



## Shanghai Prime Machinery Company Limited

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

### Articles of Association<sup>1</sup>

Passed at the 2019 annual general meeting as a special resolution on 19 June 2020

These Articles of Association are made in accordance with the “Company Law of the People’s Republic of China (Revised in 2018)” (hereinafter referred to as the “Company Law”), “Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas” (hereinafter referred to as the “Mandatory Provisions”), “Circular Regarding Comments on the Supplementary Amendments to Articles of Association of Companies Listed in Hong Kong” (hereinafter referred to as “Zheng Jian Hai Han (證監海函)”), “Opinions on Further Standardising Operations and Intensifying Reforms of Companies Listed Overseas” (hereinafter referred to as “Opinions”), “Opinions on Regulating Shareholders’ General Meetings of Listed Companies (as amended in 2000)” (《上市公司股東大會規範意見(2000年修訂)》), hereinafter referred to as “Regulatory Opinions”), “Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited” (hereinafter referred to as “Listing Rules”) and “Official Reply of the State Council on the Proposed Adjustment to the Provisions Concerning Matters Including the Notice Period for Convention of Shareholders’ Meetings by Overseas Listed Companies” (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批復》), hereinafter referred to as “No. 97 Official Reply”).

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<sup>1</sup> The articles of association of Shanghai Prime Machinery Company Limited are compiled in Chinese and the English translation is for reference only. In case of any inconsistency, the Chinese version shall prevail.

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# **Articles of Association of Shanghai Prime Machinery Company Limited**

## **Chapter 1 General Provisions**

### **Article 1**

Shanghai Prime Machinery Company Limited (hereinafter referred to as “the Company”) is a company limited by shares and was established in accordance with the “Company Law of the People’s Republic of China” (hereinafter referred to as the “Company Law”), the “Securities Law of the People’s Republic of China” (hereinafter referred to as the “Securities Law”), the “Special Regulations of the State Council Concerning Issuing and Listing of Shares Overseas by Company Limited by Shares” (hereinafter referred to as the “Special Regulations”) and other relevant laws and administrative regulations of the People’s Republic of China (hereinafter referred to as “China”, and for the purpose of the Articles of Association, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan Region).

In accordance with Company Law of the People’s Republic of China and Constitution of the Communist Party of China (the “Party”), a Party committee shall be established by the Company to carry out the Party’s activities. The Company shall take reasonable actions where necessary to facilitate the Party’s activities. The Party committee shall play a leadership role in the Company.

The Company was established by way of promotion with the approval of Fa Gai Shen (2005) No.008 of Shanghai Municipal People’s Government on 30 September 2005 and was registered with the Shanghai Administrative Bureau for Industry and Commerce on 30 September 2005. The Company had obtained a business license. Its standard credit code is 91310000781141438D.

Promoters of the Company are: Shanghai Electric (Group) Corporation, Shanghai Electric Assets Management Company Limited, Shanghai Electric Industrial Corporation, Shanghai Electric Group Assets Operation Company Limited and Shanghai General Machinery (Group) Corporation.

### **Article 2**

The registered name of the Company is: “上海集優機械股份有限公司” Shanghai Prime Machinery Company Limited

### **Article 3**

The domicile of the Company is: Room 1501, Jidian Edifice, No.600 Hengfeng Road, Shanghai

Postal code:200070

Telephone No.:86-21-64729900

Facsimile No.:86-21-64729889

#### **Article 4**

The legal representative of the Company is the Chairman of the Company.

#### **Article 5**

The Company is a perpetually existing joint stock limited company.

#### **Article 6**

These Articles of Association of the Company shall come into force upon approval by the State-owned Assets Supervision and Administration Commission of the State Council of the issuance of overseas listed foreign shares by the Company and shall substitute the original Articles filed with the Company's registration authority.

From the effective date of these Articles of Association, these Articles of Association of the Company shall be a legally binding document which regulates the organization and acts of the Company as well as the rights and obligations between the Company and the shareholders and among the shareholders.

#### **Article 7**

These Articles of Association of the Company shall be binding on the Company, its shareholders, Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff. All persons mentioned above may refer to these Articles of Association for claims regarding affairs related to the Company.

In accordance with these Articles of Association of the Company, shareholders may institute legal proceedings against the Company; the Company may institute legal proceedings against shareholders; shareholders may institute legal proceedings against other shareholders; shareholders may also institute legal proceedings against Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff of the Company.

The legal proceedings referred to in the preceding paragraph shall include legal proceedings instituted in courts or the application to arbitration institutions for arbitration in accordance with relevant regulations on arbitration.

The other Senior Management Staff referred to in the preceding paragraph shall include Chief Financial Controller and Secretary to the Board of Directors of the Company.

#### **Article 8**

The Company may invest in other limited liability companies and companies limited by shares and shall be liable for such invested companies to the extent of the amount of investment.

## **Article 9**

The Company is an independent legal entity. All acts done by the Company shall be in compliance with the laws, administrative regulations of China and the listing rules of the stock exchange where the shares of the Company are listed and protect the legal rights and interests of its shareholders. The entire capital of the Company is divided into shares of equal par value. Shareholders shall be liable to the Company to the extent of the shares held whereas the Company shall be liable to its debt to the extent of all of its assets.

Subject to the compliance with the laws and administrative regulations of China, the Company shall have the rights of financing and borrowing. The rights of financing shall include, but without limitation, to issue debentures, to mortgage or pledge the ownership or use rights attached to all or part of the assets of the Company and other rights permitted by the laws and administrative regulations of China, provided that the rights of any class shareholders shall not be damaged or abrogated upon the aforesaid rights exercised by the Company.

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

### **Article 10**

The business objectives of the Company are: to conduct business honestly and attach high importance to reputation, to create wealth and benefit for the society; to apply innovative technology and scientific management for the purpose of providing its users with a quality-based mechanical products and services; to plan meticulously and operate diligently for the purpose of creating a sustained and stable growth of return on investment for its shareholders.

### **Article 11**

The business scope of the Company shall be in accordance with the items approved by the Company registration authority.

The business scope of the Company is: design, sale, technical consultancy and training of industrial turbine blades, precision bearings, high strength standard fasteners, numerical control machine, cutting tools systems, small and medium-sized special motor and other mechanical components, domestic trade (except specifically stipulated), industrial investment, import and export trade of goods and technology, project related services, property lease, enterprise management, investment management, and investment consultancy (items which shall be approved according to laws can only be operated upon obtaining approval from the competent authorities).

The Company may at any time as it think fit, in accordance with the domestic and international market trend, the development need of domestic business and its own capability of development as well as the need of the results, adjust investment policies and the scope and way of business upon resolution at the shareholders' general meeting and the approval by relevant government authorities (if required).

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

#### **Article 12**

The Company shall have ordinary shares at all times; the Company may also, according to its needs and with the approval by the vetting authority authorized by the State Council, create shares of other classes.

#### **Article 13**

The shares issued by the Company shall have par value with RMB1 yuan per share.

The RMB referred to in the preceding paragraph shall be the legal currency of China.

#### **Article 14**

Subject to the approval by the securities regulatory authority of the State Council, the Company may issue shares to domestic investors and overseas investors.

Overseas investors referred to in the preceding paragraph shall mean investors in foreign countries, Hong Kong, Macau and Taiwan who subscribe for shares issued by the Company; domestic investors shall mean investors within the PRC other than the aforesaid regions, who subscribe for shares issued by the Company.

#### **Article 15**

The shares issued by the Company to domestic investors and subscribed for in RMB shall be called domestic-held shares. The shares issued by the Company to overseas investors and subscribed for in foreign currencies shall be known as foreign-held shares. Foreign shares, which are listed outside the PRC, are known as overseas listed foreign shares.

Foreign currencies referred to in the preceding paragraph shall mean the lawful currencies of other countries or regions, other than RMB, which are recognized by the State's foreign exchange supervisory department and which may be used for payment of shares to the Company.

Overseas listed foreign shares issued by the Company and listed in Hong Kong shall be called H Shares. H Shares means the shares which are approved to be listed on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Stock Exchange") and whose par value is denominated in RMB and which are subscribed for and traded in Hong Kong dollars. H Shares may be listed on the stock exchange within the USA by way of depository securities of the USA.

Subject to the approval by the securities regulatory authority of the State Council, domestic shareholders may transfer the shares held by them to overseas investors and list and trade overseas. The listing and trading of the shares so transferred on the overseas stock exchange shall comply with the supervisory procedures, regulations and requirements of the overseas securities market. Except as provided by the overseas stock exchange, the listing and trading of the shares so transferred on the overseas stock exchange shall not be bound to voting at a class shareholders' general meeting.

#### Article 16

As approved by the vetting authority authorized by the State Council, the Company may issue an aggregate of 747,640,184 ordinary shares, of which 747,640,184 shares shall be issued to the promoters at the time of establishment, representing 100 percent of the total number of the ordinary shares which may be issued by the Company.

#### Article 17

The capital structure of the Company upon its initial public offering and listing of H shares on the Hong Kong Stock Exchange is as follows:

Name of shareholders	Number of shares held	Percentage of total equity
Promoter shareholders		
Shanghai Electric (Group) Corporation	652,328,857	45.354%
Shanghai Electric Industrial Corporation	23,519,451	1.636%
Shanghai Electric Assets Management Company Limited	909,292	0.063%
Shanghai Electric Group Assets Operation Company Limited	909,292	0.063%
Shanghai General Machinery (Group) Corporation	909,292	0.063%
<b>Sub-total</b>		<b>47.179%</b>
H shares	759,710,000	52.821%
<b>Total</b>	<b>1,438,286,184</b>	<b>100%</b>

Subject to the approval by the State-owned Assets Supervision and Administration Commission of the State Council and the vetting authorities authorized by the State Council, all domestic shares of the Company held by Shanghai Electric Industrial Corporation, Shanghai Electric Assets Management Company Limited, Shanghai Electric Group Assets Operation Company Limited and Shanghai General Machinery (Group) Corporation respectively have been transferred to Shanghai Electric (Group) Corporation at nil consideration. The capital structure of the Company after the above transfer is as follows:

<b>Name of shareholders</b>	<b>Number of shares held</b>	<b>Percentage of total equity</b>
Shareholders of domestic shares		
Shanghai Electric (Group) Corporation	678,576,184	47.179%
H shares	759,710,000	52.821%
<b>Total</b>	<b><u>1,438,286,184</u></b>	<b><u>100%</u></b>

Subject to the approval by the State-owned Assets Supervision and Administration Commission of the State Council and the vetting authorities authorized by the State Council, all domestic shares of the Company held by Shanghai Electric (Group) Corporation have been transferred to Shanghai Electric Group Company Limited. The capital structure of the Company after the above transfer is as follows:

<b>Name of shareholders</b>	<b>Number of shares held</b>	<b>Percentage of total equity</b>
Shareholders of domestic shares		
Shanghai Electric Group Company Limited	678,576,184	47.179%
H shares	759,710,000	52.821%
<b>Total</b>	<b><u>1,438,286,184</u></b>	<b><u>100%</u></b>



Subject to the approval by the State-owned Assets Supervision and Administration Commission of the State Council and the vetting authorities authorized by the State Council, the capital structure of the Company after the completion of rights issue of domestic shares and H shares is as follows:

Name of shareholders	Number of shares held	Percentage of total equity
Shareholders of domestic shares		
Shanghai Electric Group Company Limited	814,291,420	47.179%
H shares	<u>911,652,000</u>	<u>52.821%</u>
<b>Total</b>	<b><u>1,725,943,420</u></b>	<b><u>100%</u></b>

#### **Article 18**

Subject to the approval of the plans of the Company to issue overseas listed foreign shares and domestic shares by the securities regulatory authority of the State Council, the Board of Directors of the Company may arrange for a separate issuance of such shares.

The plans of the Company to issue overseas listed foreign shares and domestic shares under the preceding paragraph may be implemented respectively within 15 months from the date of approval by the securities regulatory authority of the State Council.

#### **Article 19**

Overseas listed foreign shares and domestic shares within the total number of shares determined under the issuance plan shall be separately subscribed for at one time; if this cannot be achieved due to exceptional circumstances, the same may, subject to the approval by the securities regulatory authority of the State Council, be issued separately.

#### **Article 20**

The registered capital of the Company is RMB1,725,943,420 yuan (Renminbi ONE BILLION SEVERN HUNDRED AND TWENTY-FIVE MILLION NINE HUNDRED AND FORTY THREE THOUSAND FOUR HUNDRED AND TWENTY). The registered capital of the Company shall be registered accordingly with the Company registration authority and be filed with the vetting authority authorized by the State Council and the securities regulatory authority of the State Council.

## **Article 21**

According to its operational and development requirements, the Company may increase its capital in accordance with the relevant provisions of these Articles of Association.

The Company may increase its capital in the following ways:

- (1) raise of new shares from non-specific investors;
- (2) placement of new shares to existing shareholders;
- (3) allotment of new shares to existing shareholders;
- (4) issuance of new shares to specific investors;
- (5) other methods permitted by laws and administrative regulations.

With the approval and procedures as required by these Articles of Association, the Company shall increase the capital by way of issuing new shares in accordance with the procedures stipulated in the relevant laws and administrative regulations of the State.

## **Article 22**

Unless otherwise provided by relevant laws and administrative regulations, the shares of the Company may be transferable freely and free from any liens.

## **Article 23**

Subject to these Articles of Association and other relevant applicable provisions, once the shares of the Company are transferred, the name of the transferee of the shares so transferred shall be entered into the register as the holder of the shares so transferred.

## **Article 24**

All issuance or transfer of overseas listed foreign shares shall be registered in the register of overseas listed foreign shares kept at the listing place in accordance with Article 41.

## Article 25

The Company shall guarantee the following statement is contained in all share certificates of overseas listed foreign shares and instruct and procure its registration office to refuse any person registered to be the holders of any subscribed, purchased and transferred shares of the Company, unless and until such person has showed to the Company a properly signed form in respect of such shares being attached with the following statements:

- (1) the purchaser of the shares and the Company and its every shareholders, the Company and its every shareholders all agreed to abide by and comply with the “Company Law” and the provisions of other relevant laws, administrative regulations and these Articles of Association;
- (2) as agreed between the purchaser of the shares and each shareholder, Director, Supervisor, General Manager, Deputy General Manager and Senior Management Staff of the Company, and the companies acting on behalf of the Company and its each shareholder, Director, Supervisor, General Manager, Deputy General Manager and Senior Management Staff and every Shareholders, all disputes and claims arising from these Articles of Association, or any disputes and rights statement relating to the affairs of the Company arising from the rights and obligations provided for in the “Company Law” and other relevant laws and administrative regulations, the parties involved shall refer such disputes or claims to arbitration in accordance with these Articles of Association and any arbitration so referred shall be deemed as authorizing the arbitration court to carry out public hearing and to announce the judgment, and such judgment shall be final;
- (3) as agreed between the purchaser of the shares and the Company and its each shareholder, the shares of the Company shall be transferable freely by its holders;
- (4) the purchaser of the shares shall authorize the Company on behalf of him/her to enter into a contract with each Director and the Management Staff of the Company, such Director and Management Staff shall commit to abiding by and complying with the liability to shareholders under these Articles of Association.

## **Article 26**

Where the Company exercises its power to cease sending dividend warrants to untraceable members by post, if such warrants have been left uncashed, such power shall not be exercised until such warrants have been so left uncashed on two consecutive occasions. However, such power may be exercised after the first occasion where such a warrant is returned undelivered.

The Company may sell the shares of a shareholder who is untraceable and retain the proceeds, if:

- (1) during a period of 12 years at least three dividends in respect of the shares in question have become payable or been made and no dividend in respect of such shares has been claimed by the shareholders;
- (2) after a period of 12 years has elapsed, the Company has caused an advertisement in newspapers to be made of its intention to sell such shares upon the approval by securities regulatory authority of the State Council and notified Hong Kong Stock Exchange of its intention of such sale.

## **Chapter 4 Capital Reduction and Repurchase of Shares**

### **Article 27**

The Company may reduce its registered capital in accordance with the provisions of these Articles of Association.

### **Article 28**

When the Company reduces its registered capital, it shall prepare a balance sheet and a list of assets.

The Company shall notify its creditors within 10 days from the date on which the resolution for the reduction of registered capital has been passed and shall publish a notice to that effect in a newspaper within 30 days therefrom. The creditors who have received such notice shall, within 30 days thereafter, and those creditors who have not received such notice shall, within 45 days from the date on which the notice is published, be entitled to require the Company to repay the debt or to provide appropriate corresponding guarantees for the debt.

The registered capital of the Company after the reduction of capital shall not fall below the minimum amount required by the laws.

## Article 29

According to the procedures provided in these Articles of Association, the Company may buy-back its issued shares in the following circumstances:

- (1) cancellation of shares for the purpose of reduction of capital of the Company;
- (2) merger with other companies which hold shares of the Company;
- (3) allocation of shares for the purpose of employee stock ownership plan or equity incentive plan;
- (4) the Company is required to buy-back its shares due to any shareholder raising objection to the resolution in respect of the merger or division of the Company made by the shareholders' general meeting;
- (5) conversion of shares into the convertible bonds issued by the Company that may be converted into shares;
- (6) necessary for the Company to maintain its corporate value and the interest of the shareholders' equity;
- (7) other circumstances permitted by laws and administrative regulations.

Where the Company buy-back its own shares under the circumstances set out in items (1) and (2) above, it shall be subject to the resolution of the shareholders' general meeting; where the Company buy-back its own shares under the circumstances set out in items (3), (5) and (6) above, it shall be subject to the resolution of the meeting of the Board of Directors with no less than two-thirds of all the Directors in attendance, as authorized by the shareholders' general meeting.

After the Company buy-back its own shares under the circumstances set out above, it shall cancel and destroy the documents relating to the ownership of such brought-back shares, and under the circumstance set out in item (1), the cancellation thereof shall be completed within ten days upon the buy-back; under the circumstance set out in item (2) or (4), the transfer or cancellation thereof shall be completed within six months upon the buy-back; under the circumstance set out in item (3), (5) or (6), the number of shares held by the Company in total shall not exceed ten percent of the total issued shares of the Company, which shall be transferred or cancelled within three years upon the buyback.

### **Article 30**

The Company may repurchase its shares in any one of the following manners:

- (1) by granting a repurchase offer to all shareholders in equal proportion to their shareholdings;
- (2) by repurchasing the shares through open trading on a stock exchange;
- (3) by repurchasing the shares by way of agreement other than through a stock exchange.
- (4) other circumstances permitted and approved by laws, administrative regulations and regulatory authorities.

### **Article 31**

In respect of the entitled right of the Company to repurchase redeemable shares:

- (1) if shares are not repurchased through the market or by tender, the price shall be limited to the highest price;
- (2) if repurchased by tender, such proposed tender shall be offered to all shareholders with the same conditions.

### **Article 32**

The repurchase of shares by the Company by way of agreement other than through a stock exchange shall be made upon the prior approval at the shareholders' general meeting in accordance with the provisions of these Articles of Association. Upon prior approval has been obtained in the same manner at the shareholders' general meeting, the Company may discharge or amend any agreement entered into in the aforesaid manner or waive any rights under such agreement.

The contract for repurchase of shares referred to in the preceding paragraph shall include, but not limited to, the agreements providing the assumption of obligations to repurchase shares and the acquisition of rights to repurchase shares.

The Company shall not assign a contract providing repurchase of its shares or any of the rights provided therein.

### **Article 33**

After repurchase of shares in accordance with the laws, the Company shall, within the period provided by the laws and administrative regulations, cancel that part of the shares and apply to the registration authority where the company originally registered for the registration of its registered capital alteration and make relevant announcement.

The Company's registered capital shall be reduced by the aggregate par value of the cancelled shares.

The Company shall, within 15 working days from the date on which the repurchase of shares is completed, report in writing to China Securities Regulatory Commission.

### **Article 34**

Unless the Company is in the course of liquidation, it shall comply with the following provisions, where it repurchases its issued shares:

- (1) where the Company repurchases its shares at par value, payment shall be deducted from the book surplus of distributable profits of the Company and the proceeds from any issuance of new shares made for the purpose of repurchasing the old shares;
- (2) where the Company repurchases its shares at a premium to the par value, payment equal to their par value shall be deducted from the book surplus of distributable profits of the Company and the proceeds from any issuance of new shares made for the purpose of repurchasing the old shares. Payment of the portion in excess of the par value shall be effected as follows:
  1. if the shares being repurchased were issued at par value, payment shall be deducted from the book surplus of distributable profits of the Company;
  2. if the shares being repurchased were issued at a premium to the par value, payment shall be deducted from the book surplus of distributable profits of the Company and the proceeds from any issuance of new shares made for the purpose of repurchasing the old shares, provided that the amount paid out of such proceeds from the issuance of new shares shall neither exceed the aggregate of the premiums received by the Company on the old shares repurchased nor the current amount of the share premium account or the capital reserve fund account of the Company (including the premiums on the new issues) at the time of the repurchase;

- (3) payment by the Company for the following purposes shall be made out of the Company's distributable profits:
  1. acquisition of rights to repurchase shares;
  2. variation of any contract to repurchase shares;
  3. release of any of the Company's obligations under a contract to repurchase shares.
- (4) after the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with relevant rules, the amount deducted from the distributable profits for paying up the par value portion of the repurchased shares shall be credited to the Company's share premium account or capital reserve fund account.

## **Chapter 5 Financial Assistance for the Repurchase of the Company's Shares**

### **Article 35**

The Company or its subsidiaries shall not, at any time in any manner, provide any financial assistance to any person who acquires or intends to acquire the shares of the Company. The person who acquires the shares of the Company as aforesaid includes the person who assumes, directly or indirectly, obligations as a result of the purchase of the shares of the Company.

The Company or its subsidiaries shall not, at any time in any manner, provide financial assistance to reduce or discharge a person who assumes such obligations as aforesaid from such obligations.

This Article shall not apply to circumstances as described in Article 37 of these Articles of Association.

### **Article 36**

The financial assistance referred to in this Chapter shall include, but not be limited to, the following forms:

- (1) gifts;
- (2) guarantees (including the assumption of obligations by the guarantor or the offering of property by the guarantor to secure the performance of obligations by the obligor), compensation (however not including compensation to be made as a result of default on the part of the Company itself), discharge or waiver of rights;



- (3) provisions of loans or entering into contracts in which the Company has to perform obligations prior to the performance of obligations by the other party, changes to loans or to the contracting parties and the assignment of such loans or rights under contracts, etc.;
- (4) any other forms of financial assistance given by the Company when the Company is unable to pay its debts or has no net assets or as a result of which the net assets of the Company would be reduced to a material extent.

The assumption of obligations referred to in this Chapter shall include the obligations assumed by the obligor by entering into contracts or making arrangements (whether or not such contract or arrangement is enforceable and whether or not such person is liable individually or jointly with others) or by changing its financial position by any other means.

### **Article 37**

The following acts shall not be deemed as prohibited by Article 35 of this Chapter:

- (1) financial assistance is given by the Company in good faith in the interests of the Company and the principal purpose in giving such assistance is not for purchasing the Company's shares, or the assistance so given is only an accompanying part of some general plans of the Company;
- (2) distribution of dividends by the Company by way of distributing its assets in accordance with the laws;
- (3) distribution of dividends by way of bonus shares;
- (4) reduction of registered capital, repurchase of shares of the Company or adjustment of shareholding structure in accordance with these Articles of Association of the Company;
- (5) lending of money by the Company in the ordinary course of business which falls within its scope of business (but the net assets of the Company shall not be reduced thereby, or even if reduced, the said financial assistance is made out of the distributable profits of the Company);
- (6) provision of funds by the Company for the staff share scheme (but the net assets of the Company shall not be reduced thereby, or even if reduced, the said financial assistance is made out of the distributable profits of the Company).

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

### **Article 38**

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

The share certificates of the Company shall include the following particulars:

- (1) the name of the Company;
- (2) the date on which the Company was registered and incorporated;
- (3) class of shares, par value and the number of shares represented;
- (4) the serial number of the share certificates;
- (5) other particulars required to be included by the “Company Law”, the “Special Regulations” and the stock exchange on which the shares of the Company are listed.

### **Article 39**

Share certificates shall be signed by the Chairman. If the stock exchange on which the shares of the Company are listed shall require other Senior Management Staff of the Company to sign thereon, such Senior Management Staff so required shall also sign on such certificates. The share certificates shall be made effective after the seal of the Company have been affixed thereto or the seal has been affixed thereto in a printed form. The affixing of the Company seal upon the share certificate shall be authorized by the Board of Directors. The signatures of the Chairman or other Senior Management Staff of the Company on the share certificates may also be made in a printed form.

Subject to the paperless issuance and trade of shares of the Company, the separate provisions of the securities regulatory authority or the stock exchange where the shares of the Company are listed shall apply.

### **Article 40**

The Company shall have a register of shareholders to register the following particulars:

- (1) the name (description), address (domicile), occupation or nature of each shareholder;
- (2) the class and number of shares held by each shareholder;

- (3) the amount paid or payable for the shares held by each shareholder;
- (4) the serial number of the shares held by each shareholder;
- (5) the date when each shareholder is registered as a shareholder;
- (6) the date when each shareholder ceased to be a shareholder.

Unless there is a proof to the contrary, the register of shareholders shall be the conclusive evidence of the holding of the shares of the Company by a shareholder.

#### **Article 41**

The Company may keep the register of shareholders of overseas listed foreign shares outside China in accordance with the understanding and agreements reached between the securities regulatory authority of the State Council and overseas securities regulatory authorities, and appoint an overseas agent to administer the same. The original copy of the register of shareholders of H Shares of the Company shall be kept in Hong Kong.

The Company shall keep a copy of the register of shareholders of overseas listed foreign shares at the domicile of the Company; the appointed overseas agent shall at any time ensure the consistency of the original and the copy of the register of shareholders of overseas listed foreign shares.

In the event of inconsistency between the original and the copy of the register of shareholders of overseas listed foreign shares, the original register shall prevail.

#### **Article 42**

The Company shall keep a complete register of shareholders.

The register of shareholders shall contain the following parts:

- (1) the register of shareholders which shall be kept at the domicile of the Company, being a register of shareholders other than those which are required under (2) and (3) of this Article;
- (2) the register of shareholders of the Company which shall be kept in the place of the overseas stock exchange where the shares are listed, being a register of the shareholders of overseas listed foreign shares;
- (3) the register of shareholders which is kept at other place(s) as the Board of Directors deems necessary for the listing of the shares of the Company.

### **Article 43**

The various parts of the register of shareholders shall not overlap. A transfer of shares registered in a particular part of the register of shareholders shall not be registered in another part of the register of shareholders during the subsistence of the registration of such shares.

Changes or rectification of each part of the register of shareholders shall be carried out in accordance with the relevant laws of the place where such part of the register of shareholders is kept.

### **Article 44**

All paid up H Shares shall be transferable freely in accordance with these Articles of Association of the Company; if any of the following conditions are not satisfied, the Board of Directors may refuse to recognize any transfer documents without giving any reasons:

- (1) a fee of Hong Kong dollars two and cents fifty or of a larger amount as the Hong Kong Stock Exchange may agree prescribed for the registration of the transfer documents of the shares and other documents relating to or affecting the ownership of shares;
- (2) only overseas listed foreign shares which are listed on the Hong Kong Stock Exchange are involved in the transfer document;
- (3) the stamp duty payable in respect of the transfer document has been paid;
- (4) the relevant share certificates, together with the evidence as reasonably required by the Board of Directors showing that the transferor is entitled to transfer the shares are produced;
- (5) if the shares are to be transferred to joint holders, the number of joint holders shall not exceed four;
- (6) the Company shall not have any lien over the relevant shares.

If the Company refuses to register any transfer of shares, the Company shall, within two months from the date on which the application for such transfer is duly made, issue to the transferor and transferee a notice of the refusal of registration of such transfer of shares.

Unless otherwise provided by the laws and regulations of China or upon the approval of the relevant authorities of the State Council, the shares of the Company held by the promoters shall not be transferable within one year from the date of the establishment of the Company. The shares issued prior to the public offering of shares by the Company (other than the shares allocated to and held by the National Social Security Fund Council) shall not be transferable within one year from the date on which the shares of the Company are listed and traded on the stock exchange.

The Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff of the Company shall apply to the Company for a record of the shares held by them and the changes thereof, and shall not transfer more than 25% of total shares held by them in each year within their tenures. Each of the above-mentioned officers shall not transfer any shares of the Company held by him within half a year commencing from the termination of his service.

#### **Article 45**

The H Shares of the Company shall be transferred by a written instrument of transfer in the usual or common form or in any other form accepted by the Board of Directors. Such transferral documents shall only be signed under hand or, where the assignor or the assignee is a clearing agency or its agent(s), transferral documents may be signed by hand or in a printed form. All transferral documents shall be kept at the registered address of the Company or other places which the Board of Directors may designate from time to time.

#### **Article 46**

Where the applicable laws, administrative regulations, departmental rules, regulatory documents, and the relevant stock exchanges or regulatory authorities at the place where the Company's shares are listed stipulate the period during which the share transfer registration formalities shall be suspended before the shareholders' general meeting or the benchmark date decided by the Company for distribution of dividends, such period shall prevail.

#### **Article 47**

In the event that the Company convenes a shareholders' general meeting, distributes dividends, enters into liquidation or carries out other activities for which it is necessary to ascertain the shareholdings, the Board of Directors shall fix a shareholding record date and those shareholders who remain on the register after the end of such day shall be the shareholders of the Company.

#### **Article 48**

Any person who disputes the register of shareholders and requests to have his name (or description) registered thereon, or requests to have his name (or description) removed therefrom may apply to the court of competent jurisdiction to rectify the register of shareholders.

#### **Article 49**

If any shareholder whose name has been registered in the register of shareholders or any person who requires having his name (or description) entered into the register of shareholders has lost his share certificate(s) (“original share certificate(s)”), he may request the Company for the issuance of (a) replacement certificate(s) in respect of such shares (“relevant shares”).

The application for the issuance of replacement certificates by shareholders of the domestic shares who lost their share certificates shall be made in accordance with the relevant provision of the “Company Law”.

The application for the issuance of replacement certificates by shareholders of overseas listed foreign shares who have lost their share certificates may be made in accordance with the Laws, the stock exchange regulations and other relevant regulations of the place where the original register of shareholders of overseas listed foreign shares is kept.

The application for the issuance of replacement certificates by shareholders of H Shares who have lost their share certificates shall be made upon the satisfaction of the following requirements:

- (1) applicants shall submit an application in standard form designated by the Company together with a notarial certificate or statutory declaration. The notarial certificate or statutory declaration shall include the reasons for the application made by the applicant, the circumstances under which the share certificate(s) was/were lost with supporting evidence and a declaration that no other persons may request to be registered as a shareholder in respect of the shares in question.
- (2) the Company does not receive any declaration from any person other than the applicant requesting registration as the shareholder of such shares before the Company determines to issue (a) replacement share certificate(s).
- (3) if the Company decides to issue (a) replacement share certificate(s) to the applicant, an announcement of such intention to issue new share certificate(s) shall be published in the newspapers designated by the Board of Directors; the period for such announcement shall be 90 days and such announcement shall be published repeatedly at least once every 30 days during such period.

- (4) prior to the publishing of the announcement for the issuance of (a) replacement certificate(s), the Company shall submit a copy of such proposed announcement to the stock exchange on which it is listed and shall obtain the reply of such stock exchange confirming that such announcement has been published at the stock exchange and the publication of such announcement shall last until the expiration of 90 days from the date of receipt of such announcement.

If the consent to the application for (a) replacement certificate(s) has not been obtained from the registered shareholder of the relevant shares, the Company shall send to such shareholder a copy of such proposed announcement by post.

- (5) upon the expiration of the 90-day period for the publication of the said announcement as provided in (3) and (4) of this Article, if no objection is received by the Company from any person to the replacement of such certificate(s), (a) new replacement share certificate(s) may be issued upon the application of the applicant.
- (6) upon issuing (a) new replacement share certificate(s) pursuant to this Article, the Company shall immediately cancel the original share certificate(s) and such cancellation and replacement shall be registered in the register of shareholders.
- (7) all costs incurred by the Company in connection with the cancellation of the original share certificates and the issuance of new replacement share certificates shall be borne by the applicant. Unless the applicant provides reasonable guarantee, the Company shall be entitled to refuse to take any action.

#### **Article 50**

Upon the issuance of (a) new replacement share certificate(s) by the Company pursuant to the provisions of these Articles of Association of the Company, the name (description) of a bona fide purchaser who obtained the new share certificate(s) as aforesaid or a shareholder who is subsequently registered as the owner of such shares (if being a bona fide purchaser) shall not be removed from the register of shareholders.

#### **Article 51**

The Company shall have no obligation for any loss sustained by any person as a result of the cancellation of the original share certificates or the issuance of new replacement share certificates unless it can be proved by the concerned person that the Company has acted fraudulently.

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

### **Article 52**

A shareholder of the Company is a holder of share(s) of the Company in accordance with the laws and whose name (description) is entered in the register of shareholders.

A shareholder shall have rights and obligations in accordance with the class and the number of shares held by him; the shareholders of the same class of shares shall have the same rights and shall bear the same obligations.

In the event of joint shareholders, if one of the joint shareholders passed away, only the other existing joint shareholders shall be deemed as the persons entitled to the rights of relevant shares, but the Board of Directors shall be entitled to acquire the proof of death as it think appropriate for the purpose of revising the register. In respect of the joint shareholders of any shares, only the shareholder whose name stands first in the register shall be entitled to receive the share certificates for relevant shares, the notice from the Company, and be present and vote at the shareholders' general meetings of the Company, and any delivery of the notice to such person shall be deemed as having delivered to all joint shareholders of the relevant shares.

### **Article 53**

A holder of ordinary shares of the Company shall enjoy the following rights:

- (1) to receive dividends and other forms of profit distribution in accordance with the number of shares held by him;
- (2) to attend and to vote at shareholders' general meetings in person or by proxy;
- (3) to supervise the business operation and activities of the Company, and to make proposals or inquiries in relation thereto;
- (4) to transfer, confer or pledge shares held by him in accordance with the provisions of the laws, the administrative regulations and these Articles of Association of the Company;
- (5) to receive information in accordance with the provisions of these Articles of Association, including:
  1. obtaining of these Articles of Association upon payment of the cost thereof;
  2. upon payment of reasonable charges, the rights to inspect and make copies of:
    - (1) all parts of the register of shareholders;



- (2) personal particulars of the Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff of the Company, including:
  - (a) present and former names and aliases;
  - (b) principal address (domicile);
  - (c) nationality;
  - (d) full-time occupation and all other part-time occupations or positions;
  - (e) identification document and the number thereof.
- (3) the share capital position of the Company;
- (4) a report on the total nominal value, total number of shares, highest and lowest prices and all payments made by the Company in respect of each class of shares repurchased by the Company since the last accounting year;
- (5) minutes of shareholders' general meetings.
- (6) to participate in the distribution of the remaining assets in accordance with his shareholding upon the dissolution or liquidation of the Company;
- (7) other rights conferred by the laws, administrative regulations and these Articles of Association of the Company.

The Company shall not exercise any power to freeze or otherwise damage the rights attached to the shares only on the grounds of any person who holds, directly or indirectly, interest of the Company with no disclosure of his interest to the Company.

#### **Article 54**

When making a request for inspection of the information set out in the preceding Article or a request for materials, a shareholder shall produce to the Company a written document evidencing the class and number of shares he holds in the Company. The Company shall, after verifying the identity of the shareholder, provide him with the requested information.

## **Article 55**

A shareholder of ordinary share(s) of the Company shall undertake the following obligations:

- (1) to abide by these Articles of Association;
- (2) to pay the subscription price in accordance with the number of shares subscribed for and the manner of subscription;
- (3) other obligations provided by the laws, administrative regulations and these Articles of Association;

Shareholders shall not be liable to bear any further responsibilities concerning any additional paid-in capital shares thereafter beyond those agreed at the time of share subscription by the subscribers of the shares.

## **Article 56**

Save for the obligations required under the laws, administrative regulations or the listing rules of the stock exchange on which the shares of the Company are listed, in exercising its rights as a shareholder, a controlling shareholder(as defined in accordance with the following articles) shall not exercise his voting rights to make decisions which would prejudice the interests of all or part of the shareholders in respect of the following matters:

- (1) to exempt the Directors or Supervisors from their obligations to act in good faith and in the best interests of the Company;
- (2) to authorize the Directors or Supervisors (in the interests of himself/herself or themselves or other persons) to deprive the Company in any manner of its assets, including but not limited to any opportunity beneficial to the Company;
- (3) to authorize the Directors or Supervisors (in the interests of himself/herself or themselves or other persons) to deprive the personal rights of other shareholders, including but not limited to any entitlement to distribution or voting rights but excluding reorganization of the Company approved by the shareholders' general meeting upon submission pursuant to these Articles of Association.

#### **Article 57**

The controlling shareholder(s) referred to in the preceding Article shall mean person(s) who meet one of the following conditions:

- (1) such person(s), either acting alone or in concert with others, may elect half or more of the Directors;
- (2) such person(s), either acting alone or in concert with others, may exercise 30% or more of the voting rights of the Company or control the exercise of 30% or more of the voting rights of the Company;
- (3) such person(s), either acting alone or in concert with others, may hold 30% or more of the issued shares of the Company held by the public;
- (4) such person(s), either acting alone or in concert with others, may have de facto control of the Company in any other way.

### **Chapter 8 Shareholders' General Meetings**

#### **Article 58**

The shareholders' general meeting is the authority body of the Company and shall exercise its powers in accordance with the laws.

#### **Article 59**

The shareholders' general meeting shall exercise the following powers:

- (1) to determine the business policies and investment plans of the Company;
- (2) to elect and replace the Directors and to determine the remuneration of relevant Directors;
- (3) to elect and replace the Supervisors who are acted by shareholders and to determine the remuneration of relevant Supervisors;
- (4) to examine and to approve the report of the Board of Directors;
- (5) to examine and to approve the report of the Board of Supervisors;
- (6) to examine and to approve the annual financial budgets and final accounts of the Company;
- (7) to examine and to approve the plans for profit distribution and making up of losses of the Company;

- (8) to arrive at the resolution on the increase or reduction in the registered capital of the Company;
- (9) to arrive at the resolution on matters including merger, division, dissolution, liquidation, etc.;
- (10) to arrive at the resolution on the issuance of debentures by the Company;
- (11) to arrive at the resolution on the appointment, dismissal or non-reappointment of the accounting firm of the Company;
- (12) to amend these Articles of Association;
- (13) to examine any motion put forward by shareholders which individually or aggregately hold 3% or more (including 3%) of the shares of the Company according to provisions of the Articles of Association hereof;
- (14) to examine and to approve the buy-back of shares by the Company;
- (15) to arrive at resolution on other matters in the shareholders' general meeting in accordance with the requirements provided by the laws, administrative regulations and these Articles of Association;
- (16) to authorize or appoint the Board of Directors to deal with the matters authorized or entrusted by the shareholders' general meeting.

#### **Article 60**

Without prior approval by the shareholders' general meeting, the Company shall not enter into any contract with persons other than the Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff whereby the management of all or substantial parts of the business of the Company shall be vested in such contracting person(s).

## Article 61

Shareholders' general meetings shall be divided into annual general meetings and extraordinary general meetings and shall be convened by the Board of Directors. Annual general meetings shall be convened once every year and shall be held within six months after the end of the preceding accounting year.

Upon the occurrence of any of the following events, the Board of Directors shall convene an extraordinary general meeting within two months thereof:

- (1) the number of Directors falls below the number required by the "Company Law" or two-thirds of the number required by these Articles of Association;
- (2) the aggregate uncovered loss amount to one-third of the total share capital of the Company;
- (3) shareholders holding an aggregate of 10% or more of the publicly issued shares of the Company which carry the rights to vote request in writing the convening of an extraordinary general meeting;
- (4) whenever the Board of Directors considers necessary or the Board of Supervisors proposes to convene the same;
- (5) two or more Independent Directors propose to convene the same;
- (6) other circumstances set out in laws, administrative regulations, departmental rules, or the listing rules of the stock exchange where the shares of the Company are listed or these Articles of Association.

In respect of aforesaid (3), (4), (5), the theme of convening such a meeting proposed by the requesters shall be included in the agenda for meeting.

## **Article 62**

When the Company is to hold a shareholders' general meeting, shareholders shall be notified no less than 20 days in advance of a shareholders' general meeting of the time and place and the matters to be considered at the meeting. When the Company is to hold an extraordinary general meeting, shareholders shall be notified no less than 15 days in advance of an extraordinary general meeting. For the issuance of unregistered shares, the time, place and the matters to be considered at the meeting shall be notified by way of public announcement no less than 30 days in advance of the meeting. Shareholders of the unregistered shares who attend the shareholders' general meeting shall have their shares deposited in the Company during the period from five days prior to the meeting until the meeting is closed. Shareholders who intend to attend the shareholders' general meeting shall serve on the Company a written reply 20 days before the date of the meeting.

## **Article 63**

When the Company is to hold an annual shareholders' general meeting, shareholder(s) who individually or aggregately hold 3% or more (including 3%) of the shares of the Company may deliver a written interim motion to the Board of Directors 10 days in advance of a shareholders' general meeting. The Board of Directors shall notify other shareholders of the interim motion within 2 days as of the receipt thereof and submit the motion to the shareholders' general meeting for consideration. Any interim motion put forward shall fall within the purview of the shareholders' general meeting and shall have specific theme and detailed matters to be considered. The shareholders' general meeting shall not make any resolution on any matter that is not listed in Article 62 and Article 63 hereof.

## **Article 64**

A motion of shareholder's general meeting shall comply with the following conditions:

- (1) its content shall not be contrary to the provisions of relevant laws and administrative regulations and shall fall within the scope of business of the Company and the scope of duties of the shareholders' general meeting;
- (2) it shall have specific theme and detail matters to be considered;
- (3) it shall be delivered to or served on the Board of Directors in written form.

## **Article 65**

Pursuant to the written replies received 20 days prior to the shareholders' general meeting, the Company shall calculate the number of shares which carry the right to vote held by those shareholders who intend to attend the meeting. If the number of shares which carry the right to vote held by those shareholders who intend to attend the meeting is more than half of the total number of shares of the Company which carry the right to vote, the Company may convene a shareholders' general meeting; otherwise, the Company shall within 5 days thereof give a further notice to the shareholders specifying the matters to be considered and the date and place of the meeting by way of announcement. After giving such notice, the Company may convene the shareholders' general meeting. Where the Board of Directors is unable or fails to fulfill his/her obligations to convene a shareholders' general meeting, the Board of Supervisors shall convene and preside over such meeting. Where the Board of Supervisors does not convene or preside over such meeting, shareholder(s) who individually or aggregately hold 10% or more of the Company's shares for 90 consecutive days or more may convene and preside over the meeting on his or their own initiative.

An extraordinary general meeting may not decide on matters not specified in the notice.

## **Article 66**

A notice of shareholders' general meeting shall satisfy the following requirements:

- (1) it shall be in writing;
- (2) it shall specify the place, date and time of the meeting;
- (3) it shall state the matters to be considered;
- (4) it shall provide the shareholders with all such information and explanations as are necessary for the making of an informed decision by the shareholders on the matters to be considered, which shall include the provision of concrete terms and contracts (if any) of the proposed transaction together with a serious explanation of the causes and consequences thereof in the event the Company proposes a reorganization, including without limitation, merger, repurchase of its shares, restructuring of share capital or other manners of reorganization;
- (5) if any Director, Supervisor, General Manager, Deputy General Manager and other Senior Management Staff has material interests in matters to be considered, he shall disclose the nature and the extent of such interest; if the matters to be considered have an effect on such Director, Supervisor, General Manager, Deputy General Manager and other Senior Management Staff in the capacity of a shareholder which differs from other shareholders of the same class, such differences shall be specified;

- (6) it shall contain the full text of any special resolution proposed to be passed at the meeting;
- (7) it shall expressly specify in writing that shareholders are entitled to attend and vote at the meeting shall have the right to appoint one or more than one proxy to attend the meeting on his behalf and to vote thereat and the proxy or proxies need not be (a) shareholder(s);
- (8) it shall specify the time and place for the delivery of the relevant instrument for appointing proxy.

#### **Article 67**

A notice of shareholders' general meeting shall be served on the shareholders (whether entitled to vote at the meeting or not) in the way specified in Article 199 of this Articles of Association.

For holders of domestic shares, the notice of the shareholders' general meeting may be made through announcement. For holders of domestic shares, the notice of the shareholders' general meeting shall be published prior to the date of the meeting in one or more national newspapers designated by the securities regulatory authority of the State Council. Once such announcement is made, all holders of domestic shares shall be deemed to have received the notice of such shareholder's general meeting.

#### **Article 68**

The accidental omission to give notice of a meeting to, or the non-receipt of the notice of a meeting by, any person entitled to receive notice shall not invalidate the resolutions arrived at during such meeting.

#### **Article 69**

Any shareholder who is entitled to attend and vote at a shareholders' general meeting shall have the right to appoint one or more persons (whether being a shareholder or not) as his proxy or proxies to attend and vote at such meetings on his behalf. Such proxy or proxies may exercise the following rights pursuant to the authorization of that shareholder:

- (1) the shareholder's right to speak at the meeting;
- (2) to act on his own or join with other persons to demand for a poll;
- (3) the right to vote by a show of hands or on a poll; however, if more than one proxy is appointed by a shareholder, such proxies shall only exercise the right to vote on a poll.



Where that shareholder is a recognized clearing house (or its nominee) defined in the laws of Hong Kong, it may authorize one or more persons as it thinks fit to act as its representative at any shareholders' general meeting or any class shareholders' meeting, provided that if more than one person is so authorized, the authorization must specify the number and class of shares in respect of which each such person is so authorized. The person so authorized may exercise the same rights on behalf of the recognized clearing house (or its nominee) as if he/she was an individual shareholder of the Company."

#### **Article 70**

The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing or, if the appointer is a legal person, either under the seal or under the hand of a Director or attorney duly authorized or its staff. Such instrument of appointment must specify the amount of shares in respect of which each proxy is so appointed. If more than one proxy, the instrument of appointment must specify the number of shares in respect of which each proxy is so appointed.

#### **Article 71**

The instrument for appointing a voting proxy shall be deposited 24 hours prior to the commencement of the relevant meeting at which the proxy is appointed to vote or 24 hours before the time appointed for voting at the domicile of the Company or such other place as the notice of the meeting may specify. If the instrument appointing a proxy is signed by a person authorized by the appointer, the powers of attorney or other instruments of authorization shall be notarized. The powers of attorney or other instruments of authorization so notarized together with the proxy form shall be deposited at the domicile of the Company or such other place as the notice of meeting may specify at the same time as the instrument appointing the proxy is so deposited.

If the appointer is a legal person, such shareholder shall be represented at the shareholders' meeting of the Company by its legal representative or the person authorized through resolution by the Board of Directors or other body in charge of decision-making of such appointer.

#### **Article 72**

The instrument delivered to a shareholder by the Board of Directors of the Company for appointing a proxy shall be in such form enabling the shareholder to both instruct freely at his choice the proxy to vote in favor of or against any resolution and to give instruction on each item of the business put to vote at the meeting. Such instrument of proxy shall specify that if no instruction is given by the shareholder, the proxy may vote in the way as he thinks fit.

### **Article 73**

The Company is entitled to demand an attorney appointed to attend the meeting on behalf the individual shareholder to present his own identification card and the relevant power of attorney executed by such appointer or its authorized representative. The attorney appointed shall exercise the voting rights within the scope of authorization.

Where a legal person representative is appointed by a legal shareholder to attend the meeting, the Company shall be entitled to demand such legal person representative to present his own identification card and the instrument for appointing the legal person representative executed by the Board of Directors of the institutional shareholder (except recognized clearing house or its nominee) or other governing body, and a notarially certified copy of resolution or power of attorney.

### **Article 74**

Notwithstanding the death or incapacity of the appointer, or the revocation of the appointment or revocation of the authority under which the appointing instrument is signed, or the relevant shares have been transferred, a vote by such proxy pursuant to the instrument of appointment shall still be valid provided that no notice in writing in respect of the events mentioned above has been received by the Company prior to the commencement of the relevant meeting.

### **Article 75**

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

An ordinary resolution of a shareholders' general meeting shall be passed by more than half of the votes cast by the shareholders present in person or by proxy at the shareholders' general meeting.

A special resolution of a shareholders' general meeting shall be passed by more than two thirds of the votes cast by the shareholders present in person or by proxy at the shareholders' general meeting.

A shareholder (including his proxy) present at the meeting shall expressly vote in favor of or against each business. Where such shareholder or his proxy abstains from voting or gives up their voting rights, such abstention shall not be included in the number of valid votes when the Company counts the voting results.

### **Article 76**

A shareholder (including his proxy) may exercise voting rights at the shareholders' general meeting according to the number of shares which carry the right to vote held by him and each share shall have one vote.

## **Article 77**

At any shareholders' general meeting, a resolution shall be passed by a show of hands, unless otherwise required by the "Listing Rules" or a poll is demanded by the following persons prior to or after a show of hands:

- (1) the Chairman of the meeting;
- (2) at least two shareholders or proxies having the right to vote;
- (3) a shareholder or shareholders (including proxy or proxies) individually or collectively representing 10% or more of the total voting rights of all the shareholders having the right to vote at such meeting.

Unless otherwise required by the "Listing Rules" or a poll is demanded by some person(s), the declaration by the Chairman of the meeting as to the result of the voting on a resolution by a show of hands and the entering of the same into the book of the minutes of the meeting shall be the conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favor of or against such resolution.

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

## **Article 78**

If a poll is demanded for the election of the Chairman or the adjournment of the meeting, such matters shall be resolved by poll immediately; in respect of a poll demanded for other matters, the time for such a poll shall be decided by the Chairman of the meeting and other business may be proceeded with at the meeting. The result of such a poll shall still be deemed as a resolution passed at the meeting.

## **Article 79**

On a poll taken at a meeting, shareholders (including their proxies) who are entitled to two or more votes are not required to cast all their votes in favor of or against a resolution.

## **Article 80**

In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting shall have an additional vote.

## **Article 81**

When connected transactions are examined at the shareholders' general meeting, connected shareholders shall not participate in the voting while the number of voting shares he represents shall not be included in the total number of valid votes. The announcement of the resolution at the shareholders' general meeting shall fully disclose the condition of voting of the non-connected shareholders. If there are some special circumstances which require the connected shareholders to vote, the Company may, with the approval of the competent authorities, vote in a normal course and give a detailed explanation in the resolution announcement of the shareholders' general meeting.

## **Article 82**

The following matters shall be passed by ordinary resolution at the shareholders' general meeting:

- (1) work reports of the Board of Directors and the Board of Supervisors;
- (2) plans for profit distribution and for making up of losses prepared by the Board of Directors;
- (3) removal of the members of the Board of Directors and the Board of Supervisors and their remuneration and method of payment;
- (4) annual budget and final accounts, balance sheet, income statement and other financial statements of the Company;
- (5) other matters except those required by the laws, administrative regulations or these Articles of Association to be passed by special resolution.

## **Article 83**

The following matters shall be passed by special resolution at the shareholders' general meeting:

- (1) an increase and reduction of the share capital of the Company, and issuance of any class of shares, warrants and other similar securities;
- (2) an issuance of debentures by the Company;
- (3) the division, merger, dissolution and liquidation of the Company;
- (4) amendments to these Articles of Association;
- (5) consideration and approval of repurchase of its own shares by the Company;

- (6) other matters which are passed by ordinary resolution at the shareholders' general meeting to be of material effect on the Company, which are required to be passed by special resolutions.

#### **Article 84**

Where any shareholder is, subject to the provisions of the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for (or only against) any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

#### **Article 85**

Shareholders who request to convene an extraordinary general meeting or a class shareholders' general meeting shall follow the procedures set out below:

- (1) two or more shareholders jointly hold an aggregate of 10% or more of the shares carrying the right to vote at the meeting to be held may sign one or several written request in the same form and content to request the Board of Directors to convene an extraordinary general meeting or a class shareholders' general meeting, and the subject matter of the meeting shall be specified. The Board of Directors shall convene an extraordinary general meeting or a class shareholders' general meeting as soon as possible after receiving the written request. The calculation of the number of shares held as aforesaid shall be made as at the date of the written demand.
- (2) if the Board of Directors does not issue a notice of shareholders' general meeting within 30 days after receiving the aforesaid written request, shareholders who proposed such request may convene the meeting themselves within 4 months after the Board of Directors receiving such request. Such meeting shall follow the same procedures to the fullest possible extent of the shareholders' general meeting convened by the Board of Directors.

The Company shall be liable to pay all expenses reasonably incurred by convening and holding a meeting by the shareholders of their own as a result of the failure of the Board of Directors to convene such meeting upon the aforesaid requisitions and such compensation shall be deducted from any payment payable to the Directors who are in default of their duties.

#### **Article 86**

A shareholders' general meeting shall be convened and presided over by the Chairman of the Board of Directors. If the Chairman is unable to attend the meeting for any reason, the Vice Chairman of the Board of Directors shall convene and preside over the meeting. If both of the Chairman and Vice Chairman are unable to attend the meeting, the Board of Directors may designate a Director of the Company to convene and to be the chairman of the meeting. If no chairman of the meeting has been designated, shareholders present shall elect one person to be the chairman of the meeting. If for any reason the shareholders fail to elect a chairman, then the shareholder (including his proxy) presents in person or by proxy and holds the largest number of shares carrying the right to vote thereat shall be the chairman of the meeting.

#### **Article 87**

The Chairman of the meeting is responsible for the passing of the resolution at the shareholders' general meeting and his decision shall be final. The decision shall be declared at the meeting, and made an entry into the minutes.

#### **Article 88**

If the Chairman of the meeting has any doubt as to the result of voting on any resolution, he may have the votes counted. If the Chairman of the meeting does not make a count of such votes, any shareholder present in person or by proxy at the meeting who disputes the result announced by the Chairman of the meeting shall be entitled to request a count of the votes immediately after the declaration of the result and the Chairman of the meeting shall forthwith proceed with such counting.

#### **Article 89**

If votes are counted at the shareholders' general meeting, the votes counting result shall be recorded in the minutes of the meeting. The minutes shall be kept together with the signed register of shareholders in attendance and the power of attorney of shareholders who attended by proxy at the domicile of the Company.

#### **Article 90**

A shareholder may examine the copies of all minutes of the shareholders' general meeting during the office working hours of the Company. Upon receipt of reasonable fees from any shareholders claimed to gain such copies of the minutes of the shareholders' general meeting, the Company shall within seven days send the copies off.

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

### **Article 91**

Shareholders holding different classes of shares shall be classified as class shareholders.

Class shareholders shall enjoy rights and undertake obligations according to the laws, administrative regulations and these Articles of Association.

### **Article 92**

If the Company proposes to vary or revoke the rights of the class shareholders, the same may only be implemented after it has been passed by a special resolution at a shareholders' general meeting and also by the class shareholders so affected at the shareholders' general meetings respectively convened in accordance with Articles 94 to 98 of these Articles of Association.

### **Article 93**

The following situations shall be considered as a variation or abrogation of the rights of a certain class of shareholders:

- (1) the increase or reduction of the number of shares of that class of shares or the increase or reduction of the number of shares in another class which carry the same or more right to vote, right of distribution or other privileges;
- (2) the conversion of all or part of the shares of that class to another class, or the conversion of all or part of the shares of another class into the shares of that class or the granting of such right of conversion;
- (3) the cancellation or reduction of the rights of that class of shares to receive or accrue dividends declared;
- (4) the reduction or cancellation of the preferential rights of that class of shares to receive dividends or to receive distribution of assets upon the liquidation of the Company;
- (5) the increase, cancellation or reduction of the share conversion rights, options rights, voting rights, rights of transfer, pre-emptive rights and rights to acquire the securities of the Company of that class of shares;
- (6) cancellation or reduction of the rights of that class of shares to receive payment payable by the Company in a particular currency;

- (7) creation of a new class of shares which enjoys the same or more voting rights, distribution rights or other privileges than those enjoyed by that class of shares;
- (8) restriction or posing additional restriction on the transfer or ownership of that class of shares;
- (9) the granting of subscription rights or conversion rights in respect of that class or another class of shares;
- (10) the increase of the rights and privileges of another class of shares;
- (11) the reorganization of the Company as a result of which different classes of shareholders assume obligations otherwise than in proportion;
- (12) the amendment to or abrogation of the provisions in this Chapter.

#### **Article 94**

Whether or not the class shareholders so affected have voting rights at the shareholders' general meeting, they shall have the right to vote at the meeting of class shareholders in respect of the matters mentioned in (2) to (8) and (11) to (12) of Article 93 of these Articles of Association, however interested shareholders shall not have the right to vote at the meeting of the class shareholders.

An "interested shareholder" mentioned in the preceding paragraph refers to:

- (1) in case where the Company makes a repurchase offer to all shareholders in a proportionate manner in accordance with the provisions of Article 29 of these Articles of Association or repurchases its own shares on a stock exchange through public dealing on a stock exchange, "interested shareholder" shall mean the controlling shareholder as defined in Article 54 of these Articles of Association;
- (2) in case where the Company repurchases its own shares by way of agreement other than through a stock exchange in accordance with the provisions of Article 29 of these Articles of Association, "interested shareholder" shall mean the holder in relation to such agreement;
- (3) in the reorganization plan of the Company, "interested shareholder" shall mean a shareholder who undertakes obligations to a lesser extent than other shareholders of the same class, or a shareholder who enjoys benefits which are different from those enjoyed by other shareholders of the same class.



#### **Article 95**

A resolution of the meeting of class shareholders shall be passed in accordance with Article 94 by more than two-thirds of the voting rights of the class shareholders present who have the right to vote in the meeting.

#### **Article 96**

If the Company convenes a class shareholders' meeting, the time limit for the Company to issue a written notice prior to such class shareholders' meeting shall be the same as that for the non-class shareholders' meeting to be convened together with such class shareholders' meeting. The Company shall issue a written notice to all shareholders of such class who are on the register of shareholders, specifying the business to be considered and the date and place of the meeting. The shareholders who intend to attend the meeting shall serve on the Company written replies of their intention to attend 20 days prior to the meeting.

If the number of shares which carry the right to vote at such meeting held by those shareholders who intend to attend such meeting is more than half of the total number of that class of shares, the Company may convene such meeting of class shareholders; if this cannot be attained, the Company shall further notify the shareholders by way of announcement within 5 days thereof specifying the business to be considered and the date and place of the meeting. After the giving of such notice, the Company may convene the class shareholders' meeting.

#### **Article 97**

Notice of the meeting of class shareholders need only be served on the shareholders who are entitled to vote at such meeting.

The procedures of the meeting of class shareholders shall follow as much as possible the procedures of a shareholders' general meeting and the provisions in these Articles of Association relating to the procedures of a shareholders' general meeting shall apply to the class shareholders' meeting.

## **Article 98**

Apart from the holders of other classes of shares, the holders of domestic shares and holders of overseas listed foreign shares shall be deemed to be different classes of shareholders.

The special voting procedures of class shareholders shall not apply in the following circumstances:

- (1) where, with the approval by a special resolution at a shareholders' general meeting, the Company issues, either individually or concurrently, domestic shares and overseas listed foreign shares at an interval of 12 months, and the number of domestic shares and overseas listed foreign shares proposed to be issued does not exceed 20% of the issued domestic shares and 20% of the issued overseas listed foreign shares respectively;
- (2) where the plan of the Company to issue domestic shares and overseas listed foreign shares at the time of incorporation is implemented within 15 months from the date of approval by the securities regulatory authority of the State Council.

## **Chapter 10 Board of Directors**

### **Article 99**

The Company shall have a Board of Directors which is comprised of nine members, of whom one is the Chairman, one is the Vice Chairman, and the other seven are Directors.

The Board of Directors is independent of the share controlling organizations (herein meaning corporations, enterprises or business units with the capacity of legal person which control the company, the meaning is the same hereinafter).

Among the Board of Directors, half or more of the members shall be External Directors (herein meaning those Directors who do not hold office in the company, the meaning is the same hereinafter), and two or more members shall be Independent Directors (herein meaning those Directors who are independent of the shareholders of the Company and do not hold office in the Company, the meaning is the same hereinafter).

### **Article 100**

Directors shall be elected at the shareholders' general meeting, with a term of office of three years. Upon expiration of his term, a Director shall be eligible for re-election.

The minimum period of the period for giving written notice of intention to nominate a person for election as a Director and of his willingness to be elected shall be at least 7 days. The period for giving such written notice shall commence no earlier than the first day after the date the Company gives notice of the general meeting, and shall be expired no later than 7 days before the date of the shareholders' general meeting.

The Chairman and the Vice Chairmen shall be elected and dismissed by more than half of all the Directors on the Board of Directors, with a term of office of three years, and shall be eligible for re-election and re-appointment upon expiration.

The shareholder's general meeting may, subject to the compliance with relevant laws and administrative regulations, remove a Director by ordinary resolution before the expiration of his/her term of office (but without prejudice to any claim for damages under any such agreement).

Any person appointed by the Board of Directors to be a Director either to fill a casual vacancy or as an additional Director shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting.

No more than two Senior Management Staff (Chairman, Vice Chairman, or Executive Director) from controlling organizations may act concurrently as the Chairman, the Vice Chairman and Executive Directors of the Company.

Directors are not required to hold any shares of the Company.

## **Article 101**

The Board of Directors shall be accountable to the shareholders' general meeting and shall exercise the following duties and powers:

- (1) to be responsible for convening shareholders' general meeting and reporting work to the meeting;
- (2) to implement resolutions passed at the shareholders' general meeting;
- (3) to determine business plans and investment proposals of the Company;
- (4) to prepare annual financial budget and final accounts of the Company;
- (5) to prepare plans for profit distribution and plans for making up losses of the Company;
- (6) to prepare proposals for the increase or reduction of the registered capital of the Company and proposals for the issuance of debentures of the Company;
- (7) to prepare proposals for the merger, division or dissolution of the Company;

- (8) to determine the establishment of the internal management bodies of the Company;
- (9) to appoint or dismiss the General Manager and according to the nomination by the General Manager, to appoint or dismiss the Deputy General Manager and other Senior Management Staff (including Financial Controller) and to determine matters relating to their remuneration;
- (10) to formulate the basic management system of the Company;
- (11) to formulate proposals for amendments to the Articles of Association of the Company;
- (12) to formulate proposals for buy-back of its own shares by the Company;
- (13) to exercise any other powers provided by these Articles of Association or conferred by the shareholders' general meeting.

Resolutions of preceding matters made and voted by the Board of Directors shall be passed by more than half of the Directors, except (6), (7), (11) and (12) which may be passed by more than two-thirds of the Directors.

#### **Article 102**

The board of directors (the "Board") shall consult the Party committee before it makes any decision that may significantly affect the Company. The Board's decision in relation to the Company's significant operational and management affairs that are subject to or affected by, inter alia, the macroeconomics regulation policies, national strategic development plans and national security of the PRC government shall be made after taking into account the Party committee's opinion.

#### **Article 103**

The Board of Directors shall not, without the prior approval of shareholders' general meetings, dispose or agree to dispose of any fixed assets, where the expected value of the proposed fixed assets disposition and the value of any such fixed assets disposition that has been completed within a period of four months immediately before the proposed disposition in the aggregate exceeds 33% of the value of the fixed assets as shown in the balance sheet which has been examined at the most recent general meeting.

For the purposes of this Article, disposition includes an act of transferring certain interests in the assets, however excluding act of security provision.

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

#### **Article 104**

The Chairman shall exercise the following powers:

- (1) to preside over shareholders' general meetings and to convene and preside over meetings of the Board of Directors;
- (2) to examine the implementation of resolutions of the Board of Directors;
- (3) to sign bond certificates issued by the Company;
- (4) other powers conferred by the Board of Directors.

Where the Chairman is unable or fails to perform his duties, such duties shall be performed by the Vice Chairman upon designation of the Chairman.

#### **Clause 105**

The Board of Directors shall establish special committees according to the Company's operation and management necessity. The duties of special committees of the Board of Directors shall be decided by the relevant provisions of the state and the resolutions at the Directors' meeting of the Company.

#### **Article 106**

Meetings of the Board of Directors shall be held at least four times a year. Meetings of the Board of the Directors shall be convened by the Chairman of the Board of Directors by giving a notice to all Directors at least 14 days before the meetings are held. In case of emergency, by a proposal made by shareholders representing more than one tenth of voting rights, more than one third of Directors or by at least two (including two) Independent Directors, the Board of Supervisors or the General Manager of the company, an extraordinary meeting of the Board of Directors shall be convened by the Chairman of the Board of Directors within 5 days upon receipt of such proposal.

The expenses reasonably incurred by the Directors who attend meetings of the Board of Directors shall be borne by the Company. These expenses include the traffic expenses covering the distance between the place where a Director is located and the place where a meeting is held (in the event that these two places are not the same), the fees of accommodation during the meeting, the rent of the venue of the meeting and the local traffic expenses.

## **Article 107**

Meetings and extraordinary meetings of the Board of Directors shall be noticed by ways as follows:

- (1) If the Board of Directors has specified the time and place of the regular board meeting in advance, no service of notice is required.
- (2) If the Board of Directors has not specified the time and place of the board meeting in advance, the Chairman of the board shall, at least 14 days in advance, inform the Directors and Supervisors the time and place of the board meeting by way of telegraph, telex, facsimile, courier, and registered mail or by specially designated persons.
- (3) If there is a need to hold a board meeting in case of emergency, the Chairman of the Board of Directors shall ask the secretary to the Board of Directors to, not less than 5 days and not more than 10 days prior to the date when the extraordinary board meeting is held, inform the Directors and Supervisors the time, place and way of the board meeting by telegraph, telex, facsimile, courier, registered mail or by specially designated person.
- (4) The notice shall be written in Chinese, if necessary, attached with an English version, including the agenda for the meeting. Any Director may waive the right of receiving the notice of the board meeting.

## **Article 108**

Notice of a meeting shall be deemed to have been given to any Director who attends the meeting without protesting against, before or at its commencement, any lack of notice.

## **Article 109**

A regular meeting or extraordinary meeting of the Board of Directors may be convened by means of telephone conference or other similar electronic communication equipments through which Directors participating in the meeting can hear other Directors speaking clearly and communicate simultaneously, such participation shall be deemed as if those participants were present in person. If the Company has issued notice of meeting, together with some relevant resolutions, to all Directors pursuant to the provisions of these Articles of Association, then the meeting of the Board of Directors may proceed with voting by means of facsimile or other equivalent communication equipments, provided that the Directors who signed agreement on thereof has constituted required quorum for making relevant decisions in accordance with the provisions in Article 101 of these Articles of Association, and such signed resolutions shall immediately constitute effective resolutions of the Board of Directors.

## **Article 110**

Meetings of the Board of Directors may be held only if more than half of the Directors (including any authorized Director's attendance pursuant to Article 111 of the these Articles of Association) attend.

Each Director shall be entitled to one vote. Resolutions of the Board of Directors must be adopted by the affirmative vote of the majority of all the Directors, unless otherwise required by these Articles of Association.

In case of the votes against and in favor of the resolutions are equal, the Chairman of the board shall be entitled to an additional vote.

When a Director has a relationship of interest with a matter to be voted on at a meeting of the Board of Directors, or a Director or the connected person of such Director has material interests in the subject matter to be determined, such Director shall not vote on such matter, whether on his own behalf or as the proxy of another Director. Such Board meeting can be held with half of or more unrelated Directors' attendance, and any resolution made on such matter shall be passed by half of or more unrelated Directors. Where the number of attending unrelated Directors falls below three, the matter shall be submitted to the shareholders' general meeting for consideration.

## **Article 111**

Meetings of Board of Directors shall be attended by the Directors in person. If a Director cannot attend a meeting for any reason, he may appoint in writing another Director to attend the meeting on his behalf. The appointing instrument shall specify the scope of authority.

A Director who attends a meeting on behalf of another Director shall exercise the rights of a Director within the scope of authority granted. If a Director fails to attend a meeting of the Board of Directors and has not appointed a representative to attend on his behalf, he shall be deemed to have waived his voting rights at such meeting.

## **Article 112**

The Board of Directors shall keep minutes of its decisions on the matters examined at the meetings. The Directors attending a meeting, the secretary to the Board of Directors and the person taking minutes shall sign the minutes of that meeting. The Directors shall bear liability for the decisions of the Board of Directors. Where a resolution of the Board of Directors is in violation of laws, administrative regulations or the Articles of Association of Company, thereby causing serious losses to the Company, the Directors who took part in the resolution shall bear the liability to compensate the Company. However, if it can be proved where a Director voted against such resolution being recorded in the minutes of the meeting, such Director may be exempted from such liability.

The opinions given by the Independent Directors shall be explicitly listed in the resolutions of the Board of Directors.

The minutes of the Board meeting shall be kept as archives of the Company by the secretary to the Board of Directors. The minutes of Board meeting shall be kept for 15 years.

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

### **Article 113**

The Company shall have a secretary to the Board of Directors. The secretary to the Board of Directors shall be a member of the senior Management Staff of the Company.

The Management Staff of the controlling organizations shall not concurrently hold office as secretary to the Board of Directors.

### **Article 114**

The secretary to the Board of Directors shall be a natural person with the necessary professional knowledge and experience. He shall be appointed by the Board of Directors. His main duties shall be as set forth below:

- (1) to guarantee that documents of the Board of Directors are in compliance with relevant laws;
- (2) to guarantee that the Company has complete organizational documents and records;
- (3) to ensure that the Company prepares and submits reports and documents required by competent authorities in compliance with the laws;
- (4) to guarantee that the Company's register of shareholders is properly established and that persons entitled to relevant records and documents of the Company obtain such relevant records and documents in a timely manner;
- (5) to discharge other duties required by these Articles of Association and the listing rules of securities exchange(s) on which the shares of the Company are listed.



## **Article 115**

A Director or other Senior Management Staff of the Company may concurrently act as the secretary to the Board of Directors. An accountant of the accounting firm which has been appointed by the Company shall not act as the secretary to the Board of Directors.

Where the secretary to the Board of Directors is concurrently a Director, and a certain act is required to be done by a Director and the secretary to the Board of Directors respectively, such Director who concurrently being the secretary to the Board of Directors shall not perform such act in dual capacity.

## **Chapter 12 General Manager of the Company**

### **Article 116**

The Company shall have one General Manager who shall be appointed or dismissed by the Board of Directors. Several Deputy General Managers shall be appointed to assist the General Manager in work. The Board of Directors of the Company may determine that its members can take up the role of a Director at the same time, but the Management Staff of the controlling organizations may not concurrently act as General Manager, Deputy General Manager, Chief Financial Controller or Sales Director.

### **Article 117**

General Manager shall be accountable to the Board of Directors and shall exercise the following duties and powers:

- (1) to be in charge of the production, operation and management of the Company and to organize the implementation of the resolutions of the Board of Directors;
- (2) to organize the implementation of the Company's annual business plans and investment plans;
- (3) to draft the plan for establishment of the Company's internal management organization;
- (4) to draft the Company's basic management system;
- (5) to formulate the basic rules and regulations of the Company;
- (6) to propose the employment and dismissal of the Deputy General Manager(s) of the Company and the Financial Controller(s);

- (7) to appoint and dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;
- (8) other duties and powers conferred by these Articles of Association and the Board of Directors.

#### **Article 118**

General Manager of the Company shall attend meetings of the Board of Directors, but if he is not a Director, he shall not have the right to vote at such meetings.

#### **Article 119**

When exercising their duties and powers, General Manager and Deputy General Manager(s) shall not amend the resolutions of the shareholders' general meeting and the Board of Directors or exceed the scope of authority.

#### **Article 120**

When exercising of their duties and powers, General Manager and Deputy General Manager(s) of the Company shall perform their duties in good faith and with diligence in accordance with the laws, administrative regulations and these Articles of Association.

### **Chapter 13 Board of Supervisors**

#### **Article 121**

The Company shall have a Board of Supervisors which is a regular supervisory body established by the Company and responsible for supervising the Board of Directors and its members, as well as General Manager, Deputy General Manager(s) and other Senior Management Staff to prevent them from abusing their powers, or infringing the legal interests of shareholders, the Company, and employees of the Company.

#### **Article 122**

The Board of Supervisors shall be composed of three members, one of which shall hold office as the Chairman of the Board of Supervisors. The Supervisor serves on a three years' term and shall be eligible for re-election upon the expiration of the term.

Appointment and removal of the Chairman of the Board of Supervisors shall be voted and passed by more than two thirds of members of the Board of Supervisors.

### **Article 123**

The members of the Board of Supervisors shall comprise of two representatives of shareholders who shall be elected and removed by the shareholders' general meeting and one representative of the employees of the Company who shall be democratically elected and removed by the Company's staff and workers.

The External Supervisors (refers to those Supervisors who do not hold office in the Company, the meaning is the same hereinafter) shall represent more than one half of the members of the Board of Supervisors and are entitled to report independently to the shareholders' general meeting the performance of good faith and diligence of Senior Management Staff of the Company.

### **Article 124**

The Directors, General Manager, Deputy General Manager(s) and financial officer of the Company shall not act concurrently as Supervisors.

### **Article 125**

The Board of Supervisors shall hold meetings at least once every six months, and the Chairman of the Board of Supervisors shall be accountable to convene the meeting. In case of an emergency situation, an extraordinary meeting of the Board of Supervisors may be convened at the request of at least one third of or more Supervisors without being subject to the restriction of the notice of the meeting in Article 127 of these Articles of Association.

### **Article 126**

The Board of Supervisors shall be accountable to the shareholders' general meeting and exercise the following functions and powers in accordance with the laws:

- (1) to examine the Company's financial affairs;
- (2) to supervise the Company's Directors, General Manager, Deputy General Manager and other Senior Management Staff to see whether they act in contravention of the laws, administrative regulations or these Articles of Association in the performance of their duties;
- (3) to demand rectification from a Director, General Manager, Deputy General Manager or other Senior Management Staff when acts of such persons are detrimental to the interests of the Company;

- (4) to examine the financial information such as the financial report, business report and plans for profit distribution to be submitted by the Board of the Directors to the shareholders' general meeting and, should any queries arise, to appoint, in the name of the Company, certified public accountants and practicing auditors to assist in the re-examination;
- (5) to propose for convening extraordinary shareholders' general meetings;
- (6) to deal with Directors or to file a suit against any Directors on behalf of the Company; and
- (7) to fulfill other duties as prescribed in these Articles of Association.

Supervisors shall attend the meetings of the Board of Directors.

#### **Article 127**

The method of discussion at the Board of Supervisors shall be: all Supervisors shall be informed of the meeting of the Board of Supervisors in written form not less than 10 days but not more than 30 days prior to the meeting. Each Supervisor has one vote at the meeting. Resolutions of the meeting of the Board of Supervisors shall be voted and passed by more than two thirds of its members.

#### **Article 128**

Expenses incurred reasonably by the Board of Supervisors in the employment of professionals such as lawyers, registered accountants, practicing auditors, etc. in the exercise of its functions and powers shall be borne by the Company.

#### **Article 129**

Minutes of meeting shall be kept for meetings of the Board of Supervisors. The Supervisors attending the meeting and the person taking minutes shall sign their names on the minutes of meeting. The Supervisors are entitled to have their speeches at the meeting with explanatory notes in the minutes of meeting. The minutes of meeting of the Board of Supervisors shall be kept as archives of the Company by the Secretary to the Board of Directors. The minutes of meeting shall be kept for 15 years.

## **Article 130**

Supervisors shall faithfully perform their supervisory duties in accordance with the laws, administrative regulations and these Articles of Associations.

### **Chapter 14 Qualifications and Obligations of the Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff of the Company**

## **Article 131**

None of the following persons may serve as a Director, Supervisor, General Manager, Deputy General Manager or other Senior Management Staff of the Company:

- (1) the person has no capacity or limited capacity for civil acts;
- (2) the person has been convicted of an offence of corruption, bribery, misappropriation or embezzlement of properties, or violating social and economic order, and less than five years have elapsed since the expiration of the enforcement period; or the person has been deprived of political rights due to conviction and less than five years have elapsed since the expiration of the enforcement period;
- (3) the person is a director or factory manager or manager of a company or an enterprise which has become insolvent and such person is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of completion of liquidation for insolvency of such company or enterprise;
- (4) the person was the legal representative of a company or an enterprise whose business license has been revoked and which was ordered to close down as a result of the violation of the laws and who is personally liable, where less than three years have elapsed since the date of revocation of the business license of such company or enterprise;
- (5) the person has a relatively large amount of personal indebtedness which is overdue and outstanding;
- (6) the person is under criminal investigation by the judicial authorities due to suspicious violation of criminal laws, and such investigation is still pending;
- (7) the person is prohibited by the laws or administrative regulations from acting as a leader of an enterprise;

- (8) the person is a non-natural person;
- (9) the person has been convicted of violation of the relevant securities regulations, which involved fraud and dishonest acts, by a relevant competent authority, and where less than five years have elapsed since the day of such conviction.

#### **Article 132**

The validity of an act of a Director, General Manager, Deputy General Manager or other Senior Management Staff of the Company on behalf of the Company towards a bona fide third party shall not be affected by any irregularity in the appointment, election or qualification of such person.

#### **Article 133**

In addition to obligations imposed by the laws, administrative regulations or the listing rules of any securities exchange(s) on which shares of the Company are listed, the Company's Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff shall owe the following obligations to each shareholder in the exercise of the duties and powers entrusted to them by the Company:

- (1) not to cause the Company to act beyond the scope of business stipulated in its business license;
- (2) to act faithfully in the best interests of the Company;
- (3) not to deprive the Company of its assets in any manner, including but not limited to, not to usurp the opportunities beneficial to the Company;
- (4) not to deprive the personal interests of the shareholders, including but not limited to, the rights to distribution and voting rights save and except pursuant to a restructuring of the Company submitted to shareholders for approval at shareholders' general meeting in accordance with these Articles of Association.

#### **Article 134**

In exercising their rights or discharging their duties, the Company's Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff shall owe a duty to exercise the reasonable care, diligence and skills of a reasonable and prudent person acting under similar circumstances.

## Article 135

In discharging their duties, the Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff of the Company shall observe the fiduciary principle and shall not put themselves in a position where their personal interests may conflict with the duties they assumed. Such principle shall include but not be limited to, the undertaking of the following obligations:

- (1) to act honestly in the best interest of the Company;
- (2) to exercise powers within, and not to exceed the scope of, their authority;
- (3) to exercise the discretionary power vested in them personally and not allow themselves to exercise such discretionary power under the direction or influence of another person and, unless and to the extent permitted by the laws or administrative regulations or the informed consent of the shareholders' general meeting, not to delegate the exercise of their discretion;
- (4) to treat the shareholders of the same class equally and to treat the shareholders of different classes fairly;
- (5) unless otherwise provided herein or with the informed approval of the shareholders' general meeting, not to enter into contracts, transactions or arrangements with the Company;
- (6) without the informed consent of shareholders' general meeting, not to use the property of the Company in any manner for their own benefits;
- (7) not to exploit their positions to accept bribes or other unlawful income nor to deprive the Company of its property in any manner, including but limited to, to usurp the opportunities beneficial to the Company;
- (8) without the informed consent of shareholders' general meeting, not to accept any commission in connection with the transactions of the Company;
- (9) to abide by these Articles of Association, to perform their duties faithfully, to protect the interests of the Company, and not to pursue personal benefits by exploiting their positions and authorities in the Company;
- (10) without the informed consent of shareholders' general meeting, not to compete in any way with the Company;
- (11) not to misappropriate the funds of the Company or to lend the funds of the Company to others in breach of rules; not to deposit the assets of the Company in the accounts opened under their own names or other names than the Company; not to use the assets of the Company as security for the liabilities of the shareholders of the Company or any other persons in breach of rules;

- (12) without the informed consent of shareholders' general meeting, not to disclose any confidential information of the Company acquired during their terms of office, nor to defraud the Company of the benefit of such information, provided that such information may be disclosed to a court of law or other governmental authorities under the following situations:
1. disclosure is required by the laws;
  2. disclosure is required in the public interest;
  3. disclosure is required in the interests of such Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff.

### **Article 136**

The Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff of the Company shall not cause the following persons or organizations ("connected persons") to do such acts which such Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff are prohibited from doing:

- (1) the spouse and the minor children of Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff;
- (2) a trustee of such Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff or of the persons mentioned in (1) of this Article;
- (3) a partner of such Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff or of the persons mentioned in (1), (2) of this Article;
- (4) a company actually and solely controlled by Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff, or by the persons mentioned in (1),(2),(3) of this Article or jointly controlled by other Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff of the Company;
- (5) the Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff of such controlled company as mentioned in (4) of this Article.



### **Article 137**

The honesty and the fiduciary duties of the Company's Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff shall not be certainly terminated after the expiration of their terms of office. The obligations to keep the trade secrets of the Company confidential shall survive the expiration of his term of office. The continuance of other obligations shall be determined on a fair basis depending on the length of the time between its occurrence and their departure from office and the circumstances and the conditions under which their relations with the Company were terminated.

### **Article 138**

The liabilities of Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff of the Company in respect of the breach of certain substantive obligations may be discharged with the informed consent by shareholders' general meeting except for the circumstances provided for in Article 56 of these Articles of Association.

### **Article 139**

If the Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff of the Company are interested materially, directly or indirectly, in a contract, transaction or arrangement made or proposed to be made with the Company (except for the service contract entered between the Company and Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff), they shall disclose to the Board of Directors the nature and extent of their interest at earliest as possible, whether or not the relevant matters are subject to the approval by the Board of Directors in usual circumstances.

Unless the Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff of the Company so interested has disclosed such interest to the Board of Directors as required in the first paragraph of this Article and the Board of Directors has approved the same at the meeting at which it has not been counted in the quorum and has refrained from voting, the Company shall have the right to revoke such contract, transaction or arrangement except as against a bona fide party without awareness of the breach of the duty by such Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff concerned.

If any connected person of Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff of the Company is interested in certain contract, transaction or arrangement, such Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff shall also be deemed as interested in the same.

#### **Article 140**

If, before the Company first considers the entering into of the relevant contract, transaction or arrangement, the Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff of the Company issue notice to the Board of Directors, stating that by reasons of the facts contained in the notice they are interested in such contract, transaction or arrangement to be entered into by the Company subsequently, such Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff shall be deemed to have made such disclosure as stipulated in the preceding Article of the Company's Articles of Association to the extent as stated in the notice.

#### **Article 141**

The Company shall not in any manner pay taxes for any of its Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff.

#### **Article 142**

The Company shall not provide loans or guarantees of loans, directly or indirectly, to the Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff of the Company and its Parent Company and anyone connected with persons as abovementioned.

The provision of the preceding paragraph shall not apply to the following circumstances:

- (1) the provision of a loan or a guarantee of loan by the Company to a company which is a subsidiary of the Company;
- (2) the provision of a loan or a guarantee of loan or any other funds by the Company to any of its Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff of the Company under an employment contract approved by the shareholders' general meeting, to pay the expenses incurred for the sake of the Company or for the performance of the duties;
- (3) if the ordinary business scope of the Company includes provision of loans and guarantees for loans. The Company may provide loans and guarantees of loans to relevant Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff of the Company and their connected persons, provided that the terms of such loans and guarantee of loans shall be on normal commercial terms.

#### **Article 143**

If the provision of a loan by the Company is in breach of provisions of the preceding Article, the recipient of the loan shall repay the same forthwith regardless of the conditions of such loan.

#### **Article 144**

Guarantees for loans provided by the Company in breach of the provisions of the first paragraph of Article 142 shall be unenforceable against the Company except under the following situations:

- (1) at the time when the loans were made to the connected persons of the Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff of the Company or its parent company, the lender is not aware of the circumstances;
- (2) the security provided by the Company has been legally sold by the lender to a bona fide purchaser.

#### **Article 145**

The guarantee referred to in the preceding Articles of this Chapter shall include the assumption obligations by the guarantor or the provision of property to secure the performance of obligations by the obligor.

#### **Article 146**

Where Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff of the Company are in breach of their obligations to the Company, the Company shall apart from the various rights and remedies provided by the laws and administrative regulations be entitled to take the following measures:

- (1) to demand the relevant Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff pay damages for the losses sustained by the Company as a result of the dereliction of duties on their parts;
- (2) to revoke any contacts or transactions made between the Company and Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff, and any contract or transaction made between the Company and a third party (if such third party knows or should reasonably have known that the Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff representing the Company are in breach of the obligations to the Company);

- (3) to demand the relevant Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff hand over the profits received by them as a result of the breach of the obligations;
- (4) to recover from the relevant Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff the monies which should have been received by the Company, including but not limited to, commission received by them;
- (5) to demand the relevant Directors, Supervisors, General Manager, Deputy General Manager and other Senior Management Staff return the interest earned or that may be earned from the monies which should have been payable to the Company.

#### **Article 147**

The Company shall enter into a contract in writing with Directors and Supervisors of the Company in respect of remuneration, with the prior approval of shareholders' general meeting. The remuneration matters as aforesaid shall include:

- (1) the remuneration for acting as a Director, Supervisor or other Senior Management Staff of the Company;
- (2) the remuneration for acting as a Director, Supervisor or other Senior Management Staff of a subsidiary of the Company;
- (3) the remuneration for the provision of other services in the management of the Company and its subsidiaries;
- (4) the payment for compensation for loss of office or retirement of such Directors or Supervisors.

Except pursuant to the contract as aforesaid, no legal proceedings shall be instituted against the Company by Directors or Supervisors in respect of the benefits receivable by them in respect of the aforesaid matters.

#### **Article 148**

There shall be provisions in the contract in relation to remuneration made between the Company and Directors or Supervisors of the Company that the Directors or the Supervisors of the Company shall be entitled to the compensation or other payments as a result of loss of office or retirement when the Company is to be taken over, provided that prior approval shall have been obtained at a shareholders' general meeting.

A takeover of the Company referred to in preceding paragraph shall mean one of the following situations:

- (1) a takeover offer to all shareholders has been made by any person;
- (2) a takeover offer has been made by any person on the purpose to make the offeror controlling shareholder. The meaning of “controlling shareholder” is the same as that defined in Article 54 of these Articles of Association.

In the event that the relevant Directors or Supervisors do not comply with the provisions of this Article, any monies received by them shall belong to the persons who sold their shares as a result of acceptance of the offer aforesaid and the expenses incurred as a result of pro rata distribution of such monies shall be borne by such Directors or Supervisors and such expenses shall not be deducted from such monies.

## **Chapter 15 Financial Accounting System and Distribution of Profits**

### **Article 149**

The Company shall establish a financial and accounting system in accordance with the laws, administrative regulations and the provisions of the PRC accounting standards formulated by the competent authority of finance of the State Council.

### **Article 150**

The Company shall prepare a financial report at the end of each accounting year and the same shall be audited in accordance with relevant laws.

The Company’s financial reports shall include the following financial and accounting statements and schedules:

- (1) balance sheet;
- (2) profit and loss statement;
- (3) statement of changes in financial position;
- (4) explanation of financial position;
- (5) profit distribution statement;
- (6) notes to financial statements.

The Company has adopted the Gregorian Calendar for the accounting year, namely, the period commenced from 1st January to 31st December of Gregorian Calendar is being taken as the accounting year.

#### **Article 151**

The financial report prepared by the Company in accordance with the relevant laws, administrative regulations and regulatory documents issued by local government and competent authorities shall be submitted by the Board of Directors of the Company to shareholders at every shareholders' annual general meeting.

#### **Article 152**

The financial reports of the Company shall be made available for inspection by shareholders 20 days prior to the annual general meeting. Each shareholder of the Company shall be entitled to obtain the financial reports mentioned in this Chapter.

The Directors' report, together with aforesaid financial reports, shall be sent by the way as provided in Article 199 of these Articles of Association to each holder of overseas listed foreign shares at least 21 days prior to the annual general meeting.

#### **Article 153**

The financial statements of the Company shall be prepared not only in accordance with the PRC accounting standards and legal regulations, but also in accordance with international accounting standards or the accounting standards of the place(s) outside the PRC where shares of the Company are listed. If there is any material discrepancies in the financial statements prepared in accordance with these two accounting standards, such discrepancies shall be expressly stated in the notes to the financial statements. When distributing the after-tax profits of the Company for the relevant accounting year, the lesser amount of the after-tax profits shown in aforesaid two financial statements shall be the figure used.

#### **Article 154**

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

#### **Article 155**

The Company shall publish two financial reports for each accounting year, namely an interim financial report within 60 days after the end of the first six months of the accounting year and an annual financial report within 120 days after the end of the accounting year.

#### **Article 156**

No books of account other than those provided by the laws shall be established by the Company.

#### **Article 157**

The after-tax profits of the Company shall be used according to the following sequence:

- (1) making up losses;
- (2) allocation to the statutory surplus reserve;
- (3) allocation to other surplus reserve upon resolved by shareholders' general meeting;
- (4) payment of dividends of ordinary shares.

The Company may not distribute dividends or otherwise distribute profits through bonus before making up losses and making allocations to the statutory surplus reserve.

#### **Article 158**

When distributing the after-tax profits of the current year, the Company shall allocate 10 percent of its profits to the statutory surplus reserve. The Company is not required to allocate further amount if the accumulated amount of the statutory surplus reserve is over 50% of the registered capital.

In the event that the statutory surplus reserve of the Company is insufficient to make up losses of the previous year, the Company shall first make up losses by profits of the current year before making allocations to the statutory surplus reserve in accordance with the provisions of the preceding paragraph.

After making allocation to the statutory surplus reserve out of the after-tax profits of the Company, the Company can make allocation to other surplus reserve according to the resolution of the shareholders' general meeting.

The remainder of the profits may, after making up losses and making allocations to the surplus reserve, be distributed by the Company to the shareholders pro rata to their shareholdings according to the resolution of the shareholders' general meeting.

If the shareholders' general meeting or the Board of Directors violates the preceding paragraph by distributing profits to the shareholders before the Company makes up losses and allocates the statutory surplus reserve, then the profits so distributed must be returned to the Company.

### **Article 159**

The capital surplus reserve shall include the following funds:

- (1) premium received in excess of the par value of the shares issued;
- (2) other revenue required by the competent authority of finance of the State Council to be so included in the capital surplus reserve.

### **Article 160**

The surplus reserve of the Company shall be used only for the following purposes:

- (1) to make up losses;
- (2) to expand the business and operation of the Company;
- (3) to be converted into the capital of the Company.

Provided that the surplus reserve shall not be used to make up the losses of the Company.

When the statutory surplus reserve is converted into share capital, the amount remaining in such surplus reserve shall not be less than 25% of the registered capital of the Company before such conversion.

### **Article 161**

The dividends shall be distributed to shareholders pro rata to their shareholdings within 6 months after the end of every accounting year. The plan of dividend distribution shall be passed by ordinary resolution at the shareholders' general meeting. Unless otherwise determined by the shareholders' general meeting, the shareholders' general meeting may authorize the Board of Directors to distribute interim dividends.

The Shareholders shall enjoy the interest of any amount that has been paid up before calls on share but shall not be entitled to participate in a dividend subsequently declared as for their pre-paid shares.

For the purpose of the power to forfeit any unclaimed dividends, it shall not be exercised until 6 years has elapsed after the date on which such dividends are declared.

### **Article 162**

The Company may distribute dividends in the following manners:

- (1) Cash;
- (2) Shares.



#### **Article 163**

After the plan of profit distribution has been resolved by the shareholders' general meeting, the Board of Directors shall finish the distribution of dividends (or shares) within 2 months after the shareholders' general meeting.

#### **Article 164**

Dividends and other monies paid by the Company to holders of domestic shares shall be denominated and declared and paid in RMB. Dividends and other monies paid by the Company to holders of overseas listed foreign shares shall be denominated and declared in RMB but paid in the currency of the place where the overseas listed foreign shares are listed (in the event that the places of listing are more than one, the main place determined by the Board of Directors).

#### **Article 165**

The Company shall pay dividends and other monies to holders of overseas listed foreign shares in accordance with relevant regulations on the administration of foreign exchange.

#### **Article 166**

The Company shall withhold and remit taxes payable in respect of the dividend incomes earned by individual shareholders in accordance with the provisions of the China's tax law.

#### **Article 167**

The Company shall appoint receiving agents on behalf of the shareholders of overseas listed foreign shares. Receiving agents shall receive on behalf of the relevant shareholders dividends distributed and other monies payable by the Company in respect of the overseas listed foreign shares.

The receiving agent appointed by the Company shall comply with the laws or the requirements of the regulations of the stock exchange where the shares of the Company are listed.

The receiving agent appointed by the Company on behalf of H shareholders shall be a trust company registered in accordance with the "Trustee Ordinance" of Hong Kong (Chapter 29 of the Hong Kong Legislation).

## **Chapter 16 Appointment of Accounting Firm**

### **Article 168**

The Company shall appoint an independent accounting firm which is qualified according to the relevant requirements of the State for the purpose of auditing the annual financial reports and reviewing other financial reports of the Company.

The first accounting firm of the Company may be appointed by the inaugural meeting prior to the first shareholders annual meeting. Such accounting firm shall hold office until the conclusion of the first shareholders' annual meeting.

If the inaugural meeting does not exercise its power under the preceding paragraph, the Board of Directors shall exercise such power.

### **Article 169**

The accounting firm appointed by the Company shall hold office from the conclusion of this shareholders' annual meeting until the conclusion of the next shareholders' annual meeting.

### **Article 170**

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

- (1) to inspect books and accounts, records or evidence of the Company at any time and to require Directors, General Manager, Deputy General Manager or other Senior Management Staff of the Company to provide relevant information and explanation;
- (2) to demand the Company to take all reasonable measures to obtain from its subsidiaries information and explanation which are necessary for such accounting firm to carry out its duties;
- (3) to attend meetings of shareholders and receive notices and other information related to such meeting which any shareholder is entitled to receive and speak at any meeting of shareholders about the matters related to its being the accounting firm of the Company.

### **Article 171**

If the office of the accounting firm becomes vacant, the Board of Directors shall, before convening of the shareholders' general meeting, have the right to appoint an accounting firm to fill such vacancy provided that if there is another incumbent accounting firm in office for the Company during the period of such vacancy, such accounting firm may act.

## **Article 172**

The shareholders' general meeting may by ordinary resolution remove an accounting firm prior to the expiration of its term of office notwithstanding anything contained in the contract entered into between the accounting firm and the Company but without prejudice to the right of the accounting firm to claim damages against the Company for such removal.

## **Article 173**

The remuneration of the accounting firm or the manner in which such remuneration shall be determined shall be put forward to the shareholders' general meeting to make decision. The remuneration of the accounting firm appointed by the Board of Directors shall be determined by the Board of Directors.

## **Article 174**

The appointment, dismissal or non-reappointment of an accounting firm shall be resolved by the shareholders' general meeting and shall be filed with the securities regulatory authority of the State Council.

Where a resolution is proposed to be passed at a shareholders' general meeting to appoint a firm other than the existing accounting firm to fill any vacant office of an accounting firm, or to re-appoint an accounting firm which has been appointed by the Board of Directors to fill a vacancy, or to remove an accounting firm before the expiration of its term of office, the following provisions shall be satisfied:

- (1) a copy of the resolution relating to the appointment or removal of office shall be sent to the accounting firm proposed to be appointed or the accounting firm which intends to vacate its office or the accounting firm which has vacated from its office in the relevant accounting year before the sending of notice of the shareholders' general meeting.

Vacating office includes removal, resignation and retirement.

- (2) if the accounting firm is to be vacated from its office makes a representation in writing and requests the Company to notify the shareholders of that representation, the Company should, unless the written representation is received beyond the deadline, take the following measures:
  1. state the representations that has been made by the accountants' firm which is to leave in any notice for making resolutions;
  2. attach a copy of the representations to the notice and deliver it to the shareholders by the means provided by these Articles of Associations.

- (3) if the Company does not send the representations of the relevant accounting firm under provision (2) of this Article, such accounting firm may require the representations to be read out at the shareholders' general meeting, and may make further statements.
- (4) the accounting firm which will vacate its office shall be entitled to attend the following meetings:
  1. the shareholders' general meeting at which its term of office would otherwise have expired;
  2. the shareholders' general meeting convened to fill the vacancy caused due to its removal;
  3. the shareholders' general meeting convened due to its voluntary resignation.

The accounting firm vacating its office shall be entitled to receive all notices or other relevant information of the said meetings, and speak at the said meetings in respect of the affairs in which it is involved as a former accounting firm of the Company.

#### **Article 175**

When the Company resolves to remove or not reappoint an accounting firm, it shall give a thirty-day advance notice to the accounting firm. The accounting firm shall be entitled to make representation at the shareholders' general meeting. Where the accounting firm resigns, it shall make clear to the shareholders' general meeting whether or not there are irregularities on the part of the Company.

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

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

When the Company receives a written notice referred to in the aforesaid paragraph, it shall within 14 days send a copy of the notice to the relevant competent authorities. If such notice contains the statement mentioned in (2) of the aforesaid paragraph, a copy of the aforesaid representation shall be placed at the Company for inspection by shareholders. The Company shall also send a copy of such statement by ways specified in Article 199 of this Articles of Association to every holder of overseas listed foreign shares at the address registered in the register of shares.

When the notice of resignation of the accounting firm contains a statement of any such circumstances, the accounting firm may require the Board of Directors to convene an extraordinary general meeting for the purpose of hearing its explanation of the circumstances in connection with its resignation.

### **Chapter 17 Insurance**

#### **Article 176**

The Company's various categories of insurance shall be determined by the Board of Directors in accordance with the relevant insurance laws and regulations of the State.

### **Chapter 18 Labor and Personnel System**

#### **Article 177**

The Company shall formulate a labor and personnel system which shall be suitable for the specific conditions of the Company in accordance with the "Labor Law of the People's Republic of China" and other relevant laws and regulations.

#### **Article 178**

The Company may, according to the need of business development, employ and dismiss employees independently under labor contracts in accordance with the relevant state laws and regulations.

#### **Article 179**

The Company may determine the system of labor and wages and the methods of payment in accordance with the relevant state regulations and the Company's economic benefits.

#### **Article 180**

The Company shall pay effort to increase the welfare treatment of employees and to sustainably improve the conditions of working and living of the staff and workers.

#### **Article 181**

The Company shall make allocation to the insurance funds for medical care, retirement and unemployment and establish the system of labor insurance in accordance with the relevant state laws and regulations.

### **Chapter 19 Trade Union Organizations**

#### **Article 182**

The employees of the Company shall be entitled to organize trade unions, conduct trade union activities and protect their legal rights in accordance with the “Trade Union Law of the People’s Republic of China” and other relevant laws and regulations. The Company shall provide necessary conditions for trade union activities.

#### **Article 183**

The Company shall according to relevant laws and administrative regulations of China to formulate systems of labor management, personnel management, wages and welfares for staff and workers, and social security, etc.

### **Chapter 20 Merger and Division of the Company**

#### **Article 184**

The Board of Directors may put forward a proposal for the merger or division of the Company and pass the procedures specified in these Articles of Association of the Company and to proceed to apply the relevant approval procedures in accordance with the laws. Shareholders who oppose such proposal on the merger or division of the Company shall have the right to require the Company or shareholders who are in favor of such proposal to purchase their shares at a fair price. The contents of the resolutions approving the merger or division of the Company shall be compiled into a special document for inspection by shareholders.

Aforesaid documents shall be served on the holders of overseas listed foreign shares by the ways stipulated in Article 199 of this Articles of Association.

#### **Article 185**

The merger of the Company may take the forms of merger of absorption and merger by establishing a new company.

In the event of merger of the Company, all the parties involved in the merger shall execute a merger agreement and prepare a balance sheet and a list of assets. The Company shall notify its creditors within 10 days from the date on which the merger resolution is passed and within 30 days thereof publish announcement in newspapers required by relevant provisions.

Upon completion of the merger, the creditor's rights and debts of the parties involved in the merger shall be assumed by the Company surviving the merger or the new company established after the merger.

#### **Article 186**

In the event of a division of the Company, its assets shall be divided accordingly.

In the event of a division of the Company, the parties involved shall execute a division agreement and prepare a balance sheet and a list of assets. The Company shall notify its creditors within 10 days from the date on which the division resolution is passed and within 30 days thereof publish announcement in newspapers required by relevant provisions.

The liabilities of the Company prior to the division shall be assumed by the companies after such division.

#### **Article 187**

In the event of a merger or division of the Company, alterations in the registered matters of the Company shall be registered at the Company's registration authorities in accordance with the laws. In the event of dissolution of the Company, the cancellation of registration shall be made in accordance with the laws. In the event of the setting up of a new company, the registration of incorporation thereof shall be made in accordance with the laws.

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

#### **Article 188**

The Company shall dissolve and proceed with liquidation in accordance with the laws upon occurrence of any of the following circumstances:

- (1) a resolution is passed by the shareholders' general meeting to dissolve the Company;
- (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 deregister, according to laws;

- (4) the Company is ordered to close down for its contravention of the laws or administrative regulations.
- (5) where the Company has serious difficulty in its operation and management and its continual existence would cause material losses to the interests of the shareholders, and such difficulties cannot be resolved through other means, shareholders who hold 10 percent or more of all the voting rights of the shareholders of the Company may request the people's court to dissolve the company.

#### **Article 189**

In the event that the Company is dissolved under the requirement in (1), (3) or (5) of the preceding Article, a liquidation group shall be established within 15 days upon the occurrence of cause of dissolution to commence the liquidation. The liquidation group consists of the candidates determined by the directors or the shareholders' general meeting through ordinary resolution. If the Company fails to establish the liquidation group within such period, the creditors may apply to the people's court for appointment of relevant persons to form the liquidation group to conduct the liquidation.

In the event that the Company is dissolved under the condition in (2) of the preceding Article, all the parties involved in the merger or division shall, according to the agreements signed at the time of merger or division, proceed with the liquidation.

#### **Article 190**

In the event that the Board of Directors determines to liquidate the Company (except for liquidation as a result of the declaration of insolvency by the Company), it shall specify in the notice convening the shareholders' general meeting for such purpose that the Board of Directors has made a full inquiry of the affairs of the Company and is of the opinion that the Company will be able to pay all its debts within 12 months upon commencement of liquidation.

Upon the passing of the liquidation resolution at the shareholders' general meeting, the functions and powers of the Board of Directors of the Company shall cease immediately.

The liquidation group shall comply with the instructions of the shareholders' general meeting to report to the shareholders' general meeting at least once a year in respect of the income and expenditure of the liquidation group, the business of the Company and the progress of the liquidation and submit a final report to the shareholders' general meeting when the liquidation is completed.



### **Article 191**

The liquidation group shall notify the creditors within 10 days of its establishment and announce the same in the newspapers within 60 days.

Those creditors shall make any claims to the liquidation group within 30 days upon the receipt of such notification or within 45 days from the announcement in case of not receiving such notification and those who fail to declare their claims in due term shall be deemed to have relinquished their rights. When creditors make claims, they shall describe the relevant matters in respect of their claims and provide evidence thereof. The liquidation group shall register the creditors' claims.

### **Article 192**

During the liquidation period, the liquidation group shall exercise the following duties and powers:

- (1) to dispose of the assets of the Company and to prepare a balance sheet and a list of assets;
- (2) to give notice or make announcement to creditors;
- (3) to deal with and liquidate the uncompleted business of the Company related to the liquidation;
- (4) to settle and pay outstanding taxes and the taxes incurred during the liquidation;
- (5) to settle claims and debts;
- (6) to deal with the assets remaining after settlement of debts by the Company;
- (7) to represent the Company in any civil proceedings.

### **Article 193**

After the assets of the Company have been liquidated and the balance sheet and list of assets have been completed, the liquidation group shall prepare a liquidation plan and submit the same to the shareholders' general meeting or the relevant competent authorities for confirmation.

The assets of the Company shall be liquidated in accordance with the sequence provided in the laws and regulation. If there is no law applicable, such assets shall be disposed of in fair and reasonable sequence determined by the liquidation group.

The remaining assets after liquidation by the Company pursuant to the preceding paragraph shall be distributed to the shareholders in accordance with the class and proportion of shares held by them.

During the liquidation period, the Company shall not carry out new business activities.

#### **Article 194**

If the Company is liquidated due to dissolution, where the liquidation group, after the assets of the Company has been liquidated and the balance sheet and list of assets have been prepared, discovers that the assets of the Company are insufficient to settle its debts, it shall forthwith make an application to the People's Court for a declaration of insolvency.

After the declaration of insolvency by the People's Court, the liquidation group shall transfer the liquidation matters to the People's Court.

#### **Article 195**

Upon the completion of the liquidation of the Company, the liquidation group shall prepare a liquidation report, statement of income and expenditure and the financial accounts for the liquidation which, upon verification by a certified public accountant of PRC, shall be submitted to the shareholders' general meeting or the relevant competent authorities for confirmation.

The liquidation committee shall submit within 30 days after the confirmation of the shareholders' general meeting or the relevant competent authorities the documents mentioned above to the registration authority of the Company and apply for the cancellation of registration of the Company and announce the termination of the Company. Such announcement shall be published in the newspaper in accordance with the relevant provisions.

### **Chapter 22 Procedures for Amending the Articles of Association of the Company**

#### **Article 196**

The Company may amend these Articles of Association pursuant to the laws, administrative regulations and the provisions of these Articles of Association.

## **Article 197**

The amendments to the Articles of Association involving the contents of the “Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas” shall become effective upon approvals by the company approval authorities of the State Council and the securities regulatory authority of the State Council. If there is anything relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with the laws.

## **Chapter 23 Dispute Resolutions**

### **Article 198**

The Company shall comply with the following rules of dispute resolution:

- (1) Wherever any disputes or claims relating to the affairs of the Company arise from the rights and obligations provided for in these Articles of Association, the “Company Law” and other relevant laws and administrative regulations, between the holders of the overseas listed foreign shares and the Company; the holders of the overseas listed foreign shares and the Directors, Supervisors, General Manager, Deputy General Managers or other Senior Management Staff; or holders of the Foreign Shares listed outside the PRC and holders of Domestic shares, such disputes or claims shall be referred by the relevant parties to arbitration.

The disputes or claims mentioned above which are referred to arbitration shall be the entire claim or dispute; all persons having 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 the disputes or claims, if they are, the Company or shareholders of the Company, Directors, Supervisors, the General Manager and Deputy General Manager or other Senior Officers of the Company, shall be subject to such arbitration.

Disputes over the identification of a shareholder and over the register of shareholders is not required to be resolved through arbitration.

- (2) The party seeking arbitration may elect to have the dispute or claim arbitrated either by the China International Economic and Trade Arbitration Commission according to its arbitration rules or by the Hong Kong International Arbitration Centre according to its securities arbitration rules. Once the party seeking arbitration submits a dispute or claim to arbitration, the other party shall submit to the arbitral body selected by the party seeking arbitration.

If the party seeking arbitration elects to arbitrate at the Hong Kong International Arbitration Centre, either party may apply to have such arbitration conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.

- (3) The laws of the People's Republic of China shall govern the arbitration of disputes or claims described in (1) unless otherwise provided by the laws and administrative regulations.
- (4) The ruling of the arbitral body shall be final and binding on all the parties thereto.

## **Chapter 24 Notices**

### **Article 199**

Subject to the compliance with the applicable laws, regulations and the "Listing Rules", the Company shall send or provide the notice, information or writing statement of the Company in the following manners:

- (1) by personal delivery;
- (2) by pre-paid mail;
- (3) by facsimile;
- (4) by electronic means, including sending e-mails, publish on the website of the Company and/or on the websites allowed by applicable laws and regulations and those designated by the Hong Kong Stock Exchange;
- (5) by publishing announcements in the newspaper designated or recognized by applicable laws, regulations and the Hong Kong Stock Exchange;
- (6) in other manners recognized by applicable laws, regulations and Hong Kong Stock Exchange.

When sending or providing the notice, information or writing statement of the Company in the above manners, the Company shall comply with the requirements of the applicable laws, regulation, "Listing Rules" and these Articles of Association as for the specific operation requirements of each manner.

All the notice, information or writing statement shall be deemed to be served on the following date as the day of receipt: (a) when served by way of personal delivery, the day of acknowledgement; (b) when served by way of pre-paid mail, the seventh working day after the mail was delivered to the post office/express delivery by the Company; (c) when served by way of facsimile, the day demonstrating that the facsimile was sent successfully; (d) when served by way of electronic mail, the day demonstrating that the electronic mail was sent successfully; (e) when served by way of publishing on the websites, the date of the first announcement; (f) when by way of publishing in the newspaper, the day of the first publication.

#### **Article 200**

When the Company serves the notice, information and writing statement to the shareholders by personal delivery or by pre-paid mail as required in Article 199 of these Articles of Association, the address of the receipt shall be confirmed as the address recorded in the register of shareholders.

#### **Article 201**

When the notice is served by way of post, it shall write the address clearly, pay the postage and put the notice into the envelope for delivery.

#### **Article 202**

Any notice, document, information or writing statement given by the shareholders or the Directors to the Company, may served by way of personal delivery or by registered letter to the legal address of the Company.

#### **Article 203**

When proving that the notice, document, information or writing statement had been served to the Company by shareholders or the Directors, such shareholders or Directors shall provide evidence that the relevant notice, document, information or writing statement had been served by ordinary manners or by way of pre-paid mail to the correct addresses within specified term.

## **Chapter 25 Supplementary Provisions**

### **Article 204**

The “Accounting Firm” referred to in the Articles of Association has the same meaning as “Auditor”.

### **Article 205**

The references to “more than”, “within” or “less than” herein shall include the given figure; the references to “over”, “exceed” or “beyond” herein shall not include the given figure.

### **Article 206**

These Articles of Association are written in Chinese, if any discrepancy exists between these Articles of Association and the Articles of Association in other languages, the Chinese version shall prevail.