



**INNER MONGOLIA ENERGY ENGINEERING CO., LTD.**

**內蒙古能源建設投資股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**ARTICLES OF ASSOCIATION**

**OF**

**INNER MONGOLIA ENERGY ENGINEERING CO., LTD.**

(amended by the annual general meeting of 2018 of the Company  
convened on December 27, 2019)

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**ARTICLES OF ASSOCIATION  
OF  
INNER MONGOLIA ENERGY ENGINEERING CO., LTD.  
(內蒙古能源建設投資股份有限公司)**

**Chapter 1 General Provisions**

**Article 1** Inner Mongolia Energy Engineering Co., Ltd. (內蒙古能源建設投資股份有限公司) (the “**Company**”) is a joint stock limited company established in accordance with the Company Law of the People’s Republic of China (the “**Company Law**”), the Securities Law of the People’s Republic of China, the Special Provisions of the State Council on the Offshore Offering of Shares and Listing of Companies Limited By Shares (the “**Special Provisions**”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Circular Regarding Comments on Supplementary Amendments to the 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 and other relevant PRC laws and administrative regulations.

The Company was established on May 30, 2016 by way of promotion with the approval of the State-owned Assets Supervision and Administration Commission under the People’s Government of Inner Mongolia Autonomous Region. The Company registered with the Hohhot Administration for Industry and Commerce and obtained the business license on May 31, 2016.

Unified social credit code of the Company: 91150100MA0MX9APX9.

The promoters of the Company are Inner Mongolia Energy Engineering (Group) Co., Ltd. (內蒙古能源建設投資(集團)有限公司) and Inner Mongolia Sulige Gas Power Generation Co., Ltd. (內蒙古蘇里格燃氣發電有限責任公司).

**Article 2** Registered name of the Company:

Chinese name: 內蒙古能源建設投資股份有限公司

English name: Inner Mongolia Energy Engineering Co., Ltd.

**Article 3** Domicile of the Company:

Harbor Building, 29 Midwest Lane, Ordos East Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region.

Postal code: 010010

Tel: 0471-5202013

Fax: 0471-5202004

**Article 4** The legal representative of the Company shall be the chairman of its board of directors.

**Article 5** The Company is a joint stock limited company in perpetual existence and is an independent legal entity. The liability of the Company is limited to all of its assets and the liability of a shareholder of the Company shall be limited to the shares subscribed for.

**Article 6** These articles govern the operation of the Company and are adopted at the shareholders' general meeting of the Company by way of special resolution. These articles shall be effective from the date on which the overseas listed foreign shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") pursuant to approval of the relevant government departments and regulatory authorities of China and shall supersede the existing articles of association of the Company filed with the relevant administrative bureau for industry and commerce. These articles, when become effective, shall constitute a legally binding document to regulate the organization and activities of the Company and the rights and obligations between the Company and shareholders and among the shareholders.

**Article 7** These articles shall have binding effect on the Company and its shareholders, directors, supervisors and senior management. The aforementioned person(s) may assert claims in respect of the affairs of the Company in accordance with these articles.

Pursuant to these articles, shareholders may institute legal proceedings against the Company, and the Company may institute legal proceedings against its shareholders. Shareholders may also institute legal proceedings against other shareholders, directors, supervisors and senior management of the Company.

A "legal proceeding" shall include any legal action brought before a court and arbitration application submitted to an arbitration institution.

The Company shall persist on and strengthen the leadership of the Communist Party of China. In accordance with the Constitution of the Communist Party of China, the Company shall establish a fundamental organization under the Communist Party to fully perform its core leadership and political roles in the Company. The party organization shall be responsible for strengthening the party discipline, commencing the development of a clean party, strengthening the establishment of the leading team, talent team and the party organisation, innovating and advancing the close combination of the establishment of the party organisation with the reform and development of the Company, leading the thinking and politics and mass organisation, supporting the shareholders' general meeting, the board of directors, the supervisory committee and the management to exercise their rights according to the laws, and supporting the work of the staff representative meeting.

**Article 8** The Company may invest in other limited liability companies, joint stock limited companies or other entities. The Company's liabilities to an investee company shall be limited to the capital contribution to such investee company.

The Company shall not be a capital contributor assuming joint liabilities for the debts of its investee unless otherwise provided for by the laws.

**Article 9** For the purpose of these articles, “senior management” includes general manager, deputy general manager, financial controller (also known as the chief financial officer), and secretary of the board of directors of the Company.

## **Chapter 2 Objectives and Scope of Business**

**Article 10** Objectives of the Company are to protect and increase the value and to improve the operating efficiency of stated-owned assets in accordance with the laws, administrative regulations and economic policies of China.

**Article 11** Scope of business of the Company includes: water conservancy, electricity, power transmission and transformation, mining, water works, road works, railways, ports and waterway, airports, housing, public facilities, urban railway transportation, environmental infrastructure; hydro power, thermal power, wind power, solar power facilities and operation; project planning, consultation, bidding agency; project survey and design; general construction contracting and specialized construction contracting; general contracting; project management, engineering supervision (qualification certificates are required for the above activities), trial operation, calibration, maintenance, technical consultation, development and services of power plants; planning and researching of power industry; production, sales and leasing of mechanical and electronic equipment (excluding ground reception facilities for satellite, television and radio); development, promotion and services of professional electrical technology; sales of electrical facilities; production and sales of building materials; import and export services registered with commercial departments; property development and management (qualification certificates are required). (Approval from relevant regulatory authorities shall be obtained, if so required by the laws.)

The scope of business set out above shall be subject to the approval of the company registration authority.

The Company may, based on changes in domestic and international markets, business development and its own capability, change its scope of business and register the changes with the relevant administrative bureau of industry and commerce as required.

## **Chapter 3 Shares and Registered Capital**

**Article 12** The Company shall have ordinary shares at all times. The ordinary shares issued by the Company include domestic shares and foreign shares. The Company may, when necessary, create other classes of shares upon approval by the company approval authorities under the State Council.

If the Company creates other classes of shares, it shall specify the order of rights entitled to such classes of shares in respect of dividend or distributions in any other form. If the share capital of the Company comprises shares without the right to vote, the designation of such shares shall include the words “**no voting right**”. If the share capital comprises shares attached with different rights to vote, the designation of each class of such shares (other than shares attached with the most preferential right to vote) shall include the words “**with voting restrictions**” or “**with limited voting right**”.

**Article 13** Shares of the Company shall be represented by share certificates. All shares issued by the Company shall have a par value of RMB1 each.

“RMB” means Renminbi, the legal currency of the People’s Republic of China.

**Article 14** Shares of the Company are issued on an open, fair and impartial basis and shares of same class shall have equal rights.

The terms and price for an issuance of shares in the same class shall be the same. Shares shall be subscribed for by any entities or individuals at the same price.

The domestic shares and overseas listed foreign shares shall rank *pari passu* with each other in respect of dividends and other distributions. No rights in shares shall be suspended or deprived of by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose such interests to the Company.

**Article 15** Subject to approval of the securities regulatory authority of the State Council, the Company may issue shares to domestic and foreign investors.

“Foreign investors” are investors from foreign countries as well as Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan region who subscribe for shares of the Company. “Domestic investors” are investors within the People’s Republic of China, excluding the abovementioned regions, who subscribe for shares of the Company.

**Article 16** Shares issued by the Company to domestic investors for subscription in RMB shall be referred to as domestic shares. Shares issued by the Company to foreign investors for subscription in foreign currency shall be referred to as foreign shares. Foreign shares which are listed outside China shall be referred to as overseas listed foreign shares. Subject to the approval of the securities regulatory authorities under the State Council for the issuance plans of domestic shares and overseas listed foreign shares, the board of directors of the Company may issue domestic shares and overseas listed foreign shares separately.

“Foreign currency” means the legal currency (other than RMB) of a foreign country or region which is recognized by the foreign exchange administration authority of China for making payment for the shares of the Company.

The holders of domestic shares and foreign shares are both ordinary shareholders with equal obligations and rights.

**Article 17** Overseas listed foreign shares issued by the Company and listed on the Hong Kong Stock Exchange shall be referred to as H shares. H shares refer to the shares approved for listing on the Hong Kong Stock Exchange with par values denominated in RMB and are subscribed for and traded in Hong Kong dollars.

**Article 18** 2,100.00 million ordinary shares were issued upon the establishment of the Company which were subscribed for and held by the promoters, including:

2,089.50 million shares subscribed for and held by Inner Mongolia Energy Engineering (Group) Co., Ltd., representing 99.5% of the total ordinary shares issued by the Company upon its establishment;

10.50 million shares subscribed for and held by Inner Mongolia Sulige Gas Power Generation Co., Ltd., representing 0.5% of the total ordinary shares issued by the Company upon its establishment.

**Article 19** Upon approval of the securities regulatory authority of the State Council, the Company may issue not more than 900,000,000 overseas listed foreign shares. According to the Provisional Administrative Measure on Reduction of State-owned Shares to Raise Social Security Fund (《減持國有股籌集社會保障資金管理暫行辦法》) and the requirements of the State Council, state-owned shareholders of the Company shall transfer not more than 90,000,000 state-owned shares to the National Council for Social Security Fund of the PRC upon the issue of overseas listed foreign shares. Subject to market conditions, the Company may issue up to 1,035,000,000 overseas listed foreign shares pursuant to an over-allotment option. If the over-allotment option is exercised, the state-owned shareholders may transfer up to 103,500,000 state-owned shares to the National Council for Social Security Fund of the PRC.

Upon completion of the issue, assuming the over-allotment option has not been exercised, the shareholding structure of the Company shall be as follows: 1,999,950,000 shares (66.665%) held by Inner Mongolia Energy Engineering (Group) Co., Ltd.; 10,050,000 shares (0.335%) held by Inner Mongolia Sulige Gas Power Generation Co., Ltd.; 90,000,000 shares (3%) held by the National Council for Social Security Fund of the PRC; and 900,000,000 shares (30%) held by holders of overseas listed foreign shares.

Upon completion of the issue, assuming the over-allotment option is exercised in full, the shareholding structure of the Company shall be as follows: 1,986,517,500 shares (63.367%) held by Inner Mongolia Energy Engineering (Group) Co., Ltd.; 9,982,500 shares (0.318%) held by Inner Mongolia Sulige Gas Power Generation Co., Ltd.; 103,500,000 shares (3.301%) held by the National Council for Social Security Fund of the PRC; and 1,035,000,000 shares (33.014%) held by the holders of overseas listed foreign shares.

**Article 20** Subject to the approval of the securities regulatory authorities under the State Council for the issuance plans of overseas listed foreign shares and domestic shares, the board of directors of the Company may issue overseas listed foreign shares and domestic shares separately.

The Company may issue the overseas listed foreign shares and domestic shares separately within 24 months from the date of approval by the securities regulatory authority of the State Council as set out above.



**Article 21** The Company shall issue the total number of overseas listed foreign shares and domestic shares as stipulated in the issuance plans on a one-off basis. If, under special circumstances, the Company is not able to issue all the shares as stipulated in the issuance plans on a one-off basis, it may issue the shares in tranches upon obtaining the approval from the securities regulatory authority under the State Council.

**Article 22** The registered capital of the Company upon its establishment was RMB2,100.00 million. The registered capital of the Company is currently RMB2,846,860,952.

**Article 23** Unless otherwise provided by the PRC laws and administrative regulations and applicable requirements of the securities regulatory authorities in the place where the shares of the Company are listed, paid-up shares of the Company are freely transferable and are free of lien. Transfer of overseas listed foreign shares listed in Hong Kong shall be registered with the share registrar in Hong Kong appointed by the Company.

All paid-up overseas listed foreign shares listed on the Hong Kong Stock Exchange are freely transferable according to these articles. However, the board of directors may refuse to acknowledge any instrument of transfer without giving any reason unless the following conditions are satisfied:

- (1) the instrument of transfer and other documents relating to or affecting the title to any shares shall be registered together with a registration fee payable to the Company according to, and subject to the maximum rate prescribed by, the Main Board Listing Rules from time to time;
- (2) the transfer instrument involves only the overseas listed foreign shares listed on the Hong Kong Stock Exchange;
- (3) the stamp duty payable under the laws of Hong Kong on the instrument of transfer has been paid;
- (4) the relevant share certificates and evidence reasonably required by the board of directors showing that the transferor has the rights to transfer such shares have been provided;
- (5) where the shares are being transferred to joint holders, the number of such joint holders is not more than four;
- (6) the relevant shares are free of any lien in favor of the Company.

A notice of refusal shall be given to each of the transferor and transferee within two months from the date when the application for registration is officially submitted if the board of directors refuses to register the transfer of shares.

All instruments of transfer shall be maintained at the statutory address of the Company or such places as the board of directors may specify from time to time.

## Chapter 4 Changes in Share Capital and Repurchase of Shares

**Article 24** In light of the demands of operation and business development and based on the relevant laws, regulations and these articles, after obtaining approval of the shareholders' general meeting by way of special resolution(s), the Company may increase its share capital through the following ways:

- (1) offering new shares to the public;
- (2) allotting new shares to existing shareholders;
- (3) issuing bonus shares to existing shareholders;
- (4) private placement of new shares;
- (5) capitalizing the reserve funds;
- (6) any other means permitted by laws, administrative regulations and relevant regulatory authorities.

The increase of share capital of the Company by issuing new shares, subject to the approval in accordance with these articles, shall be conducted in compliance with the procedures stipulated by relevant laws and administrative regulations of China.

**Article 25** The Company may reduce its registered capital in accordance with these articles. The reduction of registered capital shall follow the procedures set forth in the Company Law and other relevant regulations and these articles.

**Article 26** The Company shall prepare a balance sheet and an inventory of property when it reduces its registered capital.

The Company shall notify its creditors within 10 days from the adoption of the resolution to reduce its registered capital and shall publish an announcement about resolution in newspapers within 30 days from the date of such resolution. Creditors shall, within 30 days after the receipt of the notice or within 90 days from the date of announcement for those who have not received the notice, be entitled to require the Company to pay off its debt in full or to provide corresponding guarantee for repayment.

The registered capital of the Company following the reduction shall not fall below the minimum statutory requirement.

**Article 27** The Company may, subject to the laws, administrative regulations, Listing Rules of Hong Kong Stock Exchange, departmental regulations and these articles and upon approval of the competent authority of China, repurchase its shares in the following circumstances:

- (1) to cancel shares for the purpose of the reduction of registered capital of the Company;
- (2) to merge with other companies holding shares of the Company;
- (3) to grant shares to employees of the Company as rewards;
- (4) to be requested to repurchase the shares held by the shareholders who object to the resolutions adopted at the shareholders' general meeting for the merger or division of the Company;
- (5) other circumstances permitted by the laws, administrative regulations and regulatory authorities.

**Article 28** The Company may repurchase its shares in any of the following ways upon approval of competent authorities of China:

- (1) making a repurchase offer to all shareholders on a pro rata basis;
- (2) repurchasing in open market on a stock exchange;
- (3) repurchasing through contractual arrangements outside a stock exchange;
- (4) other methods permitted by the laws, administrative regulations and regulatory authorities.

**Article 29** Where the Company repurchases its shares for any reason mentioned in paragraphs (1) to (3) of Article 27 or through contractual arrangements outside a stock exchange, prior approval shall be obtained from the shareholders' general meeting in accordance with these articles. Upon obtaining the prior approval from the shareholders' general meeting, the Company may rescind or amend the contracts concluded in the manner set forth above or waive any of its rights under such contracts.

A contract to repurchase shares referred to in the preceding paragraph includes (without limitation) an agreement to assume the obligation and acquire the right to repurchase the shares.

The Company may not assign any contract for the repurchase of its own shares or any of the rights thereof.

**Article 30** The price of redeemable shares to be repurchased by the Company through ways other than in open market or by tender shall be subject to a prescribed maximum price. If the shares are to be repurchased by tender, the Company shall also make an offer of the same to all shareholders with equivalent terms.

**Article 31** Upon the repurchase of shares by the Company according to laws under the circumstance stated in paragraph (1) of Article 27, such shares shall be cancelled within 10 days from the date of repurchase. In case of repurchase under the circumstances stated in paragraphs (2) and (4) of Article 27, such shares shall be transferred or cancelled within 6 months thereafter. In case of shares requested to be repurchased according to paragraph (3) of Article 27, the number of such shares shall not be more than 5% of the total issued shares of the Company, and the shares so repurchased shall be transferred to the employees within one year.

Where the Company cancels any shares resulting from the repurchase in accordance with the laws, the Company shall file an application for the registration of the change in its registered capital with the original company registration authority and issue an announcement thereof.

The total par value of the cancelled shares shall be deducted from the registered capital of the Company.

**Article 32** The Company shall not accept any of its shares as a security under a pledge.

**Article 33** Unless the Company is in the course of liquidation, it shall comply with the following provisions when repurchasing its outstanding shares in issue:

- (1) Where the Company repurchases its own shares at par value, payment shall be deducted from the book balance of distributable profits of the Company and the proceeds from the issue of new shares for the purpose of repurchasing the existing shares;
- (2) Where the Company repurchases its own shares at a price higher than the par value, the portion equivalent to the par value shall be deducted from the book balance of the distributable profits of the Company and the proceeds from the issue of new shares for the purpose of repurchasing the existing shares, and the premium shall be handled as follows:
  1. if the shares repurchased are issued at par value, the payment shall be deducted from the book balance of the distributable profits of the Company;
  2. if the shares repurchased were issued at a price higher than the par value, payment shall be deducted from the book balance of the distributable profits of the Company and the proceeds from the issue of new shares for the purpose of repurchasing the existing shares, provided that the amount deducted from the proceeds from the issue of new shares shall neither exceed the aggregate premium from the issue of the existing shares repurchased nor shall it exceed the amount (including the premiums from the issue of new shares) in the premium account or the capital reserve account of the Company at the repurchase.

- (3) Payments for the following purposes shall be made out of the Company's distributable profits:
1. acquisition of the right to repurchase shares of the Company;
  2. modification of any contract to repurchase shares of the Company;
  3. release of any of the Company's obligation under any contract for the repurchase of its shares.
- (4) After the total par value of the cancelled shares is deducted from the Company's registered capital in accordance with the relevant regulations, the amount deducted from the distributable profits for the repurchase of the shares at par value shall be included in the Company's premium account or capital reserve account.

Where the issuer is permitted to repurchase its redeemable shares:

- (1) repurchases of shares not made through the market or by tender shall be subject to a maximum price; and
- (2) if the repurchase is made by tender, an offer of the same with equivalent terms shall also be made to all shareholders.

## **Chapter 5 Financial Assistance for Acquisition of Shares**

**Article 34** The Company or its subsidiaries shall not at any time provide any financial assistance in any form to any purchaser or prospective purchaser of the shares in the Company. Such purchaser of shares of the Company shall include a person who directly or indirectly undertakes any obligations for the purpose of purchasing the shares of the Company.

The Company or its subsidiaries shall not at any time provide any financial assistance in any form to the above obligator in order to reduce or discharge the obligations so assumed.

This provision does not apply to the circumstances stated in Article 36.

**Article 35** The financial assistance referred to in this Chapter shall include, but not be limited to, the following means:

- (1) gift;
- (2) guarantee (including undertaking of liability or provision of property by the guarantor to secure the performance of obligations by the obligor), or indemnity (other than indemnity arising from the Company's own default) and release or waiver of any rights;
- (3) provision of a loan or conclusion of an agreement under which the obligations of the Company are to be fulfilled prior to the obligations of another party, or a change in the parties to such loan or agreement, as well as the assignment of rights under such loan or agreement; and

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

For the purpose of this chapter, “undertaking obligations” shall include the undertaking of an obligation by the obligor through entering into a contract or making an arrangement or by changing its financial position in any other way, whether or not such contract or arrangement is enforceable and whether or not such obligation is undertaken by the obligor individually or jointly with any other person.

**Article 36** The following acts shall not be prohibited for the purpose of Article 34:

- (1) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interest of the Company, and the principal purpose of giving the financial assistance is not for the acquisition of shares of the Company, or the giving of the financial assistance is an incidental part of a master plan of the Company;
- (2) the lawful distribution of the Company’s assets by way of dividend;
- (3) the allotment of bonus shares as dividends;
- (4) a reduction in registered capital, a repurchase of shares or a reorganization of the share capital structure of the Company effected in accordance with these articles;
- (5) the provision of loans by the Company within its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company); and
- (6) the provision of funds by the Company for contributions to employee share schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company).

## **Chapter 6 Share Certificates and Register of Shareholders**

**Article 37** The shares of the Company shall be in registered form.

In addition to the information required by the Company Law, the share certificates of the Company shall also contain other information required by the stock exchange(s) on which its shares are listed.

During the period when the H shares are listed on the Hong Kong Stock Exchange, the Company shall ensure that all of the title documents relating to the securities listed on the Hong Kong Stock Exchange (including the H share certificates) contain the following statements, and shall instruct and procure the H share registrars not to register any subscription, purchase or transfer of H share in the name of any individual holder unless and until he/she submits such properly executed forms to the H share registrars which shall include the following statements at all times:

- (1) the purchaser of the shares agrees with the Company and each shareholder, and the Company agrees with each shareholder, to observe and comply with the Company Law and other relevant laws, administrative regulations, the Special Provisions and these articles;
- (2) the purchaser of the shares agrees with the Company, each of the shareholders, directors, supervisors and senior management of the Company, and the Company (for itself and on behalf of each of the directors, supervisors and senior management) agrees with each shareholder, to refer all disputes and claims arising from these articles or any rights and obligations conferred or imposed by the Company Law or other relevant laws or administrative regulations applicable to the Company relating to the affairs of the Company to arbitration in accordance with these articles. Any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearing in open session and to publish its award. Such award shall be final and conclusive;
- (3) the purchaser of the shares agrees with the Company and each of the shareholders that the shares of the Company are freely transferable by the holder thereof;
- (4) the purchaser of the shares authorizes the Company to enter into a contract on his/her behalf with each of the directors and senior management whereby such directors and senior management undertake to observe and comply with their obligations to the shareholders as stipulated in these articles.

**Article 38** The shares of the Company may be transferred, donated, inherited and pledged in accordance with the relevant laws, administrative regulations and these articles. The instrument of transfer and other documents relating to the title of shares must be registered with the share registrar entrusted by the Company.

**Article 39** The share certificates shall be signed by the chairman of the board of directors. Where the stock exchange of the place where the shares of the Company are listed requires the share certificates to be signed by other senior management of the Company, the share certificates shall also be signed by such senior management. The share certificates shall take effect after being affixed, or affixed by way of printing, with the seal of the Company. The share certificates shall only be affixed or printed with the Company's seal under the authorization of the board of directors. The signatures of the chairman of the board of directors or other relevant senior management of the Company on the share certificates may also be in printed form.

Under the circumstance that the shares of the Company are issued and traded in a paperless manner, it shall be subject to other provisions as stipulated by the securities regulatory authorities or the stock exchange(s) at the location where the shares of the Company are listed.

**Article 40** The Company shall keep a register of shareholders which shall contain the following particulars:

- (1) the name, address (domicile), occupation or nature of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the amount paid-up or payable in respect of shares held by each shareholder;
- (4) the serial numbers of the shares held by each shareholder;
- (5) the date on which a person registers as a shareholder;
- (6) the date on which a person ceases to be a shareholder.

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

**Article 41** Subject to compliance with these articles and all other applicable requirements and upon transfer of the Company's shares, the transferees of the shares will become the holders of such shares with their names being entered in the register of shareholders.

The transfers and other documents relating to or affecting the ownership to any H shares shall be registered and where any fee(s) shall be charged, such fee(s) shall not exceed the maximum fees prescribed by Hong Kong Stock Exchange.

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

- (1) the Company is not obliged to register more than four persons as the joint shareholders of any shares if the Company is empowered to restrict the number of the shareholders under the joint accounts for shareholders;
- (2) all the joint shareholders of any shares shall jointly and severally assume the liability to pay all amounts payable for the relevant shares;
- (3) if one of the joint shareholders has deceased, only the surviving joint shareholders shall be deemed by the Company to be the persons owning the relevant shares. Nevertheless, the board of directors shall, for the purpose of revising the register of shareholders, have the right to demand evidence of death of such shareholder where it deems appropriate; and



- (4) as to the joint holders of any shares, only the joint shareholder whose name appears first in the register of shareholders is entitled to receive the share certificate for the relevant shares and the notices of the Company, and to attend and exercise all voting rights attached to the relevant shares in the shareholders' general meetings of the Company. Any notice served on the aforesaid person shall be deemed to have been served on all joint shareholders of the relevant shares. Any of the joint shareholders may sign the proxy form. In case that more than one of the joint shareholders attend the meeting, whether in person or by proxy, the vote of the senior joint shareholder, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s), and for this purpose, the seniority will be determined by the order in which the names stand in the register of shareholders in respect of the joint shareholding.

**Article 42** The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authority of the State Council and overseas securities regulatory authorities, maintain its register of holders of overseas listed foreign shares outside the PRC and appoint overseas agent(s) to manage such register. The original copy of register of holders of the overseas listed foreign shares shall be maintained in Hong Kong. The Company shall maintain a duplicate copy of the register of holders of overseas listed foreign shares at the Company's domicile. The appointed overseas agent(s) shall ensure the consistency between the original and the duplicate of the register of holders of overseas listed foreign shares at all times.

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

**Article 43** The Company shall maintain a complete register of shareholders. The register of shareholders shall include the followings:

- (1) the register of shareholders maintained at the Company's domicile, other than those parts as described in paragraphs (2) and (3) of this article;
- (2) the register of shareholders in respect of the holders of overseas listed foreign shares of the Company maintained at the place of the overseas stock exchange where the shares are listed is located;
- (3) the register of shareholders maintained at such other place as the board of directors may consider necessary for the purpose of listing of the Company's shares.

**Article 44** Different parts of the register of shareholders shall not overlap with one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of shareholders.

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

**Article 45** All transfers of overseas listed foreign shares shall be effected with a written instrument of transfer in general or common format or such other format as acceptable to the board of directors (including the standard transfer instrument or other form of transfer as prescribed by the Hong Kong Stock Exchange from time to time), and such instrument of transfer may only be signed by hand or (in case the transferor or the transferee is a company) affixed with the company's seal. If the transferor or transferee is a recognized clearing house as defined under the laws of Hong Kong ("**Recognized Clearing House**") or its agent, the instrument of transfer may be signed by hand or in mechanically-printed form.

All fully paid-up overseas listed foreign shares listed in Hong Kong can be freely transferred according to these articles. However, the board of directors may refuse to recognise any instrument of transfer without giving any reasons, unless the following conditions are fulfilled:

- (1) transfer document and other documents which relate to or may affect the ownership of the shares shall be registered, and shall pay a fee (for each instrument of transfer) of HK\$2.5 or such maximum fee as agreed by the Hong Kong Stock Exchange;
- (2) the instrument of transfer only involves overseas listed foreign shares listed in Hong Kong;
- (3) the stamp duty payable on the instrument of transfer has been paid in full;
- (4) the relevant share certificates and any evidences in relation to the right of the certificated transferor to transfer such shares as reasonably requested by the board of directors have been provided;
- (5) if the shares are to be transferred to joint holders, the maximum number of registered joint holders shall not exceed four;
- (6) the Company does not have any lien on the relevant shares; and
- (7) no transfer of share shall be made to minors or persons of unsound mind or under other legal disability.

In case the Company refuses to register the share transfer, the Company shall issue a notice on the refusal to register the share transfer to the transferor and the transferee within two months after the application for transfer is formally submitted.

**Article 46** Shares held by promoters of the Company may not be transferred within one year after the Company's establishment.

The directors, supervisors and senior officers of the Company shall report to the Company the number of shares held by them in the Company and the subsequent changes in their shareholdings. The number of shares which such persons may transfer every year during their terms of office shall not exceed 25% of the total number of the Company's shares in his/her possession. Such personnel shall not transfer the Company's shares in their possession within half year after they have terminated their employment with the Company. Such restrictions shall comply with the relevant provisions of the Main Board Listing Rules if H shares are involved.

**Article 47** Upon obtaining approval from the competent securities regulatory authorities of the State Council, shareholders of domestic shares of the Company can transfer their shares to foreign investors, and trade in foreign markets. When transferred shares are listed and traded on a foreign stock exchange, the shares are subject to the supervision procedures, regulations and requirements of the foreign stock exchange. The Company does not need to convene a class meeting to vote for the transferred shares traded in foreign stock exchange.

**Article 48** Transfers may not be entered in the register of shareholders within 30 days prior to the date of a shareholders' general meeting or within five days prior to the record date set by the Company for the purpose of distribution of dividends.

**Article 49** When the Company intends to convene a shareholders' general meeting, distribute dividends, liquidate and engage in other activities that involve determination of shareholdings, the board of directors shall appoint a record date for the registration of shareholdings, and shareholders whose names appear on the register of shareholders at the close of business of the record date shall be shareholders of the Company.

**Article 50** Any person who objects to the register of shareholders and requests to have his/her name entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

**Article 51** When a shareholder who is registered in, or a person who requests to have his/her name to be registered in, the register of shareholders loses his/her share certificate (the "**original certificate**"), he/she may apply to the Company for a replacement share certificate in respect of such shares (the "**relevant shares**").

If a holder of the domestic shares has his/her share certificate lost and applies for a replacement, it shall be dealt with in accordance with the Company Law.

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

Where a H shareholder has his/her share certificate lost, the issue of the replacement certificate to the holder of such shares shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in prescribed form accompanied by a notarial certificate or statutory declaration, containing the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as declaring that no other person shall be entitled to request to be registered as the shareholder in respect of the relevant shares.
- (2) No statement has been received by the Company from a person other than the applicant for having his/her name registered as a holder of the relevant shares before the Company came to a decision to issue the replacement certificate.
- (3) The Company shall, if it decides to issue a replacement certificate to the applicant, make an announcement of its intention to issue the replacement certificate in such newspapers designated by the board of directors; the announcement shall be made at least once every thirty days in a period of ninety days. The newspapers and periodicals designated by the board of directors shall be at least one Chinese and English newspaper and periodical recognized by Hong Kong Stock Exchange.
- (4) Prior to the publication of its announcement of intention to issue a replacement certificate, the Company shall deliver to the Hong Kong Stock Exchange a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited at the premises of such stock exchange. The announcement shall be exhibited at the premises of such stock exchange for a period of ninety days. In case an application to issue a replacement certificate has been made without the consent of the registered holder of the relevant shares, the Company shall send by post to such registered shareholder a copy of the announcement to be published.
- (5) If, upon expiration of the 90-day period referred to in items (3) and (4) of this article, the Company has not received from any person any objection to such application, the Company may issue a replacement share certificate to the applicant according to his/her application.
- (6) Where the Company issues a replacement certificate under this article, it shall forthwith cancel the original certificate and enter the cancellation and issue in the register of shareholders accordingly.
- (7) All expenses relating to the cancellation of an original certificate and the issue of a replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

**Article 52** Where the Company issues a replacement certificate pursuant to these articles, the name of a bona fide purchaser who obtains the aforementioned new share certificate or a shareholder who thereafter registers as the owner of such shares (in the case that he/she is a bona fide purchaser) shall not be removed from the register of shareholders.

**Article 53** The Company shall not be liable for any damages sustained by any person for reason of the cancellation of the original certificate or the issuance of the replacement certificate, unless the claimant proves that the Company had acted fraudulently.

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

**Article 54** A shareholder of the Company shall be a person who holds shares of the Company and whose name is registered in the register of shareholders of the Company.

A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and number of shares he/she holds; All classes of shareholders of the Company shall have equal rights in respect of any profit distribution in the form of a dividend or any other form.

Where a shareholder of the Company is a legal person, its right shall be exercised by its legal representative or proxy on his/her behalf.

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

**Article 55** The ordinary shareholders of the Company shall have the following rights:

- (1) to receive dividends and other distributions in proportion to the shareholdings;
- (2) to request, convene, preside, attend or appoint a proxy to attend shareholders' general meetings and to vote thereat in proportion to the number of shares held in accordance with laws;
- (3) to carry out supervisory management over business operations of the Company, and to present proposals or to raise enquires;
- (4) to transfer, grant or pledge shares held by him/her in accordance with laws, administrative regulations and provisions of these articles;

(5) to obtain relevant information in accordance with the provisions of these articles, including:

1. to obtain a copy of these articles, subject to payment of a reasonable cost;
2. to inspect for free or inspect and copy, subject to payment of a reasonable charge:
  - (1) copy of all parts of the register of shareholders;
  - (2) personal particulars of each of our directors, supervisors, general manager and other senior management members, including:
    - (a) present name and alias and any former name and alias;
    - (b) principal residential address (domicile);
    - (c) nationality;
    - (d) primary and all other part-time occupations and positions;
    - (e) identity document and its number.
  - (3) reports on the state of the issued share capital of the Company;
  - (4) latest audited financial statements of the Company and reports of the board of directors, auditors and board of supervisors;
  - (5) special resolutions of the Company;
  - (6) reports (with a breakdown of domestic shares and foreign shares) showing the quantity and par value, aggregate costs incurred, maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the end of the last financial year; latest audited financial statements of the Company;
  - (7) minutes of shareholders' general meetings (for shareholders' review only);
  - (8) register of corporate bonds, minutes of shareholders' general meetings (for shareholders' inspection only), special resolutions of shareholders' general meetings, resolutions of the board of directors and resolutions of the supervisory committee of the Company;
  - (9) copy of the latest annual report filed with the State Administration for Industry & Commerce of the People's Republic of China or other competent authorities.

Except for documents mentioned in item (2), the Company shall keep all documents stated in items (1) to (9) above and any other applicable documents at its domicile in Hong Kong according to the requirements of the Main Board Listing Rules for the inspection of the public and holders of overseas listed foreign shares free of charge.

The Company may refuse any inspecting or copying request which involves commercial secrets and insider information on the Company and privacy of relevant personnel.

- (6) to participate in the distribution of the residual assets of the Company in proportion to the number of shares held in the event of termination or liquidation of the Company;
- (7) to request the Company to repurchase its shares held by the dissident shareholders when they cast votes against the proposal for merger or division at the shareholders' general meeting of the Company;
- (8) shareholders individually or jointly holding 3% or more of the Company's shares can make a provisional motion in writing to the board of directors 10 days before the date of the shareholders' general meeting;
- (9) any other rights conferred by laws, administrative regulations, departmental rules or the articles.

**Article 56** The ordinary shareholders of the Company shall assume the following obligations:

- (1) to abide by the laws, administrative regulations and these articles;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) to be responsible for the Company to the extent of the shares they hold;
- (4) not to divest the shares after approval and registration by the Company, unless required by the laws and regulations;
- (5) other obligations imposed by laws, administrative regulations and these articles.

Unless otherwise specified, shareholders are not liable to make any further contribution to the share capital other than as agreed by the subscriber of the relevant shares on subscription.

**Article 57** In addition to obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder shall not exercise his/her voting rights with respect to the following matters in detriment to the interests of all or some of the shareholders of the Company:

- (1) to relieve a director or supervisor of his/her duty to act honestly in the best interests of the Company;
- (2) to approve the expropriation by a director or supervisor (for his/her own benefit or for the benefit of another person), in any guise, of the Company's assets, including (but not limited to) opportunities beneficial to the Company;

(3) to approve the expropriation by a director or supervisor (for his/her own benefit or for the benefit of another person) of the individual rights of other shareholders, including (but not limited to) rights to distributions and voting rights, save for the company restructuring submitted to the shareholders' general meeting for approval in accordance with these articles.

**Article 58** A “**controlling shareholder**” means a shareholder who satisfies any one of the following conditions:

- (1) he/she alone, or acting in concert with others, has the power to elect more than half of the members of the board of directors;
- (2) he/she alone, or acting in concert with others, has the power to exercise or to control the exercise of 30% or more of the voting rights in the Company;
- (3) he/she alone, or acting in concert with others, holds 30% or more of the issued and outstanding shares of the Company;
- (4) he/she alone, or acting in concert with others, in any other manner controls the Company in fact.

For the purpose of this article, “**acting in concert**” represents the consensus reached between 2 or more persons by way of agreement, whether verbal or written, to acquire voting rights in the Company by any one of them, for the purpose of controlling or consolidating the control over the Company.

## **Chapter 8 Shareholders' General Meeting**

**Article 59** The shareholders' general meeting is the organ of authority of the Company, which shall exercise its functions and powers in accordance with laws.

**Article 60** The shareholders' general meeting shall exercise the following functions and powers:

- (1) to decide on operational policies and investment plans of the Company;
- (2) to elect or remove the directors and supervisors who are not representatives of the employees, and to decide on matters relevant to remuneration of directors and supervisors;
- (3) to consider and approve reports of the board of directors;
- (4) to consider and approve reports of the supervisory committee;
- (5) to consider and approve annual financial budgets and financial accounts of the Company;
- (6) to consider and approve proposals for profit distribution and for recovery of losses of the Company;



- (7) to decide on increase and reduction of the registered capital of the Company;
- (8) to resolve on the issue of debentures, any kind of shares, warrants or other similar securities by the Company;
- (9) to decide on merger, division, dissolution and liquidation of the Company and changes in the form of the Company;
- (10) to amend these articles;
- (11) to consider the proposals submitted by shareholders holding 3% or more of the voting shares of the Company;
- (12) to decide on the appointment, re-appointment and dismissal of accounting firms;
- (13) to consider and approve the external guarantees subject to the approval of the shareholders' general meeting;
- (14) to consider the acquisition or disposals of material assets or provision of guarantee of the Company within a year exceeding 30% of the latest audited total assets for the year;
- (15) to consider share incentive plans;
- (16) to handle other matters required to be resolved by the shareholders' general meeting by the laws, administrative regulations and these articles;
- (17) to handle other matters as required by the listing rules of the stock exchange of the locality on which the Company's shares are listed.

The shareholders' general meeting may authorize or delegate the board of directors to handle the matters authorized or delegated by it, including but not limited to the following matters at the annual general meeting:

1. subject to the applicable laws, regulations and listing rules, to give a general mandate to the board of directors to issue, allot and deal with additional H shares not exceeding 20% of the H shares of the Company in issue (or other proportions as required by the applicable laws, regulations and listing rules) and authorize the board of directors to make corresponding amendments to the articles of association as it deems fit so as to reflect the new capital structure upon the allotment or issuance of shares;
2. to authorize the board of directors, within the cap amount of debt issuance, to determine the specific terms and the relevant matters in relation to the issuance of the debt financing instruments such as domestic short-term financial instruments, medium-term notes, corporate bonds, overseas USD bonds based on the needs for production, operation and capital expenditure as well as the market conditions, including but not limited to the determination of the amount, interest rate, term, target group and use of proceeds of the bonds being actually issued, as well as the preparation, signing and disclosure of all necessary documents thereof subject to the aforementioned limit.

**Article 61** The provision of any external guarantee by the Company shall be considered and approved by the board of directors. The guarantee offered by the Company to a shareholder or de facto controller of the Company shall be approved by the shareholders' general meeting.

When the shareholders' general meeting is considering a proposal to provide guarantee for any shareholder or de facto controller, the said shareholder or the shareholders controlled by the said de facto controller shall abstain from voting on the proposal, and the proposal shall be subject to approval by more than half of the voting rights of the other attending shareholders.

If a director, the general manager or any other senior management violates a provision on the approval authority or approval procedure for the provision of external guarantees as specified in the laws, administrative regulations or these articles, thereby causing the Company to suffer a loss, he/she shall be liable for damages and the Company may take legal action against him/her in accordance with laws.

**Article 62** Without the prior approval of the shareholders' general meeting, the Company shall not enter into any contract with any party (other than the directors, supervisors, general manager and other senior management) regarding the transfer of the management of all or any major part of the Company's businesses to such party.

**Article 63** A shareholders' general meeting shall either be an annual general meeting or an extraordinary general meeting. Annual general meetings shall be held once every year and within 6 months from the end of the preceding accounting year.

Extraordinary general meetings shall be convened as and when necessary. In the occurrence of any of the following circumstances, the board of directors shall convene an extraordinary general meeting within 2 months:

- (1) when the number of directors is less than the number stipulated in Company Law or two-thirds of the number specified in these articles;
- (2) when the unrecovered losses of the Company amount to one third of the total amount of its paid-in share capital;
- (3) when any shareholder individually or jointly holding 10% or more of the Company's shares requests in writing for the convening of an extraordinary general meeting;
- (4) when deemed necessary by the board of directors or when requested by the supervisory committee;
- (5) when proposed by two or more of independent non-executive directors;
- (6) any other circumstances stipulated in the laws, administrative regulations, departmental rules, listing rules of the stock exchange where the Company's shares are listed or these articles.

In any of the circumstances referred to in paragraphs (3), (4) and (5) above, the matter for consideration proposed by the party requesting the convening of the extraordinary general meeting shall be included in the agenda of such meeting.

**Article 64** Shareholders requesting the convening of extraordinary general meetings or class meetings shall follow the procedures listed below:

- (1) Two or more shareholders individually or jointly holding 10% or more of the shares carrying voting rights at the meeting sought to be held may sign one or more written requests of identical form of content requesting the board of directors to convene an extraordinary general meeting or a class meeting and stating the subject of the meeting. The board of directors shall convene an extraordinary general meeting or a class meeting as soon as possible after having received the aforesaid written request. The abovementioned shareholding shall be calculated as of the day on which the written request is made.
- (2) If the board of directors fails to issue a notice of convening such meeting within 30 days upon receipt of the above written request, the shareholders who made such request may request the supervisory committee to convene the extraordinary general meeting or class meeting.
- (3) If the supervisory committee fails to issue a notice of convening such meeting within 30 days upon receipt of the above written request, shareholders, for more than 90 consecutive days, individually or jointly holding 10% or more of the shares carrying voting rights at the meeting sought to be held may convene the meeting of their own accord within four months upon the board of directors having received such request. The convening procedures shall, to the greatest extent possible, be identical to procedures according to which the general meetings are to be convened by the board of directors.

All reasonable expenses incurred for such meeting convened by the shareholders as a result of the failure of the board of directors and the supervisory committee to convene a meeting at the above requests shall be borne by the Company and deducted from the amount owed by the Company to the delinquent directors and supervisors.

**Article 65** When the Company convenes a shareholders' general meeting, shareholders individually or jointly holding 3% or more of the total shares of the Company with voting rights are entitled to propose in writing to the Company any new resolutions and submit to the convener 10 days before the meeting. The convener of the shareholders' general meeting shall make a supplementary notice to other shareholders within two days upon the receipt of the resolutions and the resolutions, if within the powers of the shareholders' general meeting, are required to be added to the agenda of that meeting for consideration at the shareholders' general meeting.

**Article 66** When the Company convenes an annual general meeting, it shall inform the shareholders of the time and place of the meeting as well as the matters to be considered 20 days prior to the meeting; for an extraordinary general meeting, it shall inform shareholders of the same 15 or 10 (whichever is earlier) workdays prior to the meeting. For notices given under this article, the date posted shall be the date of delivering the relevant notice to post office by the Company or the share registrar engaged by the Company.

Unless otherwise provided by these articles, the notice of the shareholders' general meeting shall be sent to shareholders (regardless of their voting rights at the shareholders' general meeting) by hand or pre-paid post to the address of the recipient as specified in the register of members. In respect of the domestic shareholders, the notice of the shareholders' general meeting may be made by way of public announcement.

The announcement as mentioned in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authority of the State Council within the period of 20 to 25 days prior to an annual general meeting and 15 to 20 days prior to an extraordinary general meeting. Once announced, all domestic shareholders shall be deemed to have received the notice of the relevant shareholders' general meeting.

The announcement to shareholders of overseas listed foreign shares shall be published on the website designated by the Hong Kong Stock Exchange and the website of the Company. Once such an announcement is made, all holders of the overseas listed shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

**Article 67** Matters which are not included in the notices set out in Articles 65 and 66 herein shall not be resolved at a shareholders' general meeting.

**Article 68** The notice of a shareholders' general meeting shall meet the following criteria:

- (1) it shall be made in writing;
- (2) it shall specify the time, venue and date of the meeting;
- (3) it shall set out the matters to be considered at the meeting;
- (4) it shall provide shareholders with such information and explanation as necessary for them to make informed decisions on the matters to be considered. This principle includes (but not limited to) where a proposal is made to merge the Company with another, to repurchase shares, to restructure the share capital, or to reorganize the Company in any other way, the terms of the proposed transaction shall be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of the such proposal shall be properly explained;
- (5) it shall disclose the nature and degree of the material interest of any director, supervisor, general manager and other senior management in the matters to be considered. In case that the impact of the matters to be considered on such director, supervisor, general manager and other senior management as a shareholder is different from that on other holders of the same class of shares, the difference shall be explained;
- (6) it shall set out the full text of any special resolution to be proposed at the meeting;

- (7) it shall contain a prominent written statement that a shareholder eligible for attending and voting is entitled to appoint one or more proxies to attend and vote on his/her behalf and that a proxy need not be a shareholder;
- (8) it shall specify the delivery time and place of the proxy form for voting at the meeting.

**Article 69** The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the meeting or any resolution adopted at that meeting.

**Article 70** Any shareholder entitled to attend and vote at a shareholders' general meeting shall be entitled to appoint one or more persons (whether a shareholder or not) as his/her proxy to attend and vote on his/her behalf. According to the appointment of the shareholder, a proxy so appointed shall:

- (1) have the same right as the shareholder to speak at the meeting;
- (2) have right to individually or jointly in demanding a poll;
- (3) have the right to vote by hand or on a poll, but when more than one proxy has been appointed, the proxies only have the right to vote on a poll.

**Article 71** Shareholders shall appoint a proxy by written instrument which is signed by the appointer or his/her agent so authorized in writing, or if the appointer is a legal person, sealed by the stamp of the legal person or signed by its director or agent so officially authorized.

**Article 72** The proxy form shall be placed at the domicile of the Company or at such other place as specified in the notice of the meeting within 24 hours prior to the meeting at which the proxy is authorised to vote. Where the proxy form is signed by another person authorised by the appointer, the power of attorney or other authorization document shall be notarized. The notarized power of attorney or other authorization document shall be placed together with the proxy form at the domicile of the Company or at such other place as specified in the notice of the meeting.

Where the appointer is a legal person, its legal representative or the person authorised by resolution of its board of directors or other decision-making body shall be entitled to attend the Company's shareholders' general meeting as the representative of such legal person.

Where the said shareholder is a recognized clearing house (or its agent) as defined in the relevant ordinance enacted from time to time in Hong Kong, the shareholder may authorize one or more suitable person(s) to act as its representative(s) at any shareholders' general meeting or any class meeting; however, if more than one person is authorized, the proxy form shall clearly state the number and class of shares for which each person is authorized and the proxy form shall be signed by the authorized personnel appointed by the recognized clearing house. The persons so authorized may represent the recognized clearing house (or its agent) to exercise the rights at any meeting (without being required to present share certificate, notarized power of attorney and/or further evidence of due authorization), as if such person is an individual shareholder of the Company.

**Article 73** Any form issued to a shareholder by the board of directors of the Company for use by him/her for appointing a proxy shall allow the shareholder to freely instruct the proxy to cast vote in favour of or against each resolution at the meeting. Such proxy form shall contain a statement that in the absence of instructions by the shareholder, his/her proxy may vote as he/she thinks fit.

Save as provided above, the aforesaid proxy form shall also contain the following information: the number of shares represented by and name of the proxy; whether voting right is granted to the proxy; whether the proxy is entitled to vote for any temporary resolution proposed at any shareholders' general meeting; instruction of how to vote if voting right is granted; and date of appointing a proxy and the effective period for such appointment. Where a shareholder appoints more than one proxy, he/she shall specify the number of shares represented by each proxy in the proxy form.

Where the meeting is attended by proxy, he/she shall produce the identification card and letter of authorisation signed by the appointer or its legal representative which indicates the date of appointing. Where corporate shareholder appoints its legal representative to attend the meeting, the legal representative shall produce the identification card and the copy of the notarized certified resolutions of the board of directors appointing the said legal representative or other authorities or other certified copy permitted by the Company.

**Article 74** Where the appointer has deceased, incapacitated to act, withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to the voting, a vote given in accordance with the letter of authorization shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

**Article 75** A shareholders' general meeting shall be convened and chaired by the chairman of the board of directors; if the chairman of the board of directors is unable to or fails to perform his/her duties, the meeting shall be convened and chaired by the vice chairman of the board of directors; if the chairman and the vice chairman of the board of directors are unable to or fail to perform their duties, the meeting shall be convened and chaired by the director elected by more than half of the directors jointly. If no chairman of a meeting is appointed, shareholders present at the meeting may elect one person as a chairman of the meeting. If no chairman of the meeting is elected by shareholders for any reason, the shareholder present at the meeting holding the largest number of voting shares (including his/her proxy) shall be the chairman of such meeting.

A shareholders' general meeting convened by the supervisory committee shall be chaired by the chairman of the supervisory committee. If the chairman of the supervisory committee is unable or fails to perform his/her duties, a supervisor elected by a majority of supervisors shall chair the meeting.

A shareholders' general meeting convened by the shareholders themselves shall be chaired by a representative elected by the convening shareholders.

When a shareholders' general meeting is held and the chairman of the meeting violates the rules of procedures such that the shareholders' general meeting cannot proceed, a person may be elected to preside over the meeting, subject to approval of shareholders entitled to more than half of the voting rights present at the meeting. If no chairman of the meeting is elected by shareholders for any reason, the shareholder present at the meeting holding the largest number of voting shares (including his/her proxy) shall be the chairman of such meeting.

**Article 76** The resolutions of the shareholders' general meeting shall be classified as ordinary resolutions and special resolutions.

Ordinary resolutions put forward in the shareholders' general meeting shall be adopted by not less than half of shareholders (including their proxies) with voting rights attending the meeting.

Special resolutions put forward in the shareholders' general meeting shall be adopted by not less than two-thirds of the shareholders (including their proxies) with voting rights attending the meeting.

A shareholder present at a shareholders' general meeting (including proxy) shall indicate his/her voting intention whether he/she would vote for or against those matters which are put on the vote. No blank votes and abstention votes will be counted as valid votes for the purpose of votes counting.

**Article 77** A shareholder (including proxy), when voting at a shareholders' general meeting, may exercise voting rights in accordance with the number of shares carrying the right to vote. Each share shall have one vote. The shares of the Company held by itself shall have no voting rights, and shall be excluded from the total number of voting votes at shareholders' general meeting.

Where any shareholder is required to abstain from voting on any particular resolution or restricted to vote only for or only against any particular resolution according the applicable laws and regulations and the Listing Rules of the Hong Kong Stock Exchange, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

**Article 78** Voting at a shareholder' general meeting shall be conducted by a show of hands unless, prior or subsequent to the results of the show of hands, a poll is demanded by:

- (1) the chairman of the meeting;
- (2) at least two shareholders present in person or by proxy, who have the right to vote;
- (3) one or more shareholders (including their proxies) who, alone or together, represent 10% or more of the shareholding represented at the meeting which carry right to vote at the meeting. Unless a poll is demanded, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution at the meeting.

The demand of a poll may be withdrawn by the person(s) who demanded it.

**Article 79** A poll demanded on such matters as the election of chairman or the adjournment of the meeting shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the chairman of the meeting may decide, and the meeting may proceed to discuss other matters, while the results of the poll shall still be deemed to be a resolution of that meeting.

**Article 80** On a poll taken at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his/her votes in the same way.

**Article 81** Where the votes against and for are in a tie, the chairman of the meeting shall be entitled to cast one more vote.

**Article 82** The following issues shall be approved by way of ordinary resolutions at the shareholders' general meeting:

- (1) working reports of the board of directors and supervisory committee;
- (2) profit distribution proposals and plans for making up losses formulated by the board of directors;
- (3) election and dismissal of directors and supervisors (except for employee representative supervisors), and their remuneration and payment method;
- (4) annual financial budgets and final accounts, balance sheet, income statement and other financial statements of the Company;
- (5) other matters unless otherwise required to be adopted as special resolutions in accordance with the applicable laws, administrative regulations or these articles.

**Article 83** The following issues shall be approved by way of special resolutions at the shareholders' general meeting:

- (1) increase or reduction of share capital and issuance of shares of any class, warrants and other similar securities of the Company;
- (2) issuance of corporate bonds by the Company;
- (3) division, merger, dissolution and liquidation of the Company;
- (4) changes to the form of the Company;
- (5) acquisition or disposal of major assets or provision of guarantee with the amount exceeding 30% of the Company's latest audited total assets within a year;
- (6) amendments to these articles;
- (7) reviewing and considering share incentive plans and their implementation;



- (8) other matters required by the laws, administrative regulations and these articles and considered by a shareholders' general meeting, by way of ordinary resolution, to have a substantial impact on the Company and require approval by special resolution;
- (9) other matters required by the Listing Rules of the Hong Kong Stock Exchange to be adopted by special resolution.

**Article 84** All directors, supervisors, general manager and other senior management of the Company shall attend the shareholders' general meeting if so requested. The directors, supervisors, general manager and other senior management shall make replies or explanation to the inquiries of shareholders at the shareholders' general meeting, unless the same that relate to business secrets of the Company shall not be disclosed.

**Article 85** The chairman of the meeting shall decide whether a resolution has been adopted based on the voting results, and his/her decision shall be final, and the voting results shall be announced at the meeting and recorded in the minutes of meeting.

**Article 86** The approach and procedures for nomination of candidates for directors and supervisors (excluding employee representative supervisors) for election are as follows:

- (1) Shareholder(s) individually or jointly holding not less than 3% of the total issued and outstanding shares of the Company carrying voting rights may propose in writing to the shareholders' general meeting for the nomination of candidates for directors and non-employee representative supervisors. However, the number of candidates nominated shall comply with these articles, and shall not be more than the number to be elected. The aforesaid proposal of the shareholders should be served to the Company at least seven days before the date of the shareholders' general meeting.
- (2) The list of candidates for directors and supervisors shall be proposed by the directors and supervisors for the consideration of the board of directors and supervisory committee respectively, and the number of candidates to be proposed shall be within the number stipulated in these articles. The list of candidates for directors and supervisors shall be submitted to the shareholders' general meeting by way of a written proposal after being considered and adopted by the board of directors and supervisory committee.
- (3) The written notices for the intention to nominate a candidate for director or non-employee representative supervisor and the acceptance of nomination by such candidate and the written information of the nominated candidate shall be given to the Company no less than seven days prior to the date of the shareholders' general meeting (such seven-day period shall commence no earlier than the second day after the issue of the notice of the meeting at which the election shall be conducted and end no later than seven days prior to the shareholders' general meeting). The board of directors or supervisory committee shall provide shareholders with the biographical details and basic information of the candidates for directors or supervisors.
- (4) The Company shall allow a notice period of no less than seven days commencing from the day following the issue date of the notice of shareholders' general meeting for the nomination of candidates for directors or supervisors and submission of the aforesaid notices and documents.
- (5) Voting for the election of each candidate for a director and supervisor shall be carried out separately in the shareholders' general meeting.
- (6) Where there is a need to fill the casual vacancy of director or supervisor, the board of directors or supervisory committee shall submit a proposal to the shareholders' general meeting for the election or change of a director or supervisor.

**Article 87** In the event that the chairman of the meeting has any doubt as to the result of a resolution put forward to the vote, he/she may have the votes counted. In the event that the chairman of the meeting fails to have the votes counted, any shareholder or proxy of shareholder attending the meeting who objects to the result announced by the chairman of the meeting may demand a vote counting immediately after the declaration of the voting result, and the chairman of the meeting shall have the votes counted immediately.

**Article 88** In the event that the votes are counted at a shareholders' general meeting, the counting results shall be recorded in the minutes of the meeting.

The minutes of the meeting together with the attendance book for shareholders' signing and the proxy forms for proxies attending the meeting shall be kept at the domicile of the Company.

**Article 89** Copies of the minutes of the meeting shall be available for inspection during business hours of the Company by any shareholder free of charge. If any shareholder demands from the Company a copy of such minutes, the Company shall send a copy to him/her within 7 days after verification of his/her identity and receipt of reasonable charges.

## **Chapter 9 Special Procedures for Voting by Class Shareholders**

**Article 90** Shareholders holding different classes of shares shall be class shareholders.

Class shareholders shall be entitled to the rights and assume obligations pursuant to the provisions of laws, administrative regulations and these articles.

In addition to holders of shares of other classes, the holders of domestic shares and overseas listed foreign shares are regarded as different classes of shareholders. Where the Company issues shares which do not carry voting rights, the words "**no voting right**" shall appear in the designation of such shares.

Where the share capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "**with voting restrictions**" or "**with limited voting right**".

**Article 91** Any variation or abrogation of the rights of any class shareholders proposed by the Company may only come into effect upon the approval by a special resolution at a shareholders' general meeting and approval by the affected classes of shareholders at separate meetings convened in accordance with Articles 93 to 97.

No approval by a shareholders' general meeting or a class meeting is required for variation or abrogation of rights of any class shareholders resulting from any change in domestic and foreign laws, administrative regulations and listing rules in the place where the Company's shares are listed, or those resulting from decisions made by domestic and foreign regulatory authorities.

The holders of domestic shares of the Company may transfer their shares to overseas investors and list the said shares overseas, which shall not be deemed to be a proposed variation or abrogation of the rights of any class shareholders by the Company.

**Article 92** The following circumstances shall be deemed to be a variation or abrogation of the rights of a certain class shareholders:

- (1) an increase or decrease in the number of shares of such class, or an increase or decrease in the number of shares of a class having voting or distribution rights or other privileges equal or superior to the shares of such class;
- (2) a conversion of all or part of the shares of such class into those of another class, or vice versa, or a grant of such conversion rights;
- (3) the removal or reduction of rights to accrued dividends or rights to cumulative dividends attached to shares of such class;
- (4) the reduction or removal of a dividend preference or a liquidation preference attached to shares of such class;
- (5) the addition, removal or reduction of conversion rights, options, voting rights, or transfer or pre-emptive rights attached to shares of such class, or rights to obtain securities of the Company;
- (6) the removal or reduction of rights attached to shares of such class to receive payments payable by the Company in particular currencies;
- (7) the creation of a new class of shares having voting or distribution rights or other privileges equal or superior to those of the shares of such class;
- (8) the restriction on the transfer or ownership of the shares of such class or any addition to such restriction;
- (9) the issuance of rights to subscribe for, or convert into, shares of such class or another class;
- (10) to increase the rights or privileges of shares of other classes;
- (11) the restructuring of the Company where the proposed restructuring will result in different classes of shareholders bearing a disproportionate degree of liability; and
- (12) the variation or abrogation of the provisions in these articles.

**Article 93** Shareholders of the affected class, whether or not having the right to vote at shareholders' general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning paragraphs (2) to (8), (11) and (12) of Article 92, but interested shareholder(s) shall not be entitled to vote at class meetings.

The interested shareholders referred to in the preceding paragraph have the following meanings:

- (1) In the case of a repurchase of its own shares by the Company by making offers to all shareholders on a same pro rata basis or through public dealing on the Hong Kong Stock Exchange in accordance with Article 28, "**interested shareholder**" shall refer to the controlling shareholder as defined in Article 58;
- (2) In the case of a repurchase of its own shares by the Company through an off-market agreement outside the Hong Kong Stock Exchange in accordance with Article 28, "**interested shareholder**" shall refer to the shareholder to which the proposed agreement relates;
- (3) In the case of a restructuring of the Company, "**interested shareholder**" shall refer to a shareholder within a class who bears liabilities less than the proportion burden imposed on other shareholders of that class or who has interests different from those held by other shareholders of the same class.

**Article 94** A resolution of a class meeting shall only be adopted in accordance with Article 93 by the affirmative votes of shareholders present at the class meeting who represent two-thirds or more of voting rights.

**Article 95** Where the Company convenes a class meeting, the time limit for issuing a written notice shall be the same as the written notice period for the non-class shareholders meeting to be convened on the same day of such class meeting. The written notice shall notify all the registered shareholders of the said class of the matters to be considered at the meeting, and the date and venue of the meeting. When calculating the time limit, the date of meeting shall not be included.

Where the listing rules in the place where the shares of the Company are listed have other specific provisions, such provisions shall prevail.

**Article 96** If a class meeting is convened by serving of notice, such notice shall be delivered to the shareholders who are entitled to vote thereat only.

The procedures pursuant to which a class meeting is held shall, to the extent possible, be identical to the procedures according to which a shareholders' general meeting is held. Provisions of these articles in relation to procedures for the holding of a shareholders' general meeting shall be applicable to class meetings.

**Article 97** In addition to holders of other class shares, holders of domestic shares and overseas listed foreign shares are deemed to be shareholders of different classes. The special procedures for voting by class shareholders shall not apply in the following circumstances:

- (1) where the Company issues, upon approval by special resolution of its shareholders in the shareholders' general meeting, domestic shares and overseas listed foreign shares once every 12 months, either separately or concurrently, and the respective numbers of domestic shares and overseas listed foreign shares proposed to be issued do not exceed 20% of the respective numbers of the issued domestic shares and overseas listed foreign shares;
- (2) where the Company completes, within 15 months from the date on which approval is given by the securities regulatory authorities of the State Council, its plan (made at the time of its establishment) to issue domestic shares and overseas listed foreign shares;
- (3) upon the approval of the securities regulatory authorities of the State Council, the domestic shareholders of the Company transfer their shares to overseas investors, and such shares are listed and traded on any overseas stock exchange.

## **Chapter 10 Board of Directors**

### **Section 1 Directors**

**Article 98** Directors shall be elected or replaced at the shareholders' general meeting with a term of office of 3 years each. Upon maturity of the term of office, a director shall be eligible to offer himself/herself for re-election, but independent non-executive directors shall not hold his/her term of office for over 9 consecutive years.

Any director may be removed before the expiration of his/her term of office by ordinary resolution at the shareholders' general meeting without prejudice to any claim for damages by such director pursuant to any contract subject to applicable laws and administrative regulations.

The term of service of a director shall commence from the date he takes office until the current term of service of board of directors ends. If the term of service of a director expires but a new director is not elected in a timely manner, the original director shall continue to carry out his/her duties according to the laws, administrative regulations, departmental rules and these articles until the newly elected director takes office.

**Article 99** A director may resign before the expiry of his/her term of office. The resigning director shall submit to the board of directors a written resignation. The board of directors will disclose the related information within two days thereafter.

In case that the number of directors falls below the quorum as a result of the resignation of a director, the directors shall perform his/her duties as a director in accordance with the laws, administrative regulations, department rules and these articles before the elected successor take office.

Other than the circumstances specified in the preceding paragraph, the resignation of a director shall take effect upon receipt of the resignation by the board of directors.

Subject to the provisions of the laws and regulations and related regulatory rules of the place where the shares are listed, if the board of directors filled the temporary vacancy by appointing new director, he/she shall be elected at the first shareholders' general meeting by the shareholders after the acceptance of his/her appointment.

Any person who was appointed by the board of directors either to fill the temporary vacancy or as an additional member to the board of directors will hold office until the next following annual general meeting, and will be eligible for re-election thereat.

If there are no other requirement under the laws, the Company shall has the right to remove any director (including managing director or other executive directors) before the expiration of his/her term of office by ordinary resolution at the shareholders' general meeting without prejudice to any claim for damages by such director pursuant to any contract.

The minimum period for lodgement of a notice to the Company for nominating a person as a director and indicating his/her willingness to be elected will be seven days.

The period for submitting the above notice shall commence from the date after the despatch of the notice of meeting in relation to the election, and end no later than seven days prior to the date of such shareholders' general meeting.

**Article 100** A director shall complete all handover procedures with the board of directors upon his/her resignation or expiration of term of office. The fiduciary duties of a director to the Company and the shareholders do not necessarily cease upon termination of his/her term of office and will remain effective within a reasonable period under the provisions of these articles.

**Article 101** Directors fail to attend in person or appoint other directors to attend the board meetings for two consecutive times will be deemed as fail to perform his/her duty, and the board of directors may propose the dismissal of such director at a shareholders' general meeting.

**Article 102** The Company has independent non-executive directors. Unless otherwise specified in this section, the requirements of qualification and duties for directors set out in Chapter 14 of these articles are applicable to independent non-executive directors. Independent non-executive directors of the Company shall comprise at least one professional accountant. Independent non-executive directors shall faithfully execute their duties and protect the Company's interests, especially ensuring that the rights and interests of public shareholders will not be infringed and the interests of all shareholders will be adequately represented.

**Article 103** Any director who has withdrawn from his/her office without authorization prior to the expiration of his/her term of office or violate the laws, the administrative regulations, departmental rules or these articles and causes damages to the Company shall be liable for compensation of such damages.

**Article 104** No director shall represent the Company or the board of directors unless duly authorized by these articles or the board of directors. When acting on his/her own behalf, insofar as a third party would reasonably believe that such director is acting on behalf of the Company or the board of directors, the director shall state his/her position and identity in advance.

## **Section 2 Board of Directors**

**Article 105** The Company shall have a board of directors which shall consists of 6 to 11 directors, the members of the board of directors include one chairman of the board of directors, one vice chairman of the board of directors, executive director, non-executive director, independent non-executive director. The number of independent non-executive directors shall not be less than 3 and shall be or more than one-third of the actual number of the board of directors.

Independent non-executive directors may report to the shareholders' general meeting, the securities regulatory authorities of the State Council and other related departments directly.

General manager and other senior management may also concurrently act as director, the number of general manager and other senior management who hold the offices of director shall not be more than half of the total number of directors of the Company.

The board of directors shall have one chairman, one vice chairman who shall be elected and removed by a majority of directors. The term of office of the chairman, the vice chairman shall be three years, renewable upon re-election.

Number of controlling shareholders' senior management who concurrently hold the offices of the chairman, the vice chairman, the executive director of the Company shall not be more than two.

Directors are not required to hold shares of the Company.

Save as otherwise required by the laws, regulations and the listing rules of the stock exchange of the place where the shares of the Company are listed, the terms of office of independent non-executive directors shall be three years, renewable upon re-election, but shall not exceed nine years.

**Article 106** The board of directors shall be accountable to the shareholders' general meetings, and shall exercise the following functions and powers:

- (1) to convene the shareholders' general meetings, make a proposal or propose a resolution at the shareholders' general meeting for approval and report its work to the shareholders' general meetings;
- (2) to implement resolutions of the shareholders' general meeting;
- (3) to decide on the business plans and investment plans of the Company;
- (4) to formulate the plans for annual financial budgets and final accounts of the Company;
- (5) to formulate the plans for profit distribution and making up losses of the Company;
- (6) to formulate proposals for the increase or reduction of registered capital and the issue of shares, corporate bonds or other securities and the listing project of the Company;
- (7) to formulate plans for major assets acquisition and disposal, repurchase of the shares of the Company or the merger, division, dissolution or change of the nature of incorporation of the Company;
- (8) to decide on the establishment of the internal management organization of the Company;
- (9) to appoint or remove the general manager and secretary of the board of directors of the Company; to appoint or remove other senior management, such as vice general manager and chief financial officer of the Company pursuant to the nominations of the general manager;
- (10) to decide on the remuneration of abovementioned senior management;
- (11) to formulate the basic management system of the Company;
- (12) to prepare plans for amending these articles;
- (13) to approve the matters in relation to investment, acquisition or disposal of assets, financing and connected transaction as required by the Listing Rules of the Hong Kong Stock Exchange;
- (14) to decide other major matters of the Company except for the matters to be passed by resolution on the shareholders' general meeting as required by the Company Law and these articles;
- (15) to exercise other functions and powers conferred by the laws, regulations, the Listing Rules of the Hong Kong Stock Exchange, these articles or at shareholders' general meetings.



The board of directors shall also be responsible for the followings:

- (1) to stipulate, review and improve the corporate governance system and condition of the Company;
- (2) to review and supervise the training and continuing professional development of directors and senior management;
- (3) to review and supervise the compliance of the Company's policies with laws and relevant regulations of the securities regulatory authority of the place where the shares are listed and to make the relevant disclosure;
- (4) to formulate, review and supervise the code of conduct and relevant compliance manual of employees and directors.

The board of directors shall be responsible for the aforementioned corporate governance functions. It may also delegate the duties to one or more of its special committees.

Resolutions relating to the above, with the exception of paragraphs (6), (7) and (12) above or otherwise required by the Listing Rules which shall be approved by not less than two-thirds of the directors, shall be approved by not less than half of the directors.

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

**Article 107** In cases where the expected value of fixed assets proposed for disposal by the board of directors, when aggregated with value of fixed assets disposed within four months before the proposed disposal, exceeds 33% of the fixed assets value set out in the latest balance sheet reviewed by the shareholders' general meetings, the board of directors shall not dispose or consent to dispose such fixed assets without prior approval by the shareholders' general meeting.

For the purpose of this article, the "disposal of fixed assets" shall include (among other things) the transfer of certain interests in assets, but exclude the provision of guarantees by way of fixed assets.

The validity of transactions regarding the disposal of fixed assets by the Company shall not be affected due to a breach of the first paragraph of this article.

**Article 108** The chairman of the board of directors shall exercise the following functions and powers:

- (1) to preside over shareholders' general meetings and convene and preside over meetings of the board of directors;
- (2) to supervise and check on the implementation of the resolutions of the board of directors;
- (3) to sign the share certificates, corporate bonds and other marketable securities issued by the Company;
- (4) to sign the significant documents of the board of directors and other documents required to be signed by the legal representative of the Company, and to exercise the powers of the legal representative of the Company;
- (5) to exercise special powers of disposal regarding the Company's affairs in compliance with the laws and regulations and in the interests of the Company in the event of unable to convene the meeting of board of directors in a timely manner due to force majeure and material emergency circumstances, and to report to the board of directors after exercising such powers;
- (6) to organise the formulation of relevant systems and to coordinate the operation of the board of directors;
- (7) to receive the regular or extraordinary work reports of the senior management of the Company and to advise on the implementation of resolutions of the board of directors;
- (8) to nominate the general manager and secretary of the board of directors of the Company;
- (9) to exercise other functions and powers conferred by the laws, regulations, these articles and the board of directors.

The vice chairman of the board of directors shall assist the chairman of the board of directors with his/her duties. Should the chairman of the board of directors is unable to or fail to exercise his/her duties or powers, the vice chairman of the board of directors shall exercise such duties or powers. Should the vice chairman of the board of directors is unable to or fail to exercise his/her duties or powers, a director elected by not less than a half of the directors shall exercise such duties or powers.

The board of directors may authorise the chairman of the board to exercise part of the powers of the board during the closing of meeting when necessary.

**Article 109** Meetings of the board of directors shall be held regularly at least four times in each year and shall be convened by the chairman of the board of directors. Notice of board meeting shall be served to all directors 14 days before the date of meeting.

Chairman of the board of directors shall convene the extraordinary board meeting within five days after receiving such proposal in relation to the following matters:

- (1) proposal of shareholders representing one tenth or more of the total number of shares carrying voting rights of the Company;
- (2) joint proposal of one third or more of the directors;
- (3) proposal of the chairman of the board of directors;
- (4) proposal of two or more of the independent non-executive directors;
- (5) proposal of the supervisory committee;
- (6) proposal of the general manager.

**Article 110** When the board of directors convenes a board meeting, notice shall be served to all directors, supervisors and general manager 14 days (in case of regular meeting) or within a reasonable period (in case of an extraordinary meeting) before the date of the meeting. The responsible department of the Company shall directly deliver the notice of meeting by hand, facsimile, express mail or any other way of telecommunication to all directors, supervisors and the general manager. If the notice is not given by hand, a subsequent telephone call for confirmation and corresponding records shall be made.

Where an extraordinary meeting of the board of directors is required to be convened as soon as possible in case of urgency, the notice of such meeting may be given by telephone or other verbal means at any time, provided that the convener of the meeting shall make relevant explanation at the meeting.

**Article 111** The notice of meeting shall be considered to have served to a director if he/she has attended the meeting and has not raised any objection against the absence of such notice prior to or on his/her arrival for the meeting.

The regular and extraordinary meetings of the board of directors may be held by the way of teleconferencing or via other telecommunication means. When a director is able to hear the speeches of other directors clearly and communicate with each other, all directors participating in the meeting shall be deemed to have attended the meeting in person.

**Article 112** Quorum of a board meeting shall be the presence of not less than half of all directors.

Each director shall have one vote. Unless otherwise provided by laws, administrative regulations and these articles, resolutions adopted at the board meeting shall be approved by not less than half of all directors.

Where the votes against and for a particular resolution are in a tie, the chairman of the board of directors shall be entitled to cast one more vote.

**Article 113** All directors shall attend the board meetings in person. If a director is unable to attend, he/she may appoint in writing another director to attend on his/her behalf, and the authorization letter shall specify the scope of authorization.

A director who attends the meeting as a representative of another director shall exercise the right within the scope of authorization. If a director is unable to attend a board meeting in person and has not appointed a representative to attend on his/her behalf, he/she shall be deemed to abstain from voting at such meeting.

**Article 114** Any material matters which are required to be decided by the board of directors must be proceeded strictly in accordance with the specified procedures that a prior notice, together with sufficient information, shall be given to all directors at the time required by the articles of association. The directors may request additional information. When more than a quarter of the directors or two or more of the independent non-executive directors consider that the information and materials are not sufficient or they are unable to make a decision on the relevant matters for other reasons, they may jointly propose to postpone the board meeting or delay the discussion of certain matters to be resolved in the board meeting, and the board of directors shall adopt the relevant proposal.

Resolutions related to related party (connected) transactions of the Company made by the board of directors shall not come into force unless they are signed by the independent non-executive directors. Where a board meeting of the Company is held to consider a connected transaction, the connected director shall abstain from voting and shall not exercise voting right on behalf of other directors as a proxy. Where the number of non-connected directors attending the meeting is less than three, such transaction shall be submitted to the shareholders' general meeting of the Company for approval. A connected director means the director who (1) is a counterparty of the transaction; (2) has direct or indirect controlling interests in the counterparty of the transaction; (3) holds a position in the counterparty or a legal entity or other organization directly or indirectly controlling or controlled by such counterparty; (4) is a close family member of the counterparty or the person who has direct or indirect control over the counterparty; (5) is a close family member of any director, supervisor or senior management of the counterparty or the entity who has direct or indirect control over the counterparty; (6) is a party which is considered to be able to affect the independent commercial judgement of the Company for other reasons as determined by the Company. However, when an independent non-executive director of the Company concurrently serves as the external director of Inner Mongolia Energy Engineering (Group) Co., Ltd., if the transaction entered into between the Company and Inner Mongolia Energy Engineering (Group) Co., Ltd. does not involve the interests of such director, any of his/her close family members or any legal entity or other organization directly or indirectly controlled by such director, such director is not a “**connected director**” as mentioned herein and need not abstain from voting in respect of the relevant transaction.

**Article 115** The board of directors may approve the written proposal in lieu of convening board meetings, but the draft of such proposal shall be delivered to each director by hand, mail, facsimile or e-mail. Such proposal will be passed as a resolution of the board of directors only after they have been delivered to all directors by the board of directors, signed and approved by the required quorum of directors and delivered to the board secretary by one of the aforesaid means. Such resolution shall be deemed to have the same legal effect as a resolution passed at a board meeting held in accordance with the applicable procedures set out in these articles.

**Article 116** The board of directors shall prepare the minutes to record the decisions made concerning the matters considered at the board meetings, which shall be signed by the attending directors and the recorder. The directors shall be responsible for the resolutions passed at the board meetings. If a resolution of the board of directors is in contravention of the laws, administrative regulations or the articles of association, which results in the Company suffering from material losses, the directors involved in such resolution shall be liable for compensation to the Company. However, if a director is proven to have cast his/her vote against such resolution and it has been so recorded in the minutes of the meeting, he/she shall be exempted from the liability.

### **Section 3 Special Committees under the Board of Directors**

**Article 117** The board of directors shall have three special committees, namely the audit committee, remuneration committee and nomination committee. The composition and rules of procedure of the special committees shall be separately resolved by the board of directors. The board of directors may establish other special committees when necessary. A special committee is a special team under the board of directors responsible for providing advice or recommendations on the material decisions made by the board of directors. The special committees are not allowed to make any resolution in the name of the board of directors, but may exercise their decision-making rights in respect of the specific issues as authorized by the board of directors. The three special committees are as follows:

- (1) The primary responsibilities of the audit committee include: to guide, inspect and supervise the establishment of the systems and policies in respect of financial control, risk management and internal control of the Company; to make recommendations to the board of directors on the engagement, re-engagement or change of intermediaries including accounting firms and their remunerations; to review and monitor the independence and objectivity of the external auditors and the effectiveness of the audit process; to formulate and execute policies relating to engagement of external auditor for non-audit services; to monitor and evaluate the completeness of the Company's financial statements, annual reports, accounts, interim reports and quarterly reports (if any), and review important opinions regarding financial reporting contained in such statements and reports; to review the financial and accounting policies of the Company and their changes and make recommendations to the board of directors thereon; to make recommendations to the board of directors on the appointment and removal of the head of the internal audit division of the Company; to supervise the formulation and implementation of internal audit system of the Company; to assess and supervise the completeness and operational effectiveness of the enterprise audit system; to maintain effective communication with the supervisory committee, and internal and external auditors of the Company, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness; to examine the financial control, risk management and internal control system of the Company; to discuss with the management on the risk management and internal control systems in order to ensure that the management has performed its duty to maintain such effective systems. The discussion shall include topics regarding the adequacy of resources, qualifications, experience and training of staff and relevant budgets pertaining to the accounting and financial reporting functions of the Company; to conduct studies on major investigation findings on risk management and internal control of the Company and the responses of management to such findings on its own initiative or as delegated by the board of directors.

- (2) The primary responsibilities of the remuneration committee include: to make recommendations to the board of directors regarding the remuneration policy and structure for directors and senior management of the Company and on the establishment of formal and transparent procedures for developing the remuneration policy; to recommend the specific remuneration packages of executive directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment), and to make recommendations to the board of directors on the remuneration of non-executive directors; to review and approve the remuneration packages of the management by making reference to the corporate objectives approved from time to time by the board of directors; to examine and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that the compensation conforms to the relevant contractual terms or, in case the compensation does not conform to contractual terms, is fair and reasonable and no undue burden is placed on the Company; to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are in accordance with the relevant contractual terms or are otherwise reasonable and appropriate; to ensure that no director or any of his/her associates is involved in deciding his/her own remuneration.
- (3) The primary responsibilities of the nomination committee include: to review the structure, size and composition (including skill, expertise and experience) of the board of directors annually on a regular basis, and make recommendations on any adjustment to the board of directors pursuant to the development strategy of the Company; to look for and identify suitable candidates for directors, and to examine the candidates for directors and general manager and provide recommendations to the board of directors; to assess the independence of the independent non-executive directors; to study and provide advice on the standards and procedures for the election of directors and general manager; to provide advice to the board of directors on the appointment or re-appointment of the directors and general manager, and succession plans for directors (including the chairman of the board of directors) and the general manager.

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

**Article 118** The Company shall have a board secretary, who shall be a senior management of the Company.

**Article 119** The board secretary shall be a natural person who has the requisite professional knowledge and experience, and shall be nominated by the chairman of the board of directors and appointed or removed by the board of directors. The primary responsibilities of the board secretary include:

- (1) to ensure that the Company has complete organizational documents and records; to keep and manage the materials of shareholders; and to assist the directors in addressing the routine tasks of the board of directors;
- (2) to organize and arrange for the holding of the meetings of the board of directors and shareholders' general meetings, prepare meeting materials, handle relevant meeting affairs, keep minutes of the meetings and ensure their accuracy, keep meeting documents and minutes, and take initiative to keep abreast of the implementation of relevant resolutions. Any important issues occurring during the implementation shall be reported and relevant proposals shall be put forward to the board of directors;
- (3) as the contact person of the Company with the securities regulatory authorities, to organize the preparation and prompt submission of the reports and documents required by the regulatory authorities, and to accept the assignment from the regulatory authorities and organize for the performance of such tasks;
- (4) to coordinate and organize the information disclosure of the Company, establish and improve the information disclosure system, participate in all of the Company's meetings involving information disclosure, and keep informed of the Company's material operation decisions and related information in a timely manner;
- (5) to ensure the proper maintenance of the Company's register of members, so as to ensure the persons who are entitled to obtain the relevant records and documents of the Company are able to obtain the same in a timely manner;
- (6) to exercise other functions and powers as conferred by the board of directors, laws, regulations, and the requirement of the stock exchanges on which the Company's shares are listed.

**Article 120** Directors or other senior management of the Company may act as the board secretary concurrently. Accountants of the accounting firm engaged by the Company and management personnel of the controlling shareholders shall not act as the board secretary of the Company.

In the event that a director acts as the board secretary and a certain act has to be performed separately by a director and the board secretary, such person who is both a director and the board secretary shall not perform such act in both capacities.

## Chapter 12 General Manager and Other Senior Management

**Article 121** The Company shall have one general manager, who shall be appointed or removed by the board of directors. The Company shall have several deputy general managers, who shall be nominated by the general manager and appointed or removed by the board of directors. A director may serve concurrently as the general manager, deputy general manager or other senior management.

**Article 122** The term of office of the general manager shall be three years, renewable upon re-election.

**Article 123** The general manager shall be accountable to the board of directors and shall exercise the following functions and powers:

- (1) to be in charge of the production, operation and management of the Company, and to report to the board of directors;
- (2) to organize the implementation of the resolutions of the board of directors, the annual business plans and investment plans of the Company;
- (3) to prepare the annual financial budgets and final accounts of the Company, and make suggestions to the board of directors;
- (4) to formulate the basic management system and plan for establishment of internal management organization of the Company;
- (5) to formulate the specific rules and regulations of the Company;
- (6) to request the board of directors to appoint or remove other senior management, such as the deputy general manager and chief financial officer;
- (7) to appoint or remove management personnel and general staff other than those required to be appointed or removed by the board of directors;
- (8) to propose to convene extraordinary meetings of the board of directors;
- (9) to decide on other matters of the Company within the scope of authorization granted by the board of directors;
- (10) to decide on matters relating to investment, acquisition, disposal or financing that are not required to be resolved by the board of directors or the shareholders' general meeting;
- (11) to exercise other functions and powers delegated by these articles and the board of directors.

Other senior management other than the general manager shall assist the general manager in performing duties, and may exercise part of the functions and powers of the general manager as conferred by the general manager.



**Article 124** The general manager shall sit in on the meetings of the board of directors. The general manager who is not a director shall have no voting right at the meeting of the board of directors.

**Article 125** In exercising his/her functions and powers, the general manager shall act honestly and diligently in accordance with laws, administrative regulations and the articles of association.

**Article 126** The Company shall have one chief financial officer, who shall be appointed or removed by the board of directors and be accountable to the board of directors and the general manager.

## **Chapter 13 Supervisory Committee**

**Article 127** The Company shall have a supervisory committee which shall exercise supervision function in accordance with the laws, administrative regulations and these articles.

**Article 128** The supervisory committee shall be composed of three to five supervisors, one of whom shall be the chairman of the supervisory committee. The terms of office of supervisors shall be three years, renewable upon re-election.

The election or removal of the chairman of the supervisory committee shall be decided by two-thirds or more of the supervisors. Resolutions of the supervisory committee shall be passed by the affirmative votes of two-thirds or more of the supervisors.

**Article 129** The supervisory committee shall comprise two to three shareholder representative supervisors and two employee representative supervisors. The employee representative supervisors shall be elected through the meeting of employee representatives, meeting of employees or other forms of democratic election.

The external supervisors (supervisors who do not hold office in the Company, including shareholder representative supervisors) shall represent at least half of the members of the supervisory committee. External supervisors are entitled to report independently at the shareholders' general meeting on the performance of the senior management in respect of fiduciary and diligence.

**Article 130** The directors, general manager and senior management of the Company shall not act concurrently as supervisors.

**Article 131** The supervisory committee shall be accountable to the shareholders' general meeting and shall exercise the following functions and powers:

- (1) to supervise the directors, general manager and other senior management in their performance of duties and propose the removal of any director or senior management who has contravened any laws, administrative regulations, these articles or resolutions of the shareholders' general meetings;
- (2) to demand any director or senior management of the Company who acts in a manner which is harmful to the interests of the Company to rectify such behavior;
- (3) to examine the finance of the Company;
- (4) to verify the financial information, such as financial reports, business reports and profit distribution plans, that the board of directors proposes to submit to the shareholders' general meeting, and if in doubt, engage registered accountants and practicing auditors to review such information on behalf of the Company;
- (5) to propose to convene an extraordinary general meeting, and to convene and preside over shareholders' general meetings when the board of directors fails to perform such obligations according to the Company Law;
- (6) to make proposals at a shareholders' general meeting;
- (7) to propose to convene an extraordinary meeting of the board of directors;
- (8) to institute a lawsuit against any director or senior management in accordance with Section 151 of the Company Law;
- (9) to exercise other functions and powers conferred by laws, administrative regulations and these articles.

Supervisors may sit in on the meetings of the board of directors.

**Article 132** The supervisory committee shall hold at least one regular meeting every six months, which shall be convened and presided over by the chairman of the supervisory committee. Where the chairman of the supervisory committee is incapable of performing or fails to perform his/her duties, a supervisor elected by not less than half of the supervisors shall convene and preside over the meeting of the supervisory committee.

The supervisors may propose to convene extraordinary meetings of the supervisory committee.

Where the supervisory committee convenes a regular or extraordinary meeting, the relevant personnel of the supervisory committee shall issue a notice of meeting to all supervisors by hand, facsimile, email or other means within a reasonable period. If a notice is not given by hand, a subsequent telephone call for confirmation and corresponding records shall be made.

Where an extraordinary meeting of the supervisory committee is required to be convened as soon as possible in case of urgency, the notice of such meeting may be given by telephone or other verbal means at any time, provided that the convener of the meeting shall make relevant explanation at the meeting.

**Article 133** The decision-making process of the meetings of the supervisory committee shall be as follows: each supervisor is entitled to one vote and the voting shall be conducted by poll or by casting written votes.

The voting procedures shall be as follows: each supervisor may choose to cast an affirmative or veto vote or abstain from voting. Each attending supervisor shall indicate his/her voting intention by choosing one of the above. The chairman of the meeting shall request any supervisor who fails to choose any of the above or has chosen two or more of the above to vote again. Refusal to do so shall be regarded as having abstained from voting. Any supervisor who leaves the meeting and does not return and has not voted by choosing any of the above shall be regarded as having abstained from voting.

Resolutions of the supervisory committee shall be passed by the affirmative votes of two-thirds or more of the supervisors.

Meeting minutes shall be prepared for the recording of all decisions made at the meetings of the supervisory committee, and all supervisors present at the meetings shall sign on the meeting minutes. All supervisors are entitled to request for certain descriptive record to be made with regard to his/her speech in the meeting. The meeting minutes of the supervisory committee shall be kept in the domicile of the Company.

Where a voting is conducted by correspondence, the supervisors shall sign and return by facsimile the voting instruments containing the written opinions and voting intentions in respect of the matters discussed to the office of the supervisory committee. Supervisors may not only state the voting intentions without providing opinions or reasons in writing. Supervisors participating in the voting by correspondence shall sign the original voting instruments and return the same to the supervisory committee within the prescribed time frame as stated in the notice of the meeting.

**Article 134** The supervisory committee may conduct investigation if they find the operation of the Company unusual, and may engage professionals such as lawyers and accountant firms for assistance if necessary. All reasonable fees so incurred shall be borne by the Company.

**Article 135** All supervisors shall perform their supervisory functions honestly in accordance with the laws, administrative regulations and the articles of association.

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

**Article 136** A person may not serve as a director, supervisor, general manager or any other senior management of the Company in any of the following circumstances:

- (1) anyone who has no civil capacity or has limited civil capacity;
- (2) anyone who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence;
- (3) anyone who was a director, factory manager or manager of a company or enterprise that is bankrupt and liquidated, and was personally liable for the bankruptcy of the company or enterprise, where less than 3 years have elapsed since the date of completion of bankruptcy and liquidation of the company or enterprise;
- (4) anyone who was the legal representative of a company or enterprise whose business license was revoked or which was ordered to shut down due to violation of law, and was personally liable, where less than 3 years have elapsed since the date on which the business license of the company or enterprise was revoked;
- (5) anyone who owes a huge amount of overdue debt;
- (6) anyone who is subject to investigation by judicial body for violation of criminal law where the said investigation has not been concluded;
- (7) anyone who cannot serve as management of a company under laws and administrative regulations;
- (8) a non-natural person;
- (9) 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 since the date on which the judgment was made;
- (10) other circumstances as provided by laws and regulations in the place where the shares of the Company are listed.

**Article 137** The validity of an act of a director, general manager or other senior management on behalf of the Company shall not, vis-à-vis a bona fide third party, be affected by any non-compliance in his/her holding of such office, election or qualifications.

**Article 138** In addition to obligations imposed by laws, administrative regulations or the listing rules of the stock exchanges on which shares of the Company are listed, the Company's directors, supervisors, general manager or other senior management shall owe each shareholder the following obligations in the exercise of the functions and powers granted to them by the Company:

- (1) not to cause the Company to exceed the scope of business stipulated in its business license;
- (2) to act honestly in the best interests of the Company;
- (3) not to expropriate in any guise the Company's property, including (but not limited to) any opportunities that are advantageous to the Company;
- (4) not to deprive shareholders of their individual rights or interests, including (but not limited to) rights to distribution and voting rights, unless pursuant to a restructuring of the Company submitted to the shareholders' general meeting for approval in accordance with these articles.

**Article 139** Directors, supervisors, general manager or other senior management of the Company are obliged, in the exercise of their rights or performance of their obligations, to perform their acts with care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Article 140** Each of the Company's directors, supervisors, general manager and other senior management shall carry out his/her duties in accordance with the principle of fiduciary and shall not put himself/herself in a position where his/her duty and interest may conflict. This principle applies to, among others, the discharge of the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within the scope of authorization and not to exceed those powers;
- (3) to exercise the discretion vested in him/her personally and not to allow himself/herself to act under the control of another and, unless permitted by laws, regulations or with the informed consent of shareholders given in a shareholders' general meeting, not to delegate the exercise of his/her discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) except in accordance with these articles or with the informed consent of shareholders given in a shareholders' general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) without the informed consent of shareholders given in a shareholders' general meeting, not to use the Company's property for his/her own benefit by any means;
- (7) not to exploit his/her position to accept bribes or other illegal income or misappropriate or expropriate the Company's funds or property by any means, including (but not limited to) opportunities favourable for the Company;
- (8) without the informed consent of shareholders given in a shareholders' general meeting, not to accept commissions in connection with the Company's transactions;
- (9) to abide by these articles, faithfully execute his/her official duties and protect the Company's interests, and not to exploit his/her position and power in the Company to advance his/her own private interests;
- (10) without the informed consent of shareholders given in a shareholders' general meeting, not to compete with the Company in any form;
- (11) not to misappropriate the Company's funds, not to open accounts in his/her own name or other names for the deposit of the Company's assets or capital and not to lend the Company's funds to others, and not to violate these articles to provide a guarantee for the debts of any shareholder(s) of the Company or other individual(s) with the Company's assets without approval of the shareholders' general meeting or the board of directors;

(12) without the informed consent of shareholders in a shareholders' general meeting, not to disclose any confidential information relating to the Company acquired by him/her during his/her tenure and not to use such information in purposes other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental competent authorities is permitted if:

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

Any income received by any person mentioned in this article from violating the provisions of this article shall belong to the Company and any losses incurred by the Company shall be borne by such person.

**Article 141** Each director, supervisor, general manager, and other senior management of the Company shall not cause the following persons or institutions (“**associates**”) to do what he/she is prohibited from doing:

- (1) the spouse or minor child of such director, supervisor, general manager, and other senior management;
- (2) a person acting in the capacity of trustee of such director, supervisor, general manager, and other senior management or any person referred to in paragraph (1) of this article;
- (3) a person acting in the capacity of partner of that director, supervisor, general manager, and other senior management or any person referred to in paragraphs (1) and (2) of this article;
- (4) a company in which that such director, supervisor, general manager, and other senior management of the Company alone or jointly with one or more persons referred to in paragraphs (1), (2) and (3) of this article or other directors, supervisors, general manager and other senior management of the Company have a de facto controlling interest; and
- (5) the directors, supervisors, general manager, and other senior management of the controlled company referred to in paragraph (4) of this article.

**Article 142** The fiduciary duties of the directors, supervisors, general manager, and other senior management of the Company do not necessarily cease with the termination of their tenure. The duty of confidence in relation to the trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period as fairness may require depending on the time lapse between the termination of tenure and the occurrence of the event concerned and the circumstances under which the relationships between them and the Company are terminated.

**Article 143** Except for circumstances prescribed in Article 57, a director, supervisor, general manager, and other senior management of the Company may be relieved of liability for specific breaches of his/her duty by the informed consent of shareholders given at a shareholders' general meeting.

**Article 144** Where a director, supervisor, general manager, and other senior management of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, he/she shall declare the nature and extent of his/her interests to the board of directors at the earliest opportunity, regardless if the contract, transaction or arrangement or proposal therefore is otherwise subject to the approval of the board of directors.

Subject to such exceptions specified in the articles of association as the Hong Kong Stock Exchange may approve, a director shall not vote nor shall he/she be counted in the quorum on any board resolution approving any contract, transaction, arrangement or other relevant proposal in which he/she or any of his/her close associates (as defined in the Listing Rules of the Hong Kong Stock Exchange coming into force from time to time, where applicable) has a material interest. Unless the interested director, supervisor, general manager, and other senior management discloses his/her interests to the board of directors in accordance with the first paragraph of this article and the contract, transaction or arrangement is approved by the board of directors at a meeting in which the interested director, supervisor, general manager, and other senior management is not counted in the quorum and abstains from voting, a contract, transaction or arrangement in which that director, supervisor, general manager, and other senior management is materially interested is voidable at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the interested director, supervisor, general manager, and other senior management.

A director, supervisor, general manager, and other senior management of the Company shall be deemed to be interested in a contract, transaction or arrangement in which a related party of him/her is interested.

**Article 145** Where a director, supervisor, general manager, and other senior management of the Company gives to the board of directors a general notice in writing stating that, by reason of the facts specified in the notice, he/she is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, such notice shall be deemed for the purposes of the preceding article to be a sufficient declaration of his/her interests, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the issue of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

**Article 146** The Company shall not, in any manner, pay tax for or on behalf of its director, supervisor or other senior officers.



**Article 147** The Company shall not directly or indirectly provide a loan to, or provide any guarantee in connection with the loan granted to, a director, supervisor, general manager, and other senior management of the Company or its controlling shareholders, or any of their respective associates.

However, the following circumstances are not subject to the above requirement:

- (1) the provision by the Company of a loan or a guarantee for a loan to a company which is a subsidiary of the Company;
- (2) the provision by the Company of a loan or a guarantee in connection with the loan provided to or any other funds to any of its directors, supervisors, general manager, and other senior management to settle expenditure incurred or to be incurred for the purposes of the Company or performance of duties for the Company in accordance with the service contract approved by the shareholders' general meeting; and
- (3) provided that the regular scope of business of the Company expands to include the making of loans or provision of guarantees, the Company may make a loan to or provide a guarantee in connection with the loan provided to any of the relevant directors, supervisors, general manager and other senior management or their respective associates on normal commercial terms.

**Article 148** A loan made by the Company in breach of the above article shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

**Article 149** A loan guarantee provided by the Company in breach of clause 1 of Article 147 shall be unenforceable against the Company, except in the following circumstances:

- (1) a loan advanced to an associate of any of the directors, supervisors, general manager, and other senior management of the Company or its controlling shareholders where the lender was not aware of the situation when the loan was made;
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

**Article 150** For the purpose of the foregoing provisions of this chapter, a "guarantee" includes an undertaking or property provided to secure the performance of obligations by the obligor.

**Article 151** In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor, general manager and other senior management of the Company is in breach of his/her duties to the Company, the Company shall have a right to:

- (1) claim damages from the relevant director, supervisor, general manager or other senior management in compensation for losses sustained by the Company as a result of such breach;
- (2) rescind any contract or transaction entered into by the Company with the relevant director, supervisor, general manager or other senior management and any contract or transaction entered into by the Company with a third party, where such third party knows or should know that there is such a breach of duties by such director, supervisor, general manager or the other senior management;
- (3) demand the relevant director, supervisor, general manager or other senior management to surrender the gains generated from the breach of his/her duties;
- (4) recover any monies received by such director, supervisor, general manager or the other senior management which should have been otherwise received by the Company, including (but not limited to) commissions;
- (5) demand payment of the interest earned or which may have been earned by such director, supervisor, general manager or the other senior management on the monies that should have been paid to the Company; and
- (6) recover any property obtained by such director, supervisor, general manager or the other senior management from the breach of duties through legal proceedings.

**Article 152** The Company shall enter into a contract in relation to remuneration in writing with each of the directors, supervisors and senior management of the Company, which shall obtain prior approval at the shareholders' general meeting. The written contract shall at least contain the following provisions:

- (1) the directors, supervisors and senior management shall undertake to the Company that they will comply with the Company Law, the Special Regulations, these articles, the Takeover Code, the Share Repurchase Code, and other rules formulated by the Hong Kong Stock Exchange, and agree that the Company shall have the right to take the remedial actions provided in these articles, and that neither such contracts nor the positions of the directors, supervisors and senior management shall be transferred;
- (2) the directors, supervisors and senior management shall undertake to the Company (on behalf of each of its shareholders) that they will observe and fulfil their obligations to the shareholders provided in these articles;
- (3) the arbitration clause provided under Article 201.

The remuneration referred to above shall include:

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

Except under a contract entered into in accordance with the foregoing, no proceedings may be brought by a director or supervisor for the claim of any of the aforesaid benefits.

The Company shall regularly disclose the remuneration received by a director, supervisor or senior management from the Company to the shareholders.

**Article 153** The contract for emoluments entered into between the Company and its directors or supervisors should provide that in the event of a takeover of the Company, the Company's directors and supervisors shall, subject to the prior approval of the shareholders' general meeting, have the right to receive compensation or other payment for loss of office or retirement. A takeover of the Company as referred to above means:

- (1) a takeover offer made by any person to all shareholders;
- (2) an offer made by any person with a view to becoming a controlling shareholder within the meaning of these articles.

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

## Chapter 15 Party Organization

**Article 154** The Company shall persist on and strengthen the leadership of the Communist Party of China. In accordance with the Constitution of the Communist Party of China, the Company shall establish a fundamental organization under the Communist Party to fully perform its core leadership and political roles in the Company. The party organization shall be responsible for strengthening the party discipline, commencing the development of a clean party, strengthening the establishment of the leading team, talent team and the party organisation, innovating and advancing the close combination of the establishment of the party organisation with the reform and development of the Company, leading the thinking and politics and mass organisation, supporting the shareholders' general meeting, the board of directors, the supervisory committee and the management to exercise their rights according to the laws, and supporting the work of the staff representative meeting.

**Article 155** With the approval of the Party Organization at a higher level, the Company shall establish the Party Committee consisting of secretary and deputy secretary. The chairman of the board of directors and the secretary of the Party Committee shall, in principle, be assumed by the same person, and one deputy secretary shall be designated to mainly carry out the Party building work. Eligible members of the Party Committee may take seats in the board of directors, the supervisory committee and the management through statutory procedures, while eligible members of the board of directors, the supervisory committee and the management may take seats in the Party Committee in accordance with relevant rules and procedures.

**Article 156** The Company should set a discipline inspection organization.

**Article 157** The establishment of the Party Organization and its staffing shall be included into the Company's management organization and staffing, while operating expenses of the Party Organization shall be included in the Company's budget, and charged to the Company's administrative expenses.

**Article 158** The Party Committee of the Company shall perform its duties in accordance with the Constitution of the Communist Party of China and other internal rules of the Party.

- (1) To ensure and supervise the Company's thorough implementation of guidelines and policies of the Party and the State and the decisions and arrangements of the Party Committee, the government of the Autonomous Region and the superior Party Organization at a higher level;
- (2) To uphold the integration of the principle of management of cadres by the Party with the lawful selection of the operation management by the board of directors and with the lawful exercise of authority of deployment of personnel by the operation management. The Party Organization shall consider and comment on the candidates nominated by the board of directors or the general manager, or shall recommend candidates to the board of directors or the general manager. The Party Organization, together with the board of directors shall evaluate the proposed candidates and put forth comments and suggestions collectively;
- (3) To analyse and discuss major issues such as the reform, development and stability of the Company, major operational and management issues and major issues concerning employee interests, and to provide comments and suggestions thereon;
- (4) To undertake the main responsibility exercising strict self-governance of the Party in every respect;
- (5) Lead the Company's ideological and political work, united front work, spiritual civilization construction, corporate culture construction and the work of mass organizations such as the labour union and the communist youth league;
- (6) Lead the construction of the Party conduct and of an honest and clean administration and support the fulfilment of the supervision responsibility by the discipline inspection committee, etc.;
- (7) Study other issues that should be decided by the Party Committee.

**Article 159** Party Committee members who enter the board of directors must express their opinions on the board of directors in accordance with the decision of the Party Committee and report the implementation to the Party Committee; Party Committee members who enter the management must implement the decision of the Party Committee.

## Chapter 16 Financial and Accounting System

**Article 160** The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and provisions formulated by the relevant department of the State.

**Article 161** The accounting year of the Company shall adopt the calendar year, which starts from 1 January of every calendar year to 31 December of every calendar year.

At the end of each accounting year, the Company shall prepare a financial report which shall be examined and verified as prescribed by laws.

The Company shall prepare its financial statements in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the place where the Company's shares are listed overseas. In case of any material difference between the financial statements prepared in accordance with the two accounting standards, explanations shall be made in the notes to the financial statements.

Distribution of the profit after tax for the relevant accounting year shall be based on the lesser of the profit after tax as shown in the two sets of financial statements.

**Article 162** The board of directors of the Company shall place before the shareholders at every annual general meeting such financial reports as required by the laws, regulations or directives promulgated by local governments and competent authorities to be prepared by the Company.

**Article 163** The Company shall not keep any other books of accounts other than those provided by law and its assets shall not be kept in accounts in the name of any individual.

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

The financial reports stipulated in the preceding paragraph shall include the directors' report, together with the balance sheet (including the necessary documents required under the laws of the PRC or other laws and administrative regulations) and profit and loss statement (income statement) or income and expenditure account (cash flow statement), or (without violation of the PRC law) summary financial reports approved by the Hong Kong Stock Exchange.

The Company shall deliver the financial reports stipulated in the preceding paragraph (including the documents to be attached to the balance sheet in accordance with the laws) to each holder of overseas listed foreign shares in person or by pre-paid mail at least 21 days before the convening of the annual general meeting. The address of the recipient shall be the registered address as shown on the register of shareholders. The financial reports may be given in the form of an announcement (including through the Company's website) to the extent as permitted under the laws, administrative regulations, departmental rules and the relevant provisions of the securities regulatory authority of the place where the Company's shares are listed.

**Article 165** The Company shall announce its financial reports twice in each accounting year. Within 60 days following the end of the first six months of the accounting year, the Company shall announce its interim financial report, and within 90 days following the accounting year end, the annual financial report for the year shall be announced.

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

## **Chapter 17 Profit Distribution**

**Article 166** When distributing the profit after tax for a year, the Company shall set aside 10% of its profit after tax for the statutory reserve fund. When the balance of the statutory reserve fund reaches 50% or more of the registered capital of the Company, no further allocations to the statutory reserve fund will be required.

Where the Company's statutory reserve fund is insufficient to make up losses of the Company for the preceding year, profits of the current year shall be applied to make up the losses before any allocation to the statutory reserve fund in accordance with the preceding paragraph.

After allocation to the statutory reserve fund, subject to the approval by a resolution of a shareholders' general meeting, the profit after tax may also be appropriated to the discretionary reserve fund.

After making up for losses and appropriation to reserve funds, balance of the profit after tax shall be distributed by the Company to shareholders in proportion to their shareholdings according to the resolutions adopted at a shareholders' general meeting.

Where the shareholders' general meeting distributes the profits to shareholders before making up the losses and appropriation to reserve funds in breach of the provisions of the preceding paragraphs, the shareholders shall return to the Company such profits distributed in violation of the provisions.

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

**Article 167** Capital reserve fund includes the following items:

- (1) premium received when shares are issued at a premium over their par value;
- (2) any other income required to be included in the capital reserve fund by the competent finance department of the State Council.

**Article 168** The reserve of the Company shall be applied for making up for losses of the Company, and expansion of the Company's production and operation or conversion to capital of the Company, but the capital reserve shall not be applied for making up for losses of the Company.

Where the statutory reserve is converted into capital, the balance of such reserve shall not fall below 25% of the Company's registered capital prior to such conversion.

**Article 169** The Company may distribute dividends in one or both of the following manners:

- (1) cash;
- (2) shares.

**Article 170** Any amount paid upon any shares before a call is made shall bear interest. However, the holder of the share is not entitled to any dividends of such pre-paid share capital declared subsequently.

**Article 171** The Company shall appoint receiving agents for the holders of the overseas listed foreign shares. The receiving agents shall receive and hold, pending payments, the dividends declared and other monies owed by the Company in respect of such shares in trust for the holders.

The receiving agents appointed by the Company shall satisfy the relevant requirements of the laws or rules of the stock exchange of the listing place of the Company.

The receiving agent appointed by the Company for the holders of overseas listed foreign shares listed on the Hong Kong Stock Exchange shall be a trust company registered according to the Trustee Ordinance of Hong Kong.

Subject to the relevant laws and regulations in China, the Company may exercise its right to confiscate any unclaimed dividends, provided that such right may only be exercised after the expiry of the relevant time frame.

Where the Company terminates the issue of dividend coupons to holders of overseas listed foreign shares by post, the following provision shall apply: in respect of unclaimed dividend coupons, the Company may exercise such right if the dividend coupons have not been claimed for two consecutive times. Nevertheless, the Company may exercise such right if the first dividend coupon has failed to reach the shareholder and has been returned.

When exercising the power to issue share warrants to unregistered bearers, the Company shall not issue any new share warrant to replace the original warrant that has been lost unless the Company is satisfied beyond reasonable doubt that the original one has been destroyed. The Company may sell the shares held by a holder of overseas listed foreign shares who is untraceable in such ways as the board of directors thinks fit, provided that the following conditions shall be complied with:

- (1) at least three dividends have been distributed in respect of such shares during the period of 12 years, and no dividend has been claimed by the shareholder during that period; and
- (2) after the expiry of the 12-year period, the Company shall make an announcement in one or more newspapers at the place where the shares of the Company are listed stating the Company's intention to sell the shares, and notify the Hong Kong Stock Exchange of such intention.



**Article 172** Cash dividends and other payments payable by the Company to holders of domestic shares shall be paid in Renminbi. Cash dividends and other payments payable by the Company to holders of overseas listed foreign shares shall be denominated and declared in Renminbi and paid in Hong Kong dollars. The Company shall arrange the foreign currency for payment of cash dividends and other payments payable to holders of overseas listed foreign shares in accordance with foreign exchange management related regulations of the State.

**Article 173** Unless provided otherwise in any laws or administrative regulations, the Company shall adopt the average selling price of relevant currencies as quoted by the People's Bank of China for the calendar week immediately before the date on which the dividends and other sums were declared as the exchange rate to calculate the cash dividends and other sums which are payable in Hong Kong dollars.

## **Chapter 18 Appointment of Accounting Firm**

**Article 174** The Company shall appoint an independent accountant firm which is qualified under the relevant regulations of the State to audit the annual financial reports and review other financial reports of the Company.

The first accounting firm of the Company may be appointed by the inaugural meeting of the Company before the first annual general meeting and the accounting firm appointed shall hold office until the conclusion of the first annual general meeting.

**Article 175** The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting at which the appointment is made until the conclusion of the next annual general meeting.

**Article 176** The accounting firm appointed by the Company shall have the following rights:

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

The Company shall provide accurate and complete accounting documents, books of accounts, financial and accounting reports and other accounting information to the appointed accountant firm and it shall not refuse to provide such information, conceal and misrepresent any facts.

**Article 177** Before the convening of the shareholders' general meeting, the board of directors may fill any casual vacancy in the office of the accounting firm but while there is still any such vacancy, the surviving or continuing firm, if any, may act.

**Article 178** The shareholders' general meeting may, by ordinary resolution, remove an accounting firm before the expiration of its office, notwithstanding the stipulations in the contract between the Company and the firm, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.

**Article 179** The remuneration of an accounting firm or the manner in which such remuneration is determined shall be determined by a shareholders' general meeting.

**Article 180** The Company's appointment, removal and non-reappointment of an accounting firm shall be resolved by the shareholders' general meeting. The resolution shall be filed with the securities regulatory authority of the State Council.

Prior to the removal or non-reappointment of an accounting firm, notice of such removal or non-reappointment shall be given to the firm concerned, and such firm shall be entitled to make representation at the shareholders' general meeting.

Where it is proposed that any resolution be passed at a shareholders' general meeting concerning the appointment of an accounting firm, which is not an incumbent firm, to replace an existing accounting firm or to fill a casual vacancy in the office of the accounting firm, or to reappoint a retiring accounting firm which was appointed by the board of directors to fill a casual vacancy, or to remove the accounting firm before the expiration of its term of office, the following provisions shall apply:

(1) A copy of the proposal about appointment or removal shall be sent to the firm proposed to be appointed or proposing to leave its post or the firm which has left its post in the relevant financial year before notice of meeting is given to the shareholders.

Leaving includes leaving by removal, resignation and retirement.

(2) If the leaving firm makes representations in writing and requests the Company to notify the shareholders of such representations, the Company shall (unless the representations are received too late):

1. in any notice given to shareholders about a resolution to be made, state the representations that has been made by the accounting firm which is about to leave; and
2. attach a copy of the representations to the notice and deliver it to each shareholder entitled to receive the notice of shareholders' general meeting in the manner stipulated in these articles.

- (3) If the firm's representations are not sent in accordance with paragraph above, the relevant firm may require that the representations be read out at the shareholders' general meeting and may lodge further complaints.
- (4) An accounting firm which is leaving its post shall be entitled to attend:
  1. the shareholders' general meeting relating to the expiry of its term of office;
  2. any shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal; and
  3. any shareholders' general meeting convened on its resignation.

The accounting firm leaving the post shall be entitled to receive all notices of, and other communications relating to, any such meetings, and to speak at any such meeting in relation to matters concerning its role as the former accounting firm of the Company.

**Article 181** Prior to the removal or non-reappointment of an accounting firm, notice of such removal or non-reappointment shall be given to the firm concerned and such firm shall be entitled to make representation at the shareholders' general meeting. Where the accounting firm resigns from its post, it shall make clear to the shareholders' general meeting whether there has been any impropriety on the part of the Company.

Any accounting firm may resign from its office by depositing at the Company's legal residence 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 include the following:

1. a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or
2. a statement of any matters of which an account should be given.

Where a written notice is deposited under the second paragraph of this article, the Company shall within 14 days send a copy of the notice to the competent authority. If the notice contains a representation referred to in item 2 under the second paragraph of this article, a copy of such representation shall be placed at the Company for shareholders' inspection. Where the notice contains a representation referred to in Article 181(2), the Company shall also send a copy of such representation to every holder of the overseas listed foreign shares (who is entitled to receive financial reports of the Company) by prepaid post, and it shall be sent to the addresses recorded in the register of shareholders.

Where the notice of resignation of an accounting firm contains a statement of item 2 under the second paragraph of this article of any matters of which an account should be given, the accounting firm may require the board of directors to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

## Chapter 19 Notice

**Article 182** Notices of the Company can be issued via the following methods:

- (1) by hand;
- (2) by mail;
- (3) by facsimile or email;
- (4) by publishing on the websites designated by the Company and the Hong Kong Stock Exchange in accordance with laws, administrative regulations and the listing rules of the stock exchange where the Company's shares are listed;
- (5) by an announcement;
- (6) by any other methods as agreed between the Company and the addressee or as accepted by the addressee after the notice is received;
- (7) any other methods approved by the relevant regulatory bodies of the listing place of the Company's shares or required by these articles.

For the purpose of these articles, unless otherwise stated, the “**announcement**” shall mean, as to the announcements published to the holder of domestic shares or the announcements required to be published in the PRC according to the relevant requirements and these articles, an announcement published on any newspapers in the PRC as stipulated under the laws and administrative regulations or as designated by the securities regulatory authority of the State Council; as to the notice published to the holder of overseas listed foreign shares by way of announcement, the Company shall on the same day submit an electronic version to the Hong Kong Stock Exchange through the Hong Kong Stock Exchange Electronic Publishing System for immediate release on the website of the Hong Kong Stock Exchange in accordance with the local listing rules, or publish an announcement in newspapers (including the publication of an advertisement in newspapers) in accordance with the local listing rules. The announcement shall also be published on the Company's website. In addition, unless otherwise required herein, communications from the Company shall be delivered to the registered addresses as recorded in the register of members of overseas listed foreign shares by hand or prepaid mail so as to give the shareholders sufficient notice and time to exercise their rights or act in accordance with the terms of the notice.

Holders of the overseas listed foreign shares of the Company may elect in writing to receive corporate communication that the Company is required to deliver to shareholders either by electronic means or by post, and may also elect to receive either the Chinese or English version only, or both the Chinese and English versions. Such holders may change their choices as to the manner of receiving and the language versions of the aforesaid information by giving a written notice to the Company in advance within a reasonable period in accordance with applicable procedures.

In order to prove that such notices, documents, information or written statements have been already sent, shareholders or directors shall provide evidence to prove that such notices, documents, information or written statements have been sent within the prescribed time in the normal way or with postage prepaid to the correct address of the Company.

Notwithstanding the aforesaid provision which specifies that corporate communication in writing shall be provided and/or dispatched to shareholders, for the purpose of the means by which the Company provides and/or dispatches its corporate communication to shareholders according to the Listing Rules of the Hong Kong Stock Exchange, if the Company has obtained shareholders' prior written consent or deemed consent according to the relevant laws and regulations and the Listing Rules of the Hong Kong Stock Exchange as amended from time to time, the Company may dispatch or provide corporate communication to its shareholders by electronic means or via its website. Corporate communication includes but not limited to circulars, annual reports, interim reports, quarterly reports, notices of shareholders' general meetings, and other types of corporate communication as specified in the Listing Rules of the Hong Kong Stock Exchange.

Where the Company is permitted to give notice by way of advertisement, such advertisement shall be published on newspapers, and no restrictions is imposed on the issuance of notice to shareholders with registered addresses outside Hong Kong.

**Article 183** Unless otherwise stated herein, provisions regarding the types of corporate communication in the preceding article shall also apply to the notices of the shareholders' general meetings, the meetings of the board of directors and the meetings of the supervisory committee convened by the Company.

**Article 184** When a notice of the Company is sent out by hand, the recipient of the notice shall sign (or seal) on the return receipt of delivery. The date of the recipient's signature shall be deemed to be the delivery date. When a notice of the Company is sent out via mail, the delivery date shall be the forty-eighth hour after such notice is delivered to the post office. When a notice of the Company is sent out by facsimile or email or by publishing on websites, the date of issue shall be deemed to be the delivery date. When a notice of the Company is given in form of a public announcement, the delivery date shall be the first date of the publication of such announcement. Relevant announcements shall be published on newspapers specified in the relevant provisions.

**Article 185** Where the listing rules of the stock exchange where the shares of the Company are listed stipulate that the Company shall send, post, distribute, announce or otherwise provide relevant documents of the Company in English and Chinese, if the Company has made appropriate arrangement to confirm whether the shareholders hope to receive only the English version or the Chinese version, the Company may (as per the intent stated by the shareholders) send only the English version or the Chinese version to the related shareholders to the extent as permitted by and according to the applicable laws and regulations.

## Chapter 20 Merger and Division of the Company

**Article 186** The merger or division of the Company shall be proposed by the board of directors of the Company for approval in accordance with the procedures stipulated in these articles. Approval shall also be sought as required by law. Shareholders who oppose the proposed merger or division of the Company may demand the Company or the shareholders who consent to such plan to purchase their shares at a fair price. A special document containing the Company's resolution on the merger or division shall be prepared for inspection by the shareholders.

With regard to holders of overseas listed foreign shares, the aforesaid document shall also be dispatched by mail.

**Article 187** Merger of the Company may take place by absorption or by the establishment of a new company.

In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days from the date of the Company's resolution on merger and shall make newspaper announcement within 30 days from the same date.

After the merger, credits and liabilities of parties to the merger shall be taken over by the continuing company or the newly established company.

**Article 188** When the Company is divided, its assets shall be split up accordingly.

In the event of a division of the Company, balance sheets and inventories of assets shall be prepared. The Company shall notify its creditors within 10 days from the date of the Company's resolution on division and shall make announcement in the newspaper within 30 days from the same date.

The companies in existence after division shall have joint liability for the debts of the Company prior to division, unless otherwise agreed under the settlement agreement entered between the Company and its creditors before the division.

**Article 189** When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the law. When the Company dissolves, the Company shall cancel its registration in accordance with the law. When a new company is established, its establishment shall be registered in accordance with the law.

## **Chapter 21 Dissolution and Liquidation of the Company**

**Article 190** The Company shall be dissolved upon the occurrence of any of the following:

- (1) a special resolution on dissolution is passed by shareholders at the shareholders' general meeting;
- (2) dissolution is necessary due to a merger or division of the Company;
- (3) the business license of the Company is revoked, or the Company is ordered to close down or to be terminated according to laws;
- (4) the Company is ordered to close down in accordance with the laws due to the violation of laws and administrative regulations;
- (5) where the Company is in serious operation or management difficulties, and its continual existence will lead to substantial losses to the benefits of the shareholders and there are no other solutions to resolve the matters, the shareholders holding 10% or above of the total voting rights of the Company may seek for the dissolution of the Company from the people's court.

**Article 191** Where the Company is dissolved by virtue of the reasons set out in items (1), (3) and (5) of Article 190, the Company shall establish a liquidation committee within 15 days commencing from the date on which the events being the grounds for dissolution has been occurred to start the liquidation process. The liquidation committee shall be composed of persons decided by an ordinary resolution passing at the shareholders' general meeting. If no liquidation committee has been established to conduct liquidation within the prescribed time limit, the creditors may request the people's court to designate relevant personnel to form a liquidation committee to conduct liquidation.

**Article 192** Where the board of directors proposes to liquidate the Company due to causes other than where the Company has declared that it is insolvent, the board of directors shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the board of directors is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation.

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

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

**Article 193** During the liquidation period, the liquidation committee shall exercise the following functions and duties:

- (1) to ascertain the assets of the Company and separately prepare a balance sheet and an inventory of assets;
- (2) to notify creditors by sending notice or by making announcement;
- (3) to deal with and settle the outstanding business deals of the Company in relation to the liquidation;
- (4) to settle outstanding taxes and taxes arising from liquidation in full;
- (5) to ascertain all claims and debts;
- (6) to dispose of the remaining assets of the Company after the repayment of debts;
- (7) to represent the Company in any civil proceedings.

**Article 194** The liquidation committee shall notify creditors within ten days from the date of its establishment and publish newspaper announcements within 60 days. The creditors shall declare their rights to the liquidation committee within 30 days from the date on which they receive the notification, or within 45 days from the date on which the announcement is made in the event that such notification have not been received.

When the creditors declare their rights, relevant details of the claim with supporting evidence shall be provided. Creditors' rights shall be registered by the liquidation committee in accordance with laws.

During the period when the creditors declare their rights, no settlement shall be made to the creditors by the liquidation committee.

**Article 195** After checking the assets of the Company and preparing a balance sheet and the inventory of assets, the liquidation committee shall formulate a liquidation plan and submit to the shareholders' general meeting or the relevant governing authorities for confirmation.

The assets of the Company shall be applied to settle, in sequence, liquidation expenses, salaries of staff, social security insurance expenses and the statutory compensations, outstanding taxes and debts of the Company.

Any surplus assets of the Company remaining after its debts have been repaid in accordance with the preceding paragraph shall be distributed to its shareholders according to the class and proportion of shares held.

During the liquidation period, the Company shall not commence any business activities.



**Article 196** In the event that the liquidation committee, after ascertaining the assets of the Company and preparing a balance sheet and the inventory of assets, discovers that the assets of the Company are insufficient to repay its debts, it shall immediately apply to the people's court for declaration of bankruptcy.

After the Company is declared bankrupt by a ruling of the people's court, the liquidation committee shall transfer the liquidation matters to the people's court.

**Article 197** Following the completion of liquidation process, the liquidation committee shall prepare a report of liquidation, as well as a statement of the receipts and payments and the financial accounts for the liquidation period, which shall be audited by certified public accountants of the PRC and then submitted to the shareholders' general meeting or the people's court for confirmation. Within 30 days after the date of confirmation from the shareholders' general meeting or the people's court, the aforementioned documents shall be submitted to the company registration authorities for cancellation of the registration of the Company and announces that the Company ceases to exist.

## **Chapter 22 Amendments to the Articles of Association**

**Article 198** The Company may amend these articles pursuant to the laws, administrative regulations and the articles of association of the Company.

**Article 199** The articles of association shall be amended according to the following procedures:

- (1) the board of directors shall approve a resolution to amend the articles of association, and prepare the proposed amendments;
- (2) the board of directors shall convene a shareholders' general meeting to vote on the amendments to the articles of association in the shareholders' general meeting;
- (3) the amendments to the articles of association shall be passed by way of a special resolution approved by the shareholders' general meeting;
- (4) the Company shall submit the revised articles of association to the company registration authority for filing.

**Article 200** If the amendments to the articles of association concern the Mandatory Provisions, the amendments shall take effect upon approval by the company approval department authorized by the State Council and the Securities Commission of the State Council. If the amendments involve matters of company registration, the Company shall go through registration procedures for the changes in accordance with the laws.

## Chapter 23 Settlement of Disputes

**Article 201** The Company shall settle disputes in the following manners:

- (1) Disputes or claims between holders of overseas listed foreign shares and the Company, between holders of overseas listed foreign shares and the Company's directors, supervisors, general manager or other senior management, and between holders of overseas listed foreign shares and holders of domestic shares in relation to the rights or obligations concerning the affairs of the Company conferred or imposed by these articles, the Company Law or any other relevant laws and administrative regulations shall be settled by the relevant parties through arbitration.

Where a dispute or claim is submitted for arbitration, the entire claim or dispute shall be submitted for arbitration and any person (being the Company or any of its shareholders, directors, supervisors, general managers or other senior management) who has a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim shall abide by the arbitration.

Disputes in relation to the identification of shareholders and the register of shareholders need not be referred to arbitration.

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

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

- (3) If any dispute or claim prescribed in paragraph (1) above are referred to arbitration, the laws of the People's Republic of China (excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan region) shall apply, save as otherwise provided in the laws and administrative regulations.
- (4) The award of an arbitration body shall be final and conclusive and binding on all parties.
- (5) The said arbitration agreement is reached between the directors or senior management and the Company, with the Company representing both itself and its shareholders.
- (6) Any arbitration submitted shall be deemed as authorising the arbitration tribunal to conduct public hearing and announce the arbitration award.

## Chapter 24 Supplementary Provisions

**Article 202** “Accounting firm(s)” in these articles shall have the same meaning as “auditor(s)”.

A “**de facto controller**” in these articles refers to the person who is not a shareholder of the Company but is able to exercise control over the acts of the Company through an investment relationship, agreement or other arrangement.

For the purpose of these articles, the terms “**not less than**”, “**within**” and “**not more than**” shall include the number itself, while the terms “**more than**” and “**beyond**” shall not include the number itself.

“**Connected transaction(s)**” in these articles shall have the meaning ascribed to it under the Listing Rules of the Hong Kong Stock Exchange.

**Article 203** These articles are prepared in Chinese. In case of any discrepancy between the Chinese version and version prepared in any other language, the Chinese version shall prevail.

**Article 204** The interpretation of these articles shall be vested in the board of directors of the Company. Any matter not covered by these articles shall be submitted by the board of directors to the shareholders’ general meeting for consideration and approval.