

**Zhejiang New Century Hotel Management Co., Ltd.**

**Articles of Association (H Share)**

## CONTENTS

Chapter 1	General Provisions	1
Chapter 2	Business Purposes and Scope	3
Chapter 3	Shares, Registered Capital and Share Transfers	3
Chapter 4	Change in Share Capital and Share Buyback.	7
Chapter 5	Financial Aid for Acquiring Our Shares	10
Chapter 6	Share Certificate and Share Register.	11
Chapter 7	Rights and Obligations of Shareholders	15
Chapter 8	General Meetings	20
Chapter 9	Special Procedures for Voting by the Classified Shareholders	34
Chapter 10	Board of Directors	37
Chapter 11	Secretary of the Board of Directors.	45
Chapter 12	President.	47
Chapter 13	Supervisory Committee.	48
Chapter 14	Qualifications and Obligations of the Directors, Supervisors and Senior Management of Our Company	51
Chapter 15	Financial and Accounting System and Profit Distribution.	58
Chapter 16	Engagement of Accounting Firms.	62
Chapter 17	Merger, Division, Dissolution and Liquidation	65
Chapter 18	Amendment of the Articles of Association	68
Chapter 19	Notice	69
Chapter 20	Settlement of Disputes	71
Chapter 21	Supplementary Provisions.	72

## Chapter 1 General Provisions

**Article 1** In order to safeguard the legitimate rights and interests of Zhejiang New Century Hotel Management Co., Ltd. (“our Company”) and our shareholders and creditors, and to regulate the organization and activities of our Company, these Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (the “Special Regulations”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Letter Regarding Opinion on Supplementary Amendments to Articles of Association of Companies to be Listed in Hong Kong, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and other relevant regulations.

**Article 2** Our Company is a limited liability company established in accordance with the Company Law, the Special Regulations, and other relevant laws, administrative regulations or regulatory documents of the People’s Republic of China (the “PRC”).

Our Company is a limited liability company established through the complete reorganization of the former Zhejiang New Century Hotel Management Limited (hereinafter referred to as “New Century Limited”) by converting RMB210,000,000 from the audited net assets value of RMB437,488,637 to 210,000,000 ordinary shares with a face value of RMB1 per share by the ratio of 1:1 on the base date of 30 April 2017. Our Company was registered with the Administration for Industry and Commerce of Zhejiang Province on 28 June 2017, and obtained the Business License. The unified social credit code of our Company’s Business License is 913300006831274056.

Our Company has a total of 7 founding shareholders, all of whom are corporate shareholders, namely New Century Tourism Group Co., Ltd, NC Hotels Investment Holding Pte. Ltd., Shanghai Ouling Bohui Investment Center (Limited Partnership), Ocean Century Hotels Limited, Hangzhou Qianhe Qiju Investment Management Partnership (Limited Partnership), Ningbo Meishan Bonded Area Kairui Shiqi Investment Management Partnership (Limited Partnership) and Ningbo Meishan Bonded Area Kaihui Taiheng Investment Management Partnership (Limited Partnership).

**Article 3** Registered Chinese name of our Company: 浙江開元酒店管理股份有限公司.  
English name of our Company: Zhejiang New Century Hotel Management Co., Ltd.

**Article 4** Company address: 18 the Floor, No. 818, Shixinzhong Road, Beigan Subdistrict, Xiaoshan District, Hangzhou, Zhejiang Province

Postal code: 311202

Tel.: 0571-82888888

Fax No.: 0571-82888366

**Article 5** The chairman of the Board of Directors is the legal representative of our Company.

**Article 6** Our Company is a limited liability company in perpetual existence. Our Company is an independent legal person, has independent legal person properties, and enjoys the property rights of legal person, enjoys civil rights according to law, and bears civil liability. All actions of our Company shall comply with the provisions of the PRC laws, regulations and regulatory documents and shall protect the legitimate rights and interests of shareholders. Our Company is governed and protected by the PRC laws, regulations and regulatory documents.

**Article 7** All our Company's capital shall be divided into equal shares. Shareholders of our Company shall assume liabilities to our Company to the extent of the shares subscribed by them. Our Company shall be liable for our debts to the extent of our total assets.

**Article 8** The Articles of Association takes effect from the date of listing and trading of our Company's overseas listed foreign shares on The Stock Exchange of Hong Kong Limited (hereinafter referred to as "Hong Kong Stock Exchange") upon adoption by our Company's general meeting and approval by the relevant departments of the State. These Articles of Association replaced the articles of association and the amendments thereof that our Company originally registered in the competent industrial and commercial administration department.

**Article 9** Once effective, the Articles of Association shall constitute a legally binding document to regulate the organization and activities of our Company, the rights and obligations between our Company and our shareholders and among the shareholders.

The Articles of Association shall be legally binding on our Company and our shareholders, Directors, Supervisors, and senior management, all of whom are entitled to claim rights regarding our Company's affairs in accordance with the Articles of Association and bear the corresponding obligations.

Without prejudice to the provisions of Article 232 of the Articles of Association, in accordance with the Articles of Association, a shareholder may take legal action against other shareholders, shareholders may take legal action against Directors, Supervisors, senior management of our Company, shareholders may take legal action against and our Company and our Company may take legal action against our shareholders.

The actions referred to in the preceding paragraph include institution of proceedings in a court and making application to an arbitration institution for arbitration.

The “senior management” as referred to in the Articles of Association refers to our Company’s president, vice president, chief financial officer, secretary of the Board of Directors, and other persons who are explicitly appointed by the Board of Directors as the senior management of our Company. The “president” and “deputy president” as mentioned in the Articles of Association refer to “manager” and “deputy manager” in the Company Law, and the “chief financial officer” is the “financial person in charge” in the Company Law.

**Article 10** Our Company may invest in other limited liabilities companies and joint stock limited liabilities companies and shall assume liabilities to the investees to the extent of the amount of our capital contribution, provided that we shall not become an investor that shall bear joint and several liabilities for the debts of the investees unless otherwise provided by laws. According to the needs of business development, our Company may establish subsidiaries or branches, representative offices or offices outside China and the Hong Kong Special Administrative Region (hereinafter referred to as “Hong Kong”), the Macao Special Administrative Region (hereinafter referred to as “Macau”) and Taiwan region.

## **Chapter 2 Business Purposes and Scope**

**Article 11** Our Company’s business objective is to become China’s largest mid to high-end hotel management company, leading the progress of China’s hotel industry, creating comfort for guests and creating value for owners.

**Article 12** Upon registration according to the law, our Company’s business scope is hotel management and consulting services, housing leasing services, franchise business activities, operation by branches include accommodation, bars, chess, swimming pools, KTV rooms, saunas, haircuts, beauty, catering services, food management, conference and exhibition services, retail of daily necessities, foot bath, fitness services, amusement hall (table tennis room, billiard room), photography services, parking services and operation of tobacco products retail business with operating permits. (Items subject to approval according to law may be operated after approval by relevant departments)

The above business scope shall be subject to the items approved by the competent industrial and commercial administration department.

## **Chapter 3 Shares, Registered Capital and Share Transfers**

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

**Article 14** The shares of our Company shall be represented by share certificates. The shares issued by our Company shall have a par value of RMB1 each.

The term “RMB” as mentioned in the preceding paragraph refers to the legal currency of China.

**Article 15** The shares of our Company shall be issued in an open, fair and equal manner. Each share of the same class shall rank pari passu with each other.

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

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

In the preceding paragraph, “foreign investors” mean those investors from foreign countries and from the regions of Hong Kong, Macau and Taiwan who subscribe for shares issued by our Company, and “domestic investors” mean those investors within the territory of the PRC excluding the regions mentioned above who subscribe for shares issued by our Company.

**Article 17** Shares issued by our Company to domestic investors for subscription in Renminbi shall be referred to as “Domestic Shares”, and shares issued by our Company to overseas investors for subscription in foreign currency shall be referred to as “foreign shares”. Foreign shares which are listed outside the PRC shall be referred to as “overseas listed foreign shares”; foreign shares which are not listed overseas shall be referred to as “non-listed foreign shares” (if any). Both holders of Domestic Shares and holders of foreign shares are ordinary shareholders who have same obligations and rights.

Foreign currency referred to in the preceding paragraph means a freely convertible legal currency of other countries or regions (other than Renminbi) which is recognized by the competent foreign exchange administration authority of the State and can be used for payment of our Company’s shares.

The overseas listed foreign shares (hereinafter referred to as “H Shares”) issued by our Company on the Hong Kong Stock Exchange are shares which have been admitted for listing on the Hong Kong Stock Exchange, the par value of which is denominated in Renminbi, and which are subscribed for and traded in Hong Kong dollars.

**Article 18** With the approval of the approval department authorized by the State Council, our Company issued 210 million shares of ordinary shares to the promoters at the time of our establishment. The number of shares subscribed by each promoter is as follows:

No.	Name of promoters	Number of shares held (10k shares)	Percentage of shareholding (%)
1	New Century Tourism Group Co., Ltd.	12,567.618	59.8458
2	NC Hotels Investment Holding Pte. Ltd.	4,048.254	19.2774
3	Shanghai Ouling Bohui Investment Center (Limited Partnership)	366.639	1.7459
4	Ocean Century Hotels Limited	985.782	4.6942
5	Hangzhou Qianhe Qiju Investment Management Partnership (Limited Partnership)	965.559	4.5979
6	Ningbo Meishan Bonded Area Kairui Shiqi Investment Management Partnership (Limited Partnership)	722.358	3.4398
7	Ningbo Meishan Bonded Area Kaihui Taiheng Investment Management Partnership (Limited Partnership)	1,343.790	6.3990
Total		21,000	100

**Article 19** Our Company issued no more than 70,000,000 overseas listed foreign shares, accounting for 25.0% of the total number of issued ordinary shares of our Company, and listed on the Hong Kong Stock Exchange on March 11, 2019.

Our Company's share capital structure: 280,000,000 ordinary shares, of which the promoters hold 159,659,640 Domestic Shares and 50,340,360 unlisted foreign shares, and H shareholders hold 70,000,000 overseas listed foreign shares.

**Article 20** The Domestic Shares and non-listed foreign shares issued by our Company are centrally deposited in China Securities Depository and Clearing Co., Ltd. Our Company's H Shares are mainly under the custody of Central Depository of the Hong Kong Securities Clearing Company Limited and may also be held by shareholders in their own names.

**Article 21** Upon approval by the securities governing authority of the State Council of the proposal for issue of Domestic Shares, non-listed foreign shares and overseas listed foreign shares of our Company, the Board of our Company may make arrangements for a separate issue.

The separate issue of the overseas listed foreign shares, Domestic Shares and non-listed foreign shares shall be completed within fifteen months from the date of approval by the securities governing authority of the State Council, unless otherwise provided by the securities governing authority of the State Council.

**Article 22** Where the total number of shares stated in the proposal for the issuance of shares includes overseas listed foreign shares, Domestic Shares and non-listed foreign shares, such shares shall be fully subscribed for at their respective offerings. If the shares are not fully subscribed for at their respective offerings due to exceptional circumstances, these shares may be issued in separate tranches subject to approval of the securities governing authority of the State Council.

**Article 23** The registered capital of our Company is RMB280 million.

**Article 24** Unless otherwise stipulated in laws, administrative regulations or the listing rules of the region where our shares are listed or the Articles of Association, shares of our Company may be freely transferred according to the law and shall be free from all liens. The transfer of shares of our Company shall be registered with a share registrar appointed by our Company.

**Article 25** Our Company shall not accept any shares of our Company as the subject of a pledge.

**Article 26** Shares of our Company held by the promoters shall not be transferred within one year from the date of the establishment of our Company. Shares issued prior to the public offering of our Company shall not be transferred within one year from the date on which the shares of our Company were listed on the stock exchange(s).

The Directors, Supervisors and senior management of our Company shall report to us their shareholdings and changes therein and shall not transfer more than 25% of the total number of shares held by them in any year during their terms of office. The shares held by them shall not be transferred within one year from the date on which the shares of our Company are listed and traded on the stock exchange(s). The aforesaid person(s) shall not transfer the shares of our Company held by them within six months from the termination of their service. In case of any conflict between this Article and the requirements of the stock exchange where our shares are listed on the restrictions on transfer of shares, the latter shall prevail.

**Article 27** Where any Director, Supervisor or senior management of the Company or any Shareholder holding more than 5% of the Company's shares disposes of his/her shares in the Company within six months of purchase or purchases shares in the Company again within six months of disposal, the gains derived thereof shall be disgorged and paid to the Company and shall be recoverable from him/her by the Board of the Company, provided that disposals by brokerage companies holding more than 5% of the shares in the Company as a result of their underwriting obligations in relation to the shares unsubscribed shall not be subject to the six-month restriction. If listing rules of the stock exchange of the place(s) in which the shares of the Company are listed provide otherwise on restrictions on transfers of H shares, such rules shall prevail.



## **Chapter 4 Change in Share Capital and Share Buyback**

**Article 28** In light of our operation and development needs and in accordance with the laws and regulations and resolutions made at the general meeting, our Company may increase capital according to relevant provisions of the Articles of Association.

Our Company may increase capital by the following means:

- (I) Issuing new shares to unspecific investors;
- (II) Placing new shares with existing shareholders;
- (III) Giving new shares to existing shareholders;
- (IV) Converting the reserve funds into share capital;
- (V) Other means approved by the laws, administrative regulations and regulations of relevant regulatory authorities.

Upon approval to increase our Company's capital via an issue of new shares according to the provisions of the Articles of Association, the matter shall be dealt with in accordance with the procedures of related laws, administrative regulations of the PRC and supervision rules of the region where our shares are listed.

**Article 29** Our Company may decrease our registered capital. Our Company's decrease of registered capital shall comply with the procedures stipulated in Company Law, other related regulations and the Articles of Association.

**Article 30** If our Company decreases our registered capital, we must prepare a balance sheet and a list of properties.

Our Company shall notify creditors within 10 days after adoption of the resolution to reduce the registered capital and shall publish an announcement in newspapers within 30 days. The creditors shall have the right to require our Company to repay the debts or provide the corresponding guaranty for debt repayment within 30 days after receipt of the notice or within 45 days after the announcement if the creditors haven't received the notice.

**Article 31** As approved following the procedures specified in the Articles of Association and by the State relevant competent authorities, our Company may buy back our outstanding shares under the following circumstances in accordance with statutory procedures:

- (I) Cancellation of the shares to reduce our Company's registered capital;
- (II) Merger with other companies which hold our shares;
- (III) Granting shares to the staff of our Company as incentives;

- (IV) Buying back the shares from shareholders voting against any resolutions adopted at the general meeting concerning the merger and division of our Company upon their request;
- (V) Other circumstances as permitted by the laws and administrative regulations.

Our Company shall not trade our shares unless in the aforesaid circumstances.

**Article 32** After approved by the State relevant competent authorities, our Company may buy back shares in any of the following ways:

- (I) Making a buyback offer in the same proportion to all shareholders;
- (II) Buying back shares through public trading on a stock exchange;
- (III) Buying back shares by an agreement outside a stock exchange;
- (IV) In other ways approved by the laws, regulations, rules, regulatory documents and relevant regulatory authorities.

**Article 33** Where our Company buys back the shares by an agreement outside a stock exchange, we shall obtain prior approval at the general meeting pursuant to the Articles of Association. As approved by the shareholders at the general meeting in the same manner in advance, our Company may cancel or amend the contract signed in the aforesaid manner or waive any of our rights in the contract.

The contract that buys back the shares mentioned in the preceding paragraph includes (but is not limited to) an agreement that consents to undertake the obligation to buy back the shares and obtain the rights to buy them back.

Our Company shall not transfer any contract that buys back the shares or any rights conferred under the contract.

In respect of the redeemable shares that our Company has the right to buy back, if the buyback is to be made in a manner other than through market or by tender, the buyback price shall not exceed a specified maximum amount; if the buyback is to be made by tender, such tender offer shall be made available to all shareholders equally on the same terms.

**Article 34** The repurchase of shares by our Company according to Article 31 of the Articles of Association shall comply with the relevant requirements of the Company Law and other laws and regulations.

**Article 35** Our Company shall apply to the original company registration authority for registration of change of the registered capital in the event that the shares bought back are cancelled by our Company. The aggregate par value of the cancelled shares shall be deducted from our Company's registered capital.

**Article 36** Unless our Company has commenced the liquidation process, our Company must observe the following provisions for the buyback of issued shares:

- (I) Where our Company buys back shares at book value, the funds shall be deducted from the book balance of our distributable earnings and the proceeds obtained from the issue of new shares to buy back the old shares;
- (II) Where our Company buys back the shares at a premium to the book value, the portion of funds equivalent to book value shall be deducted from the book balance of our distributable earnings and the proceeds obtained from the issue of new shares to buy back the old shares; while the portion of funds higher than book value shall be dealt with in the following manner:
  - (1) Where the shares bought back were issued at book value, the funds shall be deducted from the book balance of our distributable earnings;
  - (2) Where the shares bought back were issued at a premium to the book value, the funds shall be deducted from the book value of our distributable earnings and the proceeds obtained from the issue of new shares to buy back the old shares. However, the amount deducted from the proceeds obtained from the issue of new shares shall not exceed the total premium amount obtained when the shares bought back were issued or the amount in our premium account (or capital reserve account) when the shares are bought back (including the premium amount of the issue of new shares);
- (III) The funds paid by our Company for the following purposes shall be allocated from our distributable earnings:
  - (1) To obtain the right to buy back the shares;
  - (2) To modify any contract to buy back the shares;
  - (3) To release any obligation of our Company under the share buyback contract;
- (IV) After the total book value of the cancelled shares is deducted from our registered capital pursuant to the relevant provisions, the amount deducted from the distributable earnings for paying up the book value portion of the shares bought back shall be credited to our premium account (or capital reserve account).

## Chapter 5 Financial Aid for Acquiring Our Shares

**Article 37** Our Company or our subsidiaries (including our affiliated enterprises) shall not provide any financial aid at any time or in any manner to personnel that acquires or plans to acquire our shares. The aforesaid acquirers include anyone assuming such obligations, directly or indirectly, from acquiring our shares.

Our Company or our subsidiaries (including our affiliated enterprises) shall not provide the abovementioned obligors with financial aid at any time or in any manner, to mitigate or exempt their obligations.

The provisions herein do not apply to the circumstances set out in Article 39 of this Chapter.

**Article 38** Financial aid referred to in this Chapter includes (but is not limited to):

- (I) Gifts;
- (II) Guarantees (including acts of the guarantor assuming liabilities or providing properties to ensure that the obligor performs the obligations), compensation (excluding compensation arising from mistakes of our Company), release or waiver of rights;
- (III) Provision of loans or signing of contracts whereby our Company performs some obligations before others, change of the parties to the loans/contracts as well as the assignment of the rights in the loans/contracts;
- (IV) Financial aid provided by our Company in any other manner when we are insolvent, have no net assets, or will suffer significant decreases in net assets.

Assuming obligations referred to in this Chapter includes obligor undertaking obligations by signing agreements or making arrangements (regardless of whether the agreements or arrangements are enforceable or the obligations are assumed by itself or jointly with any other person) or changing its financial status in any other manner.

**Article 39** The following acts are not deemed as prohibited under Article 37 of this Chapter:

- (I) Related financial aid provided by our Company which is in good faith in our interest and the main purpose of which is not to acquire our shares, or which is an incidental part of any master plans of our Company;
- (II) The lawful distribution of our properties by way of dividend;
- (III) Distribution of dividends in the form of shares;
- (IV) Reducing the registered capital, buying back the shares or adjusting the equity structure pursuant to the Articles of Association;

- (V) Our Company granting loans within our scope of business and in the ordinary course of our business, provided that the provision of such loans shall not result in reduction in the net assets of our Company or, even if the net assets are reduced, such financial aid is paid from our distributable earnings;
- (VI) Our Company providing funding for the employee stock ownership plan, provided that the provision of such funds shall not result in reduction in the net assets of our Company or, even if the net assets are reduced, such financial aid is paid from our distributable earnings.

## **Chapter 6 Share Certificate and Share Register**

**Article 40** Our share certificates shall be in registered form.

Matters specified in our share certificates shall include other matters required by the stock exchange where our shares are listed, as well as those specified in the Company Law.

The overseas listed foreign shares issued by our Company may take the form of certificate of deposit or other derivative forms of share certificates pursuant to the laws of the region where our shares are listed and securities registration and depository practices.

**Article 41** The share certificates are signed by the chairman of the Board of Directors. Where the stock exchange where our shares are listed requires our senior management to sign the share certificates, they shall also be signed by such other senior management. The share certificates shall become effective after being affixed with the stamp of our Company or print-stamped. Affixing our Company stamp to the share certificates is subject to the authorization of the Board of Directors. The signature of the legal representative or other related senior management of our Company may also be printed on the share certificates. Under conditions of paperless issuance and trading, the provisions of securities administrative authorities of the region where our shares are listed shall apply.

**Article 42** Our Company shall establish a share register in accordance with evidentiary documents provided by the securities registration authorities, which register contains the following particulars:

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

The share register is sufficient evidence for shareholders' shareholdings in our Company unless there is evidence to the contrary.

**Article 43** Pursuant to the understanding and agreement reached between the securities governing authority of the State Council and the overseas securities regulatory authorities, our Company may keep the original overseas listed foreign share register overseas and entrust an overseas agency to manage it. The original H Share register shall be kept in Hong Kong.

Our Company shall keep a copy of the overseas listed foreign share register at our registered address. The overseas entrusted agency shall at all times maintain consistency between the original and copy of the overseas listed foreign share register.

In case of inconsistency between the original and copy of the overseas listed foreign share register, the original shall prevail.

**Article 44** Our Company must keep a complete share register.

The share register shall include the following:

- (I) Share registers, other than those specified in (II) and (III) of this Article, kept at our registered address;
- (II) Our overseas listed foreign share register kept at the location of the stock exchange where such shares are listed;
- (III) Share register kept in other locations according to the decision of the Board of Directors as required for the listing of our shares.

**Article 45** Different parts of the share register shall not overlap. The transfer of shares registered in a certain part of the share register shall not be registered elsewhere in the share register as long as the shares remain registered.

Any alteration or rectification to any part of the share register shall be made in accordance with the laws in the place where such part of the share register is maintained.

**Article 46** With regard to the H Shares, capital of which has been fully paid, unrestricted transfers may be made in accordance with the Articles of Association. However, unless the following conditions are satisfied, the Board of Directors may refuse to recognize any transfer document without giving any reason:

- (I) Transfer documents and other documents that are related to or may affect the share ownership shall be registered, and for registration, our Company shall be paid with relevant fee per item of transfer document or a higher fee determined by the Board of Directors, but such payment shall not exceed the maximum fee provided by the Hong Kong Stock Exchange in its Listing Rules from time to time;

- (II) The transfer documents only involve H Shares listed in Hong Kong;
- (III) The stamp duty chargeable on the transfer documents as required by the laws of Hong Kong has been paid;
- (IV) The relevant share certificate, and upon the reasonable request of the Board of Directors, any evidence in relation to the right of the transferor to transfer the shares has been submitted;
- (V) If the shares are to be transferred to joint holders, the number of the joint holders shall not exceed four;
- (VI) Our Company does not have any lien on the relevant shares.

Where the Board of Directors refuses to register the transfer of shares, our Company shall deliver a notice to the transferor and transferee, informing them of such refusal of the registration of share transfer, within two months from the date on which the application for the transfer of shares is officially filed.

Any holders of foreign shares shall effect the transfer of all or part of our shares in writing by transfer documents made in a written form commonly used in the listing place of foreign shares or in any other form acceptable to the Board of Directors. The standard transfer form specified by the Hong Kong Stock Exchange may be used for the transfer of H Shares. The transfer documents may be signed by hand only without affixing of seal (if the transferor or transferee is a company, our seal shall be affixed as specified by the Hong Kong Stock Exchange (if necessary)), or where the transferor or transferee is a recognized clearing house as defined by the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or any of its agents, the transfer documents may be signed by hand or machine printing.

All transfer documents shall be maintained at our statutory address, the address of share transfer or other place designated by the Board of Directors from time to time.

**Article 47** No registration of change of the share register as a result of share transfer shall be made within 30 days before the general meeting is convened or within five days prior to the record date on which our Company decides to pay dividends. If registration of change in the share register is otherwise prescribed by the securities governing authority of the region where our shares are listed, such provision shall be observed.

**Article 48** When our Company convenes the general meeting, pays dividends, goes into liquidation or is involved in other actions that require the confirmation of shareholders' identity, the Board of Directors or the convenor of the general meeting shall fix a date as the equity registration date, upon expiration of which the shareholders whose names appear on the share register shall be the shareholders entitled to relevant rights and interests.

**Article 49** Any person who objects to the share register and requests to register his or her name (title) in the share register or to remove his or her name (title) from the share register may apply to the court with jurisdiction to amend the share register.



**Article 50** If any shareholder in the share register or any person requesting to register his or her name (title) in the share register loses his or her share certificates (that is, “original share certificates”), he or she may apply to our Company to reissue new share certificates for those shares (that is, “pertinent shares”).

In the event holders of Domestic Shares and non-listed foreign shares apply for reissue after losing the share certificates, the matter shall be dealt with pursuant to related provisions of the Company Law.

In the event a holder of overseas listed foreign shares applies for reissue after losing the share certificates, the matter shall be dealt with pursuant to the laws, regulations, rules of the stock exchange, or other related provisions of the region where the original overseas listed foreign share register is kept.

If a holder of H Shares loses share certificates and applies for a replacement issue, the share certificates shall be issued in compliance with the following requirements:

- (I) The applicant shall submit the application in the standard format designated by our Company and attach a notary certificate or legal declaration. The contents of the notary certificate or legal declaration shall include the reason for the applicant’s request, circumstances and evidence of loss of share certificates, as well as a statement that nobody else may request to be registered as a shareholder with respect to the pertinent shares.
- (II) Before deciding to issue new share certificates, our Company does not receive any statement in which any person other than the applicant requests to be registered as the shareholder with respect to the shares.
- (III) If our Company decides to issue new share certificates to the applicant, we shall publish an announcement in newspapers designated by the Board of Directors indicating that we plan to reissue new share certificates. The announcement period shall be 90 days and the announcement shall be published at least once every 30 days.
- (IV) Before publishing the announcement indicating that we plan to reissue new share certificates, our Company shall submit a copy of the announcement to be published to the stock exchange on which the shares are listed and may publish the announcement after receiving a reply from the stock exchange confirming that the announcement has been displayed at the stock exchange. The period of displaying the announcement at the stock exchange is 90 days.

If the registered shareholders of the pertinent shares do not approve the application for reissue of new share certificates, our Company shall mail the copy of the announcement to be published to the shareholders.

- (V) In the event that nobody raises any objection to the reissue of new share certificates to our Company, upon expiration of the 90-day display period of the announcement specified in (III) and (IV) of this Article, the new share certificates may be reissued according to the applicant’s request.



(VI) When reissuing new share certificates pursuant to this Article, our Company shall immediately cancel the original share certificates and register the cancellation and replacement issue on the share register.

(VII) All expenses incurred by our Company from the cancellation of the original share certificates and replacement issue of the new share certificates shall be borne by the applicant. Before the applicant has provided reasonable security, our Company shall have the right to refuse to take any action.

**Article 51** After our Company reissues new share certificates in accordance with the Articles of Association, the name (title) of the bona fide acquirer who obtains the aforesaid new share certificates or the shareholder (if he or she is a bona fide acquirer) who is subsequently registered as the owner of such shares shall not be removed from the share register.

**Article 52** Our Company shall have no obligation to compensate any person who suffers loss due to our cancellation of the original share certificates or reissue of the new share certificates, unless such person can prove fraud on the part of our Company.

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

**Article 53** The shareholders of our Company are persons who lawfully hold our shares and whose names (titles) recorded in the share register.

A shareholder is entitled to rights and assumes obligations pursuant to the class and ratio of his or her shares. Shareholders holding the same class shares have the same rights and assume the same obligations.

Each class of shareholders of our Company are entitled to the same rights in dividend distribution or distribution made in other form.

If any shareholder of the Company is a corporate entity, its legal representative or agent thereof shall exercise its rights on its behalf.

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

- (I) Our Company shall not register more than four persons as joint holders of any shares;
- (II) All joint holders of any shares shall be jointly and severally liable for the payment of all amounts payable for the relevant shares;

In any of the following circumstances:

- (I) In case of the death of one of the joint shareholders, only the joint shareholders shall be deemed by our Company as the owners of the relevant shares. However, the Board of Directors shall have the right to require the surviving joint shareholders to provide a death certificate deemed appropriate by the Board of Directors for the purpose of amending the share register.

- (II) In relation to the joint holders of any shares, only the joint shareholder who ranks first in the share register shall have the right to receive the share certificates of the relevant shares from our Company and receive any notice of our Company; any notice served on the aforesaid person shall be deemed to have been served on all the joint holders of the relevant shares. Any joint shareholder may sign the form of proxy. If there are more than one joint shareholder present in person or by proxy, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint shareholder(s). For this purpose, seniority of the shareholders will be determined by the order in which the names of the joint holders of the relevant shares stand in our share register.

If any of the joint shareholders sends to our Company a receipt of any dividend, bonus or capital return payable to such joint shareholders, such receipt shall be deemed as a valid receipt sent by such joint shareholders to our Company.

**Article 54** The rights of our ordinary shareholders are as follows:

- (I) To receive distribution of dividends and other forms of benefits according to the number of shares held;
- (II) To legally require, convene, preside over, participate in or appoint a shareholder proxy to participate in the general meeting and exercise the corresponding voting right;
- (III) To supervise and manage our operational activities, provide suggestions or submit queries;
- (IV) To transfer, grant or pledge the shares held according to the provisions of the laws, administrative regulations, listing rules of the stock exchange where our shares are listed and the Articles of Association;
- (V) To obtain relevant information according to the provisions of the Articles of Association, including:
  - 1. The Articles of Association after paying the cost;
  - 2. The right to inspect and copy the following after paying a reasonable fee:
    - (1) All parts of the share register;
    - (2) Personal data of our Directors, Supervisors and senior management, including:
      - a present and former names and aliases;
      - b principal addresses (domiciles);
      - c nationalities;

d full-time and all part-time occupations and positions; and

e identity certificates and numbers thereof.

- (3) Status of the issued share capital of our Company;
- (4) Report on the total book value, quantity, maximum and minimum prices of each class of shares repurchased by our Company since the previous fiscal year and all expenses paid by our Company for this purpose;
- (5) Corporate bond stubs of our Company, minutes of the general meeting, special resolutions of our Company, resolutions of the Board meetings, resolutions of meetings of the Supervisory Committee, and financial accounting reports;
- (6) Our latest audited financial statements, and reports of the Board of Directors, the auditors and the Supervisory Committee;
- (7) Copy of the latest annual inspection report submitted to the competent administration for industry and commerce or other competent authorities for filing (if applicable). Our Company shall deposit the above documents set out in (1) and from (3) to (7) and any other applicable document at our address in Hong Kong as required by the Listing Rules for inspection by the public and holders of overseas listed foreign shares free of charge. Minutes of the general meeting shall be accessible by our shareholders only.

(VI) To participate in the distribution of the remaining assets of our Company according to the number of shares held upon our winding-up or liquidation;

(VII) To ask our Company to buy back the shares from shareholders voting against any resolutions passed at the general meeting concerning the merger or division of our Company; and

(VIII) Other rights conferred by laws, administrative regulations, departmental rules or the Articles of Association.

Our Company shall not exercise any right to freeze or otherwise damage the rights attached to any shares directly or indirectly held by any person on the sole basis that the said person has not disclosed his or her equity to our Company.

**Article 55** Whenever a shareholder proposes to inspect the relevant information as described above or requests materials, he or she shall provide our Company with written documents certifying the type and number of the shares held. Our Company shall provide the relevant information and materials in accordance with the requirements of the shareholder after verifying his or her identity and may charge a reasonable fee for providing such copies of the data.

**Article 56** In the event that any resolution of the general meeting or the Board of our Company violates laws or administrative regulations, any shareholder is entitled to request the court to deem it as invalid.

In the event that the convening procedure or voting method of the general meeting or meeting of the Board of Directors is in violation of laws, administrative regulations or the Articles of Association, or resolution of which violates the Articles of Association, any shareholder is entitled to ask the court to overturn it within 60 days after the resolution was made.

**Article 57** Where a Director or senior management contravenes the laws, administrative regulations or the Articles of Association in the performance of his/her duties resulting in any loss to our Company, shareholder(s) holding individually or in aggregate no less than 1% of our Company's shares consecutively for at least 180 days shall have the right to request in writing that the Supervisory Committee institute litigation in a people's court. Where a Supervisor violates the laws, administrative regulations or the Articles of Association in the discharge of his/her duties resulting in any loss to our Company, such shareholder(s) may request in writing that the Board of Directors institute litigation in a people's court.

If the Supervisory Committee or the Board of Directors refuses to institute litigation after receiving the aforesaid written request from the shareholder(s), or fails to institute litigation within 30 days after receiving the request, or in case of emergency where failure to institute litigation immediately will result in irrecoverable damage to our Company's interests, the shareholder(s) as specified in the preceding paragraph shall have the power to institute litigation directly in a people's court in their own names in our Company's interests. If any other person infringes upon the legitimate rights and interests of our Company, thereby causing any loss to our Company, the shareholder(s) as specified in this Article may institute litigations pursuant to this Article.

**Article 58** Where a Director or senior management contravenes any laws, administrative regulations or the Articles of Association in infringement of shareholders' interests, a shareholder may institute litigation at a people's court.

**Article 59** The obligations of our ordinary shareholders are as follows:

- (I) To observe laws, administrative regulations and the Articles of Association;
- (II) To pay subscription funds as per the shares subscribed and the method of subscription;
- (III) Not to withdraw shares unless in the circumstances stipulated by laws and regulations;
- (IV) Not to abuse shareholder's right to damage the interests of our Company or other shareholders; not to abuse the independent status of legal person or shareholder's limited liability to damage the interests of the creditors of our Company;

If any shareholder of our Company abuse shareholder's right, thereby causing any loss to our Company or other shareholders, the said shareholder shall be liable for compensation according to law.

If any shareholder of our Company abuses the independent status of legal person or shareholder's limited liability or evades debts, thereby seriously damaging the interests of the creditors of our Company, the said shareholder shall bear joint liability for our Company's debts.

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

Shareholders do not have the obligation to increase any share capital unless under the conditions accepted by the subscribers at the time of subscription.

**Article 60** The Controlling Shareholders and effective controllers of our Company shall not use the connected relationship to harm the interests of our Company; otherwise, they shall make compensation for the loss incurred to our Company.

The Controlling Shareholders and effective controllers of our Company shall be honest to our Company and general public shareholders. The Controlling Shareholders shall duly exercise contributors' rights according to law, shall not damage the legitimate rights and interests of our Company and general public shareholders by such means as profit distribution, asset reorganization, external investment, fund appropriation and loan guarantee and shall not abuse its controlling status to harm the legitimate interests of our Company and general public shareholders.

Apart from the obligations required in laws, administrative regulations or the listing rules of the stock exchange where our shares are listed, the Controlling Shareholders shall not make any decision that is detrimental to the interests of all or part of the shareholders on the following issues by exercising their voting rights:

- (I) Releasing the Directors and Supervisors from the duty of acting honestly in the best interest of our Company;
- (II) Permitting the Directors and Supervisors (for their own or others' interests) to deprive our Company of assets in any form, including (but not limited to) any opportunity that is beneficial to our Company; and
- (III) Permitting the Directors and Supervisors (for their own or others' interests) to deprive other shareholders of their personal rights and interests, including (but not limited to) any distribution or voting right, but excluding the restructuring of our Company approved at the general meeting pursuant to the Articles of Association.

A Controlling Shareholder as referred to in this Article is a person meeting any of the following conditions:

- (I) When acting alone or acting in concert with other persons, such a person can select more than half of the Directors;
- (II) When acting alone or acting in concert with other persons, such a person can exercise 30% or more of the voting rights of our Company or control the exercise of 30% or more of the voting rights of our Company;
- (III) When acting alone or acting in concert with other persons, such a person holds 30% or more of the outstanding shares of our Company;
- (IV) When acting alone or acting in concert with other persons, such a person has de facto control of our Company through other methods.

## **Chapter 8 General Meetings**

### **Section 1 General Provisions for General Meetings**

**Article 61** The general meeting is the source of authority of our Company, which exercises its powers in accordance with the law.

**Article 62** The following powers shall be exercised at the general meeting:

- (I) to decide on our Company's operational objectives and investment plans;
- (II) to elect and replace the Directors and Supervisors (not being representative(s) of employees) and to decide on the matters relating to the remuneration of Directors and Supervisors;
- (III) to review and approve the reports of the Board of Directors;
- (IV) to review and approve the reports of the Supervisory Committee;
- (V) to review and approve the annual financial budgets and final accounts of our Company;
- (VI) to review and approve the profit distribution proposals and loss recovery proposals of our Company;
- (VII) to decide on the increase or decrease of the registered capital of the Company;
- (VIII) to decide on merger, division, dissolution and liquidation of our Company or change of our corporate form;
- (IX) to decide on the issue of corporate bonds or other securities and listing proposals;

- (X) to decide on the appointment, reappointment or non-renewal or removal of the auditors of our Company;
- (XI) to amend the Articles of Association;
- (XII) to review and approve the external guarantees of our Company that require the approval by the general meeting;
- (XIII) to review our Company's substantial assets acquired or disposed of or guarantees (excluding guarantee for our subsidiaries) granted within one year for an amount exceeding 30% of the latest audited total assets of our Company;
- (XIV) to review and approve matters relating to the changes in the use of proceeds from share offerings;
- (XV) to review the equity incentive plan;
- (XVI) to review proposals made by shareholders individually or jointly holding more than 3% of the voting shares of our Company;
- (XVII) to review other matters which, in accordance with the laws, administrative regulations, departmental rules, listing rules of the stock exchange where our shares are listed or the Articles of Association, should be approved at the general meeting.

The general meeting can authorize or delegate the Board to handle matters which are not in violation of relevant PRC laws, regulations, regulatory documents, and mandatory provisions of the listing rules of the stock exchange where our shares are listed.

**Article 63** Unless our Company is in a crisis or any special circumstance, our Company shall not enter into any contract with anyone other than the Directors, Supervisors and senior management to have all or a significant part of our business in the care of such person, unless with the prior approval by a special resolution at the general meeting.

**Article 64** General meetings include annual general meetings and extraordinary general meetings. General meetings shall be convened by the Board of Directors. Annual general meetings shall be convened once a year within six months from the end of the previous fiscal year.

**Article 65** Under any of the following circumstances, the Board of Directors shall convene an extraordinary general meeting within two months from the date on which the circumstance occurs:

- (I) The number of Directors is less than the number specified in the Company Law or less than two thirds of the number required in the Articles of Association;
- (II) The unindemnified losses of our Company reach one-third of our total paid-in share capital;



- (III) The shareholders individually or jointly holding more than 10% of the shares of our Company request to convene an extraordinary general meeting in writing;
- (IV) The Board of Directors considers it necessary;
- (V) The Supervisory Committee proposes convening an extraordinary general meeting;
- (VI) Any other circumstances stipulated in laws, administrative regulations, departmental rules, listing rules of the stock exchange where our shares are listed or the Articles of Association.

**Article 66** The venue of general meeting of our Company is our registered address or other place notified by the convener of the general meeting.

General meetings shall usually be held onsite or, if allowed by the securities administrative authorities, may be held in other ways approved or required by the authorities. Shareholders participating in the general meetings by any aforesaid means shall be deemed as having attended the meetings.

## **Section 2 Proposal and Convening of General Meetings**

**Article 67** Independent non-executive directors shall be entitled to propose to the Board to convene an extraordinary general meeting. The Board of Directors shall issue a written reply on whether it agrees with such proposal or not within 10 days after receiving such proposal in accordance with laws, administrative regulations and the Articles of Association.

If the Board of Directors agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board of Directors. If the Board of Directors does not agree to hold the extraordinary general meeting, it shall give the reasons and make an announcement in respect thereof.

**Article 68** The Supervisory Committee shall be entitled to propose to the Board to convene an extraordinary general meeting, and shall put forward its proposal to the Board in writing. The Board of Directors shall issue a written reply on whether it agrees with such proposal or not within 10 days after receiving such proposal in accordance with laws, administrative regulations and the Articles of Association.

If the Board of Directors agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board of Directors. In the event of any change to the original proposal set forth in the notice, the consent of the Supervisory Committee is required.

If the Board of Directors does not agree to convene the extraordinary general meeting or fails to give a written reply within 10 days after receipt of the proposal, it shall be deemed as unable to perform or failing to perform the duty of convening the extraordinary general meeting, and the Supervisory Committee may convene and preside over the meeting by itself.



**Article 69** Shareholders individually or jointly holding more than 10% of the shares of our Company shall have the right to request to convene an extraordinary general meeting or class general meeting in accordance with the following procedures:

- (I) Signing a written requirement or several copies with the same format to request the Board of Directors to convene an extraordinary general meeting or class general meeting and to illustrate items of the meetings. The Board of Directors shall issue a written reply on whether it agrees with such proposal or not within 10 days after receiving such proposal in accordance with laws, administrative regulations and the Articles of Association. The number of shares held by proposing shareholders mentioned above is calculated as at the date of the submission of the written requirement by the shareholders.
- (II) In the event that the Board of Directors agree to convene an extraordinary general meeting or class general meeting, the notice of convening the meeting shall be issued within five days after the Board of Directors made a relevant resolution. Any revision made to the origin request set forth in the notice shall get the approval of the relevant shareholders.
- (III) If the Board of Directors does not agree to convene the extraordinary general meeting or class general meeting or fails to give a reply within 10 days after receipt of the request, shareholders individually or jointly holding more than 10% of the shares of our Company shall be entitled to propose in writing to the Supervisory Committee to convene the meeting.
- (IV) In the event that the Supervisory Committee agree to convene an extraordinary general meeting or class general meeting, the notice of convening the meeting shall be issued within five days after receipt of the request. Any revision made to the origin proposal set forth in the notice shall get the approval of the relevant shareholders.
- (V) If the Supervisory Committee fails to issue a meeting notice in the required period, the Supervisory Committee shall be deemed as failing to convene and preside over the general meeting, and the shareholders individually or jointly holding more than 10% of the shares of our Company for more than 90 consecutive days may convene and preside over the meeting by themselves.

Prior to the announcement of the resolution of the general meeting, the shareholding of the convening shareholders shall not be less than 10%. The convening shareholders shall, upon issuing a notice of general meeting and announcing the resolution thereof, submit the relevant documentation to the Board of Directors.

**Article 70** If the Supervisory Committee or the shareholders convene a meeting on its/their own initiative as provided in this Section, the Board and the secretary of the Board shall offer cooperation for the meeting, and the Board shall provide a share register as of the equity registration date. The reasonable fees for the meeting shall be borne by our Company.

### Section 3 Proposals and Notice of General Meetings

**Article 71** The content of a proposal shall be within the powers of the general meeting, have definite items and specific issues for resolution, and shall comply with the relevant provisions of the laws, administrative regulations and the Articles of Association.

**Article 72** Where our Company convenes a general meeting, the Board, Supervisory Committee, and shareholders individually or jointly holding more than 3% of the shares of our Company shall have the right to make proposals to our Company.

Shareholder individually or jointly holding more than 3% of the shares of our Company may submit an interim proposal in writing to the convener 10 days before the general meeting is convened.

When our Company convenes an annual general meeting, shareholders holding more than 3% (inclusive) of the total voting shares of our Company shall have the right to submit new proposals in writing to our Company, and our Company shall place the proposals on the agenda for the said annual general meeting if the said proposals fall within the functions and powers of general meetings.

The convener shall serve a supplementary notice of general meeting within two days after receipt of the proposals and announce the contents of the interim proposals.

Save as specified in the preceding paragraph, the convener shall not change the proposals set out in the notice of general meeting or add any new proposal after the said notice is served.

Proposals not set out in the notice of general meeting or not complying with Article 71 of the Articles of Association shall not be voted on or resolved at the general meeting.

**Article 73** A written notice of the general meeting stating, among other things, matters to be considered at the meeting and the time and venue of the meeting shall be given to all shareholders in the share register 45 days before the meeting. A shareholder who intends to attend the meeting shall deliver his or her written reply regarding his or her attendance at the meeting to our Company 20 days before the date of the meeting.

The duration of issue of the notice is exclusive of the day on which the meeting is convened.

**Article 74** Our Company shall, based on the written replies received from shareholders 20 days prior to the date of the general meeting, calculate the number of voting shares held by shareholders intending to attend the meeting. Where the number of voting shares held by shareholders intending to attend the meeting amounts to more than 1/2 of the total voting shares of our Company, our Company may convene a general meeting; if not, our Company shall within five days notify shareholders again by announcement of the matters to be considered at the meeting and the date and venue of the meeting, and the general meeting may be held by our Company thereafter. At such extraordinary general meeting, issues which are not listed on the notice shall not be decided on.

**Article 75** The notice of general meeting shall include the following contents:

- (I) Time, venue and date of the meeting;
- (II) Matters and proposals to be discussed at the meeting;
- (III) Provision to the shareholders of the materials and explanations necessary for the shareholders to make informed decisions about the matters to be discussed. This principle includes (but is not limited to) the provision of the detailed terms and contract (if any) of the proposed transaction(s) and proper explanations about related causes and effects when our Company proposes mergers, redemption of shares, restructuring of share capital or other restructuring;
- (IV) In the event that any of the Directors, Supervisors or senior management has material interests at stake in matters to be discussed, the nature and extent of the interests at stake shall be disclosed. If the matters to be discussed affect any Director, Supervisor or senior management as a shareholder in a manner different from how they affect other shareholders of the same type, the difference shall be explained;
- (V) Inclusion of the full text of any special resolution to be proposed for adoption at the meeting;
- (VI) A clear explanation that a shareholder entitled to attend and vote at such meeting is entitled to appoint one or more proxies to attend and vote at such meeting on his or her behalf and such proxy need not be a shareholder;
- (VII) Equity registration date for shareholders who are entitled to attend the meeting;
- (VIII) Name and telephone number of the coordinator of the meeting;
- (IX) Specified delivery time and place of the power of attorney for proxy voting of the meeting.

**Article 76** If the election of Directors or Supervisors is proposed to be discussed at a general meeting, the notice of such meeting shall adequately disclose the detailed information of the director or supervisor candidates, which information shall at least include:

- (I) Personal particulars, including educational background, work experiences, and concurrent positions;
- (II) Whether one has any connected relationship with our Company, our Controlling Shareholders and effective controllers;
- (III) The amount of shares of our Company one holds;
- (IV) Whether one has been punished by CSRC or any other relevant securities regulatory authority or the reprimand of the stock exchange;
- (V) Information of Directors or Supervisors newly appointed or transferred required to be disclosed by the Listing Rules.

Unless a Director or Supervisor is elected via the accumulative voting system, each director or supervisor candidate shall be proposed via a single proposal.

**Article 77** The notice of general meeting shall be sent in person or by postage-paid mail to the shareholders (regardless of whether such shareholders have the right to vote at the general meeting). Each recipient's address shall be according to the address indicated on the share register or subject to applicable laws, regulations and listing rules, be posted at our website or a site specified by the stock exchange where our shares are listed. For holders of Domestic Shares and holders of non-listed foreign shares, the notice of general meeting may be given in the form of an announcement.

The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities governing authority of the State Council within a period of 45 to 50 days before the meeting is convened. Once the announcement is made, all holders of Domestic Shares and non-listed foreign shares shall be deemed to have received the notice of our general meeting.

**Article 78** The general meeting shall not be postponed or canceled and the proposals listed in the notice shall not be canceled without just cause after the notice of the general meeting was made. If any circumstance that may result in delay or cancellation occurs, the convener shall publish and explain the reasons at least 2 working days before the original convening day. Where there are other rules in respect of the aforesaid matters in the listing rules of the stock exchange where our shares are listed, such rules shall prevail.

**Article 79** In the event that the notice of the meeting is not sent to persons entitled to receive it due to accidental omission, or such persons fail to receive notice of the meeting, the meeting and resolutions made at the meeting shall not be thereby invalidated.

#### **Section 4 Convening of General Meetings**

**Article 80** All the registered shareholders on the equity registration date have the right to attend the general meeting and exercise their voting rights according to relevant laws, regulations and the Articles of Association. Any shareholder who is entitled to attend and vote at our general meeting has the right to appoint one or more persons (who may not necessarily be shareholders) as his or her shareholder proxies to attend and vote at the meeting in his or her place.

Pursuant to the authorization of the shareholder, the proxy may exercise the following rights:

- (I) speak for the shareholder at the general meeting;
- (II) demand a poll individually or with others;
- (III) except otherwise provided by the applicable rules governing the listing of securities or other securities laws and regulations, exercise the right to vote by a show of hands or a poll, but the shareholder proxies may only exercise the right to vote by a poll when more than one proxy is appointed.

If the shareholder is a recognized clearing house (or agent thereof) meeting the definitions in the relevant Hong Kong ordinances formulated from time to time, the said shareholder may authorize one or more persons as he or she deems appropriate to act on his or her behalf at any general meeting or class general meeting; however, where several persons are thus authorized, the power of attorney shall specify the numbers and classes of shares involved by the said persons and be signed by persons authorized by the recognized clearing house. The persons thus authorized may attend the meeting (without presenting their shareholding certificates, the notarized power of attorney and/or further evidence proving that they have been duly authorized) and exercise rights on behalf of the recognized clearing house (or agent thereof) as if the said persons were the individual shareholders of our Company.

**Article 81** An individual shareholder attending a general meeting in person shall present the certificate certifying his or her capacity as a shareholder.

A proxy attending a general meeting on behalf of an individual shareholder shall, other than proof of identity of the principal, present his or her own proof of identity and the power of attorney.

A corporate shareholder should attend the meeting by its legal representatives or the proxy appointed by the legal representative. The legal representative attending the meeting shall present his or her identity card or valid certificate bearing evidence of his or her qualifications as legal representative; a proxy attending the meeting on behalf of the legal representative shall present his or her identity card and the written power of attorney lawfully issued by the legal representative of the corporate shareholder.

**Article 82** The shareholder proxy appointment shall be in writing and shall be signed by the principal or a person duly authorized in writing. Where the principal is a corporate entity, it shall be either affixed with its corporate seal or signed by a Director or a duly authorized agent.

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

- (I) the name of the proxy;
- (II) whether or not the proxy has any voting right;
- (III) directive to vote for or against or abstain from voting on each and every issue included in the agenda of the general meeting;
- (IV) the date of issue and validity period of the power of attorney;
- (V) signature (or seal) of the principal; if the principal is a corporate shareholder, the corporate seal shall be affixed;
- (VI) the number of shares held by the principal represented by the authorized shareholder proxy;
- (VII) if several persons are appointed as shareholder proxies, the power of attorney shall specify the number of shares to be represented by each proxy.

**Article 83** The power of attorney for voting shall be kept at our residential address or other location designated in the notice convening the meeting no later than 24 hours before the meeting at which the power of attorney is put to vote is convened or 24 hours before the designated voting time. If the power of attorney is signed by another person authorized by the principal, the power of attorney authorizing signature or other instrument of authorization shall be notarized. The power of attorney or other instrument notarized shall be kept together with the power of attorney at our residential address or other location designated at the notice convening the meeting.

Where the principal is a corporate entity, its legal representative or a person authorized by the Board or other decision-making body shall attend the general meeting of our Company on behalf of the principal as its proxy.

**Article 84** Any form sent by the Board to the shareholder for appointing a shareholder proxy shall allow the shareholder, according to his or her free will, to instruct the proxy to vote for, against or abstain from voting and provide instructions separately for matters to be put to vote on each item on the meeting agenda.

The power of attorney shall specify that the shareholder proxy may vote as he or she thinks fit if the shareholder does not provide specific instructions.

**Article 85** The votes of the shareholder proxy given pursuant to the terms of the power of attorney shall remain valid notwithstanding the previous death or loss of capacity of the principal or revocation of the power of attorney or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that our Company does not receive written notice concerning such matters before the related meeting is convened.

**Article 86** Attendees register shall be prepared by our Company, which register shall state the names (or names of the corporations), ID card number and the residential address of the attendee, the number of voting shares held or represented, names of the principal (or names of the corporations) and so on.

**Article 87** The convener shall jointly verify the shareholders' qualifications based on the share register provided by the securities registration and clearing house, and shall register the names of the shareholders as well as the amount of their voting shares. The registration for a meeting shall be completed before the chairman of the meeting announces the number of shareholders and proxies that attend the meeting and the total amount of their voting shares.

**Article 88** Where a Director, Supervisor or senior management is required to attend a general meeting, such Director, Supervisor or senior management shall attend the meeting and answer the queries from shareholders.



**Article 89** The chairman of the Board shall preside over and act as the chairman of the general meeting. If the chairman is unable or fails to perform his or her duties, a director shall be elected by more than half of the Directors to preside over and act as the chairman of the meeting. If more than half of the Directors fail to elect a Director to preside over and act as the chairman of the meeting, the attending shareholders may elect a person to preside over the meeting; if for any reason the shareholders cannot elect a person to preside over the meeting, the shareholder (including proxy thereof) holding the most voting shares among the attending shareholders shall act as the chairman of the meeting. The chairman of the Board shall invite the chairmen of the audit committee, nomination committee and remuneration committee to attend the general meeting. If the chairman of relevant committee fails to attend the meeting, the chairman of the Board shall invite another committee member (being an independent non-executive director, or if the said committee member fails to attend the meeting, invite a representative duly authorized by him or her) to attend the meeting.

A general meeting convened by the Supervisory Committee itself shall be presided over by the chairman of the Supervisory Committee. Where the chairman of Supervisory Committee is incapable of performing or is not performing his or her duties, a Supervisor recommended by more than half of the Supervisors shall preside over the meeting.

A general meeting convened by the shareholders themselves shall be presided over by a representative recommended by the convener. If for any reason the shareholders cannot elect a person to preside over the meeting, the shareholder (including proxy thereof) holding the most voting shares among the attending shareholders shall preside over the meeting.

When a general meeting is held and the chairman violates the rules of procedure which makes it difficult for the general meeting to continue, a person may be elected at the general meeting to act as the chairman of the meeting, subject to the approval of more than half of the attending shareholders having the voting rights. If for any reason the shareholders cannot elect a person to preside over the meeting, the shareholder (including proxy thereof) holding the most voting shares among the attending shareholders shall preside over the meeting.

**Article 90** Our Company shall formulate rules of procedure for general meetings defining the convening and voting procedure of general meetings, covering notification, registration, consideration of proposal, voting, counting of ballots, announcement of voting result, formation of resolution, meeting minutes and signing thereof and announcement, and the principle for authorization of the Board on general meetings. The rules of procedure for general meetings are an appendix to the Articles of Association and shall be formulated by the Board and approved on the general meeting.

**Article 91** The Board and the Supervisory Committee shall report their work in the previous year at the annual general meeting. Every independent non-executive director shall also make his or her work reports.

- Article 92** Directors, Supervisors and senior management shall make explanations in relation to the queries and suggestions made by shareholders on general meetings.
- Article 93** The chairman of the meeting shall, prior to voting, declare the number of attending shareholders and their proxies as well as the total number of their voting shares, and the number of attending shareholders and their proxies and the total number of their voting shares shall be as recorded in the meeting's register.
- Article 94** General meetings shall have minutes, which shall be recorded by the secretary of the Board of Directors. The meeting minutes shall record the following information:
- (I) the time, venue and agenda of the meeting, and the name of the convener;
  - (II) the names of the chairman of the meeting, and the Directors, Supervisors and senior management attending or present at the meeting;
  - (III) the number of voting shares held by attending shareholders (including the holders of Domestic Shares, non-listed foreign shares and overseas listed foreign shares (if any)) and proxies thereof, and the percentage of the said shares in the total shares of our Company;
  - (IV) the process of discussion, highlights of speeches and the voting result in respect of each proposal;
  - (V) details of the inquiries or suggestions of the shareholders, and the corresponding response or explanations;
  - (VI) the name of the counting officer and monitoring officer;
  - (VII) other contents that shall be recorded in the minutes in accordance with the Articles of Association.
- Article 95** The convener shall ensure the meeting minutes are true, accurate and complete. The attending Directors, Supervisors, secretary of the Board of Directors, convener or representative thereof, and chairman of the meeting shall sign the meeting minutes. The meeting minutes, the signed attendance record of those shareholders on the spot and the powers of attorney for attendance by proxy, the valid information relating to the voting over network or by other means shall be kept for at least 10 years.
- Article 96** The convener shall ensure that a general meeting is held continuously until final resolutions are arrived at. If the general meeting is terminated or fails to reach any resolution due to force majeure or for other special reasons, the convener shall take necessary measures to resume the general meeting as soon as possible or directly terminate the general meeting and make a responsive announcement and report according to laws, regulations or listing rules of the stock exchange where our shares are listed.



## Section 5 Voting and Resolutions of General Meetings

**Article 97** The resolutions of the general meeting are categorized as ordinary resolutions and special resolutions.

An ordinary resolution can be adopted by a simple majority of the votes held by the shareholders (including proxies thereof) attending the general meeting.

A special resolution can be adopted by a two-thirds majority of the votes held by the shareholders (including proxies thereof) attending the general meeting.

**Article 98** When voting at the general meeting, the shareholder (including proxy thereof) may exercise his or her voting rights in accordance with the number of shares with voting rights that he or she holds, with each share representing one vote.

Our Company has no voting right for shares held by us, and such part of shares shall be excluded from the total number of voting shares represented by the shareholders attending the general meeting.

Subject to applicable laws, regulations or listing rules of the stock exchange where our shares are listed, the Board, independent non-executive directors and shareholders conforming to relevant prescribed conditions can call for shareholders' voting rights.

When a Connected Person Transactions is considered at a general meeting, the connected shareholders shall not vote and the voting shares held by them shall not be counted in the total number of shares with voting rights if it is required by applicable laws, regulations or listing rules of the stock exchange where our shares are listed. The voting result of non-connected shareholders shall be adequately disclosed in the announcement of the resolutions at the general meeting.

Pursuant to applicable laws, regulations and listing rules of the stock exchange where our shares are listed, with regard to any resolution, if any shareholder shall be abstained from voting or restricted to voting for or against the resolution only, any vote declared by the said shareholder (or proxy thereof) against the relevant provision or restriction shall not be counted into the voting result.

**Article 99** Voting on general meetings may be conducted by show of hands or open ballot.

Voting at general meetings shall be conducted by show of hands unless the voting at the said meetings shall be conducted by ballot in accordance with the provisions in the region where our shares are listed or the following persons require voting by ballot before or after voting by show of hands:

- (I) chairman of the meeting;
- (II) at least two shareholders with voting rights or proxies thereof; or
- (III) shareholder(s) (including proxies thereof) severally or jointly holding more than 10% (inclusive) of shares with voting rights at the meeting.

Unless anybody requires voting by ballot, the chairman of the meeting shall announce the result of voting by show of hands on proposals, which result shall be recorded in the minutes as final evidence, without specifying the number or percentage of pros for or cons against the resolutions adopted at the meeting.

The request for voting by ballot may be revoked by the person tendering the request.

If the issue required to be voted by ballot relates to election of the chairman of the meeting or termination of the meeting, voting by ballot shall be conducted immediately; in respect of other issues required to be voted by ballot, the chairman of the meeting may decide the time of voting by ballot, and the meeting may proceed to consider other issues, and the voting results shall be deemed as resolutions passed at the said meeting.

**Article 100** In voting, shareholders (including proxies of) who are entitled to two or more votes are not required to vote in favor or against with their total number of votes.

**Article 101** When the number of dissenting votes equals the number of supporting votes, either by show of hands or by ballot, the chairman of the meeting is entitled to one additional vote.

**Article 102** The following matters shall be approved by ordinary resolutions at the general meeting:

- (I) work reports of the Board of Directors and the Supervisory Committee;
- (II) profit distribution proposals and loss recovery proposals drafted by the Board of Directors;
- (III) appointment or dismissal of the members of the Board of Directors and Supervisors who are not assumed by staff representatives in the members of the Supervisory Committee;
- (IV) remuneration and payment methods of the members of the Board of Directors and the Supervisory Committee;
- (V) annual budgets, final accounts, balance sheets, income statements, and other financial statements of our Company;
- (VI) annual reports of our Company; and
- (VII) Other matters in addition to those approved by special resolutions stipulated in the laws, administrative regulations, listing rules of the stock exchange where our shares are listed or the Articles of Association.

**Article 103** The following matters shall be approved by special resolutions at the general meeting:

- (I) increase or reduction in our registered capital and the issue of shares of any class, warrants and other similar securities;

- (II) issue of our bonds;
- (III) division, merger, dissolution and liquidation of our Company or change of our corporate form;
- (IV) amendment of the Articles of Association;
- (V) substantial assets acquired or disposed of or guarantee granted within one year for an amount exceeding 30% of the latest audited total assets of our Company;
- (VI) equity incentive plan;
- (VII) other matters as required by the laws, administrative regulations, listing rules of the stock exchange where our shares are listed and the Articles of Association, and as approved by an ordinary resolution of the general meeting which are believed to have material impact on our Company and needs to be approved by special resolutions.

**Article 104** The chairman of the meeting shall be responsible for determining whether a resolution has been passed pursuant to voting results. His or her decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the minutes.

Resolutions of the general meeting shall be announced in due time in accordance with relevant laws, regulations, departmental rules, regulatory documents and provisions of securities governing authorities of the region where our shares are listed or the Articles of Association. The announcement shall specify the number of attending shareholders and proxies thereof, the total number of voting shares they represent and the proportion of these shares to the total number of our voting shares, the voting method, the voting result for every proposal and the details of each of the resolutions passed.

**Article 105** If the chairman of the meeting has any doubt as to the result of a resolution which has been put to vote, he may have the ballots counted. If the chairman of the meeting has not counted the ballots, 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 voting result, demand that the ballots be counted and the chairman of the meeting shall have the ballots counted immediately.

**Article 106** If ballots are counted at a general meeting, the counting result shall be recorded in the meeting minutes. Meeting minutes, together with the shareholders' signature register and power of attorney of attending proxies, shall be kept at our registered address for at least 10 years.

**Article 107** The shareholders may have free-of-charge access to copies of the meeting minutes during our office hours. If any shareholder asks for copies of the relevant meeting minutes, our Company shall send out the said copies within 7 days after receipt of reasonable fees.

## Chapter 9 Special Procedures for Voting by the Classified Shareholders

**Article 108** Holders of different classes of shares are classified shareholders.

Classified shareholders shall enjoy rights and assume obligations according to the laws, administrative regulations and the Articles of Association.

If the share capital of our Company includes shares without voting rights, then the said shares shall be specified as “Without Voting Right”.

If the share capital includes shares with different voting rights, then each class of shares (except those with most preferential voting right) shall be specified as “Restricted Voting Right” or “Limited Voting Right”.

**Article 109** Any proposed change or annulment by our Company to the rights of classified shareholders shall not come into effect unless approved by special resolutions at a general meeting and a separate general meeting convened by the classified shareholders so affected in accordance with Articles 111 to 115.

Approval by a general meeting or class general meeting is unnecessary where any change in domestic and overseas laws, regulations and listing rules of the stock exchange where our shares are listed or any decision made by the domestic or overseas regulatory authority gives rise to change or cancellation of the rights of classified shareholders.

**Article 110** The following circumstances shall be deemed as change or annulment of the rights of a certain classified shareholder:

- (I) to increase or reduce in the number of the shares of that class, or increase or reduce the number of the shares of other class which enjoy the same or more voting rights, distribution rights or other privileges as compared with shares of that class;
- (II) to change all or part of the shares of the said class into shares of another class or to change all or part of the shares of another class into shares of the said class, or grant the right to make the said change;
- (III) to cancel or reduce rights to accrued dividends or cumulative dividends attached to shares of the said class;
- (IV) to reduce or cancel rights attached to the shares of the said class to preferentially receive dividends or to receive distributions of assets in a liquidation of our Company;
- (V) to add, cancel or reduce share conversion rights, options, voting rights, transfer rights, pre-emptive placing rights, or rights to acquire securities of our Company attached to the shares of the said class;
- (VI) to cancel or reduce rights to receive payments made by our Company in a particular currency attached to the shares of the said class;

- (VII) to create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of the said class;
- (VIII) to restrict the transfer or ownership of the shares of the said class or to impose additional restrictions;
- (IX) to issue rights to subscribe for, or to convert into, shares of the said class or another class;
- (X) to increase the rights and privileges of the shares of another class;
- (XI) to restructure our Company in such a way as to cause shareholders of different classes to bear liabilities disproportionately during the restructure; and
- (XII) to amend or cancel any clause of the Articles of Association.

**Article 111** Whether or not the affected classified shareholders have voting rights at the general meeting, in the event of matters described in (II) to (VIII), (XI) to (XII) of Article 110, they have voting rights at the class general meeting, but the shareholders that have interests at stake shall have no voting rights at the class general meeting.

Shareholders that have interests at stake include:

- (I) In the event that a shareholder makes an offer to all the shareholders at the same ratio according to Article 32 of the Articles of Association or purchase their own shares through public transaction in a Stock Exchange, “shareholders that have interests at stake” shall have the same meaning as Controlling Shareholders as defined in the Articles of Association;
- (II) Where our Company purchases our own shares through reaching an agreement outside the Stock Exchange in accordance with Article 32 of the Articles of Association, “shareholders that have interests at stake” shall mean the shareholders who are relevant to such agreement;
- (III) In our Company’s re-organization plan, “shareholders that have interests at stake” shall mean shareholders who bear liability at a rate that is lower than other shareholders in the same class or who hold different interests with other shareholders in the same class.

**Article 112** Resolutions of a class general meeting shall be approved by votes representing more than 2/3 of voting rights of shareholders of that class present at the meeting who, in accordance with Article 111, are entitled to vote at the meeting.

**Article 113** When convening a class general meeting, 45 days before the meeting is convened, our Company shall send a written notice to inform all registered holders of the classified shares on matters to be deliberated at the meeting, as well as the date and venue of the meeting. Any shareholder intending to attend the meeting shall serve to our Company a written reply showing his or her intention to attend at least 20 days before the meeting.

In the event that the number of shares with voting power represented by shareholders planning to attend the meeting accounts for more than one half of the total number of the said classified shares with voting power at the meeting, our Company may convene a class general meeting. If this number is not reached, our Company shall again inform the shareholders of the matters to be deliberated as well as the date and venue of the meeting within five days in the form of an announcement and our Company may convene a class general meeting once the announcement is delivered.

Where there are special rules in the listing rules of the stock exchange where our shares are listed, the special rules shall prevail.

**Article 114** The notice of class general meetings needs only to be sent to the shareholders who have the right to vote at the meeting.

Insofar as possible, any class general meeting shall be held in accordance with the same procedures as those of the general meeting, and unless otherwise provided in the Articles of Association, any clause that relates to the procedures for convening the general meeting in the Articles of Association shall also apply to class general meetings.

**Article 115** Apart from holders of other classes of shares, holders of domestic shares and non-listed foreign shares are shareholders of the same class, but are deemed to be in a different class from holders of overseas listed foreign shares.

The special procedures for voting by the classified shareholders shall not apply under the following circumstances:

- (I) Upon the approval by a special resolution at the general meeting, our Company either separately or concurrently issues domestic shares, non-listed foreign shares and overseas listed foreign shares once every 12 months, and the number of those shares to be issued shall not account for more than 20% of each of its outstanding shares;
- (II) The plan to issue domestic shares, non-listed foreign shares and overseas listed foreign shares upon the establishment of our Company is completed within 15 months after the date of approval by the securities governing authority of the State Council; and
- (III) With the approval by the securities governing authority of the State Council, holders of unlisted domestic shares and non-listed foreign shares of our Company convert their shares into overseas listed foreign shares and list these shares overseas.

## Chapter 10 Board of Directors

### Section 1 Directors

**Article 116** Directors shall be elected or replaced at the general meeting each for a term of three (3) years. The term of a Director is renewable by re-election after its expiry, unless otherwise specified by relevant laws, regulations, the Articles of Association or the listing rules of the stock exchange where our shares are listed.

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

Any person appointed as a temporary or additional Director by the Board of Directors shall serve a term until the conclusion of the next annual general meeting of the issuer, and is eligible for re-election by that time.

The Directors are not required to hold any shares of our Company.

**Article 117** The Directors shall jointly and severally perform fiduciary duties and shall act with due skills, prudence and diligence. In performing the aforesaid duties, the Directors shall at least meet the standards set by Hong Kong laws. Namely, in performing their duties as Director, each Director shall:

- (I) Act with honesty and goodwill for the purpose of the whole interests of our Company;
- (II) Act for appropriate purposes;
- (III) Be liable for the use or abuse of assets of the listed issuer;
- (IV) Avoid conflict between actual and potential interests and their positions;
- (V) Fully and impartially disclose their rights and interests in the contracts concluded with the listing issuer; and
- (VI) Act with due skills, prudence and diligence as a person who has the same knowledge and experience and serves as director of a listed issuer.

**Article 118** A written notice of the intention to nominate a person as Director and a notice in writing by that person indicating his acceptance of such nomination shall be given to our Company at least seven days in advance, not earlier than the first day after sending the notice of the general meeting to be held therefor and not later than the seventh day before the date of convening the said general meeting.



A general meeting may dismiss a Director within his or her term of office by an ordinary resolution provided that the relevant laws, regulations and the Listing Rules are observed. However, the said Director's claim for compensation under any contract shall not be affected.

**Article 119** If any Director fails to attend Board meetings in person or by proxy for two consecutive times, the said Director shall be deemed incapable of performing his or her duties, and the Board shall suggest that the general meeting dismiss the said Director.

**Article 120** A Director may resign before his or her term of office expires. In resigning his or her duties, a Director shall tender a resignation to the Board in writing.

If any Director resigns so that the membership of the Board falls short of the quorum, the said Director shall continue fulfilling the duties as Director pursuant to the laws, administrative regulations, departmental rules and the Articles of Association until a new Director is elected. The said resignation shall not become effective until the vacancy resulting from such resignation is filled up by a succeeding Director.

Save as provided in the preceding paragraph, a Director's resignation shall be effective when his or her resignation is served to the Board.

**Article 121** If resignation of a Director takes effect or if his or her term of office expires, the said Director shall go through all handover formalities with the Board. His or her honesty obligation to our Company and shareholders thereof shall not terminate automatically at the end of his or her term of office, but shall remain valid for two years. The duty of confidentiality in respect of trade secrets of our Company survives the resignation or termination of his or her term of office until such trade secrets become publicly known. 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 specific circumstances under which the relationship between the Director and our Company was terminated.

**Article 122** Save as specified in the Articles of Association or properly authorized by the Board, no Director shall act on behalf of our Company or the Board in his or her personal name. If a Director acts in his or her own name but a third party may reasonably think the said Director is acting on behalf of our Company or the Board, the said Director shall make a prior statement of his or her standing and capacity.

**Article 123** If any Director violates the laws, administrative regulations, departmental rules or the Articles of Association in fulfilling his or her duties, thereby incurring any loss to our Company, the said Director shall be liable for compensation.

## **Section 2 Board of Directors**

**Article 124** Our Company shall have a Board, which shall be accountable to the general meeting.



**Article 125** The Board of Directors shall comprise nine Directors, with one chairman of the Board, with no vice chairman, and including three independent non-executive directors, at least one of whom shall be a financial or accounting professional as required by the Listing Rules.

The chairman shall be elected or removed by votes from more than half of all the Directors, shall serve a term of three years, and is eligible for reelection.

**Article 126** The Board of Directors shall exercise the following functions and powers:

- (I) Convene the general meetings, and report on work to the general meetings;
- (II) Implement the resolutions of general meetings;
- (III) Determine our business and investment plans;
- (IV) Devise the annual financial budgets and final accounts of our Company;
- (V) Devise the profit distribution proposals and loss recovery proposals of our Company;
- (VI) Formulate the plans for increasing or decreasing our registered capital, the issuance of corporate bonds or other securities, as well as the listing of the stock of our Company;
- (VII) Formulate plans for the merger, division, dissolution or transformation of our Company;
- (VIII) Formulate plans for major acquisitions, the acquisition of shares of our Company;
- (IX) Determine such matters as our external investment, purchase or sale of assets, asset pledge, external guarantee, entrusting wealth management and connected person transaction within the scope authorized by the general meeting;
- (X) Decide on the setup of our Company's internal management organization;
- (XI) Decide on the composition of special committees under the Board of Directors and appoint or dismiss the chairman (convener) of the special committees under the Board of Directors;
- (XII) Appoint or dismiss the president of our Company, the secretary of the Board of Directors and our Company Secretary; based on the nomination of the president, appoint or dismiss our vice president, chief financial officer and other senior management personnel, and determine their remuneration;

- (XIII) Establish our basic management systems;
- (XIV) Formulate the amendments to the Articles of Association;
- (XV) Formulate the equity incentive plan of our Company;
- (XVI) Manage the disclosure of company information;
- (XVII) Propose the appointment or replacement of the accounting firm that performs audits for our Company at the general meeting;
- (XVIII) Attend to the work report of our president and review the work of the president;
- (XIX) Consider and approve of external guarantees of our Company excluding those shall be considered by the general meeting;
- (XX) Review and supervise our Company's policies and rules with regard to compliance with laws and supervising regulations;
- (XXI) Review and supervise the training and continuous expertise development of Directors, Supervisors and senior management;
- (XXII) Review our Company's compliance with the enterprise management rules stipulated in the Listing Rules and disclosure in the enterprise management reports;
- (XXIII) Decide on other major matters and administrative affairs other than those specified in the laws, administrative regulations, regulations of the competent authorities and the Articles of Association to be decided by the general meeting by resolutions and sign other important agreements;
- (XXIV) Other powers and duties authorized by the laws, administrative regulations, regulations of the competent authorities, listing rules of the stock exchange where our shares are listed and the Articles of Association as well as the general meeting.

If required by the listing rules of the stock exchange where our shares are listed, the aforesaid matters that can be exercised by the Board of Directors or any transactions or arrangements of our Company shall be submitted to the general meeting for review.

All of the above resolutions adopted by the Board of Directors, except those in (VI), (VII) and (XIV) must be approved by more than a two-thirds vote of the Directors, may be approved by a majority of votes by the Directors.

The Board of Directors shall make explanations to the general meeting in relation to the nonstandard opinions produced by certified public accountants in their audit reports on the financial reports of our Company.

**Article 127** The Board of Directors shall formulate rules of procedure for Board meetings to ensure execution of resolutions of the general meeting, enhance the work efficiency, and ensure scientific decision making. The rules of procedure for Board meetings specify the convening and voting procedure of Board meetings, are appendixes to the Articles of Association and shall be formulated by the Board and approved on the general meeting.

**Article 128** In any case that the Board of Directors intends to dispose fixed assets, if the sum of the expected value of the fixed assets to be disposed of, and the value received from the fixed assets disposed of within the four months preceding this suggestion for disposal exceeds 33% of the value of fixed assets indicated on the latest audited balance sheet submitted at the general meeting, the Board of Directors shall not dispose of or agree to dispose of such fixed assets without the prior approval of the general meeting.

Disposal of the fixed assets mentioned herein includes transfer of rights and interests in certain assets, but does not include the provision of guarantees with fixed assets. The validity of the transactions with respect to the disposal of fixed assets of our Company shall not be affected by the violation of the provisions in this Article.

**Article 129** The chairman shall exercise the following functions and powers:

- (I) to preside over general meetings, and to convene and preside over Board meetings;
- (II) to examine the implementation of the resolutions of the Board of Directors;
- (III) to sign the shares, bonds and other value securities of our Company;
- (IV) to formulate various operation systems of the Board and coordinate the operation of the Board;
- (V) to sign important documents of the Board and sign important legally binding documents on behalf of our Company;
- (VI) to exercise the functions and powers as legal representative;
- (VII) to nominate candidates for secretary of the Board of Directors, and member and chairman of the special committees under the Board;
- (VIII) to listen to the regular or irregular work reports of our senior management and provide guiding opinions on the implementation of the resolutions of the Board of Directors;
- (IX) in any emergent force majeure event such as natural disasters, to exercise the special right of disposal in respect of the business of our Company in compliance with laws, regulations and in the interests of our Company, and to report to the Board and the general meeting of our Company afterwards;

(X) to exercise other functions and powers specified in laws, administrative regulations, departmental rules or the Articles of Association or granted by the Board of Directors.

If the chairman is unable or fails to perform his or her duties, a Director shall be elected by more than half of the Directors to perform the said duties.

**Article 130** Board meetings shall be divided into regular meetings and interim meetings. The chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors.

Board meetings shall be held regularly at least four times every year, and shall be convened by the chairman, with the notice of meeting and meeting documents sent to all the Directors and Supervisors 14 days in advance. Regular Board meetings do not include seeking the approval of the Board by passing written resolutions around for reading.

Interim Board meetings may be proposed to be convened by the chairman, shareholders representing more than 10% of the voting rights, more than one-third of the Directors, the Supervisory Committee, or the president. The chairman shall convene the interim Board meeting within 10 days of receiving such proposal, preside over the meeting, and send a written notice to all the Directors and Supervisors five days before the meeting is convened.

In emergency, the convening of interim Board meetings is not subject to the aforesaid restriction on the deadline of notice of meeting, but a proper notice shall be served to the Directors, Supervisors and the president.

Board meetings may be held onsite, via telephone, video, fax, or in the form of written circular.

Where a Board meeting is held via telephone or video, the Directors attending the meeting should be able to hear other Directors clearly and communicate with one another. Board meetings held in this way shall be recorded and videotaped. Where any Director cannot sign the meeting minutes on site, the said Director shall give a verbal vote and responsively affix the written signature thereof. The verbal vote by a Director shall have the same effect as the written signature, provided that there is no discrepancy between the opinions expressed by such Director in completing the written signature and the opinions orally expressed by him or her during the meeting. In case of any discrepancy between the two, the latter shall prevail.

Where a Board meeting is held in the form of written circular, in which case the proposals are served respectively to or passed around the Directors for consideration, the Directors or proxies thereof shall vote for or against or abstain from voting on the proposals under discussion. If the number of the Directors signing in favour of a proposal satisfies the statutory quorum for adopting a resolution as stipulated in the Articles of Association, the said proposal shall become a resolution of the Board of Directors.

If a director has any conflict of interest deemed by the Board as significant in any issue to be considered by the Board, a Board meeting (rather than written resolution) shall be held concerning the said issue. Independent non-executive directors and related persons thereof without any material interest in the transaction shall attend the relevant Board meeting.

**Article 131** Notice of a Board meeting may be served by the means as specified in Article 228 of the Articles of Association.

Notice of meeting shall be deemed as have been served to any director who attends the meeting without raising any objection before or during the meeting that he has not received the notice of meeting.

**Article 132** The notice of a Board meeting shall specify:

- (I) Date and venue of the meeting;
- (II) Duration of the meeting;
- (III) Reasons and topics for discussion; and
- (IV) Date on which the notice is sent.

**Article 133** In respect of any important issue to be decided by the Board, adequate information shall be provided to the Directors and the Directors may require supplementary information; when 1/4 of the Directors or more than two external directors (directors who do not hold positions in our Company) think that the information provided is inadequate or the argument is unclear, they may jointly submit a proposal to postpone the Board meeting or postpone discussion of relevant issue, and the Board should adopt the said proposal.

**Article 134** Except for connected person transactions to be discussed on Board meetings as specified in Article 136 of the Articles of Association, Board meetings shall be held only if more than half of the Directors (including proxies thereof) are present.

Save as otherwise specified in the Articles of Association, resolutions made by the Board of Directors shall be passed by more than half of all Directors.

Resolutions of the Board of Directors shall be voted as per “one person, one vote” system. Every Director shall have the right to one vote. If the votes for and against are the same, the chairman shall be entitled to an additional vote.

**Article 135** The Board meetings shall require the attendance of the Directors in person. Where the Directors are with good reason unable to attend the meetings, they may in writing entrust other Directors to do so. The written power of attorney shall indicate the name of each proxy, entrusted matters, scope of authorization and validity, and shall be signed by or marked with the seal of each principal.

Directors who attend the Board meetings as proxies shall exercise their rights in capacity of Director within the scope of authorization. Where the Directors fail to attend the Board meetings and further fail to entrust representatives to do so on their behalf, it shall be deemed that they have waived their voting rights at such meetings.

The reasonable expenses of the Directors for attending Board meetings shall be borne by our Company. The said expenses cover traffic expenses from the location of the Directors to the venue (if it is not at the location of the Directors) of the meeting, accommodations and meal expenses and local traffic expenses during the meeting.

**Article 136** Where Directors have connected relationship with the enterprises mentioned in any resolution made by the Board, such Directors shall neither vote on the said resolutions nor act as proxies for other Directors to exercise their voting right. Such Board meetings may not be held unless attended by more than half of all the non-associated Directors, and resolutions adopted at such meetings shall be passed by more than half of all the non-associated Directors. Where the number of the non-associated Directors attending the Board meetings is less than three, the matters shall be submitted to the general meeting for deliberation.

Except for the circumstances allowed by Note 1 to Appendix 3 of the Listing Rules or the Hong Kong Stock Exchange, a Director shall not vote on any resolutions of the Board with contract or arrangement or any other suggestions where he or his associates own a material interest, and shall not exercise the voting right on behalf of other Directors. Such Board meetings may not be held unless attended by more than half of all the non-associated Directors (when determining whether a quorum for the meeting is attained, such interested Director shall not be counted as part of the quorum), and resolutions adopted at such meetings shall be passed by more than half of all the non-associated Directors. Where the number of the non-associated Directors attending the Board meetings is less than three, the matters shall be submitted to the general meeting for deliberation.

**Article 137** Voting on Board meetings may be conducted by open ballot.

**Article 138** The Board shall file resolutions as minutes, which shall be signed by the attending Directors and secretary of the Board of Directors.

The Directors shall be responsible for the resolutions of the Board. Any Director who votes for a resolution which runs counter to the relevant laws, administrative regulations or the Articles of Association, thereby causing serious losses to our Company, shall be liable for compensation. A Director who has been proved as having expressed dissenting opinions on the resolution and such opinions are recorded in the meeting minutes can be exempt from liability.

The minutes of Board meetings shall be kept as archives of our Company for at least 10 years.

**Article 139** The minutes of a Board meeting shall specify:

- (I) The date, venue and name of the convener of the meeting;
- (II) The names of the attending Directors and the Directors (proxies) attending the meeting on behalf of others;
- (III) The agenda of the meeting;
- (IV) Summaries of the speeches of Directors;
- (V) The voting method and result for each resolution (the voting result shall set out the numbers of pros, cons and abstentions); and
- (VI) Other issues that the attending Directors think should be included into the minutes.

### **Chapter 11 Secretary of the Board of Directors**

**Article 140** Our Company shall have one secretary of the Board of Directors. The secretary shall be a senior management personnel of our Company.

**Article 141** The secretary of the Board of Directors shall be a natural person with the requisite expertise and experience and be appointed by the Board of Directors.

The main duties of the secretary of the Board of Directors are:

- (I) To ensure that our Company has complete organisation documents and records;
- (II) To ensure that our Company legally prepares and submits reports and documents as required by the competent authorities;
- (III) To ensure that the share register of our Company is established appropriately and that the persons who have the right of access to the relevant records and documents of our Company obtain the same in due time;
- (IV) To exercise other duties stipulated by laws, administrative regulations, departmental rules or the Articles of Association.

Within the scope of the aforesaid main duties, the specific duties of the secretary of the Board of Directors are:

- (I) To assist the Board of Directors in dealing with daily work of the Board of Directors and special committees under the Board of Directors;
- (II) To address and coordinate information disclosure of our Company, organize and formulate information disclosure management system of our Company, and urge our Company and relevant information disclosure obligors to observe relevant provisions concerning information disclosure;



- (III) To be responsible for the confidentiality of information disclosure of our Company and promptly report to the stock exchange when significant confidential information was disclosed;
- (IV) To be responsible for the investor relations management and shareholder information management of our Company, and coordinating information exchange between our Company and securities administrative authorities, shareholders and effective controllers, sponsors, securities service providers and the media;
- (V) To organize and arrange for Board meetings and general meetings, attend general meetings, Board meetings, meetings of the Supervisory Committee and meetings related to senior management, take and sign minutes of general meetings and Board meetings, and keep resolutions and minutes of general meetings and Board meetings and other important documents;
- (VI) To be responsible for keeping share register, list of beneficiaries of outstanding bonds of our Company, register of Directors, Supervisors and senior management, and data about shareholdings of controlling shareholders, Directors, Supervisors and senior management in our Company; and for disclosing changes in shareholdings of the Directors, Supervisors and senior management;
- (VII) To organize trainings concerning laws, regulations and regulatory documents for Directors, Supervisors and senior management, and assist the aforesaid people in understanding their rights and obligations in information disclosure;
- (VIII) To urge Directors, Supervisors and senior management to observe laws, regulations, regulatory documents and the Articles of Association, and earnestly fulfil their commitments;
- (IX) As the liaison officer of our Company with the relevant regulatory authorities, to be responsible for organizing, preparing and submitting in time the documents required by the relevant regulatory authorities as well as accepting and organizing the implementation of any assignment from the relevant regulatory authorities;
- (X) To perform other duties specified by laws, regulations, regulatory documents and the Articles of Association and conferred by the Board of Directors.

**Article 142** A Director or other senior management personnel of our Company may serve concurrently as secretary of the Board of Directors. Any accountant of the accounting firm engaged by our Company shall not act in the capacity of the secretary of the Board of Directors.

In the event a Director serves concurrently as secretary of the Board of Directors, where any act requires to be executed by the Director and the secretary of the Board of Directors separately, the said Director serving concurrently as secretary of the Board of Directors shall not execute the said act in both capacities.

**Article 143** The Directors, president and relevant departments within our Company shall support the secretary of the Board of Directors to perform his or her duties pursuant to the laws, and provide the necessary assurance in terms of organizational structure, staff deployment and costs. Relevant departments of our Company shall actively involve to support the work of the secretary of the Board of Directors.

## **Chapter 12 President**

**Article 144** Our Company sets a management, which implements the resolutions made by the Board of Directors and is responsible for the daily operation management of our Company under the leadership of the Board of Directors. The management practices a president responsibility system.

Our Company shall have one president and several vice presidents to assist the president; and one chief financial officer. The president, vice presidents and chief financial officer shall be appointed or dismissed by the Board of Directors.

**Article 145** The president shall serve a term of three years and may serve consecutive terms upon reappointment.

The president may resign before his or her term of office expires. The procedure and rules for such resignation shall be specified in the labor contract between the president and our Company. If the president is unable to fulfil his or her duty for any special reason, the Board of Directors shall designate one vice president to act on his or her behalf.

A Director may serve concurrently as president or vice president. However, the positions of the chairman and president shall be served by different persons.

**Article 146** The president is responsible to the Board of Directors and exercises the following functions and powers:

- (I) Be in charge of the production and operational management of our Company and report to the Board of Directors on such works;
- (II) Organize the execution of resolutions of the Board of Directors;
- (III) Organize the implementation of the annual operation plans and investment schemes formulated by the Board of Directors;
- (IV) Formulate the structure scheme of the internal management agency of our Company;
- (V) Formulate the structure scheme of the branch of our Company;
- (VI) Formulate the basic management system of our Company;
- (VII) Formulate the specific Company regulations;
- (VIII) Propose the appointment or dismissal of the vice president and chief financial officer to the Board of Directors;

- (IX) Appoint or dismiss other management personnel except those who shall be appointed or dismissed by the Board of Directors;
- (X) Other functions and powers authorized by the Articles of Association and the Board of Directors.

**Article 147** The president of our Company shall be present at Board meetings, and if he or she is not a Director, shall not have any voting right at the Board meetings.

**Article 148** The president shall formulate relevant working rules, which shall come into effect upon approval by the Board of Directors.

The working rules of the president shall specify:

- (I) The conditions and procedure for holding president's meetings, and attendants;
- (II) Duties and division of labour of the president and other senior management personnel;
- (III) Use of funds and assets of our Company, right to sign important contracts, and the system of reporting to the Board of Directors and the Supervisory Committee; and
- (IV) Other matters deemed necessary by the Board of Directors.

**Article 149** In exercising functions and powers, the president of our Company shall fulfil the obligation of honesty and diligence in accordance with laws, administrative regulations and the Articles of Association.

## **Chapter 13 Supervisory Committee**

### **Section 1 Supervisors**

**Article 150** The Supervisors serve three-year terms. The Supervisors may, after the expiration of the term of office, be re-elected.

**Article 151** The Directors and senior management shall not also serve as Supervisors.

**Article 152** If the term of office of a Supervisor expires but re-election is not made responsively or if any Supervisor resigns during his or her term of office so that the membership of the Supervisory Committee falls short of the quorum, the said Supervisor shall continue fulfilling the duties as Supervisor pursuant to relevant laws, administrative regulations and the Articles of Association until a new Supervisor is elected.

**Article 153** The Supervisors shall ensure the information disclosed by our Company is true, accurate and complete.

**Article 154** The Supervisors may attend Board meetings, and query or provide suggestions on the resolutions of the Board.

**Article 155** The Supervisors shall not abuse their connected relationship to harm the interests of our Company, and shall compensate for any losses caused to our Company.

**Article 156** Supervisors shall honestly fulfil the supervisory duty in accordance with relevant laws, administrative regulations and the Articles of Association.

If any Supervisor violates the laws and administrative regulations, departmental rules or the Articles of Association in fulfilling his or her duties, thereby incurring any loss of our Company, the said Supervisor shall be liable for compensation.

## **Section 2 Supervisory Committee**

**Article 157** Our Company shall set up a Supervisory Committee.

**Article 158** The Supervisory Committee consists of three Supervisors and includes one chairman.

The chairman of the Supervisory Committee shall be elected and dismissed by more than a two-thirds vote of the members of the Supervisory Committee.

**Article 159** The Supervisory Committee shall consist of shareholder representative Supervisors and employee representative Supervisors. The shareholder representative Supervisors shall be elected and dismissed by the general meeting. The employee representative Supervisors shall account for no less than one-third of the members of the Supervisory Committee, and shall be elected and dismissed democratically by the employees. Our Company will disclose relevant information regarding the election and dismissal of the Supervisors in accordance with the listing rules of the stock exchange where our shares are listed.

**Article 160** The Supervisory Committee is responsible to the general meeting and lawfully exercises the following functions and powers:

- (I) Examine the financial standing of our Company;
- (II) Supervise the duty performance of Directors and senior management so as to ensure that the said Directors and senior management shall not be in violation of any laws, administrative regulations or the Articles of Association of our Company when performing their duties, and put forward suggestions for dismissing any Directors or senior management who are in breach of the laws, administrative regulations, the Articles of Association or resolutions of the general meetings;
- (III) Require the Directors and senior management to take corrective measures when their actions are detrimental to our interests;
- (IV) Verify the financial information such as the financial reports, business reports and profit distribution plans to be submitted by the Board to the general meetings and, should any queries arise, to authorize, in the name of our Company, a re-examination by the certified public accountants and practicing auditors;

- (V) Propose to convene an extraordinary general meeting, where the Board of Directors fails to perform the duties in relation to convening or presiding over the general meeting, to convene and preside over the general meeting;
- (VI) Submit proposals at the general meetings;
- (VII) Propose to convene extraordinary meetings of the Board of Directors;
- (VIII) Represent our Company in negotiating with or in bringing actions against the Directors and senior management in accordance with Company Law;
- (IX) Investigate into any abnormalities in operation of our Company; if necessary, to engage accounting firms, law firms and other professional institutions to assist its work, and the expenses shall be borne by our Company;
- (X) Other powers and duties stipulated in the Articles of Association.

**Article 161** Meetings of the Supervisory committee shall be held at least once every six months, and shall be convened by the chairman of the Supervisory Committee. Supervisors may propose to convene an extraordinary meeting of the Supervisory Committee.

Where the chairman of the Supervisory Committee is incapable of performing or is not performing his or her duties, a Supervisor recommended by more than half of the Supervisors shall convene and preside over the meeting.

**Article 162** The Supervisory Committee shall formulate rules of procedure for meetings of the Supervisory Committee to ensure the work efficiency and scientific decision making of the Supervisory Committee. The rules of procedure for meetings of the Supervisory Committee shall specify the convening and voting procedure of meetings of the Supervisory Committee, is appendix to the Articles of Association and shall be formulated by the Supervisory Committee and approved at the general meeting.

**Article 163** A meeting of the Supervisory Committee shall be attended by more than half of the Supervisors. Voting at the meetings of the Supervisory Committee shall be conducted by open ballot, and each Supervisor shall have one vote. Supervisors shall attend meetings of the Supervisory Committee in person. Where any Supervisor cannot attend the meeting for any reason, he or she may appoint another Supervisor to attend the meeting on his or her behalf, with the power of attorney specifying the scope of authorization.

Resolutions of the Supervisory Committee shall be approved by more than a two-thirds vote of the members of the Supervisory Committee.

**Article 164** The Supervisory Committee shall file resolutions as minutes, which shall be signed by the attending Supervisors.

Any Supervisor shall be entitled to have an explanatory note made in the minutes regarding his or her speech at the meeting. The minutes of meetings of the Supervisory Committee shall be kept as archives of our Company for at least 10 years.

**Article 165** A written notice of a meeting of the Supervisory Committee shall be served to all the Supervisors 10 days before a regular meeting or three days before an extraordinary meeting.

The notice of a meeting of the Supervisory Committee shall specify:

- (I) Time, venue and duration of the meeting;
- (II) Reasons and topics for discussion; and
- (III) Date on which the notice is sent.

**Article 166** The reasonable expenses of the Supervisors for attending meetings of the Supervisory Committee shall be borne by our Company. The said expenses cover traffic expenses from the location of the Supervisors to the venue (if it is not at the location of the Supervisors) of the meeting, accommodations and meal expenses, rent for the venue and local traffic expenses during the meeting.

Our Company shall bear all reasonable fees incurred in the retaining of such professionals as lawyers, certified public accountants, and practicing auditors by the Supervisory Committee in the exercise of its functions and powers.

#### **Chapter 14 Qualifications and Obligations of the Directors, Supervisors and Senior Management of Our Company**

**Article 167** None of the following persons shall serve as our Director, Supervisor or senior management:

- (I) Anyone who has no civil capacity or has limited civil capacity;
- (II) Anyone who has been convicted of the offense of corruption, bribery, embezzlement, larceny, or disrupting the social economic order and is within five years of the expiry date of punishment or has been deprived of political rights because of this conviction and is within five years of the expiry date of the sentence;
- (III) Anyone who has served as Director, factory manager or manager of a company or enterprise that was bankrupt and liquidated, was personally liable for the bankruptcy of the company or enterprise, and is within three years of the date of completion of bankruptcy and liquidation of the company or enterprise;
- (IV) Anyone who has served as the legal representative of a company or enterprise whose business license was revoked or was ordered to close due to violation of laws, was personally liable, and is within three years of the date on which the business license of such company or enterprise was revoked;
- (V) Anyone who has a large sum of debt, which was not paid at maturity;
- (VI) Anyone who is investigated by the judicial agencies for violation of criminal law and whose case is pending;

- (VII) Persons who are subject to the punishment of the competent authority of securities of the State Council, which prohibits them from entering into the securities market for a period which has not yet expired;
- (VIII) Anyone who may not serve as a head of our Company pursuant to the provisions of the laws and administrative regulations, or regulations of the competent authorities;
- (IX) Anyone judged by the competent agencies to have violated the provisions of relevant securities laws, has been involved in deceptive or dishonest acts and is within five years of the date on which the judgment was made;
- (X) Anyone who is not a natural person;
- (XI) Other circumstances which are applicable pursuant to the laws, administrative regulations, departmental rules, or provisions of the securities governing authority or stock exchange where our shares are listed.

Any election of Directors or Supervisors or appointment of senior management in violation of the above provisions herein shall be invalid. Our Company shall dismiss the Director, Supervisor and other senior management personnel if he or she is involved in the aforesaid circumstances during his or her term of office.

**Article 168** The validity of an act of a Director or senior management personnel on behalf of our Company for a bona fide third party is not affected by any non-compliance in the appointment, election or qualification thereof.

**Article 169** In exercising the functions and powers conferred by our Company, Directors, Supervisors and other senior management shall fulfil the following obligations to each shareholder in addition to the obligations as required by laws, administrative regulations or the listing rules of the stock exchange where our shares are listed:

- (I) Not to allow our Company to operate beyond the business scope specified in the business license;
- (II) To sincerely act in the best interest of our Company;
- (III) Not to seize from our Company any asset, including (but not limited to) opportunity favourable to our Company; and
- (IV) Not to seize from any shareholder any personal interests, including (but not limited to) right to profit distribution and right to vote, but excluding corporate reorganisation submitted for adoption at the general meeting pursuant to the Articles of Association.

**Article 170** In exercising rights or fulfilling obligations, the Directors, Supervisors and senior management have the duty to act with due discretion, diligence and skill as a reasonable discreet person should do in similar circumstances.



**Article 171** When performing their responsibilities, the Directors, Supervisors and senior management shall comply with the principle of integrity and shall not put themselves in situations where their own interests may conflict with the obligations they have undertaken. This principle includes, but is not limited to, performing the following obligations:

- (I) Sincerely taking the best interests of our Company as the starting point of any action;
- (II) Exercising one's rights within but not exceeding the scope of authority;
- (III) Exercising conferred discretionary powers personally without being manipulated by others; not transferring discretionary powers to other persons unless permitted by laws and administrative regulations or with the informed consent of shareholders given in a general meeting;
- (IV) Treating shareholders of the same class equally and shareholders of different classes fairly;
- (V) Entering into any contract, transaction or arrangement with our Company is not allowed, unless in line with the Articles of Association or otherwise by the approval of the general meeting with its full knowledge;
- (VI) Seeking private gain using the properties of our Company in any manner is not allowed, unless agreed by the general meeting with its full knowledge;
- (VII) Using one's position to take bribes or other illegal gains is not allowed, nor is any form of embezzlement of our property, including, but not limited to, opportunities beneficial to our Company;
- (VIII) Accepting commissions associated with transactions of our Company is not allowed unless agreed by the general meeting with its full knowledge;
- (IX) Compliance with the Articles of Association, discharging duties in a faithful manner, safeguarding the interests of our Company rather than seeking private gain by taking advantage of one's position and authority in our Company;
- (X) Unless agreed by the shareholders at the general meeting with its full knowledge, taking advantage of position, taking business opportunity which should have belonged to our Company for themselves or others, or conducting business that is similar with our company by themselves or cooperating with others is not allowed; competing with our Company in any manner is not allowed;
- (XI) Misappropriation of our funds is not allowed, nor is depositing the assets or funds of our Company in an account opened in one's own name or other names;

(XII) Not to, in violation of the provisions of the Articles of Association, lend our Company's funds to any other person or provide security for our Company's shareholders or other persons with any properties of our Company, without the consent of the general meeting or Board of Directors;

(XIII) Not to harm the interests of our Company through use of his/her connected relationship;

(XIV) Not to disclose any confidential information relating to our Company obtained during employment without the consent of the general meeting with its full knowledge;

Unless in the interest of our Company, using such information is also not allowed; however, under the following circumstances the information may be disclosed to a court or other competent government agencies as required by:

1. the provisions of the law;
2. the public interest; or
3. the interest of the Directors, Supervisors or senior management.

(XV) Other behaviors violating the principle of loyalty to our Company.

The personnel mentioned in this Article shall return the income obtained from violation of the provisions herein to our Company and shall bear the liability of compensation if our Company suffers damage.

**Article 172** The Directors, Supervisors and senior management may not direct the following personnel or institutions (hereinafter referred to as "connected persons") to do acts that the Directors, Supervisors and senior management is prohibited from doing:

- (I) Spouses or minor children of the Directors, Supervisors and senior management of our Company;
- (II) Trustees of the Directors, Supervisors and senior management of our Company or the persons mentioned in (I);
- (III) Partners of the Directors, Supervisors and senior management of our Company or persons mentioned in (I) and (II);
- (IV) Companies under de facto control individually by the Directors, Supervisors and senior management of our Company, or companies under de facto control jointly with the persons mentioned in (I), (II) and (III) or other Directors, Supervisors and senior management of our Company; and
- (V) Directors, Supervisors or senior management of the controlled companies mentioned in (IV).

**Article 173** The good faith obligation owed by the Directors, Supervisors and senior management of our Company may not necessarily terminate with the expiration of their terms; their obligation to keep the trade secrets of our Company in confidence shall survive the expiration of their terms, until such secrets become public available. The duration of other obligations shall be determined in accordance with the principle of fairness, depending on the length of time from the occurrence of the events to the time of resignation, as well as the circumstances and conditions under which the relationship with our Company is terminated.

**Article 174** Except as otherwise provided in Article 60 of the Articles of Association, liabilities of Directors, Supervisors and senior management of our Company arising from the violation of specific duties may be released by informing shareholders in general meetings.

**Article 175** When any of the Directors, Supervisors and senior management of our Company has any direct or indirect material interests in the contracts, transactions or arrangements that our Company has entered into or plans to enter into (except for employment contracts that our Company has entered into with the Directors, Supervisors and senior management), the above personnel shall disclose the nature and degree of their interests to the Board of Directors as soon as possible no matter whether relevant issues are subject to the approval of the Board of Directors in normal circumstances.

With respect to any contract, transaction or arrangement in which a Director or his associates have a material interest, the Director shall not vote and shall not be included in the quorum.

Unless the Directors, Supervisors and senior management who have interests have made disclosure to the Board of Directors in accordance with the preceding paragraph in this Article and the Board of Directors approves the matters at the meeting in which they are not included in the quorum nor participate in voting, our Company shall have the right to cancel the contracts, transactions or arrangements, except where the opposite party is a party in good faith without knowledge of the acts of related Directors, Supervisors and senior management violating their obligations.

Where connected persons of the Directors, Supervisors and senior management of our Company have interests in certain contracts, transactions and arrangements, the relevant Directors, Supervisors and senior management shall be deemed to have interests.

**Article 176** Prior to our Company's first consideration of the relevant contracts, transactions or arrangements, if the Directors, Supervisors and senior management of our Company have notified the Board of Directors in writing and state that with regard to the content of such notice, they have interest in certain contracts, transactions and arrangements thereafter. And within the scope specified by such notice, the relevant Directors, Supervisors and senior management shall be deemed as having made disclosures as specified in the preceding article of this Chapter.

**Article 177** Our Company shall not pay taxes in any form for our Directors, Supervisors and senior management.

**Article 178** Our Company shall neither provide the Directors, Supervisors or senior management of our Company or our parent company with loans or loan guarantees either directly or indirectly nor provide persons related to the above personnel with loans or loan guarantees.

The preceding paragraph shall not apply in the following circumstances:

- (I) Our Company provides our subsidiaries with loans or loan guarantees;
- (II) Our Company provides any of the Directors, Supervisors or senior management with loans, loan guarantees or any other fund pursuant to the employment contracts approved at the general meeting to pay all expenses incurred for the purpose of our Company or performing his duties owed to our Company; and
- (III) In case that the normal scope of business of our Company covers the provision of loans or loan guarantees, our Company may provide any of the Directors, Supervisors or senior management or other connected persons with loans or loan guarantees, provided that the conditions governing the above loans or loan guarantees shall be normal commercial conditions.

**Article 179** In the event that our Company provides loans in violation of the preceding article, the person who receives the loan(s) must pay off the loan(s) immediately, regardless of the conditions of loans.

**Article 180** Any loan provided by our Company in violation of Article 178 shall not be mandatorily enforced against us, unless under the following circumstances:

- (I) The loan provider unknowingly provides loans to personnel related to the Directors, Supervisors or senior management of our Company or our parent company; or
- (II) The collateral provided by our Company is sold lawfully by the lender to the buyer in good faith.

**Article 181** The “guarantee” mentioned in the foregoing provisions of this Chapter includes the acts of the guarantor bearing the liabilities or providing properties to ensure that the obligor performs the obligations.

**Article 182** In the event of violation of obligations owed to our Company by the Directors, Supervisors and senior management, we shall have the right to take the following measures in addition to various rights and remedial measures stipulated in legal and administrative regulations:

- (I) Require related Directors, Supervisors or senior management to compensate our Company for losses sustained as a result of their neglect of duty;

- (II) Cancel any contract or transaction entered into between our Company and related Directors, Supervisors or senior management as well as any contract or transaction entered into between our Company and any third person when the third person knew or should have known that the Directors, Supervisors or senior management acting on behalf of our Company violated their obligations owed to our Company;
- (III) Require the relevant Directors, Supervisors or senior management to turn over the proceeds obtained from the violation of their obligations;
- (IV) Recover funds collected by the relevant Directors, Supervisors or senior management that should have been collected for our Company, including but not limited to commissions;
- (V) Require the relevant Directors, Supervisors or senior management to return the interest earned or that may be earned from funds that should have been paid to our Company; and
- (VI) Require the Directors, Supervisors or senior management to return properties obtained from violation of their obligations through legal procedures.

**Article 183** Our Company shall sign written agreements with the Directors and Supervisors regarding remuneration, which shall be subject to prior approval of the general meeting, including:

- (I) Remuneration for providing services as the Directors, Supervisors or senior management of our Company;
- (II) Remuneration for providing services as the Directors, Supervisors or senior management of our subsidiaries;
- (III) Remuneration for providing other services for management of our Company and our subsidiaries; and
- (IV) Compensation received by the Directors or Supervisors as a result of loss of position or retirement.

No Director or Supervisor shall institute any litigation against our Company over any interest payable relative to the above unless provided for in the above contracts.

Moreover, our Company shall conclude written contracts with our Directors, Supervisors and senior management, covering at least the following matters:

- (I) The Directors, Supervisors and senior management shall undertake to our Company to observe and comply with the Company Law, Special Regulations, the Articles of Association, Code on Takeovers and Mergers of Hong Kong, Code on Share Repurchases of Hong Kong and other provisions of the Hong Kong Stock Exchange, and explicitly articulate that the remedial measures to which our Company is entitled under the Articles of Association and relevant contracts and positions shall not be transferred;

(II) The Directors, Supervisors and senior management shall undertake to our Company to observe and fulfil their due duties for the shareholders under the Articles of Association;

(III) The arbitration clauses stipulated in Article 232 of the Articles of Association.

**Article 184** The contract concerning the remunerations between our Company and the Directors or Supervisors shall provide that in the event that our Company is acquired, our Directors and Supervisors shall, subject to the prior approval of the general meeting, be entitled to receive compensation or other monies in respect of the loss of office or retirement.

The acquisition in the preceding paragraph refers to any of the following circumstances:

(I) An offer made by any person to all the shareholders; or

(II) An offer is made by any person such that the offeror will become the Controlling Shareholder. The definition of Controlling Shareholder is the same as defined in the Articles of Association.

If the relevant Director or Supervisor fails to comply with the provisions of this Article, any payment received shall belong to the person who sells the shares for accepting the aforesaid offer. The said Director or Supervisor shall bear all expenses arising from the distribution of such payments in a proportional manner and all related expenses shall not be deducted from these payments distributed.

**Article 185** Our Company may establish the necessary liability insurance system for Directors, Supervisors and senior management to reduce the risks that may result from their normal performance of duties.

## **Chapter 15 Financial and Accounting System and Profit Distribution**

**Article 186** Our Company shall formulate our own financial and accounting systems in accordance with laws, administrative regulations and PRC accounting standards formulated by the competent financial departments of the State Council.

**Article 187** The fiscal year of our Company is Gregorian calendar year, i.e. from 1 January to 31 December every year.

At the end of each fiscal year, our Company shall prepare a financial report which shall be subject to legal review and verification.

**Article 188** The Board of Directors of our Company shall place before the shareholders at annual general meeting the financial reports prepared by our Company as required by the relevant laws, administrative regulations and regulatory documents promulgated by local government or regulatory authorities. The date of settlement of the annual accounts of our Company shall not precede the date of the annual general meeting by more than six months.

**Article 189** Our Company's financial reports shall be made available for shareholders' inspection at our Company 20 days before the convening of an annual general meeting. Every shareholder of our Company shall have the right to access the financial reports mentioned in this chapter.

The financial reports mentioned in the preceding paragraph shall include the report of the Board of Directors, the balance sheet (including the documents required to be attached by laws and administrative regulations of PRC or other countries and regions), income statement or statement of income and expenditure, or (without violating relevant PRC laws) the summary financial report approved by the Hong Kong Stock Exchange.

Our Company shall send the aforesaid reports to each of the holders of overseas listed foreign shares to their addresses as recorded in the share register by postage-paid mail or by other means (e.g. by email or announcement on our Company's website or on the website designated by the stock exchange where our shares are listed) as allowed in laws and regulations of the region where our shares are listed and listing rules of the stock exchange at least 21 days before the annual general meeting is convened (in any event no more than four months from the end of the relevant financial year).

Our Company shall issue to holders of overseas listed foreign shares the interim report for the first six months of each fiscal year within three months after the end of the said six months.

**Article 190** The financial statements of our Company shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the overseas area in which the shares are listed. If there are any material differences between the financial statements prepared in accordance with the two accounting standards, such differences shall be stated in the notes to the financial statements. Our Company shall distribute the after-tax profit of the relevant fiscal year as per the less of the after-tax profits in the aforesaid two financial statements.

**Article 191** Our Company's interim results or financial information published or disclosed by our Company shall at the same time be prepared in accordance with PRC accounting standards, regulations as well as international accounting standards or the accounting standards of the overseas area in which the shares are listed.

**Article 192** Our Company shall publish the financial reports twice in each fiscal year. Interim financial reports shall be published within 60 days after the end of the first six months of a fiscal year, while the annual financial report shall be published within 120 days after the end of each fiscal year.

Our Company shall announce our results twice in each fiscal year. Interim results shall be announced within two months after the end of the first six months of a fiscal year, while the annual results shall be announced within three months after the end of each fiscal year.



**Article 193** Our Company shall not keep any accounting books other than those specified by law. The assets of our Company shall not be deposited in any personal account.

**Article 194** The capital reserve shall include:

- (I) Premium arising from issue above the par value of the stock;
- (II) Other revenues required by the competent financial departments of the State Council to be stated as capital reserve.

**Article 195** When the annual after-tax earnings of our Company are distributed, our Company must allocate 10% of the earnings to our statutory reserve. When the total amount of the statutory reserve reaches or exceeds 50% of our Company's registered capital, no more allocations need to be provided.

If our statutory reserve is insufficient to offset our losses incurred during the previous year, the earnings generated during the current year must be used to make up the losses before allocating the statutory reserve in accordance with the requirements set forth in the preceding paragraph.

After allocation to the statutory reserve from the after-tax earnings of our Company, we may also allocate to the discretionary reserve fund from after-tax earnings in line with the resolution(s) adopted at the general meeting.

After our Company has made up our losses and made allocations to our reserve fund, the remaining profits are distributed in proportion to the number of shares held by the shareholders, unless otherwise specified by the Articles of Association.

If the general meeting or the Board of Directors violates the provisions in the preceding paragraph and profits are distributed to the shareholders before our Company makes up for losses or makes allocations to the statutory reserve fund, the profits distributed in violation of the provisions must be returned by such shareholders to our Company.

The shares held by our Company shall not be subject to profit distribution.

**Article 196** Our reserves must be used only for offsetting our losses, expanding the scale of business and operations or for conversion into capital to increase our capital, but the capital reserve shall not be used to offset our losses.

Where the statutory reserve converses into capital, the remaining statutory reserve shall not be less than 25% of the registered capital of our Company before such conversion.

**Article 197** Our Company may distribute dividends in the following forms (or in more than two forms at the same time):

- (I) Cash;
- (II) Stock;

(III) Other forms permitted by laws, administrative regulations, departmental rules and regulatory rules of the listing place.

Cash dividends and other monies paid by our Company to holders of Domestic Shares shall be paid in RMB. Cash dividends and other monies paid by our Company to holders of foreign shares shall be stated and announced in RMB and paid in foreign currencies. Hong Kong dollars needed by our Company to pay cash dividends and other monies to holders of foreign shares shall be obtained pursuant to relevant state regulations on foreign exchange.

The dividends distribution of our Company is implemented by the Board of Directors upon authorization of the general meeting by ordinary resolution.

**Article 198** Shareholders are entitled to receive interest with regard to payment of the shares which was paid before reminder notice. However, advance payment of the shares is not subject to any dividends announced later.

**Article 199** Our Company shall appoint receiving agents on behalf of holders of overseas listed foreign shares. Receiving agents shall receive dividends and other payable funds that are distributed with respect to our overseas listed foreign shares for the holders of overseas listed foreign shares.

The receiving agents appointed by our Company shall meet the relevant requirements of the laws or the relevant regulations of the stock exchange of the listing place.

The receiving agents appointed by our Company for holders of H Shares shall be trust companies registered pursuant to the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong).

In compliance with the PRC laws and regulations, and provisions of the Hong Kong Stock Exchange, our Company may expropriate unclaimed dividend. However, our Company can only exercise such expropriate right after the expiration of the applicable period which started after the distribution of dividend was declared.

Our Company may terminate sending dividend coupons by mail to a holder of overseas listed foreign shares. However, the said termination can only be made after the holder fails to withdraw from the dividend coupons for consecutive two times. However, our Company may also exercise such power where such dividend coupons are sent back due to the initial failure of service to the receiver.

As for exercise of the power of issuing warrants to the holders, our Company shall not issue any replacement warrants unless we are convinced that the original warrant has been destroyed without reasonable doubt.

Our Company is entitled to sell the shares of holders of overseas listed foreign shares failing to be contacted in a manner the Board of Directors deems fit, subject to the following terms:

(I) Our Company has paid dividends at least three times on these shares within 12 years, but no one has claimed the dividends during that period;

- (II) Upon expiration of the 12-year period, our Company publishes an announcement on one or more newspapers in the place where our shares are listed, indicating our intention to sell the shares and notifies the stock exchange where such shares are listed of such intention.

**Article 200** After the profit distribution plan is adopted at the general meeting, the Board shall finish distributing dividends (or shares) within 2 months after conclusion of the general meeting.

**Article 201** Our Company will implement a reasonable profit distribution policy after taking into full consideration of the shareholders' interests based on our business conditions and market environment. Our Company will maintain the continuity and stability of our profit distribution policy and give priority to cash dividends, with the specific dividend proportion subject to the resolution made at the general meeting according to law.

## **Chapter 16 Engagement of Accounting Firms**

**Article 202** Our Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the State to audit our annual financial report and review other financial reports of us.

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

If the founders' meeting does not exercise its functions and powers according to the aforesaid provisions, then the Board of Directors shall exercise its functions and powers.

**Article 203** The term of appointment of the accounting firm appointed by our Company shall begin from the date of the close of the current annual general meeting and end on the date of the close of the next annual general meeting.

**Article 204** The accounting firm appointed by our Company shall have the following rights:

- (I) inspecting the books, records and vouchers of our Company at any time, and requiring the Directors and senior management of our Company to provide relevant information and explanations;
- (II) requiring our Company to adopt reasonable measures to obtain from its subsidiaries information and explanations that are required for the performance of duties; and
- (III) attending general meetings, receiving notices of general meetings or other information in relation to general meetings that any shareholder is entitled to receive and giving statements at the meeting with regard to matters involving its duties as an accounting firm appointed by our Company.

**Article 205** If a vacancy occurs on the post of accounting firm, the Board of Directors may appoint an accounting firm to fill such vacancy before convening a general meeting. Any other accounting firm which has been appointed by our Company may continue to act during the period during which a vacancy arises.

**Article 206** In addition to the circumstances described in Article 205 of the Articles of Association, the engagement of accounting firms shall be decided by the general meeting. The Board of Directors may not appoint an accounting firm before the decision of the general meeting.

The general meeting may decide to dismiss an accounting firm by adopting ordinary resolution before the expiration of the term of office of the accounting firm, regardless of the terms and conditions of the contract between the accounting firm and our Company. If the relevant accounting firm has the right to make claim to our Company due to its dismissal, such right shall not be affected.

**Article 207** The compensation of the accounting firm or the method of determining the compensation shall be decided by the general meeting. The compensation of the accounting firm appointed by the Board of Directors shall be decided by the Board of Directors.

**Article 208** The decision on engaging, dismissing or not renewing the engagement of an accounting firm shall be made by the general meeting, and reported to the securities governing authorities of the State Council for filing.

If the general meeting plans, by passing resolutions, to recruit a non-incumbent accounting firm to fill up any vacancy of the post of accounting firm, or renew the engagement of an accounting firm appointed by the Board of Directors to fill up the vacancy, or dismiss an accounting firm before the expiration of its term of office, the following provisions shall be satisfied:

- (I) The relevant proposal on engagement or dismissal shall be sent to the accounting firm proposed to be engaged or proposing to leave the post or the firm which has left the post in the relevant accounting year before the issuance of the notice of general meeting. Leaving herein shall include leaving by dismissal, resignation and retirement.
- (II) If the accounting firm about to leave the post makes a written statement, and asks our Company to inform the shareholders of its statement, unless the time from the receipt of the written statement is too late, our Company shall adopt the following measures:
  - (1) stating in the notice issued for proposing a resolution that the accounting firm about to leave the post has made a statement; and
  - (2) sending a copy of the statement as an attachment to the notice in the manner stipulated in the Articles of Association to each shareholder entitled to receive the notice of general meeting.

- (III) If our Company fails to send the statement of the relevant accounting firm according to the provisions of (II) of this Article, the accounting firm may ask the statement be read at the general meeting and make further appeal.
- (IV) An accounting firm about to leave the post shall have the right to attend the following meetings:
  - (1) general meeting at which its term of office shall expire;
  - (2) general meeting at which the vacancy due to its dismissal is to be filled up; and
  - (3) general meeting convened due to its resignation from its post.

The accounting firm about to leave the post shall have the right to receive all notices of the aforesaid meetings or other information in relation to the meetings and give speeches at the aforesaid meetings with regard to matters involving its duties as the previous accounting firm appointed by our Company.

**Article 209** Prior notice shall be given to the accounting firm if our Company decides to remove such accounting firm or not to renew the appointment thereof. Such accounting firm shall have the right to make representations at the general meeting. Where the accounting firm resigns from its position, it shall make clear to the shareholders in a general meeting whether there has been any impropriety on the part of our Company.

- (I) An accounting firm may resign its office by depositing at our 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:
  - (1) a statement to the effect that there are no circumstances connected with its resignation which it considers shall be brought to the notice of the shareholders or creditors of our Company; or
  - (2) a statement of any such circumstances.
- (II) Our Company shall send copies of the written notice referred to in (I) of this Article to relevant supervisory authorities within 14 days from the date from the receipt of the notice. If the notice contains the statement mentioned in (I) (2) of this Article, our Company shall place a copy of the statement at our Company for shareholders' inspection.

Our Company shall also send a copy of the aforementioned statement by prepaid mail to every holder of overseas listed foreign shares at the address registered in the share register, or subject to applicable laws, regulations and listing rules, publish it on our Company's website or the website designated by the stock exchange where our shares are listed.

- (III) If the resignation notice of an accounting firm contains any statement mentioned in (I) (2) of this Article, the accounting firm may ask the Board of Directors to convene an extraordinary general meeting to listen to its explanation on relevant circumstances of its resignation.

## **Chapter 17 Merger, Division, Dissolution and Liquidation**

### **Section 1 Merger and Division**

**Article 210** For a merger or division of our Company, the Board of Directors shall put forward a proposal, and the formalities for approval shall be handled according to laws after the proposal has been adopted according to procedures specified in our Articles of Association. Shareholders who oppose our Company's merger or division plans shall have the right to ask our Company or the shareholders who approve the merger or division plans to purchase their shares at a fair price. The content of the resolution on the merger or division of our Company shall be made into special document, which shall be available for shareholders.

With regard to holders of overseas listed foreign shares, the aforesaid documents shall also be sent out by mail or in a manner permitted by relevant laws, regulations or the listing rules of the stock exchange of the listing place.

**Article 211** The merger of our Company may take the form of either merger by absorption or merger by the establishment of a new company.

In the case of a merger of our Company, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. Our Company shall issue a notice to our creditors in accordance with the provisions of the Company Law, make an announcement on the newspapers approved by the stock exchange where our shares are listed, settle the loans or to provide corresponding guarantees at the request of the creditors.

Upon the merger of our Company, the claims and debts of the parties to the merger shall be assumed by the surviving company or the newly established company.

**Article 212** In the case of a division of our Company, our assets shall be divided accordingly.

In the case of a division of our Company, the parties to the division shall execute a division agreement and prepare a balance sheet and an inventory of assets. Our Company shall notify our creditors in accordance with the provisions of the Company Law and shall make an announcement on the newspapers approved by the stock exchange where our shares are listed.

Debts of our Company prior to the division shall be assumed by the companies which exist after the division, unless our Company otherwise reaches a written agreement with the creditor's on debt settlement before the division.

**Article 213** Where a merger or division of our Company involves changes in registered items, such changes shall be registered according to laws with the company registration authority; if our Company is dissolved, cancellation registration of our Company shall be carried out according to laws; where a new company is incorporated, the registration of the incorporation of the company shall be carried out according to laws.

## **Section 2 Dissolution and Liquidation**

**Article 214** Our Company shall be dissolved and liquidated according to laws upon the occurrence of any of the following events:

- (I) other causes for dissolution stipulated in the Articles of Association arise;
- (II) a resolution regarding the dissolution is passed by the general meeting;
- (III) dissolution is necessary due to a merger or division of our Company;
- (IV) our Company is legally declared insolvent due to our failure to repay debts as they become due;
- (V) our Company is legally ordered to close or our business license is suspended or revoked; or
- (VI) if our Company gets into serious trouble in operations and management and continuation may incur material losses of the interests of the shareholders, and no solution can be found through any other channel, the shareholders holding more than 10% of the total voting rights of our Company may request the people's court to dissolve our Company, and the people's court will dissolve our Company pursuant to law.

**Article 215** Where we are dissolved under the circumstances set forth in (I), (II), (V) and (VI) of Article 214 of the Articles of Association, we should establish a liquidation committee within 15 days of the date on which the dissolution matter occurs. The liquidation committee shall be composed of Directors or any other person determined by a general meeting. If a liquidation committee is not established within the prescribed period, the creditors may file an application with a people's court to appoint relevant personnel to form a liquidation committee to administer the liquidation.

In the case of dissolution of our Company under (IV) of Article 214, the people's court shall, according to relevant legal provisions, organize the shareholders, relevant departments and professionals to establish a liquidation committee to proceed the liquidation.



**Article 216** If the Board of Directors decides our Company shall commence liquidation (except for liquidation resulting from our declaration of insolvency), it shall state in the notice of general meeting convened for this purpose that the Board of Directors has conducted comprehensive investigation on our Company's conditions and believes that our Company is able to pay off all our debts within 12 months following the commencement of liquidation.

The functions and powers of the Board of Directors of our Company shall terminate immediately when the general meeting adopts the resolution on liquidation.

The liquidation committee shall follow the directions of the general meeting to report on its income and expenditures, our Company's business and progress of liquidation at least once a year to the general meeting and make a final report to the general meeting at the end of liquidation.

**Article 217** The liquidation committee shall inform the creditors within 10 days following its establishment, and shall publish a public notice on the newspapers approved by the stock exchange where our shares are listed within 60 days. The creditors shall report their rights to the liquidation committee within 30 days of the receipt of the written notification, or in the event that no such notification is received, within 45 days of the date of the announcement.

When the creditors report their rights, they shall make clear relevant matters regarding the rights and provide supporting evidence. The liquidation committee shall register the creditors' rights.

The liquidation committee shall not make repayments to such creditors during the period of such creditors' claims.

**Article 218** The liquidation committee shall exercise the following functions and powers during the period of liquidation:

- (I) to categorize our Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (II) to notify the creditors or to publish public announcements;
- (III) to dispose of and liquidate any unfinished businesses of our Company;
- (IV) to pay all outstanding taxes and any tax that arises during the liquidation process;
- (V) to settle claims and debts;
- (VI) to deal with the residual assets remaining after repayment of debts by us; and
- (VII) to represent our Company in any civil proceedings.

**Article 219** After the liquidation committee has sorted our Company's assets and prepared a balance sheet and an inventory of assets, it shall prepare a liquidation plan and submit it to the general meeting or the people's court for confirmation.

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

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

**Article 220** In the case of liquidation as a result of dissolution of our Company, if the liquidation committee, having sorted our Company's assets and prepared the balance sheet and an inventory of assets, discovers that there are insufficient assets in our Company to pay off our debts, it shall apply to the people's court immediately for a declaration of bankruptcy of our Company.

Upon the declaration of bankruptcy of our Company by the people's court, the liquidation committee shall hand over the liquidation matters to the people's court.

**Article 221** Upon the completion of liquidation, the liquidation committee shall prepare a liquidation report and an income and expenditure statement and financial account for the period of liquidation and, after they are certified by a Chinese certified public accountant, submit them to the general meeting or the people's court for confirmation, and shall, within 30 days from the confirmation of the general meeting or the people's court, submit the aforesaid documents to the company registration authority for cancellation of our Company's registration and announce our Company's termination.

**Article 222** The members of the liquidation team shall be faithful to their duty and fulfill the liquidation obligation in accordance with the law.

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

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

## **Chapter 18 Amendment of the Articles of Association**

**Article 223** Our Company may make amendments to the Articles of Association in accordance with the requirements of laws, administrative regulations and the Articles of Association.

**Article 224** Our Company shall amend the Articles of Association under one of the following circumstances:

- (I) the provisions in the Articles of Association contravene any revised laws or administrative rules after any amendments to the Company Law or other relevant laws and administrative rules;
- (II) the changes in our Company is not in conformity with the proceedings prescribed in the Articles of Association; or
- (III) amendments to the Articles of Association being determined by a general meeting.

**Article 225** Amendment of the Articles of Association shall be submitted to the competent authority for approval, if needed; amendment of the Articles of Association involving the registered particulars of our Company shall be made for change in registration in accordance with law.

**Article 226** The Board of Directors shall amend the Articles of Association in accordance with the resolutions of the general meeting and the opinion of the approving authorities.

Notwithstanding the provisions of the preceding paragraph, the general meeting may, in the following circumstances, make a resolution authorizing our Board of Directors to amend the Articles of Association in accordance with the following principles:

- (I) If the implementation of resolutions deliberated and passed by the general meeting requires necessary non-substantial changes to the relevant content of our Articles of Association (such as the amount of registered capital, the amount of shares, the name of our Company, the address of our Company and other content referred to in our Articles of Association required to be amended according to the resolution of the general meeting), the Board of Directors is authorized to amend the relevant content in the Articles of Association according to the specific circumstances;
- (II) If the wordings or sequence of the articles contained in our Articles of Association approved by the general meeting are required to change when submitted to the competent authority for approval, the Board of Directors is authorized to make corresponding amendments to the Articles of Association as required by such competent authority.

**Article 227** Where disclosure of the amendments to the Articles of Association is required under laws, regulations and the listing rules of the region where our shares are listed, it shall be announced in accordance with the relevant provisions.

## **Chapter 19 Notice**

**Article 228** Notices of our Company may be sent by the following means:

- (I) by hand;
- (II) by post;

- (III) by fax or email;
- (IV) by publishing on the websites designated by our Company and the stock exchange in accordance with laws, administrative regulations and the listing rules of the stock exchange where our shares are listed;
- (V) by announcement;
- (VI) by other means agreed by our Company and the recipients in advance or approved by the recipients after receipt of the notices; or
- (VII) by other means acceptable to the regulatory authorities of the region where our shares are listed or provided by the Articles of Association.

While the Articles of Association may have otherwise provided for the publication or notification methods of any document, notice, or other communication, our Company may publish communications by the means specified in (IV) of this Article to replace the means of sending written documents to each holder of overseas listed foreign shares by hand or by mail provided that doing so will be in compliance with the relevant regulations of the stock exchange where our shares are listed. The said communications refer to any documents sent or to be sent by our Company to the shareholders for reference or taking action, including but not limited to annual report (including annual financial reports), interim report (including interim financial reports), report of the Board of Directors (together with balance sheet and income statement), notices of general meeting, circulars, and other communications.

**Article 229** Except as otherwise provided in the Articles of Association, the various means of giving notice in the preceding article shall apply to the notices of general meeting, Board meeting and Supervisory Committee meeting convened by our Company.

**Article 230** Where a notice from our Company is sent out by hand, the recipient shall affix signature (or seal) to the Return on Service and the signing date shall be the delivery date. Where the notice is sent out via post, the delivery date shall be the fifth working day after such notice is delivered to the post office. Where the notice is sent out by fax or email or published on website, the delivery date shall be the date when the notice is sent out. Where the notice is sent out by public announcement, the delivery date shall be the first date of publication of such announcement.

**Article 231** Our Company shall issue announcements and disclose information to holders of Domestic Shares and non-listed foreign shares through information disclosure newspapers and websites designated by laws, regulations or the China Securities Regulatory Commission. If an announcement shall be made to holders of overseas listed foreign shares in accordance with our Articles of Association, the relevant announcement shall be published in accordance with the means stipulated in the Listing Rules.

The Board of Directors has the right to adjust the newspapers of company information disclosure, but it shall ensure that the designated information disclosure newspapers comply with relevant laws and regulations and the qualifications and conditions stipulated by the China Securities Regulatory Commission, overseas regulatory authorities and domestic and foreign exchanges.

When the listing rules of the stock exchange where our shares are listed require us to send, mail, dispatch, issue, publish or otherwise provide the relevant documents of our Company in both English and Chinese, if our Company has made appropriate arrangements to confirm whether our shareholders wish to receive the English version only or the Chinese version only, our Company may, to the extent permitted under and in accordance with the applicable laws and regulations, only send the English version or the Chinese version of such documents to the relevant shareholder (in accordance with the intention expressed by the shareholder).

## **Chapter 20 Settlement of Disputes**

**Article 232** Our Company shall follow the following dispute settlement rules:

- (I) If any dispute or claim concerning our Company's business on the basis of rights and obligations provided in our Articles of Association, the Company Law or other relevant laws or administrative regulations arises between a holder of overseas listed foreign shares and our Company, between a holder of overseas listed foreign shares and a Director, Supervisor, president or other senior management of our Company or between a holder of overseas listed foreign shares and a holder of Domestic Shares and non-listed foreign shares, the parties concerned shall submit the dispute or claim for arbitration.

When a dispute or claim as described above is submitted for arbitration, such dispute or claim shall be in its entirety, and all persons, being our Company or the shareholder, Director, Supervisor, president or other senior management of our Company, that have a cause of action due to the same facts or whose participation is necessary for the settlement of such dispute or claim shall abide by arbitration.

Disputes concerning the definition of shareholders and the share register shall not be required to be settled by means of arbitration.

- (II) An arbitration applicant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Centre in accordance with its arbitration rules. After the arbitration applicant submits the dispute or claim for arbitration, the arbitration shall be carried out in the arbitration institution selected by the applicant.

If the arbitration applicant opts for arbitration by the Hong Kong International Arbitration Centre, either party may request arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.

- (III) Unless otherwise provided by laws or administrative regulations, laws of the PRC shall apply to the settlement by means of arbitration of disputes or claims referred to in (I) herein.
- (IV) The award of the arbitration institution shall be final and binding upon each party.

## Chapter 21 Supplementary Provisions

### Article 233 Interpretation

- (I) The term “acting in concert” as used in the Articles of Association refers to the action of two or more persons agreeing by agreement (whether oral or written) to obtain voting rights over our Company through any one of them, so as to achieve or consolidate the control of our Company.
- (II) The term “effective controller” as used in the Articles of Association refers to a person who, although not a shareholder of our Company, is able to actually control our Company’s actions through investment relationships, agreements or other arrangements.
- (III) The term “connected relationship” as used in the Articles of Association refers to the relationship between the Controlling Shareholder, effective controller, Directors, Supervisors, senior management and the enterprises directly or indirectly controlled by our Company, and other relationships that may lead to the transfer of interests of our Company. However, the state-controlled enterprises are not only connected to each other because they are controlled by the state.

**Article 234** The expressions of “above”, “within”, “below”, “before” shall include the figures mentioned while the expressions of “more than half”, “short of”, “without”, “over”, “lower than”, “less than”, “under”, “more than” shall not include the figures mentioned.

**Article 235** The term “accounting firm” referred to in the Articles of Association shall have the same meaning as “auditors” referred to in the Listing Rules.

**Article 236** The Articles of Association are written in Chinese. Where versions in other languages or different versions have different interpretations or meanings, the latest verified Chinese version registered in the competent industrial and commercial administration department shall prevail.

**Article 237** Matters not covered in the Articles of Association shall be handled in accordance with the laws, administrative regulations and the relevant provisions of the securities governing authority of the region where our shares are listed in conjunction with the actual situation of our Company. If the Articles of Association are in conflict with the laws, administrative regulations, provisions of other regulatory documents and the listing rules of the stock exchange where our shares are listed promulgated from time to time, such laws, administrative regulations and provisions of other regulatory documents and the listing rules of the stock exchange where our shares are listed shall prevail.

**Article 238** The Articles of Association shall be interpreted by our Board of Directors.