held therefor that it has made thorough investigation on the Company's condition and believes the Company is able to repay its debts in full within 12 months from the commencement of the liquidation.

Upon the adoption of the resolution at the general meeting for the liquidation of the Company, all functions and powers of the Board of Directors shall cease immediately.

The liquidation group shall report at least once every year to the general meeting on the income and expenses of the committee at the instructions of the general meeting, the business of the Company and the progress of liquidation; and deliver a final report to the general meeting on completion of the liquidation.

**Article 245** During liquidation, the liquidation group shall exercise the following functions and powers:

- (I) to liquidate the assets of the Company and prepare a balance sheet and a property inventory;
- (II) to inform creditors by notice or announcement;
- (III) to deal with the outstanding businesses of the Company relating to liquidation;
- (IV) to pay off outstanding taxes as well as taxes arising in the course of liquidation;
- (V) to settle credits and debts;
- (VI) to dispose of the remaining assets of the Company after repayment of debts;
- (VII) to represent the Company in civil proceedings.

**Article 246** The liquidation group shall notify creditors within 10 days, and make announcements on the newspapers designated by the CSRC or on the National Enterprise Credit Information Publicity System and on the websites of the Company and the stock exchange (at least 3 times) within 60 days of its establishment. Creditors shall declare their claims to the liquidation group within 30 days from the date of receipt of the written notice or, if they do not receive a written notice, within 45 days from the date of the announcement.

The creditors shall explain details relating to their rights and provide relevant supporting documents. The liquidation group shall register the creditor's claims.

In the creditor's claim declaration period, the liquidation group shall not make repayment to the creditors.

**Article 247** After the liquidation group has liquidated the assets of the Company and prepared a balance sheet and a property inventory, it shall formulate a liquidation proposal and submit it to the general meeting or the people's court for confirmation.

The Company shall, according to the proportion of the shares held by the shareholders, distribute the remaining properties of the Company after payment of the liquidation expenses, employees' salaries, social insurance contributions and statutory compensations, outstanding taxes, and the Company's debts.

The Company shall subsist in the course of liquidation but shall not conduct any business operations unrelated to liquidation. Before liquidation as specified in the preceding paragraphs, the assets of the Company shall not be distributed to shareholders.

**Article 248** After the liquidation group has liquidated the assets of the Company and prepared a balance sheet and a property inventory, if it finds that the Company's assets are insufficient to repay its debts in full, it shall immediately apply to the people's court to declare bankruptcy according to laws.

Following a declaration of bankruptcy of the Company by the people's court, the liquidation group shall hand over to the people's court all matters relating to the liquidation.

**Article 249** Following the completion of liquidation of the Company, the liquidation group shall prepare a liquidation report, an income and expense statement and financial accounts for the liquidation period and, after verification thereof by a certified public accountant in China, submit the same to the general meeting or the competent authority for confirmation. Within 30 days from the date of confirmation by the general meeting or the competent authority, the liquidation group shall submit the aforementioned documents to the company registration authority to apply for deregistration of the Company.

**Article 250** If the Company has not incurred any debts during its subsistence, or has settled all its debts, it may, with the undertaking of all shareholders, deregister the Company through the simplified procedure in accordance with relevant regulations. To deregister through the simplified procedure, the Company shall publish a notice on the National Enterprise Credit Information Publicity System for a period of at least twenty days. If there is no objection after the publication period, the Company may apply to the company registration authority for deregistration within twenty days.

**Article 251** Where the Company has its business license revoked, is ordered to close down or is rescinded, and has not applied to the company registration authority for deregistration after a period of three years, the company registration authority may publish a notice on the National Enterprise Credit Information Publicity System for a period of at least sixty days. If there is no objection after the publicity period, the company registration authority may deregister the Company. In case of deregistration in accordance with the provisions of the preceding paragraph, the liability of the original shareholders and liquidation obligors of the Company shall not be affected.

**Article 252** Any member of the liquidation group shall dutifully and lawfully fulfill their liquidation obligations.

Any member of the liquidation group shall not abuse his authority to accept bribes or other illegal incomes, nor shall he misappropriate the Company's assets.

Any member of the liquidation group who causes any loss to the Company or the creditors due to his willful misconduct or gross negligence, shall be liable for compensation.

**Article 253** Where the Company declares bankrupt according to laws, bankruptcy liquidation shall be conducted pursuant to laws on bankruptcy of enterprises.

## CHAPTER 17 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

**Article 254** The Company may amend the Articles of Association in accordance with the laws and the Articles of Association.

**Article 255** The Company shall amend the Articles of Association in any of the following circumstances:

- (I) after amendments are made to the Company Law or other relevant laws and administrative regulations, issues stipulated in the Articles of Association conflict with the amended laws or administrative regulations;
- (II) if certain changes of the Company occur resulting in the inconsistency with certain issues specified in the Articles of Association;
- (III) the general meeting has resolved to amend the Articles of Association.

**Article 256** Any amendment approved by the general meeting to the Articles of Association shall be submitted to the competent authorities for approval where necessary; where the amendments relate to registered matters of the Company, the involved change shall be registered in accordance with the laws.

**Article 257** The Board of Directors shall amend the Articles of Association in accordance with the resolution of the general meetings on amendment to the Articles of Association and the examination and approval opinions from relevant competent authorities.

**Article 258** Where the amendments to the Articles of Association involve matters requiring disclosure by law and regulations, the amendments shall be announced as required.

## CHAPTER 18 DISPUTE RESOLUTION

**Article 259** The Company shall abide by the following principles of dispute resolution:

(I) Any dispute or claim arising between holders of overseas listed foreign shares and the Company, between holders of overseas listed foreign shares and the Company's directors, general manager or other members of the senior management; or between holders of overseas listed foreign shares and holders of domestic shares, in respect of any rights or obligations stipulated in the Articles of Association, the Company Law or any other relevant laws and administrative regulations concerning the affairs of the Company shall be submitted for arbitration.

The aforesaid dispute or claim shall be submitted for arbitration in their entirety, and all parties 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 settlement of such dispute or claim, shall, where such parties are the Company, the Company's shareholders, directors, general manager or other members of the senior management, be subject to the arbitration.

Dispute in respect of the definition of shareholders and register of members may be settled by means other than arbitration.

(II) A claimant may elect for arbitration to be carried out either at the China International Economic and Trade Arbitration Commission in accordance with its Arbitration Rules or at Hong Kong International Arbitration Center in accordance with its Securities Arbitration Rules. Once a claimant submits 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 request arbitration to be conducted in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Center.

(III) If any disputes or claims referred in clause (I) above are settled by way of arbitration, the laws of the PRC shall apply, save as otherwise provided in law and administrative regulations.

(IV) The award of an arbitral body shall be final and conclusive and binding on all parties.

## CHAPTER 19 SUPPLEMENTARY PROVISIONS

**Article 260** Definitions

(I) Controlling shareholder: refers to a shareholder who may elect a majority of directors when acting alone or in concert with others; or a shareholder who holds more than 30% of the shares issued and outstanding of the Company when acting alone or in concert with others; or a shareholder who may exercise more than 30% of the voting rights of the Company or may control the exercise of more than 30% of the voting rights of the Company when acting alone or in concert with others; or a shareholder who factually controls the Company by other means when acting alone or in concert with others, or as defined under the Hong Kong Listing Rules.

- (II) De facto controller: A person who is not a shareholder of the Company but can effectively control the Company through investment, agreement or other arrangement.
- (III) Connected relations: Relations between a controlling shareholder, de facto controller, director or members of the senior management of the Company and the enterprise directly or indirectly controlled by the same, and other relationship which may give rise to a transfer of interests of the Company, provided, however, that there should be no related party relationship between state-controlled enterprises solely because they are under the common control of the State.
- (IV) Connected transactions have the meaning as defined under the Hong Kong Listing Rules.

**Article 261** The Board of Directors may formulate rules of the Articles of Association in accordance with the Articles of Association. The rules shall not conflict with the Articles of Association.

**Article 262** The Articles of Association are written in Chinese. Where any discrepancy between these Articles of Association and any version in other languages or different versions, the Chinese version of Articles of Association most recently approved and registered with the relevant administration for industry and commerce shall prevail.

**Article 263** For the purpose of the Articles of Association, references to “more”, “within” and “less” shall include the number itself, while references to “no more than”, “other than”, “lower than” and “more than” shall exclude the number itself.

**Article 264** The Board of Directors of the Company shall be responsible for the interpretation of the Articles of Association.

**Article 265** Appendixes to the Articles of Association include rules of procedure for general meetings and rules of procedure for meetings of the Board of Directors.

**Article 266** Matters not covered in the Articles of Association shall be handled in accordance with the laws, administrative regulations and the relevant provisions of the securities regulatory authority of the place where the Company’s shares are listed in conjunction with the actual situation of the Company. If the Articles of Association are in conflict with the laws, administrative regulations, provisions of other regulatory documents and the listing rules of the stock exchange where the Company’s shares are listed promulgated from time to time, such laws, administrative regulations, provisions of other regulatory documents and the listing rules of the stock exchange where the Company’s shares are listed shall prevail.

**Article 267** These Articles of Association shall come into force and be implemented on the date when they are approved by a general meeting of the Company and the H Shares issued by the Company are listed and traded on Hong Kong Stock Exchange. The former Articles of Association of the Company shall automatically become invalid as from the date of these Articles of Association coming into effect.