

**Articles of Association**  
**of**  
**Beijing Jingkelong Company**  
**Limited**

**(Amended in 2012)**

**Beijing PRC**

*Please note that these Articles of Association are written in Chinese and there is no official English version in respect thereof. This English version is for reference only. In case of any inconsistency between the English version and Chinese version, the Chinese version shall prevail.*

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**Note:**

In the marginal of the Articles of Association, the following expressions have the following meanings:

**“Mandatory Provisions”** means the Mandatory Provisions for the Articles of Association of Companies Seeking a Listing Outside the PRC (*Zheng Wei Fa [1994] No.21*) by the Securities Commission of the State Council of the PRC and the State Commission for Restructuring the Economic System of the PRC.

**“Zheng Jian Hai Han”** means letter of revision Articles of Association of Companies Seeking a Listing Outside the PRC Mandatory Provisions(*Zheng Jian Hai Han [1995] No. 1*) issued by the Securities Commission of the State Council of the PRC and the State Commission for Restructuring the Economic System of the PRC.

**“Opinions”** means letter of Facilitate Operation and Reform (*Guo Jing Mao Qi Gai[1999] No.230*) issued by the State Council for Economics and Trade of the PRC and China Securities Regulatory Commission.

**“Practice Guide for Secretary”** means Best **Practice Guide** for company secretary in foreign listed company (*Zheng Jian Fa Xing Zi [1999] No.39*) issued by China Securities Regulatory Commission.

**App3** means Appendix 3 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

**App13D** means Appendix 13D of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

**Beijing Jingkelong Company Limited (the “Company”), a joint stock limited company incorporated in the People’s Republic of China(the “PRC”).**

**Amendment Record:**

Pass in the foundation meeting on 26 October 2004.

Amended by a special resolution at an extraordinary general meeting on 7 January 2005.

Amended by a special resolution at an extraordinary general meeting on 18 February 2005.

Amended by a special resolution at an extraordinary general meeting on 23 February 2006.

Amended by a resolution at the board meeting on 20 December 2006.

Amended by a resolution at the board meeting on 15 January 2007.

Amended by a special resolution at an extraordinary general meeting on 20 March 2007.

Amended by a special resolution at 2006 annual general meeting on 18 May 2007.

Amended by a special resolution at an extraordinary general meeting on 13 July 2007.

Amended by a special resolution at an extraordinary general meeting on 26 October 2007.

Amended by a special resolution at 2007 annual general meeting on 18 May 2008.

Amended by a special resolution at 2008 annual general meeting on 20 May 2009.

Amended by a special resolution at 2009 annual general meeting on 10 June 2010.

Amended by a special resolution at the second extraordinary general meeting in 2012 on 31 August 2012.

Amended by a special resolution at the third extraordinary general meeting in 2012 on 2 November 2012.

## CHAPTER 1: GENERAL PROVISIONS

- Article 1.** Beijing Jingkelong Company Limited (the “Company”) is a joint stock limited company established in accordance with the Company Law of the People's Republic of China (the “Company Law”), the State Council's Special Regulations Regarding the Issue of Shares Overseas and the Listing of Shares Overseas by Companies Limited by Shares (the “Special Regulations”), and other relevant laws and regulations of the State. Mandatory Provisions Article 1
- Pursuant to the Approval (*Jing Fa Gai [2004] No.2241*) of Beijing municipal development and reform committee, the Company was converted from a limited liability company to a joint stock limited company with registered in Beijing Administration Bureau of Industry and Commerce on 1 November 2004. The business licence number of the Company is: [*110000002315927*].
- The promoters of the Company are: : Beijing Chaoyang Auxilary Food Company, Shanxi Trust Investment Company limited, Beijing Gaoya Huali Kemao Company Limited, Beijing Jiazeng Gongmao Company Limited, Tianjin Jinganghua Jianzhu Art Decoration Work Company Limited, Li Shunxiang, Yang Baoqun, Liu Yanli, Xia Wensheng, Gao Jiaqiang, Gu Hanlin, Wei Tingzhan, Dai Jing, Bai Xianrong, Chen Limin, Zhao Weili, Li Jianwen, Gao Jingsheng, Tian Junying, Qu Xinhua, Li Chunyan.
- Article 2.** The Company's registered Chinese name: : Mandatory Provisions Article 2  
北京京客隆商业集团股份有限公司  
English name: : Beijing Jingkelong Company Limited
- Article 3.** Domicile of the Company: No.45,Xinyuan Street, Chaoyang District, Beijing. Mandatory Provisions Article 3  
Postal code : 100027  
Telephone number: (8610) 6468 8233  
Fax number: (8610) 6461 1370
- Article 4.** The legal representative of the Company shall be the chairman of the board of directors of the Company. Mandatory Provisions Article 4
- Article 5.** The Company is a joint stock limited company which has perpetual existence. Mandatory Provisions

**Article 6.** The Articles of Association of the Company was amended at an extraordinary general meeting on 20 March 2007. The amendments become effective after being approved by relevant administrations (if any) and withdrawal of the listing on the Growth Enterprise Market and listing on the **Main Board** of the of The Stock Exchange of Hong Kong Limited. The Articles of Association shall be filed with the company registration authority of the PRC for record.

Upon these Articles of Association coming into effect, they shall supersede the Original Articles of Association. the Company's Articles of Association constitute the legally binding document regulating the Company's organization and activities, and the rights and obligations between the Company and each shareholder and among the shareholders from the date on which the Company's Articles of Association come into effect..

**Article 7.** The Articles of Association of the Company shall be binding upon the Company and its shareholders, directors, supervisors, manager and other senior management staff. All the above persons may make claims related to Company matters in accordance with the Articles of Association.

A shareholder may take action against the Company pursuant to the Company's Articles of Association, and vice versa. A shareholder may also take action against another shareholder, and may take action against the directors, supervisors, manager and other senior officers of the Company pursuant to the Company's Articles of Association.

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

**Article 8.** The entire capital of the Company is divided into shares of equal par value. The liability of a shareholder is limited to the value of the shares held by him, while the Company undertakes all of its liabilities with all of its assets. Subject to compliance with PRC laws and regulations, the Company shall have the right to raise funds, including (but not limited to) taking loans and issuing company bonds, and have the right to charge or pledge its assets, while the Company shall not damage or abolish other shareholders' right while performing above duties.

**Article 9.** The Company is an independent corporate legal person, governed by, and existing

under the protection of, the laws and regulations of the PRC. Company is a separate legal person. All the activities of the Company shall comply with the laws and regulations of the PRC and in the interest of the shareholders.

**Article 10.** The Company may invest in other companies. The Company may not be a shareholder with unlimited liabilities of any other invested companies unless the law provides otherwise.

**Mandatory Provisions**  
Article 8

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

**Article 11.** The Company's objectives are: following the principle of management idea, “Customer first, honesty top”, the Company will rely on its network information and modern logistics technology in continuously enhancing the enterprise core competitiveness. Based on the development strategy of “to strengthen its foothold in Beijing, to expand into northern China, to radiate to the whole nation”, relying on the brand superiority of the Company, pursuing in innovation of formats, speeding up development, gradually establishing the Company as a large-scale network chain operating brand enterprise.

**Mandatory Provisions**  
Article 9

**Article 12.** The Company's scope of business shall be consistent with and subject to the scope of business approved by the authority responsible for the registration of the Company.

**Mandatory Provisions**  
Article 10

The Company's scope of business includes: selling food, auxiliary food, health food, beverage, alcohol, oil product, feed, general merchandise, textile, hardware (exclude dangerous chemical product ), cell phone, medical equipment(type I), car, arts product, flower, magnetic card, costume, jewelry, stationary, sports equipment, household supplies, OHS product, clock, glasses, pet product, communication equipment, electronic products, home appliances, birth control product, cosmetics; repair communication equipment; retail domestic book, magazine, newspaper, video and music product, gold, grain, tobacco, cigar, photocopying, import/export merchandise, import/export technology, import/export broker, leasing property, laundry, digital film, warehousing, merchandise supply, freight, cool freight supply( cooling fresh product), technology innovation, technology transferring, technology consulting and servicing, electronic business, tailoring, manufacture commercial equipment,

food processing, photographer, repair households, jewelry processing, selling travel pass, locksmith, property developer, design and produce commercials, hotel management. The following operated by subsidiary: property management, parking service, manufacture soy product, food court, processing and selling noodles, cakes, hot food, bread, snack, fast food, barbeque food, packaged food ( including cold milk product) , bulk food, cooked food, meat, fruit and vegetables, marine product, fireworks (the Company's scope of business shall be consistent with the registration by the administration for industry and commerce )

**Article 13.** Any amendments to memorandum of company and business scope must be in accordance with the legal procedures and registered with administration for industry and commerce.

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

**Article 14.** There must, at all times, be ordinary shares in the Company. Subject to the approval of the companies approving department authorized by the State Council, the Company may, according to its requirements, create different classes of shares.

**Mandatory Provisions**  
Article 11/  
App 3 para 9

**Article 15.** All the shares issued by the Company shall have a par value of RMB 1.00 per share.

**Mandatory Provisions**  
Article 12

**Article 16.** Subject to the approval of the securities authority of the State Council, the Company may issue shares to Domestic Investors and Foreign Investors. “Foreign Investors” referred to in the previous paragraph mean those investors who subscribe for the shares issued by the Company and who are located in foreign countries and in the regions of Hong Kong, Macau and Taiwan. “Domestic Investors” mean those investors who subscribe for the shares issued by the Company and who are located within the territory of the PRC, excluding those areas mentioned above.

**Mandatory Provisions**  
Article 13

**Article 17.** Shares which the Company issues to Domestic Investors for subscription in Renminbi shall be referred to as "Domestic Shares". Shares which the Company issues to Foreign Investors for subscription in foreign currencies shall be referred

**Mandatory Provisions**  
Article 14/



to as "Foreign Shares". Foreign Shares which are listed overseas are called "Overseas listed foreign Shares". App 3 para 9

**Article 18.** Domestic shares may be listed in domestic stock exchange after passing relevant resolution in the general meeting and approved by administrations. H shares may be listed in Stock Exchange or other foreign stock exchange after passing relevant resolution in the general meeting and approved by administrations.

Overseas listed foreign shares listed in Hong Kong issued by the Company shall be known as H shares. H shares mean the shares which are approved to be listed on the Stock Exchange, whose par value is denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars.

Upon approval by the securities supervisory organ of the State Council, shareholders of domestic shares of the Company may transfer the shares held by them to overseas investors and such shares may be listed and traded overseas. If the transferred shares are listed and traded on overseas stock exchanges, the regulatory procedures, provisions and requirements of the overseas stock markets shall also be complied with. No voting in shareholders' general meeting will be required for the listing and trading of the transferred shares on overseas stock exchanges.

**Article 19.** Subject to the approval of the companies approving department authorized by the State Council, the total amount of ordinary shares that the Company may issue is at least 366,620,000 shares, not more than 384,620,000 shares (exercise the over allotment option of not more than 15%, amount to 132,000,000 shares), of which 246,620,000 shares, including 183,969,808 state-owned shares, were issued to the promoters of the Company at the time when the Company was established.. According to State-owned Shares Lessening Temporary Regulations and other relevant laws, when issuing foreign shares, State-owned shares shall be reduced by 10% of total raising fund. After decreasing state-owned shares, an aggregate of 232,820,000 shares held by promoters (upon full exercise of the over allotment option of 15%) representing 60.53% of the total number of ordinary shares that may be issued by the Company. Mandatory Provisions Article 15/ App 3 para 9

On the 12 October 2007, the Company placed additional 30,360,000 H shares offering (27,600,000 New H shares to be allotted and issued by the Company in connection with the Placing; and (2) 2,760,000 Sale H Shares to be converted

from the same number of existing Domestic Shares held by Beijing Chaoyang Auxiliary Food Company and allocated to the National Social Security Fund Council of the PRC and approved to sell in accordance with the Existing Approvals and applicable PRC laws and regulations and issued as H Shares). After the 30,360,000 H shares listed in Stock Exchange and the completion of the Placing, the Company held 230,060,000 Domestic shares and 182,160,000 H shares.

**Article 20.** The structure of the share capital of the Company is as follows:

Mandatory

Provisions

Article 16

| par value of RMB 1.00 per share                     |                             |                                 |
|---|-----------------------------|---------------------------------|
| Type of share                                       | Total number of shares held | Ratio(percentage approximately) |
| Domestic shares held by promoters                   | 192, 826, 709               | 46. 78                          |
| Domestic shares held by other domestic shareholders | 32, 233, 291                | 9. 03                           |
| H share held by foreign shareholders                | 182,160,000                 | 44.19                           |
| Share capital                                       | <b>412,220,000</b>          | <b>100.00</b>                   |

As at the current date, the shares held by the promoters is as follows:

| Promoter's name  | Total number of shares held |
|--|-----------------------------|
| Beijing Chaoyang Auxiliary Food Company                        | 167,409,808                 |
| Shanxi Trust Investment Company limited                        | 0                           |
| Beijing Gaoya Huali Kemaoy Company Limited                     | 0                           |
| Beijing Jiazeng Gongmao Company Limited                        | 3,126,257                   |
| Tianjin Jinganghua Jianzhu Art Decoration Work Company Limited | 2,084,171                   |
| Li Shunxiang   | 5,210,428                   |
| Yang Baoqun  | 1,042,086                   |
| Liu Yanli  | 2,396,797                   |
| Xia Wensheng   | 0                           |

|               |           |
|---------------|-----------|
| Gu Hanlin     | 797,203   |
| Wei Tingzhan  | 1,545,104 |
| Dai Jing      | 500,201   |
| Bai xianrong  | 833,669   |
| Chen Limin    | 833,669   |
| Zhao Weili    | 917,035   |
| Li Jianwen    | 1,482,579 |
| Gao Jingsheng | 833,669   |
| Tian Junying  | 500,201   |
| Qu Xinhua     | 833,669   |
| Li Chunyan    | 395,992   |

**Article 21.** The Company's board of directors may take all necessary action for the issuance of Overseas listed foreign shares and Domestic shares after proposals for issuance of the same have been approved by the securities authority of the State Council. The Company may implement its proposal to issue Overseas listed foreign shares and Domestic shares pursuant to the preceding paragraph within fifteen (15) months from the date of approval by the China Securities Regulatory Commission (the "CSRC").

**Mandatory Provisions**  
Article 17

**Article 22.** Where the total number of shares stated in the proposal for the issuance of shares includes Overseas listed foreign shares and Domestic shares, such shares should be fully subscribed for at their respective offerings. If the shares cannot be fully subscribed for all at once due to special circumstances, the shares may, subject to the approval of the CSRC, be issued in separate offerings.

**Mandatory Provisions**  
Article 18

**Article 23.** The registered capital of the Company shall be RMB 412,220,000. All the Domestic share (including state-owned shares) and Overseas listed foreign shares in the Article of association are ordinary shares.

**Mandatory Provisions**  
Article 19/  
App 3 para 9

**Article 24.** The Company may, based on its operating and development needs, authorize the increase of its capital pursuant to the Company's Articles of Association. The Company may increase its capital in the following ways:

**Mandatory Provisions**  
Article 20

- (1) by offering new shares for subscription by unspecified investors;
- (2) by issuing new shares to its existing shareholders;
- (3) by allotting bonus shares to its existing shareholders;
- (4) by any other means which is permitted by law and administrative regulation.

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

**Article 25.** Except as provided for by other provisions of law and administrative regulations, shares of the Company may be freely transferred without any right of lien. **Mandatory Provisions**  
 The following rules applied to company's H shares: Buyer and seller of shares are required to execute and present a Bought Note and a Sold Note to the company for approval. Documents shall be signed in person. If the seller or buyer is a share registrar or its broker, documents can be printed. All documents held by the company's legal address or designated address by the board. Article 21

#### **CHAPTER 4: REDUCTION OF CAPITAL AND REPURCHASE OF SHARES**

**Article 26** According to the provisions of the Company's Articles of Association, the Company may reduce its registered capital. **Mandatory Provisions**

Article 22

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

The Company shall notify its creditors within ten (10) days of the date of the Company's resolution for reduction of capital and shall publish an announcement in a newspaper at least three (3) times within thirty (30) days of the date of such resolution. A creditor has the right within thirty (30) days of receipt of the notice from the Company or, in the case of a creditor who does not receive such notice, within forty five (45) days of the date of the first public announcement, to require the Company to repay its debts or to provide a corresponding guarantee for such debt. The Company's registered capital may not, after the reduction in capital, be less than the minimum amount prescribed by law. Article 23

**Article 28** The Company may, according to the procedures set forth in these Articles and upon approval by the relevant governing authorities of the State, repurchase its **Mandatory Provisions**

issued shares under the following circumstances:

Article 24

- (1) for the purpose of reducing its share capital;
- (2) merging with other companies that hold shares in the Company;
- (3) giving the shares as incentives to the staff of the Company;
- (4) shareholders who objected to resolutions on merger or division of the Company passed at a shareholders' general meeting and requested the Company to take up their shares;
- (5) other circumstances permitted by law and administrative regulations.

Any acquisition of the Company's shares as a result of (1) to (3) referred to above shall be resolved at a shareholders' general meeting.

The shares of the Company acquired pursuant to (3) above shall not exceed 5% of the total number of shares issued by the Company; funds used for the acquisition shall be paid from the after-tax profits of the Company; the acquired shares shall be transferred to the staff within one year. The Company shall not accept its share as the pledged object.

- Article 29** The Company may repurchase shares in one of the following ways, with the approval of the relevant governing authority of the State:
- (1) by making a general offer for the repurchase of shares to all its shareholders on a pro rata basis;
  - (2) by repurchasing shares through public dealing on a stock exchange;
  - (3) by repurchasing shares outside of the stock exchange by means of an agreement.

Mandatory

Provisions

Article 25

/App 3 para

8

- Article 30** The Company must obtain the prior approval of the shareholders in a general meeting (in the manner stipulated in the Company's Articles of Association) before it can repurchase shares outside of the stock exchange by means of an agreement. The Company may, by obtaining the prior approval of the shareholders in a general meeting (in the same manner), release, vary or waive its rights under an agreement which has been so entered into.
- An agreement for the repurchase shares referred to in the preceding paragraph includes (but is not limited to) an agreement to become liable to repurchase shares or an agreement to have the right to repurchase shares.
- The Company may not assign an agreement for the repurchase of its shares or any right contained in such an agreement.

Mandatory

Provisions

Article 26

**Article 31** After the Company has acquired its shares according to the above provision, the same shall be cancelled within 10 days from the date of acquisition in the event of (1) of Article 28. In the event of (2) or (4), and the same shall be transferred or cancelled within 6 months. The Company shall apply to the original company registration authority for registration of the change in its registered capital. The aggregate par value of the cancelled shares shall be deducted from the Company's registered share capital.

**Mandatory Provisions**  
Article 27

**Article 32** Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to repurchase of its issued shares:

**Mandatory Provisions**  
Article 28/  
App 3 para 8

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

- (iii) payment for the release of its obligation(s) under any contract for the repurchase of its shares;
- (4) after the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value of shares which have been repurchased shall be transferred to the Company's capital common reserve fund account.

**CHAPTER 5: FINANCIAL ASSISTANCE FOR THE ACQUISITION OF SHARES**

**Article 33** The Company and its subsidiaries shall not, at any time, provide any form of financial assistance to a person who is acquiring or is proposing to acquire shares in the Company. This includes any person who directly or indirectly incurs any obligations as a result of the acquisition of shares in the Company (the “Obligor”). The Company and its subsidiaries shall not, at any time, provide any form of financial assistance to the Obligor for the purposes of reducing or discharging the obligations assumed by such Obligor. This Article shall not apply to the circumstances specified in Article 35.

**Mandatory Provisions**  
Article 29

**Article 34** For the purposes of this Chapter, "financial assistance" includes (without limitation) the following:

- (1) gift;
- (2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the Obligor), compensation (other than compensation in respect of the Company's own default) or release or waiver of any rights;
- (3) provision of loan or any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or the change in parties to, or the assignment of rights under, such loan or agreement; financial assistance in any other form when the Company is insolvent or has no net assets or when such assistance would lead to a major reduction in the Company's net assets.
- (4) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

**Mandatory Provisions**  
Article 30

For the purposes of this Chapter, "assumption of obligations" includes the assumption of obligations by way of contract or by way of arrangement (irrespective of whether such contract or arrangement is enforceable or not and irrespective of whether such obligation is to be borne solely by the Obligor or jointly with other persons) or by any other means which results in a change in its financial position.

**Article 35** The following actions shall not be deemed to be activities prohibited by Article 33 of this Chapter: **Mandatory Provisions**

- (1) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interests of the Company, and the principal purpose of which is not for the acquisition of shares in the Company, or the giving of the financial assistance is an incidental part of some larger purpose of the Company; Article 31
- (2) the lawful distribution of the Company's assets by way of dividend;
- (3) the allotment of bonus shares as dividends;
- (4) a reduction of registered capital, a repurchase of shares of the Company or a reorganization of the share capital structure of the Company effected in accordance with the Company's Articles of Association;
- (5) the lending of money by the Company within its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits);
- (6) contributions made by the Company to employee share ownership schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits).

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

**Article 36** The Share certificates of the Company shall be in registered form. **Mandatory**

Share certificates shall, other than the matters specified by the Company Law, also contain other items required to be contained therein by the stock exchange where the shares of the Company are listed. **Provisions**  
Article 32



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

**Mandatory Provisions**  
Article 33  
/Zheng Jian  
Hai Han  
Article 1/  
App 3 para  
2(1)

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

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

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

**Mandatory Provisions**  
Article 34

**Article 39** The Company may, in accordance with the mutual understanding and agreements made between the securities authority of the State Council and overseas securities regulatory organizations, maintain the register of shareholders of Overseas listed foreign shares overseas and appoint overseas agent(s) to manage such register of shareholders. The original register for holders of Overseas listed foreign shares listed in Hong Kong (“register of H shareholders”) shall be maintained in Hong Kong. The Company may keep the register of H shareholders in PRC and Hong Kong for the register H shares (including the shares reduced by state-owned shares) of any Placing and transfer (including any allotment with condition and transfer).

**Mandatory Provisions**  
Article 35  
Zheng Jian  
Hai Han  
Article 2

A duplicate register of shareholders for the holders of Overseas listed foreign shares (and the register of shareholders mentioned in item 3 of Article 40) shall be maintained at the Company's residence. The appointed overseas agent(s) shall ensure consistency between the original and the duplicate register of shareholders at all times. If there is any inconsistency between the original and the duplicate register of shareholders for the holders of Overseas listed foreign shares, the original register of shareholders shall prevail.

When the original and duplicate of the register of holders of foreign investment shares listed outside the PRC are inconsistent, the original shall prevail.

**Article 40** The Company shall have a complete register of shareholders which shall comprise of the following parts:

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

**Mandatory Provisions**  
Article 36  
/ App 13d  
section 1 (b)

**Article 41** Different parts of the register of shareholders shall not overlap. No transfer of any shares registered in any part of the register shall, during the continuance of that registration, be registered in any other part of the register.

**Mandatory Provisions**  
Article 37/  
Zheng Jian  
Hai Han  
Article 12/  
App 3 para  
1(1), (2)

All Overseas listed foreign shares listed in Hong Kong which have been fully paid-up may be freely transferred in accordance with the Company's Articles of

Association. However, unless such transfer complies with the following requirements, the board of directors may refuse to recognize any instrument of transfer and need not provide any reason therefore:

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

App 3 para 1  
(3)

The transfer of Overseas listed foreign shares shall in accordance with the standard securities transfer registration form required by Stock Exchange.

Any change or correction to various parts of the register of shareholders shall be carried out in accordance with the law of the place where such parts of the register of shareholders are maintained.

**Article 42** No change may be made in the register of shareholders as a result of a transfer of shares within twenty (20) days prior to the date of a shareholders' general meeting or within five (5) days before the record date for the Company's distribution of dividends. **Mandatory Provisions Article 38**

**Article 43** When the Company needs to convene a shareholders' meeting, distribute dividends, liquidate the Company or for any other purpose requiring the confirmation of the rights attaching to the shares in the Company, the board of directors shall decide on a date for the determination of rights attaching to shares in the Company. The shareholders of the Company shall be such persons who appear in the register of shareholders at the close of such determination date. **Mandatory Provisions Article 39**

**Article 44** Any person aggrieved and claiming to be entitled to have his name (title) entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

**Mandatory Provisions**  
Article 40

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

**Mandatory Provisions**  
Article 41

Application by a holder of Domestic shares, who has lost his share certificate, for a replacement share certificate shall be dealt with in accordance with Article 144 of the Company Law.

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

The issue of a replacement share certificate to a holder of H Shares, who has lost his share certificate, shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration, stating the grounds upon which the application is made, the circumstances and evidence of the loss; and declaring that no other person is entitled to have his name entered in the register of shareholders in respect of the Relevant Shares.
  - (2) The Company has not received any declaration made by any person other than the applicant declaring that his name shall be entered into the register of shareholders in respect of such shares before it decides to issue a replacement share certificate to the applicant.
  - (3) The Company shall, if it intends to issue a replacement share certificate, publish a notice of its intention to do so at least once every thirty (30) days within a period of ninety (90) consecutive days in such newspapers as may be prescribed by the board of directors.
  - (4) The Company shall, prior to publication of its intention to issue a replacement share certificate, deliver to the stock exchange on which its shares are listed, a copy of the notice to be published and may publish the notice upon receipt of
- App3 para 7(1)

confirmation from such stock exchange that the notice has been exhibited in the premises of the stock exchange. Such notice shall be exhibited in the premises of the stock exchange for a period of ninety (90) days.

In the case of an application which is made without the consent of the registered holder of the Relevant Shares, the Company shall deliver by mail to such registered shareholder a copy of the notice to be published.

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

Where power is taken to issue share warrants to bearer, which no new share warrant shall be issued to replace one that has been lost, unless the issuer is satisfied beyond reasonable doubt that the original has been destroyed.

App3  
para2(2)

**Article 46** Where the Company issues a replacement share certificate pursuant to the Company's Articles of Association and a bona fide purchaser acquires or becomes the registered owner of such shares, his name (title) shall not be removed from the register of shareholders..

Mandatory  
Provisions  
Article 42

**Article 47** The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original share certificate or the issuance of the replacement share certificate unless the claimant is able to prove that the Company has acted in a deceitful manner.

Mandatory  
Provisions  
Article 43

## CHAPTER 7: SHAREHOLDERS' RIGHTS AND OBLIGATIONS

**Article 48** A shareholder of the Company is a person who lawfully holds shares in the

Mandatory

Company and whose name (title) is entered in the register of shareholders.

Provisions

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

Article 44

Regarding to H shareholders of the company, shares may be jointly held by two (2) or more persons. They shall be treated as joint holders and limited by the following rules::

(1) The company must not register more than 4 persons as joint holders of shares;

App 3 para

(2) Any joint shareholder shall individually and jointly take the liability of unpaid amount;

1(3)

(3) In the case of the joint shareholders, if one of the joint shareholders is deceased, only the other existing shareholders of the joint shareholders shall be deemed as the persons who have the ownership of the relevant shares. The board of directors, however, may require the other existing shareholders to provide a certificate of death as necessary for the purpose of modifying the register of shareholders;

(4) any of the joint shareholders of the shares, only the joint shareholders ranking first in the register of shareholders have the right to accept certificates of the relevant shares, receive notices of the Company, attend and vote at shareholders' general meetings of the Company. Any notice which is delivered to the shareholder shall be deemed to be delivered to all the joint shareholders of the relevant shares.

When legal person act as company's shareholder, its legal representative or proxy of it or (if shareholder is a recognized registrar (or designated other person) (called "recognized registrar" below)) recognized registrar or its proxy to exercise its rights. No powers shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the company.

App 3 para

12

That where power is taken to sell the shares of a member who is untraceable it will not be exercised unless:

App 3 para

(a) during a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and

13(2)

(b) on expiry of the 12 years the issuer gives notice of its intention to sell the shares by way of an advertisement published in the newspapers and notifies the Exchange of

such intention.

**Article 49** Holders of ordinary shares of the Company shall enjoy the following rights:

**Mandatory**

(1) the right to receive dividends and other distributions in proportion to the number of shares held;

**Provisions**

Article 45

(2) the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat;

(3) the right of supervisory management over the Company's business operations and the right to present proposals or to raise queries;

(4) the right to transfer shares in accordance with laws, administrative regulations and provisions of the Company's Articles of Association;

(5) the right to obtain relevant information in accordance with the provisions of the Company's Articles of Association, including:

(i) the right to obtain a copy of the Company's Articles of Association, subject to payment of costs;

(ii) subject to payment of a reasonable fee, the right to inspect and copy in the registered office and the place of business in Hong Kong of the Company:

(a) all parts of the register of shareholders;

(b) personal particulars of each of the Company's directors, supervisors, general manager and other senior officers, including:

(aa) present and former name and alias;

(bb) principal address (place of residence);

(cc) nationality;

(dd) primary and all other concurrent occupations and duties;

(ee) identification documents and the numbers thereof;

(c) report on the state of the Company's share capital;

(d) reports showing the aggregate par value, quantity, highest and lowest price 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;

(e) minutes of shareholders' meetings;

(aa) the minute of ordinary resolution; and (bb) the special resolution.

(f) resolutions of board meetings;

(g) resolutions of meetings of the Board of Supervisors;

(h) financial and accounting reports (including the attached files: such as Director's report, Auditors report and Supervisory committee's report.);

- (i). counterfoils of the bonds; and
- (j) a copy of latest annual report which submitted to national administration for industry and commerce or other administrations.

The Company shall allow public to review and copy those documents(after paying correct fees) aforementioned in (a), (c), (d), (e)-(bb), (h) and (j) in its business location in Hong Kong, and allow shareholders to review and copy documents(after paying correct fees) aforementioned in (e)-(aa).

- (6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of surplus assets of the Company in accordance with the number of shares held;
- (7) other rights conferred by laws, administrative regulations and the Company's Articles of Association.

**Article 50** Holders of ordinary shares of the Company shall have the following obligations: **Mandatory**

- (1) to abide by the Articles of Association of the Company; **Provisions**
- (2) to pay subscription fees on the basis of the shares subscribed by them and the method of capital injection, and; Article 46
- (3) other obligations imposed by laws , administrative regulations and the Company's Articles of Association.

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

## **CHAPTER 8: DUTIES OF CONTROLLING SHAREHOLDER TO OTHER SHAREHOLDERS**

**Article 51** In addition to the obligations imposed by laws and administrative regulations or **Mandatory**

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

- (1) to relieve a director or supervisor of his duty to act honestly in the best interests of the Company;
- (2) to approve the expropriation by a director or supervisor (for such director's or supervisor's own benefit or for the benefit of another person) of the Company's Article 47



assets in any way, including (but not limited to) opportunities which are beneficial to the Company;

- (3) to approve the expropriation by a director or supervisor (for such director's or supervisor's own benefit or for the benefit of another person) of the individual rights of other shareholders, including (but not limited to) rights to distributions and voting rights (save pursuant to a restructuring which has been submitted for approval by the shareholders in a general meeting in accordance with the Company's Articles of Association).

**Article 52** The Company and the controlling shareholder shall operate separately and assume duty and risk independently. The controlling shareholder shall exercise its right via general meeting. The Company's corporate structure such as board meeting, managers, financial department, and marketing department shall be independent from controlling shareholder. The Company's corporate structure shall not adhere to controlling shareholder's relevant departments. The Company's corporate structure shall free from controlling shareholder's orders.

The Company's major decisions are decided by general meeting and the board meeting. The Controlling shareholder shall not interfere with company's operation and harm interest of company and other shareholders.

Opinions  
Article 1

**Article 53** Proxy of the Company's national legal person's share shall present at the general meeting and exercise its right. Any shareholder or its proxy is prohibited from interfering operational management of the company without general meeting's approval. Without general meeting's approval, appointing\disqualifying senior management and resolution of the general meeting or board meeting are also prohibited.

Opinions  
Article 11  
Mandatory  
Provisions

**Article 54** For the purposes of the preceding Article, the term "controlling shareholder" shall refer to a person who satisfies any of the following conditions:

Article 48

- (1) a person who hold the shares more than 50 percent of the total issued shares of the Company;
- (2) a person who hold the shares not more than 50 percent of the total issued shares of the Company, but the voting power of the shares held have great influence on the resolution of the general meeting of the Company;
- (3) a person who, acting alone or in concert with others, has the power to elect more than half of the board of directors;
- (4) a person who, acting alone or in concert with others, has the power to exercise

- or to control the exercise of 30 % or more of the voting rights in the Company;
- (5) a person who, acting alone or in concert with others, holds 30 % or more of the issued and outstanding shares of the Company;
- (6) a person who, acting alone or in concert with others, has de facto control of the Company in any other way.

## **CHAPTER 9: SHAREHOLDERS' GENERAL MEETINGS**

**Article 55** The shareholders' general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with law. **Mandatory Provisions**

Article 49

**Article 56** The shareholders' general meeting shall have the following functions and powers: **Mandatory Provisions**

- (1) to decide on the Company's operational policies and investment plans;
- (2) to elect and replace directors and to decide on matters relating to the remuneration of directors; Article 50
- (3) to elect and replace supervisors who represent the shareholders and to decide on matters relating to the remuneration of supervisors;
- (4) to examine and approve the board of directors' reports;
- (5) to examine and approve the supervisory committee's reports;
- (6) to examine and approve the Company's proposed preliminary and final annual financial budgets;
- (7) to examine and approve the Company's profit distribution plans and loss recovery plans;
- (8) to decide on the increase or reduction of the Company's registered capital;
- (9) to decide on matters such as material purchase or sale, merger, division, dissolution and liquidation of the Company;
- (10) to decide on the issue of debentures by the Company;
- (11) to decide on the appointment, dismissal and non-reappointment of the accountants of the Company;
- (12) to amend the Company's Articles of Association;
- (13) to consider motions raised by shareholders who represent 3% or more of the total number of voting shares of the Company;
- (14) to decide on other matters which, according to law, administrative regulation or the Company's Articles of Association, need to be approved by shareholders in

general meetings;

If company issue preference share, it shall comply with relevant law and regulations, powers and duties of preference shareholders shall be defined by general meeting. At which that adequate voting rights will, in appropriate circumstances, be secured to preference shareholders.

App 3 para  
6(1)

**Article 57** The Company shall not, without the prior approval of shareholders in a general meeting, enter into any contract with any person (other than a director, supervisor, general manager and other senior officers) pursuant to which such person shall be responsible for the management and administration of the whole or any substantial part of the Company's business.

**Mandatory Provisions**  
Article 51

**Article 58** Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. Shareholders' general meetings shall be convened by the board of directors. Annual general meetings are held once every year and within six (6) months from the end of the preceding financial year.

**Mandatory Provisions**  
Article 52  
/Opinions  
Article 11

The board of directors shall convene an extraordinary general meeting within two (2) months of the occurrence of any one of the following events:

- (1) where the number of directors is less than the number stipulated in the Company Law or two-thirds of the number specified in the Company's Articles of Association;
- (2) where the unrecovered losses of the Company amount to one-third of the total amount of its share capital;
- (3) where shareholder(s) holding 10 % or more of the Company's issued and outstanding voting shares request(s) in writing for the convening of an extraordinary general meeting;
- (4) whenever the board of directors deems necessary or the supervisory committee so requests;
- (5) whenever two or more independent directors so request.

**Article 59** When the Company convenes a shareholders' general meeting, written notice of the meeting shall be given at least forty-five (45) days before the date of the meeting to notify all of the shareholders whose names appear in the share register of the matters to be considered and the date and place of the meeting. A

**Mandatory Provisions**  
Article 53  
/App 3 para

shareholder who intends to attend the meeting shall deliver to the Company his written reply concerning his attendance at such meeting twenty (20) days before the date of the meeting. Notice of calculation time, should not include the day of the meeting and the day which notice is dispatched. The day which the notice to Overseas listed foreign shares mentioned in the article is dispatched is the day of the Company or the shares registries the Company appoint post the notice.

7(3)

**Article 60** Whenever the Company convenes a general meeting, shareholder(s) individually or collectively holding 3% or more of the voting shares of the Company shall have the right to propose new motions to the general meeting by submitting the same to the convener in writing. The Company shall include in the agenda for the meeting the matters in the motions that fall within the scope of duties of the shareholders' general meeting.

**Mandatory**

**Provisions**

Article 54

**Article 61** The Company shall, based on the written replies which it receives from the shareholders twenty (20) days before the date of the shareholders' general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting amount to more than one-half of the Company's total voting shares, the Company may hold the meeting; if not, then the Company shall, within five (5) days, notify the shareholders by way of public announcement the matters to be considered at, and the place and date for, the meeting. The Company may then hold the meeting after publication of such announcement.

**Mandatory**

**Provisions**

Article 55

The general meeting shall not decide on any matter not stated in the notice mentioned in article 59 and 60, and the agenda for the meeting.

**Article 62** A notice of a meeting of the shareholders of the Company shall satisfy the following criteria:

- (1) be in writing;
- (2) specify the place, date and time of the meeting;
- (3) state the matters to be discussed at the meeting;
- (4) provide such information and explanation as are necessary for the shareholders to make an informed decision on the proposals put before them. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase the shares of the Company, to

**Mandatory**

**Provisions**

Article 56

reorganize its share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such proposal must be properly explained;

(5) contain a disclosure of the nature and extent, if any, of the material interests of any director, supervisor, general manager and other senior officers in the proposed transaction and the effect which the proposed transaction will have on them in their capacity as shareholders in so far as it is different from the effect on the interests of shareholders of the same class;

(6) contain the full text of any special resolution to be proposed at the meeting;

(7) contain a conspicuous statement that a shareholder entitled to attend and vote at such meeting is entitled to appoint one (1) or more proxies to attend and vote at such meeting on his behalf and that a proxy need not be a shareholder;

(8) specify the time and place for lodging proxy forms for the relevant meeting.

**Article 63** Except the stipulations under the relevant laws, regulations and the listing rules of the place of listing of the Company, and the Company's article of association, notice of shareholders' general meetings shall be served on each shareholder (whether or not such shareholder is entitled to vote at the meeting), by personal delivery or prepaid airmail to the address of the shareholder as shown in the register of shareholders. For the public holders of Domestic shares, notice of the meetings may also be issued by way of public announcement.

**Mandatory Provisions**  
Article 57/  
App 3 para 7  
(3)

The public announcement referred to in the preceding paragraph shall be published in one (1) or more national newspapers designated by the securities authority of the State Council within the interval of forty-five (45) days to fifty (50) days before the date of the meeting; after the publication of such announcement, the holders of Domestic shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

**Article 64** The accidental omission to give notice of a meeting to, or the failure to receive the notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions adopted thereat.

**Mandatory Provisions**  
Article 58

**Article 65** Any shareholder who is entitled to attend and vote at a general meeting of the Company shall be entitled to appoint one (1) or more persons (whether such person is

**Mandatory Provisions**

a shareholder or not) as his proxies to attend and vote on his behalf, and a proxy so appointed shall be entitled to exercise the following rights pursuant to the authorization from that shareholder: Article 59

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

**Article 66** The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing, or if the appointor is a legal entity, either under seal or under the hand of a director or an authorized person or a duly authorized attorney of the legal entity. The letter of authorization shall contain the number of the shares to be represented by the proxy. If several persons are authorized as the proxies of the shareholder, the letter of authorization shall specify the number of shares to be represented by each proxy. **Mandatory Provisions**  
Article 60/  
App 3 para  
11(2)

**Article 67** The instrument appointing a voting proxy and, if such instrument is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarially certified copy of that power of attorney or other authority shall be deposited at the residence of the Company or at such other place as is specified for that purpose in the notice convening the meeting, not less than twenty-four (24) hours before the time for holding the meeting at which the proxy propose to vote or the time appointed for the passing of the resolution. **Mandatory Provisions**  
Article 61

If the appointor is a legal person, its legal representative or such person as is authorized by resolution of its board of directors or other governing body may attend any meeting of shareholders of the Company as a representative of the appointor. If the shareholder is the recognized clearing house (or its attorney) as defined under the relevant laws and regulations of the place in which the Company's securities are listed, such shareholder is entitled to appoint one or more persons as his proxies to attend on his behalf at a general meeting or at any class meeting, but, if one or more persons have such authority, the letter of authorization shall contain the number and class of the shares in connection with such authorization. Such person can exercise the right on behalf of the recognized clearing house (or its attorney) as if he is the individual shareholder of the Company.

**Article 68** Any form issued to a shareholder by the directors for use by such shareholder for the appointment of a proxy to attend and vote at meetings of the Company shall be such as to enable the shareholder to freely instruct the proxy to vote in favour of or against the motions, such instructions being given in respect of each individual matter to be voted on at the meeting. Such a form shall contain a statement that, in the absence of specific instructions from the shareholder, the proxy may vote as he thinks fit.

**Mandatory Provisions**  
Article 62

**Article 69** A vote given in accordance with the terms of a proxy shall be valid notwithstanding the death or loss of capacity of the appointor or revocation of the proxy or the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that the Company did not receive any written notice in respect of such matters before the commencement of the relevant meeting.

**Mandatory Provisions**  
Article 63

**Article 70** Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions.

**Mandatory Provisions**

An ordinary resolution must be passed by votes representing more than one-half of the voting rights represented by the shareholders (including proxies) present at the meeting.

Article 64

A special resolution must be passed by votes representing more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting.

**Article 71** When shareholders (including proxies) vote at the shareholders' general meeting, they shall exercise their voting rights according to the number of voting rights that they represent. Each share shall carry one voting right. That, where any shareholder is, under these Exchange Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted. Shareholders shall comply with such requirement or restriction annex to share's voting right and relevant law and regulations and this article.

**Mandatory Provisions**  
Article

65/App3

para 14

Shares held by the company have no voting right.

**Article 72** At any shareholders' general meeting, a resolution shall be decided on a show of hands unless a poll is demanded:

**Mandatory Provisions**

- (1) by the chairman of the meeting;
- (2) by at least two (2) shareholders present in person or by proxy entitled to vote thereat;
- (3) by one (1) or more shareholders (including proxies) representing 10% or more of shares (held solely or in combination) carrying the right to vote at the meeting, before or after a vote is carried out by a show of hands.

Article 66

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

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

**Article 73** A poll demanded on the election of the chairman of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

**Mandatory Provisions**  
Article 67

**Article 74** On a poll taken at a meeting, a shareholder (including a proxy) entitled to two (2) or more votes need not cast all his votes in the same way.

**Mandatory Provisions**  
Article 68

**Article 75** In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall have a casting vote.

**Mandatory Provisions**  
Article 69

**Article 76** The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:

**Mandatory Provisions**

- (1) work reports of the board of directors and the supervisory committee;
- (2) profit distribution plans and loss recovery plans formulated by the board of directors;
- (3) election or removal of members of the board of directors and members of the supervisory committee, their remuneration and manner of payment;

Article 70



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

**Article 77** The following matters shall be resolved by a special resolution at a shareholders' general meeting: **Mandatory Provisions**

- (1) the increase or reduction in share capital and the issue of shares of any class, warrants and other similar securities; Article 71
- (2) the issue of debentures of the Company;
- (3) material purchase or sale, merger, division, dissolution and liquidation of the Company;
- (4) amendment of the Company's Articles of Association;
- (5) amendment to or removal of rights of shareholders of any class; and
- (6) any other matter considered by the shareholders in general meeting, and resolved by way of an ordinary resolution, which is of a nature which may have a material impact on the Company and should be adopted by special resolution.

**Article 78** Shareholders shall comply with the following procedures when they propose to convene an extraordinary general meeting or a class meeting: **Mandatory Provisions**

- (1) Shareholders individually or jointly holding 10% or more (including 10%) of the Shares carrying the right to vote at the meeting proposed to be held for 90 consecutive days or more may sign one or more written request(s), the form and substance of which being the same, to propose to the Board for holding an EGM or a class meeting, and shall list out clearly the agenda of the meeting in the request. The Board shall, upon receipt of the aforesaid written request, convene the EGM or the class general meeting as soon as possible. The shareholdings mentioned above shall be calculated on the date when the Shareholders make such written request. Article 72
- (2) If the Board does not serve a notice of such meeting within 30 days upon receipt of the aforesaid written request, Shareholders individually or jointly holding 10% or more (including 10%) of the Company's shares carrying the right to vote at the meeting proposed in 90 consecutive days or more may sign one or more written request(s), the form and substance of which being the same, to propose to the

Supervisory Committee for holding an extraordinary general meeting or a class meeting, and shall list out clearly at the agenda of the meeting in the request. The Supervisory Committee shall, upon receipt of the aforesaid written request, convene and preside the EGM or the class meeting in a timely manner.

- (3) If the Supervisory Committee does not serve a notice of such meeting within 30 days upon receipt of the aforesaid written request, the Shareholders making such request may convene the meeting by themselves within four months upon receipt of the request by the Supervisory Committee, and the procedures for convening such meeting shall be as similar to those for convening a general meeting by the Board as possible.

Any reasonable cost incurred in connection with the convening and holding of the meeting by the Shareholders themselves as result of the failure on the part of the Board and the Supervisory Committee to hold such meeting as required above shall be borne by the Company, and shall be deducted from the amount due to the Directors and supervisors of the Company who are in default.

**Article 79** The Chairman of the board of directors shall convene and chair every shareholder's general meeting. If the Chairman is unable to attend the meeting for any reason, the vice-chairman of the board of directors designated by the Chairman shall convene and chair the meeting. If both the Chairman and vice-chairman of the board of directors are unable to attend the meeting, then the board of directors may designate a director to convene and chair the meeting. If no chairman of the meeting has been so designated, shareholders present shall choose one (1) person to act as the chairman of the meeting. If for any reason, the shareholders shall fail to elect a chairman, then the shareholder (including a proxy) holding the largest number of shares carrying the right to vote thereat shall be the chairman of the meeting.

**Mandatory Provisions**  
Article 73

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

**Mandatory Provisions**  
Article 74

General meeting shall keep proper books to record minutes of resolutions, chairman of the meeting and director's signature.

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

**Mandatory**  
**Provisions**  
Article 75

**Article 82** If votes are counted at a shareholders' general meeting, the result of the count shall be recorded in the minute book. Such written resolutions and minutes, shareholders' attendance lists and proxy forms shall be kept at the Company's place of residence.

**Mandatory**  
**Provisions**  
Article 76

**Article 83** Copies of the minutes of proceedings of any shareholders' meeting shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder requests for a copy of such minutes from the Company, the Company shall send a copy of such minutes to him within seven (7) days after receipt of reasonable fees therefor.

**Mandatory**  
**Provisions**  
Article 77

## **CHAPTER 10: SPECIAL PROCEDURES FOR VOTING BY A CLASS OF SHAREHOLDERS**

**Article 84** Those shareholders who hold different classes of shares are class shareholders. Class shareholders shall enjoy rights and assume obligations in accordance with laws, administrative regulations and the Company's Articles of Association.

**Mandatory**  
**Provisions**  
Article 78

**Article 85** Rights conferred on any class of shareholders may not be varied or abrogated save with the approval of a special resolution of shareholders in a general meeting and by holders of shares of that class at a separate meeting convened in accordance with Articles 87 to 91.

**Mandatory**  
**Provisions**  
Article 79

**Article 86** The following circumstances shall be deemed to be variation or abrogation of the rights attaching to a particular class of shares:  
(1) to increase or decrease the number of shares of that class, or to increase or

**Mandatory**  
**Provisions**  
Article 80

- decrease the number of shares of a class having voting or distribution rights or privileges equal or superior to those of shares of that class;
- (2) to exchange all or part of the shares of that class for shares of another class or to exchange or to create a right to exchange all or part of the shares of another class for shares of that class;
- (3) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of that class;
- (4) to reduce or remove preferential rights attached to shares of that class to receive dividends or to the distribution of assets in the event that the Company is liquidated;
- (5) to add, remove or reduce conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attached to shares of that class;
- (6) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to shares of that class;
- (7) to create a new class of shares having voting or distribution rights or privileges equal or superior to those of the shares of that class;
- (8) to restrict the transfer or ownership of shares of that class or to increase the types of restrictions attaching thereto;
- (9) to allot and issue rights to subscribe for, or to convert the existing shares into, shares in the Company of that class or another class;
- (10) to increase the rights or privileges of shares of another class;
- (11) to restructure the Company in such a way so as to result in the disproportionate distribution of obligations between the various classes of shareholders;
- (12) to vary or abrogate the provisions of this Chapter.

**Article 87** Shareholders of the affected class, whether or not otherwise having the right to vote at shareholders' general meetings, have the right to vote at class meetings in respect of matters concerning sub-paragraphs (2) to (8), (11) and (12) of Article 86, but interested shareholder(s) shall not be entitled to vote at such class meetings.

**Mandatory Provisions**  
Article 81

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

- (1) in the case of a repurchase of shares by way of a general offer to all shareholders of the Company or by way of public dealing on a stock exchange pursuant to Article 29, a "controlling shareholder" within the meaning of Article 54;

- (2) in the case of a repurchase of shares by an off-market agreement pursuant to Article 29, a holder of the shares to which the proposed agreement relates;
- (3) in the case of a restructuring of the Company, a shareholder who assumes a relatively lower proportion of obligation than the obligations imposed on shareholders of that class under the proposed restructuring or who has an interest in the proposed restructuring different from the general interests of the shareholders of that class.

**Article 88** Resolutions of a meeting of shareholders of different categories may be passed only by more than two-thirds of the voting rights of that category represented at the meeting in accordance with Article hereof.

**Mandatory Provisions**  
Article 82

**Article 89** Written notice of a class meeting shall be given to all shareholders who are registered as holders of that class in the register of shareholders forty-five (45) days before the date of the class meeting. Such notice shall give such shareholders notice of the matters to be considered at such meeting, the date and the place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his written reply in respect thereof to the Company twenty (20) days before the date of the class meeting.

**Mandatory Provisions**  
Article 83

If the shareholders who intend to attend such class meeting represent more than half of the total number of shares of that class which have the right to vote at such meeting, the Company may hold the class meeting; if not, the Company shall within five (5) days give the shareholders further notice of the matters to be considered, the date and the place of the class meeting by way of public announcement. The Company may then hold the class meeting after such public announcement has been made.

**Article 90** Notice of class meetings need only be served on shareholders entitled to vote thereat.

**Mandatory Provisions**

Class meetings shall be conducted in a manner which is as similar as possible to that of shareholders' general meetings. The provisions of the Company's Articles of Association relating to the manner for the conduct of shareholders' general meetings are also applicable to class meetings.

Article 84

**Article 91** Apart from the holders of other classes of shares, the holders of the Domestic shares and holders of Overseas listed foreign shares shall be deemed to be holders

**Mandatory Provisions**

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

(1) where the Company issues, upon the approval by special resolution of its shareholders in a general meeting, either separately or concurrently once every twelve (12) months, not more than 20% of each of its existing issued Domestic shares and Overseas listed foreign shares; or

(2) where the Company's plan to issue Domestic shares and Overseas listed foreign shares at the time of its establishment is carried out within fifteen (15) months from the date of approval of the securities authority of the State Council.

Article 85/  
App 13d  
para 1(f)  
“Zheng Jian  
Hai Han”  
Article 3

## CHAPTER 11: BOARD OF DIRECTORS

**Article 92** The Company shall have a board of directors. The board of directors shall consist of nine (9) directors. Outside directors (meaning directors who do not hold office in the Company hereinafter) shall account for more than one half of the total number of directors, of which at least three shall be independent non-executive directors (meaning directors who are independent from the Company’s shareholders and do not hold office in the Company). Non-executive/independent non-executive directors must have sufficient time and necessary knowledge to fulfill its responsibilities. Company must provide relevant informations. Independent non-executive directors may report to the general meeting, China securities regulatory commission and other administrations. The board of directors shall have one (1) Chairman.

**Mandatory Provisions**  
Article 86  
**Opinions**  
Article 6

**Article 93** Directors shall be elected at general meetings, the term of office of Directors shall be three (3) years and may be re-elected upon the expiry of the term. .

**Mandatory Provisions**  
Article 87

The minimum length of the period, during which notice to the Company of the intention to propose a person for election as a Director, and during which notice to the Company by such person of his willingness to be elected may be given, will be at least seven (7) days and the period for lodgment of the notices to the Company of the intention to propose a person for election as a Director will commence no earlier than the day after the dispatch of the notice of the meeting appointed for such election and end no later than seven (7) days prior to the date of such meeting. The above notice takes effect upon arrival at the Company’s address mentioned in Article 3.

“Zheng Jian  
Hai Han”  
Article 4/  
App 3 para  
4(4)

The Chairman shall be elected and removed by half of the Directors, the term of office of the Chairman shall be three (3) years and may be re-elected upon expiry of the term.

A Director could be removed before the expiration of his term of office by way of an

App 3 para

ordinary resolution passed in the general meeting provided that the relevant laws and regulations are complied with. However, the Director's right to claim for damages which arise from his removal shall not be affected thereby. The Directors are not required to hold shares in the Company. 4(3)

**Article 94** Directors must act in good faith for the benefits of the company in general. They must exercise their powers for their proper purposes under relevant law and regulations, protect the interest of minority shareholder. **Opinions**  
Article 3

**Article 95** Director and chairman shall not be removed within their term of office. If they have to be removed, it should in accordance with the provisions of laws, administrative regulations or the company's articles of association, disclosed to the public, and approved by CSRC. **Opinions**  
Article 5

Director may resign his office before his term of office, the resigning director shall submit an written resignation report. If other directors believe the resigning director 's acts damage the interests of the company, board may vote on this matter without the resigning director's presence. If the board disapprove his resignation, the existing director shall, before the director-elect takes office, continue to perform his duty as a director. Company shall investigate if the resigning director leave the position without proper authorization.

**Article 96** The board of directors is accountable to in the shareholders' general meeting and exercises the following functions and powers: **Mandatory**  
**Provisions**

- (1) to be responsible for the convening of the shareholders' general meeting and to report on its work to the shareholders in general meetings; **Article 88**
- (2) to implement the resolutions passed by the shareholders in general meetings;
- (3) to determine the Company's business plans and investment proposals;
- (4) to formulate the Company's preliminary and final annual financial budgets;
- (5) to formulate the Company's profit distribution proposal and loss recovery proposal; to formulate the plans for profit distribution and making up losses of the Company;
- (6) to formulate proposals for the increase or reduction of the Company's registered capital and for the issuance of the Company's debentures;
- (7) to draw up the Company's proposals and plans for merger, division or dissolution of the Company and change the form of the Company;

- (8) to decide on the establishment of the Company's internal management structure and branch;
- (9) to appoint or remove the Company's general manager and to appoint or remove the deputy general managers, and financial deputy general manager of the Company and other senior management, based on the recommendations of the general manager and to decide on their remuneration and method of the payment;
- (10) to formulate the basic management structure of the Company;
- (11) to formulate proposals for any amendment of the Company's Articles of Association;
- (12) draw up the Company's proposals and plans for the material purchase or sale;
- (13) to exercise company's power of raising fund and borrowing, deciding mortgage, lease, sublet and transfer of company's asset in accordance with provision of law, regulations and the article;
- (14) to exercise other functions and powers granted by the general meeting and the article.

Other than the board of directors' resolutions in respect of the matters specified in sub-paragraphs (6), (7) and (11) of this Article which shall be passed by the affirmative vote of more than two-thirds of all the directors, the board of directors' resolutions in respect of all other matters may be passed by the affirmative vote of a simple majority of the directors.

Board shall exercise any rights which has not designated to general meeting by the article. Board shall observe the article and resolutions by the general meeting, only those resolutions shall not void board previous conducts.

**Article 97** The board of directors shall not, without the prior approval of shareholders in a general meeting, dispose or agree to dispose of any fixed assets of the Company where the aggregate of the amount or value of the consideration for the proposed disposition, and the amount or value of the consideration for any such disposition of any fixed assets of the Company that has been completed in the period of four (4) months immediately preceding the proposed disposition, exceeds 33 % of the value of the Company's fixed assets as shown in the latest balance sheet which was tabled at a shareholders' general meeting.

For the purposes of this Article, "disposition" includes an act involving the transfer of an interest in assets but does not include the usage of fixed assets for the provision of security.

The validity of a disposition by the Company shall not be affected by any breach of the first paragraph of this Article.

**Mandatory Provisions**  
Article 89



**Article 98** The Chairman of the board of directors shall exercise the following powers: **Mandatory**

- (1) to preside over shareholders' general meetings and to convene and preside over meetings of the board of directors; **Provisions**  
Article 90
- (2) to organise the implementation of the duties of the board of directors and to check on the implementation of resolutions passed by the board of directors at directors' meetings;
- (3) to sign the securities certificates issued by the Company;
- (4) to convene board's daily functions during the close of the board meeting;
- (5) to exercise other powers conferred by the board of directors.

When the Chairman is unable to exercise his powers, such powers shall be exercised by the Vice-chairman who has been designated by the Chairman to exercise such powers on his behalf.

**Article 99** Board may authorize some duties to the chairman during adjournment of the board meeting.

**Article 100** The meeting of a board of directors shall be convened and presided over by the chairman of the board at least twice a year; at least 14 days notice should be given to all directors and supervisors. **Mandatory**  
**Provisions**  
Article 91

Shareholders represent 10% or more of voting rights, One third or more directors, supervisory committee, general manager may propose to held extraordinary board meeting. Board shall convene and holding meeting within 10 days after receiving proposition.

Chairman may convene the extraordinary board meeting any time when it is necessary.

The extraordinary board meeting shall not be limited to announcement in Article 101.

The meetings of the board of directors shall be conducted in Chinese.

**Article 101** The form of a notice of meetings and extraordinary meetings of the board of directors and the time limit for notification shall be as follows: **Mandatory**  
**Provisions**

- (1) Where board meeting time and address has been notified by the board, no notice shall be given. Notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. Notice must be sent to each director via courier, fax, express post, personal delivery( except ruling in Article 100). Article 92

(2) Board members may use telephonic or video conferencing to join a board meeting without physically attending. Where board members can hear and talk to each other.

Board members may not use telephonic or video conferencing to discuss duties of the board meeting in Article 96 (3) (4) (5) and (7).

(3) If a written board resolution is sent to a director and he signs the resolution, company count this as attendance at a “paper board meeting” . But the paper must be sent to each director via courier, fax, express post, personal delivery. If a written board resolution has been sent to all directors, and vote for the resolution have reached the quorum, decisions are made by a majority of votes for the resolution. Then the resolution passed as board resolution without physical attending.

**Article 102** A board meeting normally needs a quorum of at least 50% of total directors.( any member entitled to attend and vote at a meeting shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of him. The proxy so appointed shall also have the same right as the member to speak at the meeting.)

Mandatory  
Provisions  
Article 93

Each director shall be entitled to one vote. Where one director (proxy) was appointed by other directors(appointer) as proxy in writing, they had proxies for total votes they have owned. Resolutions of the board meeting must be passed by the affirmative vote of more than half of all the directors, but affirmative vote of more than two-thirds of all the directors within article 96 (6), (7) and (11) circumstance.

When the number of votes for and against a resolution is equal, the chairman of the board shall be entitled to one additional vote.

**Article 103** Meetings of the board of directors shall be attended by the directors in person. If a director cannot attend a meeting for any reason, he may entrust in writing another director with attending the meeting on his behalf. The instrument of entrustment shall specify the scope of authority.

Mandatory  
Provisions  
Article 94

A director who attends a meeting on behalf of another director shall exercise the rights of a director within the scope of authority granted. If a director fails to attend a meeting of the board of directors and has not appointed a representative to attend on his behalf, he shall be deemed to have waived his voting rights in respect of that meeting.

The proxy so appointed shall also have the same right as the member to speak at the meeting. Neither the director nor his proxy present at the meeting shall be deemed to

losing voting right of the meeting.

If a director has a conflict of interest in a matter to be considered by the board ( the interest includes but not limited to ex-employment with a substantial shareholder or controlling shareholder). The director shall not be involved in the decision making process, and shall not vote as a proxy for other directors. The resolution need to be passed with more than 50% of the vote of directors who have no conflict of interest in the matter. When directors who have no conflict of interest in the matter are less than 3 persons, the matter shall be discussed in the general meeting.

**Article 104** All reasonable fees incurred by the director for attending board meeting are paid by the company, such as transportation fee, meal, hotel, rentals etc.

**Article 105** The board of directors shall keep minutes of its decisions on the matters examined at their meetings. The directors attending a meeting and the person taking minutes shall sign the minutes of that meeting. The directors shall bear liability for the decisions of the board of directors. Where a resolution of the board of directors is in violation of laws, administrative regulations or the Company's Articles of Association, thereby causing serious losses to the Company, the directors who took part in the resolution shall be liable to the Company for damages. However, where a director can prove that he expressed his opposition to such resolution when it was put to the vote, and that such opposition was recorded in minutes of the meeting, the director may be relieved from such liability.

**Mandatory Provisions**  
Article 95  
**Opinions**  
Article 6

## **CHAPTER 12: SECRETARY OF THE BOARD OF DIRECTORS**

**Article 106** The Company shall have one (1) secretary of the board of directors. The secretary shall be a senior officer of the Company.

**Mandatory Provisions**  
Article 96

**Article 107** The secretary of the Company's board of directors shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the board of directors. The main duties of the secretary shall be as set forth below:

(1)to guarantee that the Company has complete organizational documents and records;

(2) to ensure that the Company prepares and submits according to law the documents and reports required by relevant authorities; and

**Mandatory Provisions**  
Article 97

- (3) to guarantee that the Company's register of shareholders is properly established and that persons entitled to relevant records and documents of the Company obtain such records and documents in a timely manner.

**Article 108** The main tasks of the secretary of the board of directors include:

Practice  
Guide for  
Secretary  
Chapter 1

- (1) to assist the directors in the day-to-day work of the board of directors, continuously provide the directors with, warn the directors of and ensure that the directors understand the regulations, policies and requirements of the foreign and domestic regulatory authorities on the operation of the Company, assist the directors and the general manager in effectively implementing relevant foreign and domestic laws, regulations, the Company's Articles of Association and other relevant regulations;
- (2) to be responsible for the organization and preparation of documents for board meetings and shareholders' meetings, take proper meeting minutes, ensure that the resolutions passed at the meetings comply with statutory procedures and know about the implementation of the resolutions of the board of directors;
- (3) to be responsible for the organization and coordination of information disclosure, and increase transparency of the Company;
- (4) to participate in capital raising in capital market;
- (5) to deal with intermediaries, regulatory authorities and media, maintain good public relations work.

**Article 109** Company secretary shall be a full time employee, directors may be appointed as secretary, and they must have adequate energy and time for the job. General manager and CFO shall not be part time company secretary.

**Article 110** Duties of the secretary of the board of directors include:

Practice  
Guide for  
Secretary  
Chapter 2

- (1) to organize and prepare for the board meetings and shareholders' meetings, to prepare documents for the meetings, to make relevant arrangements for the meetings, to be responsible for taking meeting minutes, to keep meeting documents and minutes and take initiative to know about the implementation of relevant resolutions; to report to and advise the board of directors on important issues in implementation.
- (2) to ensure that important decisions of the board of directors will be implemented in strict compliance with the required procedures; to participate in, and organize the

consultation and analysis of matters to be decided by the board of directors and provide relevant advice and recommendations thereon; to carry out the day-to-day work of the board of directors and its relevant committees upon authorization.

- (3) to act as a contact between the Company and securities regulatory authority, to be responsible for the organization of the preparation and timely submission of documents required by the regulatory authorities, responsible for undertaking the tasks given by the regulatory authorities and organizing the accomplishment thereof.
- (4) to be responsible for coordinating and organizing the Company's information disclosure, to set up a sound information disclosure system, participate in all the meetings of the Company in relation to information disclosure, to timely obtain important business decisions and relevant information of the Company.
- (5) to be responsible for keeping confidential share price sensitive information of the Company and formulating effective confidentiality rules and measures; to take necessary remedial measures in the event of the disclosure for whatever reasons of any share price sensitive information of the Company, to make prompt explanations and clarifications and notify the regulatory authority of the overseas listing place and CSRC thereof.
- (6) to be responsible for coordinating visits to the Company, to maintain contact with the media, to be responsible for coordinating and answering questions raised by the public and organize the reporting to CSRC of relevant matters.
- (7) to be responsible for administering and keeping the register of the members of the Company, register of the directors of the Company, shareholding of major shareholders and directors and list of the holders of the outstanding debentures of the Company in issue.
- (8) to assist the directors and the general manager in implementing foreign and domestic laws, regulations, the Company's Articles of Association and other relevant regulations in exercising their powers. After becoming aware that any resolutions made or likely to be made by the Company are in breach of relevant regulations, the secretary is obliged to give prompt warnings and entitled to report such facts to CSRC and other regulatory authorities.
- (9) to coordinate the provision of necessary information required for exercising supervisory functions to the Company's supervisory committee and other examination body.
- (10) to exercise other powers and duties authorized by the board of directors and other

powers and duties required in the overseas listing jurisdiction.

**Article 111** A director or other senior officer of the Company may also act as the secretary of the board of directors. The certified public accountancy firm which has been appointed by the Company to act as its auditors shall not act as the secretary of the board of directors. **Mandatory Provisions**  
Article 98

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

The Company may appoint company secretary who comply with Stock Exchange's requirement to managing company affairs if shares listed in Stock Exchange.

### **CHAPTER 13: GENERAL MANAGER**

**Article 112** The Company shall have a general manager who shall be appointed or dismissed by the board of directors. The Company shall have several deputy general managers and one financial deputy general manager who shall assist the General Manager. The deputy general managers and financial deputy general manager shall be nominated by the general manager and appointed or dismissed by the board of the directors. Employment period commencing with the board period. General manager, vice general manager and financial controller are senior management of the company. **Mandatory Provisions**  
Article 99

**Article 113** The general manager shall be accountable to the board of directors and shall exercise the following functions and powers: **Mandatory Provisions**  
Article 100

- (1) to be in charge of the Company's production, operation and management and to organize the implementation of the resolutions of the board of directors;
- (2) to organize the implementation of the Company's annual business plan and investment proposal;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft the Company's basic management system;
- (5) to propose the appointment or dismissal of the deputy general managers and financial deputy general manager of the Company;

- (6) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors;
- (7) to draft plans for the establishment of the Company's branch organizations;
- (8) other powers conferred by the Company's Articles of Association or the board of directors.

**Article 114** The general manager who is not a director shall be entitled to attend meetings of the board of directors The general manager who is not a director does not have any voting rights at board meetings. **Mandatory Provisions**  
Article 101

**Article 115** In performing their duties and powers, the general manager, deputy general managers and financial deputy general manager shall act honestly and diligently and in accordance with laws, administrative regulations and the Company's Articles of Association. **Mandatory Provisions**  
Article 102

**Article 116** The general manager, vice general manger and other senior management who wish to resign shall give a three month written notice to the board of directors. Board have right to approve it or not. Resign without proper approval, board has right to seek the accountability.

#### **CHAPTER 14: SUPERVISORY COMMITTEE**

**Article 117** The Company shall have a supervisory committee. **Mandatory Provisions**  
Article 103

**Article 118** The supervisory committee shall be composed of six (6) supervisors. The supervisory committee shall have one (1) chairman. Each supervisor shall serve for a term of three (3) years, which term is renewable upon re-election and re-appointment. The election or removal of the chairman of the supervisory committee shall be determined by the affirmative votes of two-thirds or more of the members of the supervisory committee. **Mandatory Provisions**  
Article 104/  
App 13d  
section  
1(d)(i)  
*Zheng Jian*  
*Hai Han*

**Article 119** The supervisory committee shall include four (4) supervisors who shall **Mandatory**  
Article 5

represent the shareholders (hereinafter including qualified external supervisors) and two (2) supervisor who shall represent the employees. Supervisors who represent the shareholders shall be elected or removed by the shareholders in general meetings, and the supervisor who represents employees shall be elected or removed by the employees democratically.

**Provisions**

Article 105

**Opinions**

Article 7

External supervisor (hereinafter meaning supervisors who do not hold office in the Company) shall account for more than one half of the total supervisors. At least 2 independent supervisors (meaning supervisors who are neither shareholders nor employee of the company shall be included)

**Article 120** The directors, general manager, deputy general managers and financial deputy general manager of the Company shall not act concurrently as supervisors.

**Mandatory**

**Provisions**

Article 106

**Article 122** The supervisory committee shall be accountable to the shareholders in a general meeting and shall exercise the following functions and powers in accordance with the law:

**Mandatory**

**Provisions**

Article 108/

(1) to review the Company's financial position;

**Opinions**

(2) to supervise the directors, general manager, deputy general managers, financial controller and other senior officers to ensure that they do not act in contravention of any law, regulation or the Company's Articles of Association, and make proposals of dismissal.

Article 7

(3) to require a director, the manager or other senior management staff of the Company to correct an act of such act is harmful to the Company's interests;

(4) to check the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the board of directors to the shareholders' general meetings and to authorize, in the Company's name, publicly certified accountants and practising auditors to assist in the re-examination of such information should any doubt arise in respect thereof;

(5) to propose to convene an extraordinary shareholders' general meeting;

(6) to present proposals to the general meeting;

(7) to represent the Company in negotiating with or instituting legal proceedings against a director;

(8) to suggest company hiring auditors, appoint auditor to investigate company's accounts and report to CSRC or other regulation administrations.;

(9) other functions and powers provided for in the Articles of Association of the Company.



External supervisors shall report independently to the shareholders' meeting on whether the senior officers perform their duties honestly and diligently.

Supervisors shall attend meetings of the board of directors as non-voting attendants.

**Article 123** Methods of participation of Supervisory committee is physical meeting, a valid meeting need more than 50% members as sufficient quorum.  
Resolution of supervisory committee shall be passed by more than two-third of members voting for it.

**Mandatory Provisions**  
Article 109/  
App 13d  
section  
1(d)(ii)  
*Zheng Jian*  
*Hai Han*  
Article 6

**Article 124** The reasonable expenses incurred by the board of supervisors in the employment of professionals such as lawyers, registered accountants, practicing auditors, etc. in the exercise of its functions and powers shall be borne by the Company. These expenses includes transportation fee from supervisor's office to meeting address ( if difference address), meal allowance, rentals, etc.

**Mandatory Provisions**  
Article 110

**Article 125** Supervisors shall carry out his duties honestly and faithfully in accordance with laws, administrative regulations and the Company's Articles of Association.

**Mandatory Provisions**  
Article 111

## **CHAPTER 15: THE QUALIFICATIONS AND DUTIES OF THE DIRECTORS, SUPERVISORS, GENERAL MANAGER AND OTHER SENIOR OFFICERS OF THE COMPANY**

**Article 126** A person may not serve as a director, supervisor, general manager or any other senior officer of the Company if any of the following circumstances apply:

- (1) a person who does not have or who has limited capacity for civil conduct;
- (2) a person who has been sentenced for corruption, bribery, infringement of property or misappropriation of property or other crimes which disrupt the social economic order, or a person who has been deprived of his political rights;
- (3) a person who is a former director, factory manager or manager of a company or enterprise which has been dissolved or put into liquidation as a result of mismanagement and who was personally liable for the winding up of such company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise the

**Mandatory Provisions**  
Article 112

business licence of which was revoked due to violation of law and who are personally liable therefor;

- (5) a person who has a relatively large amount of debts which have become overdue;
- (6) a person who is currently under investigation by judicial organs for violation of criminal law;
- (7) a person who, according to laws and administrative regulations, cannot act as a leader of an enterprise;
- (8) a person other than a natural person;
- (9) a person who has been convicted Not more than five years by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly

**Article 127** The validity of an act carried out by a director, the general manager, deputy general managers, financial controller or other senior officers of the Company on behalf of the Company as against a bona fide third party, shall not be affected by any irregularity in his office, election or any defect in his qualification.

Mandatory  
Provisions  
Article 113

**Article 128** In addition to the obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which shares of the Company are listed, each of the Company's directors, supervisors, general manager and other senior officers owes a duty to each shareholder, in the exercise of the functions and powers entrusted to him by the Company:

Mandatory  
Provisions  
Article 114

- (1) not to cause the Company to exceed the scope of business stipulated in its business licence;
- (2) to act honestly and in the best interests of the Company;
- (3) not to expropriate the Company's property in any way, including (but not limited to) usurpation of opportunities which benefit the Company;
- (4) not to expropriate the individual rights of shareholders, including (but not limited to) rights to distribution and voting rights, save and except pursuant to a restructuring of the Company which has been submitted to the shareholders for approval in accordance with the Company's Articles of Association.

**Article 129** Each of the Company's directors, supervisors, general manager and other senior officers owes a duty, in the exercise of his powers and in the discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Mandatory  
Provisions  
Article 115

**Article 130** Each of the Company's directors, supervisors, general manager and other senior officers shall exercise his powers or perform his duties in accordance with the fiduciary duty towards the Company; and shall not put himself in a position where his

Mandatory  
Provisions

duty and his interest may conflict. This fiduciary duty includes (without limitation) discharging the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to act within the scope of his powers and not to exceed such powers;
- (3) to exercise the discretion vested in him personally and not to allow himself to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in a general meeting, not to delegate the exercise of his discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) unless otherwise provided for in the Company's Articles of Association or except with the informed consent of the shareholders given in a general meeting, not to enter into any contract,
- (6) not to use the Company's property for his own benefit, without the informed consent of the shareholders given in a general meeting;
- (7) not to exploit his position to accept bribes or other illegal income or expropriate the Company's property in any way, including (but not limited to) opportunities which benefit the Company;
- (8) not to accept commissions in connection with the Company's transactions, without the informed consent of the shareholders given in a general meeting;
- (9) to comply with the Company's Articles of Association, to perform his official duties faithfully, to protect the Company's interests and not to exploit his position and power in the Company to advance his own interests;
- (10) not to compete with the Company in any way, save with the informed consent of the shareholders given in a general meeting;
- (11) not to misappropriate the Company's funds or to lend such funds to any other person, not to use the Company's assets to set up deposit accounts in his own name or in any other name or to use such assets to guarantee the debts of a shareholder of the Company or any other personal liabilities;
- (12) not to release any confidential information which he has obtained during his term of office, without the informed consent of the shareholders in a general meeting; nor shall he use such information otherwise than for the Company's benefit, save that disclosure of such information to the court or other governmental authorities is permitted if:
  - (i) disclosure is made under compulsion of law;
  - (ii) public interests so warrants;
  - (iii) the interests of the relevant director, supervisor, general manager or other senior officer so requires.

**Article 131** Each director, supervisor, general manager and other senior officer of the Company shall not direct the following persons or institutions ("associates") to act in a manner which such director, supervisor, general manager and other senior officer himself is prohibited from so acting:

- (1) the spouse or minor child of the director, supervisor, general manager or other senior officer;

Mandatory  
Provisions

Article 117

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

**Article 132** The fiduciary duties of the directors, supervisors, general manager and other senior officers of the Company do not necessarily cease with the termination of their tenure. The duty of confidentiality in respect of trade secrets of the Company survives the termination of their tenure for a period of 5 years. Other duties may continue for such period as the principle of fairness may require depending on the amount of time which has lapsed between the termination and the act concerned and the circumstances and the terms under which the relationship between the relevant director, supervisor, general manager and other senior officer on the one hand and the Company on the other hand was terminated.

**Mandatory Provisions**  
Article 118

**Article 133** Subject to Article 53 hereof, a director, supervisor, general manager or other senior officer of the Company may be relieved of liability for specific breaches of his duty with the informed consent of the shareholders given at a general meeting.

**Mandatory Provisions**  
Article 119

**Article 134** Where a director, supervisor, general manager or other senior officer 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 the contract, transaction or arrangement or proposal therefore is otherwise subject to the approval of the board of directors.

**Mandatory Provisions**  
Article 120/  
App 3 para 4(1)

Unless the interested director, supervisor, general manager or other senior officer discloses his interests in accordance with the preceding subparagraph of this Article and he is not counted as part of 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 who does not have notice of the breach of duty by the interested director, supervisor, general manager or other senior officer.

A director, supervisor, general manager or other senior officer of the Company is deemed to be interested in a contract, transaction or arrangement in which his associate is interested.

A director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest nor shall he be counted in the quorum present at the meeting.

The “associate” have the meaning as defined in the listing rules of the Stock Exchange.

**Article 135** Where a director, supervisor, general manager or other senior officer of the Company gives to the board of directors a notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements which may subsequently be made by the Company, that notice shall be deemed for the purposes of the preceding Article to be a sufficient declaration of his interests, so far as the content stated in such notice is concerned, provided that such notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration by the Company.

**Mandatory Provisions**  
Article 121

**Article 136.** The Company shall not pay taxes for or on behalf of a director, supervisor, general manager or other senior officer in any manner.

**Mandatory Provisions**  
Article 122

**Article 137.** The Company shall not directly or indirectly make a loan to or provide any guarantee in connection with the making of a loan to a director, supervisor, general manager or other senior officer of the Company or of the Company's holding company or any of their respective associates. The foregoing prohibition shall not apply to the following circumstances:

**Mandatory Provisions**  
Article 123

- (1) the provision by the Company of a loan or a guarantee in connection with the making of a loan to its subsidiary;
- (2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds available to any of its directors, supervisors, general manager and other senior officers to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders in a general meeting;
- (3) if the ordinary course of business of the Company includes the lending of money or the giving of guarantees, the Company may make a loan to or provide a guarantee in connection with the making of a loan to any of the relevant directors, supervisors, general manager and other senior officers or their respective associates

in the ordinary course of its business on normal commercial terms.

**Article 138.** 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. **Mandatory Provisions** Article 124

**Article 139.** A guarantee for the repayment of a loan which has been provided by the Company acting in breach of Article 137(1) shall not be enforceable against the Company, save in respect of the following circumstances: **Mandatory Provisions** Article 125

- (1) the guarantee was provided in connection with a loan which was made to an associate of any of the directors, supervisors, general manager and other senior officers of the Company or of the Company's holding company and the lender of such funds did not know of the relevant circumstances at the time of the making of the loan; or
- (2) the collateral which has been provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.

**Article 140.** For the purposes of the foregoing provisions of this Chapter, a "guarantee" includes an undertaking or property provided to secure the obligor's performance of his obligations. **Mandatory Provisions** Article 126

**Article 141.** In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor, general manager or other senior officer of the Company breaches the duties which he owes to the Company, the Company has a right: **Mandatory Provisions** Article 127

- (1) to demand such director, supervisor, general manager or other senior officer to compensate it for losses sustained by the Company as a result of such breach;
- (2) to rescind any contract or transaction which has been entered into between the Company and such director, supervisor, general manager or other senior officer or between the Company and a third party (where such third party knows or should have known that such director, supervisor, general manager other senior officer representing the Company has breached his duties owed to the Company);
- (3) to demand such director, supervisor, general manager or other senior officer to account for profits made as result of the breach of his duties;
- (4) to recover any monies which should have been received by the Company and which were received by such director, supervisor, general manager or other senior officer

instead, including (without limitation) commissions; and

- (5) to demand repayment of interest earned or which may have been earned by such director, supervisor, general manager or other senior officer on monies that should have been paid to the Company.

**Article 142.** The Company shall, with the prior approval of shareholders in a general meeting, enter into a contract in writing with a director or supervisor wherein his emoluments are stipulated. The aforesaid emoluments may include: Mandatory Provisions Article 128

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

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

**Article 143.** The contract concerning the emoluments between the Company and its directors or supervisors should provide that in the event that the Company is acquired, the Company's directors and supervisors shall, subject to the prior approval of shareholders in a general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement pro-rata to such person's emoluments and term as director or supervisor. For the purposes of this paragraph, the acquisition of the Company includes any of the following: Mandatory Provisions Article 129

- (1) an offer made by any person to the general body of shareholders;
- (2) an offer made by any person with a view to the offer or becoming a "controlling shareholder" within the meaning of Article 54 hereof.

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

**CHAPTER 16: FINANCIAL AND ACCOUNTING SYSTEMS AND PROFIT  
DISTRIBUTION**

- Article 144.** The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and PRC accounting standards formulated by the finance regulatory department of the State Council. **Mandatory Provisions**  
Article 130
- Article 145.** The Company shall prepare financial reports at the end of each fiscal year. Such reports shall be examined and verified according to law. **Mandatory Provisions**  
Article 131  
Company's accounting period use calendar year. Company use RMB as booking currency. All accounts are booked in Chinese.
- Article 146.** The board of directors of the Company shall place before the shareholders at every annual general meeting such financial reports which the relevant laws, administrative regulations and directives promulgated by competent regional and central governmental authorities require the Company to prepare. Such reports must be verified and certified. **Mandatory Provisions**  
Article 132
- Article 147.** Company shall arrange for the notice to shareholders to be sent in the case of annual general meetings at least 20 clear business days before the meeting. Annual report includes director's report and balance sheet ( as requested by relevant regulations), profit and loss statement and cash flow statement, or (without violating Chinese law and regulations) summary of financial report approved by Stock Exchange. Every shareholder has right to receive the financial report of the company. **Mandatory Provisions**  
Article 133  
*Zheng Jian*  
*Hai Han*
- The Company shall deliver or send to each shareholder of Overseas listed foreign shares by prepaid mail at the address registered in the register of shareholders the said reports not later than twenty-one (21) days before the date of every annual general meeting of the shareholders. Article 7/  
App 3 para 5
- Article 148.** The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards, or that of the place outside the PRC where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in the financial statements. In **Mandatory Provisions**  
Article 134



distributing its after-tax profits, the lower of the two amounts shown in the financial statements shall be adopted.

**Article 149.** Any interim results or financial information published or disclosed by the Company must also be prepared and presented in accordance with PRC accounting standards and regulations, and also in accordance with either international accounting standards or that of the place overseas where the Company's shares are listed.

**Mandatory Provisions**  
Article 135

**Article 150.** The Company shall publish its financial reports twice every fiscal year, that is, the interim financial report shall be published within sixty (60) days after the expiration of the first six (6) months of each fiscal year; the annual financial report shall be published within one hundred and twenty (120) days after the expiration of each fiscal year.

**Mandatory Provisions**  
Article 136

**Article 151.** The Company shall not keep accounts other than those required by law. The accounts required by law shall be look by the directors and supervisors.

**Mandatory Provisions**  
Article 137

**Article 152.** After completing interim and annual report, company shall make public announcement to comply with relevant Chinese law, regulation and Listing rule requirement.

## **CHAPTER 17: DIVIDENDS AND RESERVES**

**Article 153.** All after tax profit shall be distributed as following orders:

- (1) make up losses;
- (2) Allocate statutory surplus fund.;
- (3) Allocate discretionary surplus fund;
- (4) Distribute ordinary share dividend

The specific distribution proportion mentioned in (3) and (4) are decided by the board on company's operation, also resolved by the general meeting.

App 3 Para 9

Authorized by annual general meeting, if sufficient earnings available, board may pay interim dividend without approval of general meeting.

**Article 154.** The Company shall not distribute dividend before allocating statutory surplus fund and making up losses. Company shall not paying interest for the dividend, except for dividend which already reaches maturity.

**Article 155.** When distributing its after-tax profits in a given year, the Company shall set aside 10% of its after-tax profits as the Company's statutory common reserve fund, and between 5% and 10% of its after-tax profits as the Company's statutory welfare fund. Where the accumulated amount of the statutory common reserve fund reaches 50% or more of the registered capital of the Company, no further contribution is required.

**Article 156.** After making contribution to the statutory common reserve fund from its after-tax profits, the Company may, subject to resolutions adopted at a general meeting, make contributions to discretionary common reserve funds.

**Article 157.** The capital surplus fund includes the following items:

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

Mandatory

Provisions

Article 138

**Article 158.** The surplus fund of a company shall be used to make up for the company's losses or to expand production and operation of the company, or shall be converted into an increase in the company's capital. However, the capital surplus fund shall not be used for making up the losses of the company. The statutory surplus fund can be converted to capital with general meeting's approval, the remaining amount of such surplus fund shall not be less than 25 percent of the registered capital prior to such conversion.

**Article 159.** Under limited in Article154, Article155, Article156 and Article158, where general meeting has passed resolution to distribute annual dividend, it will be distributed within 6 months after financial year end. But interim dividend declared is not limited by above time line.

**Article 160.** Company may distribute cash dividend or share dividend ( or distribute both). **Mandatory**  
 Ordinary share dividend or other distribution shall use RMB. **Provisions**  
 Domestic share dividend or other cash distribution shall use RMB. Article 139  
 H share dividend or other cash distribution are declared in RMB and paid in HK  
 dollar comply with Chinese foreign currency regulation. The Exchange rate adopt is  
 weighted average close rate every workday one week before the declare date. It may  
 adopt other rate which decided by the board under certain law and regulations.

**Article 161.** Board may declare interim dividend with general meeting's authorization.

**Article 162.** When distributing dividends to its shareholders, the Company shall withhold  
 and pay on behalf of its shareholders the taxes levied on the dividends in accordance  
 with the provisions of the PRC tax law.

**Article 163.** The Company shall appoint receiving agents for holders of the Overseas listed  
 foreign shares. Such receiving agents shall receive dividends which have been **Mandatory**  
 declared by the Company and all other amounts which the Company should pay to **Provisions**  
 holders of Overseas listed foreign shares on such shareholders' behalf. Article 140  
*Zheng Jian*  
*Hai Han*  
 The receiving agents appointed by the Company shall meet the relevant requirements Article  
 of the laws of the place at which the stock exchange on which the Company's shares 8/App 13d  
 are listed or the relevant regulations of such stock exchange. section 1(c)  
 The receiving agents appointed for holders of Overseas listed foreign shares listed in  
 Hong Kong shall each be a company registered as a trust company under the Trustee  
 Ordinance of Hong Kong.

Under relevant Chinese law and regulations, company may scrip uncollected App 3 para  
 dividend (or scrip and distribute on other purposes), but this right cannot be exercised 3(2)  
 before ending of lawsuit period.

That where power is taken to cease sending dividend warrants by post, if such App 3 para  
 warrants have been left uncashed, it will not be exercised until such warrants have 13(1)  
 been so left uncashed on two consecutive occasions. However, such power may be  
 exercised after the first occasion on which such a warrant is returned undelivered. App 3 para

That any amount paid up in advance of calls on any share may carry interest but shall 3(1)  
 not entitle the holder of the share to participate in respect thereof in a dividend  
 subsequently declared.

## CHAPTER 18: APPOINTMENT OF ACCOUNTANCY FIRM

- Article 164.** The Company shall appoint an independent and internationally well known firm of accountants which is qualified under the relevant regulations of the State to audit the Company's annual report and review the Company's other financial reports. The first accountancy firm of the Company may be appointed before the first annual general meeting of the Company at the inaugural meeting. Accountancy firm so appointed shall hold office until the conclusion of the first annual general meeting. If the inaugural meeting does not exercise the powers under the preceding paragraph, those powers shall be exercised by the board of directors.
- Article 165.** The accountancy firm appointed by the Company shall be the Company's auditors from the conclusion of the annual general meeting of shareholders at which they were appointed until the conclusion of the next annual general meeting of shareholders.
- Article 166.** The accountancy firm appointed by the Company shall enjoy the following rights:
- (1) a right to review to the books, records and vouchers of the Company at any time, the right to require the directors, general manager and other senior officers of the Company to supply relevant information and explanations;
  - (2) a right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the discharge of its duties;
  - (3) a right to attend shareholders' general meetings and to receive all notices of, and other communications relating to, any shareholders' general meeting which any shareholder is entitled to receive, and to speak at any shareholders' general meeting in relation to matters concerning its role as the Company's accountancy firm.
- Article 167.** If there is a vacancy in the position of accountant of the Company, the board of directors may appoint an accountancy firm to fill such vacancy before the convening of the shareholders' general meeting. Any other accountancy firm which has been appointed by the Company may continue to act during the period during which a vacancy arises.
- Article 168.** The shareholders in a general meeting may by ordinary resolution remove the

Mandatory

Provisions

Article 141

Mandatory

Provisions

Article 142

Mandatory

Provisions

Article 143

Mandatory

Provisions

Article 144

Mandatory

Company's accountancy firms before the expiration of its term of office, irrespective of the provisions in the contract between the Company and the Company's accountant firm. However, the accountancy firm's right to claim for damages which arise from its removal shall not be affected thereby.

Provisions

Article 145

**Article 169.** The remuneration of an accountancy firm or the manner in which such firm is to be remunerated shall be determined by the shareholders in a general meeting. Notwithstanding the foregoing, the remuneration of an accountancy firm appointed by the board of directors shall be determined by the board of directors.

Mandatory

Provisions

Article 146

**Article 170.** The Company's appointment, removal or non-reappointment of an accountancy firm shall be resolved by the shareholders in a general meeting. Such resolution shall be filed with the securities authority of the State Counsel.

Mandatory

Provisions

Where a resolution at a general meeting of shareholders is passed to appoint as accountant a person other than an incumbent accountancy firm to fill a casual vacancy in the office of accountant, to reappoint as accountant a retiring accountancy firm that was appointed by the board of directors to fill a casual vacancy, or to dismiss an accountancy firm before the expiration of its term of office, the following provisions shall apply:

Article 147/

App 13d

section1(e)(i)

Zheng Jian

Hai Han

(1) A copy of the appointment or removal proposal shall be sent (before notice of meeting is given to the shareholders) to the accountancy firm proposed to be appointed or proposing to leave its post or the firm which has left its post in the relevant fiscal year (leaving includes leaving by removal, resignation and retirement).

Article 9

(2) If the accountancy firm leaving its post makes representations in writing and requests the Company to give the shareholders notice of such representations, the Company shall (unless the representations have been received too late) take the following measures:

(a) in any notice of the resolution given to shareholders, state the fact of the representations having been made; and

(b) attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in the Company's Articles of Association.

(3) If the Company fails to send out the accountancy firm's representations in the manner set out in sub-paragraph (2) above, such accountancy firm may require that the representations be read out at the meeting.

(4) An accountancy firm which is leaving its post shall be entitled to attend the following shareholders' general meetings:

(a) the general meeting at which its term of office would otherwise have expired;

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

(c) the general meeting which convened as a result of its resignation,

and to receive all notices of, and other communications relating to, any such meeting,

and to speak at any such meeting which concerns it as former auditor of the Company.

**Article 171.** Prior notice should be given to the accountancy firm if the Company decides to remove such accountancy firm or not to renew the appointment hereof. Such accountancy firm shall be entitled to make representations at the shareholders' general meeting. Where the accountancy firm resigns from its position, it shall make clear to the shareholders in a general meeting whether there has been any impropriety on the part of the Company.

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

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

(b) a statement of any such circumstances.

(2) The Company shall, within fourteen (14) days after receipt of the notice referred to in the preceding paragraph, send a copy of the notice to the relevant governing authority. If the notice contains a statement under the preceding sub-paragraph (2), a copy of such statement shall be placed at the Company for shareholders' inspection. The Company should also send a copy of such statement by prepaid mail to every shareholder of Overseas-Listed Foreign Shares at the address registered in the register of shareholders.

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

## CHAPTER 19: MERGER AND DIVISION OF THE COMPANY

**Article 172.** In the event of the merger or division of the Company, a plan shall be presented by the Company's board of directors and shall be approved in accordance with the procedures stipulated in the Company's Articles of Association. The Company shall then go through the relevant approval process. A shareholder who objects to the plan of merger or division shall have the right to demand the Company or the shareholders who consent to the plan of merger or division to acquire such dissenting shareholders' shareholding at a fair price.

The contents of the resolution of merger or division of the Company shall constitute special documents which shall be available for inspection by the shareholders of the Company. Such special documents shall be sent by mail to holders of Overseas listed foreign shares.

Mandatory

Provisions

Article 148/

App 13d

section

1(e)(ii), (iii),

(iv)

Zheng Jian

Hai Han

Article 10

Mandatory

Provisions

Article 149

**Article 173.** The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company. **Mandatory Provisions**

In the event of a merger, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's merger resolution and shall publish a public notice in a newspaper within thirty (30) days of the date of the Company's merger resolution. The creditors may require the Company pay for the debt or provide corresponding guarantee during the thirty (30) days after receiving the notice or fifty-five (45) days after the public notice in a newspaper. Article 150

Upon the merger, rights in relation to debtors and indebtedness of each of the merged parties shall be assumed by the company which survives the merger or the newly established company.

**Article 174.** Where there is a division of the Company, its assets shall be divided up accordingly. **Mandatory Provisions**

In the event of division of the Company, the parties to such division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's division resolution and shall publish a public notice in a newspaper within thirty (30) days of the date of the Company's division resolution. Article 151

Debts of the Company prior to division shall be assumed by the companies which exist after the division in accordance with the agreement of the parties.

**Article 175.** The Company shall, in accordance with law, apply for change in its registration with the companies registration authority where a change in any item in its registration arises as a result of any merger or division. Where the Company is dissolved, the **Mandatory Provisions**

Company shall apply for cancellation of its registration in accordance with law. Where a new company is established, the Company shall apply for registration thereof in accordance with law. Article 152

## **CHAPTER 20: DISSOLUTION AND LIQUIDATION**

**Article 176.** The Company shall be dissolved and liquidated upon the occurrence of any of the following events: **Mandatory Provisions**

- (1) upon the expiration of its term of operation;
  - (2) if the shareholders' general meeting resolves to dissolve the Company;
  - (3) if dissolution is necessary as a result of the merger or division of the Company;
- Article 153

- (4) if the Company is declared bankrupt according to law because it is unable to pay its debts upon maturity; or
- (5) if the Company is lawfully ordered to close down as a result of violation of company laws article 183 by the court.

**Article 177.** Company run into situation in previous Article(1), it shall make amendment to the company's articles .

Resolutions made at general meeting on amendment to the company's articles of association, shall be subject to adoption by the shareholders representing two-thirds or more of the voting rights.

Where a company is confronted with serious difficulties in operation and management, its continued existence may cause grievous losses to the interests of its shareholders and the difficulties cannot be surmounted through other channels, the shareholders holding more than 10 percent of the total number of the voting rights held by all the shareholders of the company may request a people's court to dissolve the company.

**Article 178.** Where a company is dissolved because of the reasons specified in Subparagraph (1), (2), (4) or (5) of Article 176, it shall, within 15 days from the date the reasons for dissolution prevail, set up a liquidation team to begin liquidation. The liquidation team of a company with limited liability shall be composed of its shareholders; and the liquidation team of a company limited by shares shall be composed of its directors or the persons decided on by the shareholders general assembly. Where a company fails to set up a liquidation team to conduct liquidation at the expiration of the prescribed time limit, its creditors may apply to a people's court for designating relevant persons to form a liquidation team for liquidation.

Where company has been announced bankruptcy, liquidation process shall begin based on bankruptcy law.

**Mandatory Provisions**  
Article 154

**Article 179.** Where the board of directors proposes to liquidate the Company for any reason other than the Company's declaration of its own insolvency, the board shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the board of directors is of the opinion that the Company will be able to pay its debts in full within twelve (12) months from the commencement of the liquidation.

**Mandatory Provisions**  
Article 155



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

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

**Article 180.** The liquidation committee shall, within ten (10) days of its establishment, send notices to creditors and shall, within sixty (60) days of its establishment, publish a public announcement in a newspaper. **Mandatory Provisions**  
Article 156

**Article 181.** During the liquidation period, the liquidation committee shall exercise the following functions and powers: **Mandatory Provisions**  
Article 157

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

**Article 182.** After it has sorted out the Company's assets and after it has prepared the balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to a shareholders' general meeting or to the relevant governing authority for confirmation. **Mandatory Provisions**  
Article 158

After the payment of liquidation expenses with priority, the Company's assets shall be distributed in accordance with the following sequence:

- (i) salaries and labour insurance expenses of employees of the Company;
- (ii) outstanding taxes;
- (iii) debts of the Company.

Where a receiver has been appointed, no one without receiver's permission allow to allocate company's property. During the liquidation period, the Company shall not commence any new business activities.

Any surplus assets of the Company remaining after payment referred to in the preceding paragraph shall be distributed to its shareholders according to the class of shares and the proportion of shares held in the following sequence:

- (1) In the case of preferential shares, distribution shall be made to holders of such

preferential shares according to the par value thereof; if the surplus assets are not sufficient to repay the amount of preferential shares in full, the distribution shall be made to holders of such shares in proportion to their respective shareholdings.

(2) In the case of ordinary shares, distribution shall be made to holders of such shares in proportion to their respective shareholdings.

**Article 183.** Members of a liquidation team shall be devoted to their duties and perform their liquidation obligations according to law. Members of a liquidation team shall not take advantage of their functions and powers to accept bribes or other illegal income, or to take illegal possession of the property of the company. Where a member of the liquidation team causes losses to the company or its creditors intentionally or through gross negligence, he shall be liable for compensation.

**Article 184.** If after putting the Company's assets in order and preparing a balance sheet and an inventory of assets in connection with the liquidation of the Company, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall immediately apply to the People's Court for a declaration of insolvency.

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

**Article 185.** Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, a statement of income and expenses received and made during the liquidation period and a financial report, which shall be verified by a Chinese registered accountant and submitted to the shareholders' general meeting or the relevant governing authority for confirmation.

## **CHAPTER 21: PROCEDURES FOR AMENDMENT OF THE COMPANY'S ARTICLES OF ASSOCIATION**

**Article 186.** The Company may amend its Articles of Association in accordance with the requirements of laws, administrative regulations and the Company's Articles of Association.

**Article 187.** Amendment of the Company's Articles of Association which involve the contents of the Mandatory Provisions of Overseas-Listed Companies' Articles of Association shall become effective upon receipt of approvals from the companies

approving department authorized by the State Council. Where amendments of the Articles of Association involve the registered particulars of the Company, procedures for alteration of registration shall be handled in accordance with the law.

## CHAPTER 22: DISPUTE RESOLUTION

**Article 188.** The Company shall abide by the following principles for dispute resolution: **Mandatory**

- (1) Whenever any disputes or claims arise between: holders of the Overseas listed foreign shares and the Company; holders of the Overseas listed foreign shares and the Company's directors, supervisors, general manager or other senior officers; or holders of the Overseas listed foreign shares and holders of Domestic shares and holders of other Foreign-Invested Shares, in respect of any rights or obligations arising from these Articles of Association, the Company Law or any rights or obligations conferred or imposed by the Company Law and other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.
- Provisions**  
Article 163/  
*Zheng Jian*  
*Hai Han*  
Article 11

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall, where such person is the Company, the Company's shareholders, directors, supervisors, general manager, or other senior officers of the Company, comply with the arbitration. Disputes in respect of the definition of shareholders and disputes in relation to the register of shareholders need not be resolved by arbitration.

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

Any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre. The laws of the PRC shall apply to these Articles of Association, save as otherwise provided in the laws and administrative regulations.

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

## CHAPTER 23: SUPPLEMENTARY

**Article 189.** Article is written in Chinese.

**Article 190.** The board of directors of the Company shall be responsible for the interpretation of these Articles of Association, and the shareholders in general meeting shall have the right to amend the Articles of Association.

**Article 191.** In the Articles of Association, unless the context otherwise requires, the following expressions have the following meanings:

“Articles of Association”: the Articles of Association of the Company

“Board”: the board of directors of the Company

“Chairman”: Chairman of the board of directors of the Company

“Director(s)”: the director(s) of the Company

“Legal address”: No.45 Xinyuan ji, Chaoyang district, Beijing, PRC.

“RMB”: Renminbi yuan, the lawful currency of the PRC

“Company secretary”: the company secretary appointed by the Board

“Stock Exchange”: The Stock Exchange of Hong Kong Limited.

“recognized registrar”: Definition referred to Article 48

“Country”, “PRC”: People’s Republic of China, Which for the purposes of the Articles of Association excludes Hong Kong Special Administrative Region , the Macau Special Administrative Region and Taiwan

“H” share: Definition referring to Article 18.

**Article 192.** Notice published by way of Announcement or Advertisement, clauses requested to be published in newspaper or magazine, all of which need to comply with local exchange regulations and published in designated newspaper or website. App 3 para 7(1)

Without violating Chinese law and regulations and listing rules of local stock exchange, any notice, communications or other documents (including courier mail or post paid mail mentioned in the article)(as“ company communication”) may be sent via electronic ways. Within permission of relevant law and regulations, company communication may be published in company’s website or local listing stock exchange website. Company may send notice (definite notice) to shareholders

and other related parties, notify company communication has been published in relevant websites. Definite notice may send to shareholders or other related parties under permitted ways written by the article. Where company communication (including definite notice) sent out via electronic communication, delivery day sending out of company's server is considered as arrival day. Company communication published in company's website or local listing stock exchange's website, arrival day is considered as the day after definite notice received by shareholders and other related parties.

**Article 193.** In these Articles of Association, reference to “accountancy firm” shall have the same meaning as “auditor”.

**Mandatory**

**Provisions**

Article 165