

# **NANJING SAMPLE TECHNOLOGY COMPANY LIMITED**

南京三寶科技股份有限公司

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

## **ARTICLES OF ASSOCIATION**

(Amended at the Extraordinary General Meeting  
held on 8 December 2020)

(The Articles of Association are formulated in accordance with the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (“Mandatory Provisions”), the Letter of Opinions on Supplementary Amendment to Articles of Association of Companies to be Listed in Hong Kong (“Zheng Jian Hai Han[1995]No.1”), Further Standardizing Operations and Reform of Companies Listed Outside China Opinion (the “Opinion”), the Reply of the State Council on the Adjustment of the Provisions Applicable to the Notice Period for the Holding of Shareholders’ General Meeting for Overseas Listed Companies (Guo Han [2019] No. 97), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Hong Kong Listing Rules”).

## CHAPTER 1 GENERAL PROVISIONS

### Article 1

Nanjing Sample Technology Co., Ltd. (the “Company”) is a joint stock limited company incorporated pursuant to the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China, the Special Regulations of the State Council on the Overseas Offer and Listing of Shares by Joint Stock Limited Companies (the “Special Regulations”) and other relevant laws and administrative regulations and listed on the Main Board of the Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”).

Mandatory  
Provisions  
Article 1

The Company was established by way of promotion with the approval of the People’s Government of Nanjing City, Jiangsu Province, People’s Republic of China, as evidenced by the approval document Ning Zheng Fu [2000] No.119 Approval of the Municipal Government regarding the conversion of Nanjing Sample Computer Technology Company Limited to Nanjing Sample Technology Co., Ltd. dated 29 December 2000. It was registered with the Nanjing Administration for Industry and Commerce and was granted the Company’s Business License for Enterprises as a Legal Person on 29 December 2000. The number of the Company’s business license is: 3201082000869.

The promoters of the Company include Nanjing Sample Technology Group Company Limited, Nanjing Zhongbei (Group) Company Limited, Nanjing Huadong Electronics Information & Technology Company Limited, Nanjing Sample Technology Commerce City Company Limited, Nanjing Daily Newspaper Office and Sha Min.

The Company was listed on the Main Board of the Hong Kong Stock Exchange on 1 December 2010.

### Article 2

The registered name of the Company

(In Chinese): 南京三寶科技股份有限公司

(In English): Nanjing Sample Technology Co., Ltd.

Mandatory  
Provisions  
Article 2

### Article 3

The Company's legal domicile: No.10 Maqun Avenue,  
Qixia District, Nanjing City  
(南京市棲霞區馬群大道 10 號)  
Telephone: 8625-84356666  
Facsimile: 8625-84356650  
Postcode: 210049

### Article 4

The Company's legal representative is the chairman of the Board of the Company.

Mandatory Provisions Article 4

### Article 5

The Company is a joint stock limited company in perpetual existence.

Mandatory Provisions Article 5

### Article 6

These amendments to the Articles of Association shall become effective from the date of listing of the Company on the Main Board of the Hong Kong Stock Exchange.

Mandatory Provisions Article 6

From the date of the amendments to the Articles of Association becoming effective, the Articles of Association constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations between the Company and each shareholder and among the shareholders.

### Article 7

The Articles of Association are binding on the Company and its shareholders, Directors, supervisors, president, general managers, deputy general managers and other senior management, all of whom are entitled to claim rights regarding the Company's affairs in accordance with the Articles of Association.

Mandatory Provisions Article 7

The Articles of Association are actionable by a shareholder against the Company and vice versa; shareholders may sue shareholders according to the Articles of Association; and shareholder may sue the Directors, supervisors, president, general

managers, deputy general managers and other senior management members of the Company.

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

## **Article 8**

The Company may invest in other limited liability companies and joint stock limited companies, to which the Company shall be liable to the extent of the amount of its capital contribution. However, the Company shall not be the shareholder of any other economic organizations with unlimited liabilities.

Mandatory  
Provisions  
Article 8

## **Article 9**

The Company is an independent legal entity, all acts of the Company shall comply with the laws and regulations of the PRC and the place of listing of overseas listed foreign shares, and the Company shall protect the shareholders' legal rights. All capital of the Company is divided into shares with same par value per share. The rights and liabilities of the shareholders of the Company are limited to the shares held by them, and the Company is liable for its debts to the extent of its entire assets.

On condition of compliance with applicable laws and administrative regulations of PRC, the Company has the power to raise or borrow money which power includes (but without limitation) the issue of corporate bond, the charging or pledging of part or whole of the ownership or usage right of the Company's assets and other rights permitted by PRC laws and administrative regulations. Subject to the provisions under the laws and regulations of PRC and/or place of listing and in compliance with the provisions under the laws and regulations of PRC and/or place of listing and the corporate procedures stipulated herein, the Company may provide various forms of guarantee against any third party (including but not limited to the Company's subsidiaries or associated companies); however, the Company shall not prejudice or abolish the rights of holders of shares of any class when exercising the said rights.

## CHAPTER 2 PURPOSES AND SCOPE OF BUSINESS

### Article 10

The business purposes of the Company are: to serve and rejuvenate the country through industry development and provide the country and the community with system solutions and services regarding, inter alias, computer and communication technology and application software, to provide the users with high quality, efficient and professional services, to achieve the objectives of user satisfaction, investors' benefits and sustainable and stable corporate development by the advantages in technology and talents.

Mandatory  
Provisions  
Article 9

### Article 11

The scope of business of the Company shall be based on the projects approved by the company registration authorities.

Major scope of business of the Company: computer networks, engineering design and installation of industrial automation; electronic products, development, manufacturing, testing of electronic computer, sale of self-production products, system integration; electronic computer technology consulting and information services; technology testing and technical services of electronic products; computer software development; design, construction, maintenance of security engineering; research and development of ITS-based basic information collection technology and equipment (excluding commodities under the special control of the State and projects with special approval). (Projects that require approval under law, business can be carried out after the approval by the relevant departments). General projects: international freight forwarding agency; general goods warehousing services (excluding hazardous chemicals and other projects that require approval); domestic freight forwarding agency. (Except for the projects subject to approval in accordance with the law, the business activities should be conducted independently with the business licence(s) in accordance with the law)

According to the domestic and international market trends, business development needs in the PRC and its own development capability and its business performance, the Company may adjust its investment policies and business scope and mode on a timely basis; as well as set up branches and offices in the PRC and areas including Hong Kong, Macau and Taiwan (whether wholly-owned or not), subject to

approvals by resolution of the general meeting and relevant governmental authorities.

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

#### **Article 12**

The Company shall have ordinary shares at all times. It may have other kinds of shares according to needs, upon approval of the company approval authorities that are authorized by the State Council.

Mandatory  
Provisions  
Article 11

#### **Article 13**

All the shares issued by the Company shall have a par value which shall be RMB1.00 for each share.

Mandatory  
Provisions  
Article 12

For the purposes of the above paragraph, the term “RMB” shall refer to the legal currency of the People’s Republic of China.

Where the capital of the Company includes shares which do not carry voting rights, the words “non-voting” must appear in the designation of such shares.

Where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the preferential voting rights, must include the words “restricted voting right” or “limited voting right”.

#### **Article 14**

Subject to the approval of China Securities Regulatory Commission (“CSRC”), the Company may issue shares to domestic and foreign investors.

Mandatory  
Provisions  
Article 13

For the purposes of the preceding paragraph, the term “foreign investors” shall refer to investors from foreign countries or from Hong Kong, Macau or Taiwan that subscribe for shares issued by the Company, and the term “domestic investors” shall refer to investors inside the People’s Republic of China, excluding the above-mentioned regions, that subscribe for shares issued by the Company.

## Article 15

Shares issued by the Company to domestic investors for subscription in Renminbi shall be referred to as domestic shares. Shares issued by the Company to overseas investors for subscription in foreign currency shall be referred to as foreign shares. Foreign shares which are listed outside the PRC shall be referred to as overseas listed foreign shares.

Mandatory Provisions  
Article 14  
Hong Kong Listing Rules  
Appendix 3  
paragraph 9

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

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

## Article 16

Upon approval of the company approval authorities that are authorized by the State Council, the total number of issuable ordinary shares of the Company upon its incorporation is 45,000,000 domestic shares of RMB1.00 each. The number of shares issued to the promoters upon the Company's incorporation was 45,000,000 shares, representing 100% of the total number of issuable ordinary shares of the Company, all of which were subscribed by the promoters as follows:

Mandatory Provisions  
Article 15  
Hong Kong Listing Rules  
Appendix 3  
paragraph 9

18,000,000 shares subscribed by Nanjing Sample Technology Group Company Limited representing 40.00% of the total number of issuable ordinary shares of the Company upon its incorporation.

12,000,000 shares subscribed by Nanjing Zhongbei (Group) Company Limited representing 26.67% of the total number of issuable ordinary shares of the Company upon its incorporation.

12,000,000 shares subscribed by Nanjing Huadong Electronics Information & Technology Company Limited representing 26.67% of the total number of issuable ordinary shares of the Company upon its incorporation.

1,650,000 shares subscribed by Nanjing Sample Technology Commerce City Company Limited representing 3.66% of the total number of issuable ordinary shares of the Company upon its incorporation.

900,000 shares subscribed by Nanjing Daily Newspaper Office representing 2.00% of the total number of issuable ordinary shares of the Company upon its incorporation.

450,000 shares subscribed by Sha Min representing 1.00% of the total number of issuable ordinary shares of the Company upon its incorporation.

## **Article 17**

(1) The number of ordinary overseas listed foreign shares issued for the first capital increase after incorporation of the Company was 20,400,000 shares (including 19,500,000 new shares and 900,000 exiting sale shares), accounting for 31.63% of the issuable ordinary shares of the Company.

Mandatory Provisions Article 16 Hong Kong Listing Rules Appendix 3 paragraph 9

The equity structure of the Company is: 64,500,000 ordinary shares, including 44,100,000 shares held by the promoters, representing 68.37% of the issuable ordinary shares of the Company, and 20,400,000 overseas listed foreign shares held by H shares holders, representing 31.63% of the issuable ordinary shares of the Company.

(2) With the approval of the examination and approval authority authorized by the State Council, 12,000,000 shares acquired by the promoter namely Nanjing Zhongbei (Group) Co., Ltd. at the time of incorporation of the Company were all transferred to Jiangsu Century Gold Bull Technology and Trading Co., Ltd.

(3) With the approval of the examination and approval authority authorized by the State Council, 12,000,000 shares acquired by the promoter namely Nanjing Huadong Electronics Information & Technology Co., Ltd. at the time of incorporation of the Company were all transferred to Active Gold Holding Limited.

(4) With the approval of the examination and approval authority authorized by the State Council, 4,515,000 shares held by the Company's shareholder namely Jiangsu Century Gold Bull Technology and Trading Co., Ltd. were all transferred to foreign shareholder Active Gold Holding Limited.



(5) With the approval of the examination and approval authority authorized by the State Council, the Company issued 96,750,000 bonus shares (15 bonus shares for every 10 shares) and increased 32,250,000 shares by way of capitalization of capital reserve (5 capitalization shares for every 10 shares), thereafter the total equity of the Company changed to 193,500,000 shares, with 132,300,000 shares (68.37% of the total number of the ordinary shares issued by the Company) held by domestic shareholders, including:

54,000,000 shares held by Nanjing Sample Technology Group Co., Ltd., representing approximately 27.91% of the total number of the ordinary shares issued by the Company.

22,455,000 shares held by Jiangsu Century Gold Bull Technology and Trading Co., Ltd., representing approximately 11.60% of the total number of the ordinary shares issued by the Company.

49,545,000 shares held by Active Gold Holding Limited, representing approximately 25.60% of the total number of the ordinary shares issued by the Company.

4,950,000 shares held by Nanjing Sample Technology Commerce City Company Limited, representing approximately 2.56% of the total number of the ordinary shares issued by the Company.

1,350,000 shares held by Sha Min, representing 0.70% of the total number of the ordinary shares issued by the Company.

61,200,000 overseas listed foreign shares held by H shareholders, representing 31.63% of the total number of the ordinary shares issued by the Company.

(6) With the approval of the extraordinary general meeting of the Company held on 3 August 2009, the Company issued additional ordinary shares of 30,600,000 overseas listed foreign shares, thereafter the total equity of the Company changed to 224,100,000 shares, with 132,300,000 shares (59.04% of the total number of the ordinary shares issued by the Company) held by domestic shareholders, including:

54,000,000 shares held by Nanjing Sample Technology Group Co., Ltd., representing approximately 24.10% of the total number of the ordinary shares issued

by the Company.

22,455,000 shares held by Jiangsu Century Gold Bull Technology and Trading Co., Ltd., representing approximately 10.02% of the total number of the ordinary shares issued by the Company.

49,545,000 shares held by Active Gold Holding Limited, representing approximately 22.11% of the total number of the ordinary shares issued by the Company.

4,950,000 shares held by Nanjing Sample Technology Commerce City Company Limited, representing approximately 2.21% of the total number of the ordinary shares issued by the Company.

1,350,000 shares were subscribed by Sha Min, representing 0.60% of the total number of the ordinary shares issued by the Company.

91,800,000 overseas listed foreign shares held by H shareholders, representing 40.96% of the total number of the ordinary shares issued by the Company.

(7) With the approval of the examination and approval authority authorized by the State Council, 6,770,000 shares held by the Company's shareholder namely Jiangsu Century Gold Bull Technology and Trading Co., Ltd. were transferred to the Company's shareholder Nanjing Sample Technology Group Co., Ltd.

(8) With the approval of Jiangsu Administration for Industry and Commerce, the Company's shareholder Jiangsu Century Gold Bull Technology and Trading Co., Ltd. changed its name to Jiangsu Red Stone Technology Corporation.

(9) With the approval of the examination and approval authority authorized by the State Council, 15,000,000 shares held by the Company's shareholder namely Jiangsu Red Stone Technology Corporation were transferred to the Jiangsu Ruihua Investment Holding Group Company Ltd.

(10) With the approval of the extraordinary general meeting of the Company, the H shareholders class meeting and the domestic shareholders class meeting, the Company issued 92,723,400 new domestic shares, the total number of shares of the Company is changed to 316,823,400 shares, with 225,023,400 shares (accounting for

approximately 71.02% of the total number of the ordinary shares issued by the Company) held by domestic shareholders, including:

153,493,400 shares held by Nanjing Sample Technology Group Company Ltd., accounting for approximately 48.45% of the total number of the ordinary shares issued by the Company.

15,000,000 shares held by Jiangsu Ruihua Investment Holding Group Company Ltd., accounting for approximately 4.73% of the total number of the ordinary shares issued by the Company.

685,000 shares held by Jiangsu Hongshi Technology Industry Company Ltd., accounting for approximately 0.22% of the total number of the ordinary shares issued by the Company.

49,545,000 shares held by Active Gold Holding Limited, accounting for approximately 15.64% of the total number of the ordinary shares issued by the Company.

4,950,000 shares held by Nanjing Sample Commerce City Company Ltd., accounting for approximately 1.56% of the total number of the ordinary shares issued by the Company.

1,350,000 shares held by Sha Min, accounting for approximately 0.42% of the total number of the ordinary shares issued by the Company.

91,800,000 overseas listed foreign shares held by H shareholders, accounting for 28.98% of the total number of the ordinary shares issued by the Company.

(11) With the approval of Nanjing City Administration for Industry and Commerce, Xuanwu Sub-branch, the Company's shareholder Nanjing Sample Technology Commerce City Company Limited changed its name to Nanjing Sample Investment Development Company Limited.

(12) With the approval of the examination and approval authority authorized by the State Council, 1,250,000 shares held by the Company's shareholder namely Jiangsu Ruihua Investment Holding Group Company Ltd. were transferred to Shandong Runbang Agricultural Development Co., Ltd.

(13) With the approval of the examination and approval authority authorized by the State Council, 685,000 shares held by the Company's shareholder namely Jiangsu Hongshi Technology Industry Company Ltd. were transferred to Nanjing Sample Technology Group Company Ltd.

(14) With the approval of the examination and approval authority authorized by the State Council, 4,950,000 shares held by the Company's shareholder namely Nanjing Sample Investment Development Company Ltd. were transferred to Nanjing Sample Technology Group Company Ltd.

(15) With the approval of the examination and approval authority authorized by the State Council, the Company issued 158,411,700 bonus shares (2 bonus shares for every 1 share) and increased 316,823,400 shares by way of capitalization of capital reserve (1 capitalization share for every 1 share), thereafter the total equity of the Company changed to 792,058,500 shares, with 562,558,500 shares (71.02% of the total number of the ordinary shares issued by the Company) held by domestic shareholders, including:

397,821,000 Shares held by Nanjing Sample Technology Group Co., Ltd., representing approximately 50.22% of the total number of the ordinary shares issued by the Company.

123,862,500 Shares held by Active Gold Holding Limited, representing approximately 15.64% of the total number of the ordinary shares issued by the Company.

34,375,000 Shares held by Jiangsu Ruihua Investment Holding Group Company Ltd, representing approximately 4.34% of the total number of the ordinary shares issued by the Company.

3,125,000 Shares held by Shandong Runbang Agricultural Development Co., Ltd, representing approximately 0.39% of the total number of the ordinary shares issued by the Company.

3,375,000 Shares held by Sha Min, representing 0.43% of the total number of the ordinary shares issued by the Company; and

229,500,000 overseas listed foreign Shares held by H shareholders, representing 28.98% of the total number of the ordinary shares issued by the Company.

#### **Article 18**

Upon approval of CSRC of the Company's proposal for issue of overseas-listed foreign shares and domestic shares, the Board of the Company may make implementation arrangements of separate issue.

Mandatory Provisions Article 17

The Company's proposal for separate issue of overseas-listed foreign shares and domestic shares pursuant to the preceding paragraph may be implemented within fifteen (15) months from the date of approval by CSRC.

#### **Article 19**

Where the Company issues overseas-listed foreign shares and domestic shares respectively within the total number of shares as stated in the issuance proposal, the respective shares shall be subscribed for in full at one time. If they cannot be subscribed for in full at one time under special circumstances, these shares may be issued in several issues subject to the approval of CSRC.

Mandatory Provisions Article 18

#### **Article 20**

The Company's registered capital is RMB792,058,500.

Mandatory Provisions Article 19

#### **Article 21**

The Company may, based on its requirements for operation and development and in accordance with the relevant provisions of the Articles of Association, approve an increase of capital.

Mandatory Provisions Article 20

The Company may increase its capital in the following manners:

- (1) by offering new shares for subscription by unspecified investors;
- (2) by placing new shares to its existing shareholders;
- (3) by allotting bonus shares to its existing shareholders;

(4) by any other means which is permitted by laws and administrative regulations.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Company's Articles of Association, be conducted in accordance with the procedures stipulated by relevant laws and administrative regulations of the State.

## **Article 22**

Unless otherwise provided by laws and administrative regulations, shares of the Company are freely transferable and are not subject to any lien.

Domestic shares and overseas-listed foreign shares of the Company shall be purchased, sold, donated, inherited and pledged in accordance with PRC laws and the Articles of Association. The transfer and assignment of shares of the Company shall be registered in the registration office of shares entrusted by the Company and be handled in accordance with the transfer procedures provided for in relevant regulations.

Mandatory Provisions  
Article 21  
Hong Kong Listing Rules  
Appendix 3  
paragraph 1(1) and (2)

## **Article 23**

Upon transfer of the Company's shares, the transferees of the shares will become the holders of such shares with their names being entered in the register of shareholders.

## **Article 24**

All issues and transfers of overseas-listed foreign shares shall be registered in the register of holders of overseas-listed foreign shares kept in Hong Kong in accordance with Article 41.

Hong Kong Listing Rules  
Appendix 13  
paragraph 9  
Part D  
Section 1(b)

## **Article 25**

The transfer of all or part of the shares by any holders of overseas-listed foreign shares shall be effected by the standard transfer form and instrument of transfer specified by the Hong Kong Stock Exchange. The instrument of transfer shall be signed by hand or in a machine-imprinted format by the transferor or transferee.

## Article 26

The Company shall ensure that the share certificates of all overseas-listed foreign shares carry the following representations, and instruct and cause the share registrar of the Company to refuse to register any person as holder of any shares of the Company subscribed, purchased or transferred unless and until the person has produced to the share registrar a share certificate carrying the following representations and has signed proper forms:

- (1) The purchaser agrees with the Company and each shareholder, and the Company agrees with each shareholder, to observe and comply with the Company Law and other relevant laws, administrative regulations as well as the Articles of Association;
- (2) The purchaser agrees with the Company, each shareholder, Director, supervisor and management of the Company, and the Company on behalf of itself and each Director, supervisor and management, agrees with each shareholder, to refer to arbitration all the disputes and claims concerning the Articles of Association or any rights or obligations provided for in the Company law and other relevant laws and administrative regulations, and to authorize the arbitration to be exposed to public hearing and the result of the arbitration to be publicly announced;
- (3) The purchaser and the Company and the shareholders of the Company have agreed that shares of the Company can be transferred freely by shareholders;
- (4) The purchaser authorizes the Company to represent him/her to enter into an agreement with the Directors and management of the Company whereby the Directors and management promise to bear and comply with their duties to shareholders provided for in the Articles of Association.

## Article 27

The Company may cease sending dividend warrants by post, if:

- (1) such warrants have been left uncashed on two consecutive occasions; or

Hong Kong  
Listing Rules  
Appendix 3  
paragraph  
13(1)

(2) the first occasion on which such warrants are returned undelivered.

The Company may sell the shares of a member who is untraceable and keep the proceeds if:

Hong Kong Listing Rules Appendix 3 paragraph 13(2)

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

(2) on expiry of the twelve (12) years the Company gives notice upon approval of CSRC of its intention to sell the shares by way of an advertisement published in newspapers and notifies the authority and the relevant foreign securities regulators of such intention.

Hong Kong Listing Rules Appendix 3 paragraph 13(2)

Where power is taken to forfeit unclaimed dividends, such power shall only be exercised after the expiration of six (6) years after the date of declaration of dividends.

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

##### **Article 28**

In accordance with the provisions of the Articles of Association, the Company may reduce its registered capital.

Mandatory Provisions Article 22

##### **Article 29**

The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital.

Mandatory Provisions Article 23 Hong Kong Listing Rules Appendix 3 Paragraph 7(1)

The Company shall notify its creditors within ten (10) days from the date of the Company's resolution on reduction of registered capital and shall publish an announcement in the newspaper within thirty (30) days from the date of such resolution. A creditor has the right, within thirty (30) days of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within forty-five (45) days from the date of the announcement, to require the Company to repay its debt or provide a corresponding guarantee for such debt.

Hong Kong Listing Rules Appendix 3 Paragraph 7(2)



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

### **Article 30**

The Company may, in accordance with the procedures set out in the Articles of Association and with the approval of the relevant governing authority of the State, repurchase its outstanding shares under the following circumstances:

Mandatory  
Provisions  
Article 24

- (1) cancellation of shares for the purposes of reducing its capital;
- (2) merging with another company that holds shares in the Company;
- (3) other circumstances as permitted by laws and administrative regulations.

### **Article 31**

The Company may, with the approval of the relevant governing authority of the State for repurchasing its shares, conduct the repurchase in one of the following manners:

Mandatory  
Provisions  
Article 25

- (1) to make an offer of repurchase to all of its shareholders at the same proportion;
- (2) to repurchase shares through public trading on a stock exchange;
- (3) to repurchase through an off-market agreement;

### **Article 32**

Where the Company repurchases its shares through an off-market agreement, it shall seek prior approval of the shareholders at general meeting in accordance with the Articles of Association. The Company may release or vary a contract so entered into by the Company or waive its rights thereunder with prior approval by shareholders at general meeting obtained in the same manner.

Mandatory  
Provisions  
Article 26

The contract to repurchase shares as referred to in the preceding paragraph includes, but not limited to, an agreement to become obliged to repurchase or to

acquire the right to repurchase shares.

The Company shall not assign a contract for repurchasing its shares or any of its right thereunder.

### **Article 33**

Where the Company has the power to repurchase redeemable share, purchases not made through the market or by tender shall be limited to a maximum price; if purchases are by tender, tenders shall be available to all shareholders alike.

Hong Kong  
Listing Rules  
Appendix 3  
Paragraph  
8(1) and (2)

Shares repurchased in accordance with the laws by the Company shall be cancelled within the period prescribed by laws and administrative regulations, and the Company shall apply to the original company registration authority for registration of the change of its registered capital and make relevant announcements.

Mandatory  
Provisions  
Article 27

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

### **Article 34**

Unless the Company is in the course of liquidation, it must comply with the following provisions in respect of repurchase of its outstanding shares:

Mandatory  
Provisions  
Article 28

(1) where the Company repurchases its shares at par value, payment shall be made out of book balance of the distributable profits of the Company or out of proceeds of a fresh issue of shares made for that purpose;

(2) where the Company repurchases its shares at a premium to their par value, payment up to the par value shall be made out of the book balance of distributable profits of the Company or out of the proceeds of a fresh issue of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:

(a) if the shares being repurchased were issued at par value, payment shall be made out of the book balance of the distributable profits of the Company;

(b) if the shares being repurchased were issued at a premium to their par value, payment shall be made out of the book balance of the distributable profits of the

Company or out of the proceeds of a fresh issue of shares made for that purpose, provided that the amount paid out of the proceeds of the fresh issue shall not exceed the aggregate of premiums received by the Company on the issue of the shares repurchased nor the current amount of the Company's share premium account (or capital reserve account) (including the premiums on the fresh issue);

(3) payment by the Company in consideration of the following shall be made out of the Company's distributable profits:

- (a) acquisition of rights to repurchase shares of the Company;
- (b) variation of any contract for repurchasing shares of the Company;
- (c) release of its obligation under any contract for repurchasing its shares;

(4) after the Company's registered capital has been reduced by the total par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value portion of the shares repurchased shall be transferred to the Company's share premium account (or capital reserve account).

## **CHAPTER 5 FINANCIAL ASSISTANCE FOR REPURCHASE OF THE COMPANY'S SHARES**

### **Article 35**

The Company or its subsidiaries shall not, by any means at any time, provide any kind of financial assistance to a person who is acquiring or is proposing to acquire shares of the Company. The said acquirer of shares of the Company includes a person who directly or indirectly assumes any obligations due to the acquisition of shares of the Company.

Mandatory  
Provisions  
Article 29

The Company or its subsidiaries shall not, by any means at any time, provide financial assistance to the said acquirer for the purpose of reducing or discharging the obligations assumed by that person.

This provision does not apply to the circumstances stated in Article 37.

## Article 36

The financial assistance referred to in this Chapter includes, (without limitation), the following means:

Mandatory  
Provisions  
Article 30

(1) gift;

(2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), or compensation (other than compensation in respect of the Company's own default) or release or waiver of any rights;

(3) provision of loan or any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or a change in the parties to, or the assignment of rights arising under, such loan or agreement;

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

The expression "assuming an obligation" referred to in this Chapter includes the assumption of obligations by the changing of the obligor's financial position by way of contract or the making of an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or by any other means.

## Article 37

The following activities shall not be deemed to be activities as prohibited in Article 35:

Mandatory  
Provisions  
Article 31

(1) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interest of the Company, and the principal purpose of giving the financial assistance is not for the acquisition of shares of the Company, or the giving of the financial assistance is an incidental part of a master plan of the Company;

(2) the lawful distribution of the Company's assets by way of dividend;

(3) the allotment of bonus shares as dividends;

(4) a reduction of registered capital, a repurchase of shares or a reorganization of the shareholding structure of the Company effected in accordance with the Articles of Association;

(5) the lending of money by the Company within its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company);

(6) the provision of money by the Company for contributions to staff and workers' share schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company).

## **CHAPTER 6 SHARE CERTIFICATES AND REGISTER OF MEMBERS**

### **Article 38**

Share certificates of the Company shall be in registered form.

Mandatory  
Provisions  
Article 32

The following major items shall be specified on the share certificate of the Company:

(1) the Company's name;

(2) the date of registration of the Company;

(3) the class of the share certificate, the par value and the number of shares represented by the share certificate;

(4) the serial number of the share certificate;

(5) In addition to those provided in the Company Law and Special Regulations,

a share certificate of the Company shall also contain other items required to be specified by the stock exchange(s) on which the shares of the Company are listed.

### **Article 39**

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

Mandatory Provisions Article 33 Zheng Jian Hai Han [1995]No.1 Article 1 Hong Kong Listing Rules Appendix 3 Paragraph 2(1)

### **Article 40**

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

Mandatory Provisions Article 34

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

The register of shareholders shall be sufficient evidence of the holding of the Company's shares by a shareholder, unless there is evidence to the contrary.

## Article 41

The Company may, in accordance with the mutual understanding and agreements made between CSRC and overseas securities regulatory authorities, maintain its register of holders of overseas-listed foreign shares outside the PRC and appoint overseas agent(s) to manage such register. The original register of holders of H shares shall be maintained in Hong Kong.

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

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

Mandatory Provisions  
Article 35  
Zheng Jian Hai  
Han  
[1995]No.1  
Article 2  
Hong Kong  
Listing Rules  
Appendix 13  
Part D  
Paragraph  
1(b)

## Article 42

The Company shall maintain a complete register of shareholders.

The register of shareholders shall include the following:

(1) the register of shareholders maintained at the Company's domicile (other than those parts as described in items (2) and (3) of this Article);

(2) the register of shareholders in respect of the holders of overseas-listed foreign shares of the Company maintained at the place where the overseas stock exchange on which the shares are listed is located;

(3) the register of shareholders maintained at such other place as the Board may consider necessary for the purpose of listing of the Company's shares.

Mandatory Provisions  
Article 36

## Article 43

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

Mandatory Provisions  
Article 37

Hong Kong  
Listing Rules  
Appendix 3  
Paragraph  
1(2)

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

#### **Article 44**

All overseas-listed foreign shares shall be transferred by an instrument in writing in any usual or common form or any other form which the Board may approve. The instrument of transfer of any share may be executed by hand without seal. If the shareholder is a recognized clearing house as defined in the laws of Hong Kong (“Recognized Clearing house”) or its nominee, the share transfer form may be executed in mechanically-printed form.

All fully paid-up overseas-listed foreign shares which are listed in Hong Kong are freely transferable pursuant to the Articles of Association. However, the Board may refuse to recognize any instrument of transfer without giving any reason unless such transfer fulfills the following conditions:

Zheng Jian  
Hai Han  
[1995]No. 2  
Article 12

(1) A fee of HK\$2.5 per instrument of transfer or such higher amount as the Board may from time to time require but no more than the amount agreed from time to time by the Hong Kong Listing Rules has been paid to the Company for registration of transfer and other documents relating or which will affect the right of ownership of the shares;

Hong Kong  
Listing Rules  
Appendix 3  
Paragraph  
1(1)

(2) the instrument of transfer involves only the overseas-listed foreign shares listed on the Main Board of the Hong Kong Stock Exchange;

(3) the stamp duty payable on the instrument of transfer has been paid;

(4) the relevant share certificates and evidence reasonably required by the Board showing that the transferor has the right to transfer such shares have been provided;

(5) if the shares are to be transferred to joint holders, the number of such joint holders shall not exceed four (4);

Hong Kong  
Listing Rules  
Appendix 3  
Paragraph  
1(3)

(6) the Company does not have any lien over the relevant shares.

Hong Kong  
Listing Rules  
Appendix 3  
Paragraph  
1(2)



If the Company refuses to register the transfer of shares, it shall provide a notice of refusal to the transferor and the transferee within two (2) months from the date of the formal application of such transfer.

The Directors, supervisors, president, general managers, deputy general managers and other senior management of the Company shall report to the Company their shareholdings in the Company and no transfer shall be allowed during their tenure.

#### **Article 45**

With the approval of the securities regulatory authorities of the State Council and other competent authorities, holders of domestic shares of the Company may transfer all or part of the shares held by them to foreign investors and have the shares listed and traded on overseas stock exchange(s); all or part of the domestic shares are convertible into foreign shares under the conditions required by relevant laws and regulations, and the resulting foreign shares may be listed and traded on overseas stock exchange(s). The shares transferred or converted shall comply with the regulatory procedures, provisions and requirements of the overseas securities market when listed and traded in an overseas stock exchange. The listing and trading of the transferred shares in an overseas stock exchange, or the conversion of domestic shares into foreign shares for listing and trading on foreign stock exchange(s), are not subject to the holding of a separate general meeting or a shareholders class meeting for voting. The overseas listed foreign shares converted from domestic shares shall be of the same class with the existing overseas listed foreign shares.

#### **Article 46**

Transfers may not be entered in the register of shareholders within ten (10) days prior to the date of a shareholders' general meeting or within five (5) days before the benchmark date set by the Company for the purpose of distribution of dividends.

#### **Article 47**

When the Company intends to convene a shareholders' general meeting, distribute dividends, liquidate and engage in other activities that involve

determination of shareholdings, the Board shall decide on a date for the determination of rights attaching to shares in the Company. Shareholders whose names appear in the register of shareholders at the end of the record date are shareholders of the Company.

#### **Article 48**

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

Mandatory  
Provisions  
Article 40

#### **Article 49**

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

Mandatory  
Provisions  
Article 41

If a holder of domestic shares loses his share certificates and applies for their replacement, it shall be dealt with in accordance with the provisions of Article 145 of the Company Law.

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

The issue of replacement share certificates to holders of H shares shall comply with the following requirements:

(1) The applicant shall submit an application to the Company in prescribed form accompanied by a notarial act or statutory declaration, containing the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as declaring that no other person shall be entitled to request to be registered as the shareholder in respect of the relevant shares.

(2) No statement has been received by the Company from a person other than the applicant for having his name registered as a holder of the relevant shares before

the Company came to a decision to issue the replacement share certificate.

(3) The Company shall, if it decides to issue a replacement share certificate to the applicant, make an announcement of its intention to issue the replacement share certificate in such newspapers designated by the Board. The announcement shall be made at least once every thirty (30) days in a period of ninety (90) days.

Hong Kong  
Listing Rules  
Appendix 3  
Paragraph  
7(1)

(4) The Company shall have, prior to the publication of its announcement of intention to issue a replacement certificate, delivered to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited at the premises of the stock exchange. The announcement shall be exhibited at the premises of the stock exchange for a period of ninety (90) days.

In case an application to issue a replacement share certificate has been made without the consent of the registered holder of the relevant shares, the Company shall send by post to such registered shareholder a copy of the announcement to be published.

(5) If, upon expiration of the 90-day period referred to in items (3) and (4) of this Article, the Company has not received from any person any objection to such application, the Company may issue a replacement share certificate to the applicant according to his application.

(6) Where the Company issues a replacement share certificate under this Article, it shall forthwith cancel the original certificate and enter the cancellation and issue in the register of shareholders accordingly.

Hong Kong  
Listing Rules  
Appendix 3  
Paragraph  
2(2)

(7) All expenses relating to the cancellation of an original share certificate and the issue of a replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

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

## **Article 50**

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

Mandatory  
Provisions  
Article 42

## **Article 51**

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

Mandatory  
Provisions  
Article 43

## **CHAPTER 7 SHAREHOLDERS' RIGHTS AND OBLIGATIONS**

### **ARTICLE 52**

A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of shareholders.

Mandatory  
Provisions  
Article 44

A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and number of shares he holds. Shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations.

Hong Kong  
Listing Rules  
Appendix 3  
Paragraph 9

For joint holding of any shares, if one of the joint shareholders is deceased, only the other existing shareholders of the joint shareholder shall be deemed as the persons who have the ownership of the relevant shares. But the Board has the power to require them to provide a certificate of death of the relevant shareholder as necessary for the purpose of modifying the relevant register of shareholders. In respect of any of the joint shareholders of the shares, only the joint shareholder ranking first in the register of shareholders have the right to accept certificates of the relevant shares from the Company, receive notices of the Company, attend and vote at shareholders' general meetings of the Company of all the relevant shares. Any notice which is delivered to the aforesaid shareholder shall be considered as having been delivered to all the joint shareholders of the relevant shares.

## Article 53

The ordinary shareholders of the Company shall be entitled to the following rights:

Mandatory  
Provisions  
Article 45  
Hong Kong  
Listing Rules  
Appendix 3  
Paragraph 9

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

(2) the right to attend or appoint a proxy to attend shareholders' general meetings and to exercise the voting right thereat in accordance with laws;

(3) the right to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries;

(4) the right to transfer, donate, or pledge shares held by them in accordance with the laws, administrative regulations and provisions of the Articles of Association;

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

(a) to obtain a copy of the Articles of Association, subject to payment of the cost of such copy;

(b) to inspect and copy, subject to payment of a reasonable charge:

(i) all parts of the register of shareholders;

(ii) personal particulars of each of the Company's Directors, supervisors, President and other senior management, including:

(a) present name and alias and any former name and alias;

(b) principal address (domicile);

(c) nationality;

(d) primary and all other part-time occupations;

(e) identification document and its number;

(f) financial reports.

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

(iv) reports showing the aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose;

(v) minutes of shareholders' general meetings;

(6) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;

(7) other rights conferred by laws, administrative regulations and the Articles of Association.

Hong Kong  
Listing Rules  
Appendix 3  
Paragraph 12

The Company may not exercise any power to freeze or infringe in any other way the rights carried by any share held by any person who enjoys interests directly or indirectly merely for the reason that he has not disclose his interests to the Company.

#### **Article 54**

Shareholders demanding inspection of the relevant information or copies of the materials mentioned in the preceding provision shall provide to the Company written documents evidencing the class and number of shares of the Company they hold. Upon verification of the shareholder's identity, the Company shall provide such information at the shareholder's request.

#### **Article 55**

The ordinary shareholders of the Company shall assume the following obligations:

Mandatory  
Provisions  
Article 46

(1) To abide by the Articles of Association;

(2) To pay subscription monies according to the number of shares subscribed and the method of subscription;

(3) Other obligations imposed by laws, administrative regulations and the Articles of Association.

Shareholders are not liable to make any further contribution to the share capital other than as agreed by the subscribers of the relevant shares on subscription.

#### **Article 56**

In addition to obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchange on which shares of the Company are listed, a controlling shareholder (as defined hereunder) shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all or some of the shareholders of the Company:

Mandatory  
Provisions  
Article 47

(1) to relieve a Director or supervisor of his duty to act honestly in the best interests of the Company;

(2) to approve the deprivation by a Director or supervisor (for his own benefit or for the benefit of another person), by any means, of the Company's assets, including (without limitation) opportunities beneficial to the Company;

(3) to approve the deprivation by a Director or supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (without limitation) rights to distributions and voting rights save for a restructuring of the Company submitted to the general meeting of shareholders for approval in accordance with the Articles of Association.

#### **Article 57**

The term "controlling shareholder" referred to in the preceding article means a person who satisfies any one of the following conditions:

Mandatory  
Provisions  
Article 48

(1) a person who, acting alone or in concert with others, has the power to elect more than half of the Board members;

(2) a person who, acting alone or in concert with others, has the power to exercise or to control the exercise of 30% (inclusive) or more of the voting rights in the Company;

(3) a person who, acting alone or in concert with others, holds 30% (inclusive) or more of the issued and outstanding shares of the Company;

(4) a person who, acting alone or in concert with others, has de facto control of the Company in any other way.

## **CHAPTER 8 SHAREHOLDERS' GENERAL MEETINGS**

### **Article 58**

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

Mandatory  
Provisions  
Article 49

### **Article 59**

The shareholders' general meeting may exercise the following functions and powers:

Mandatory  
Provisions  
Article 50

(1) to decide on the operating policies and investment plans of the Company;

(2) to elect and replace Directors and decide on matters relating to the remuneration of Directors;

(3) to elect and replace the supervisors who are representatives of shareholders and independent supervisors and decide on matters relating to the remuneration of supervisors;

(4) to examine and approve reports of the Board;

(5) to examine and approve reports of the Supervisory Committee;



- (6) to examine and approve the Company's proposed annual preliminary and final financial budgets;
- (7) to examine and approve the Company's profit distribution plans and plans for making up losses;
- (8) to decide on increases or reductions in the Company's registered capital;
- (9) to decide on matters such as merger, division, dissolution and liquidation of the Company;
- (10) to decide on the issue of bonds by the Company;
- (11) to examine and approve the Company's option plan, management holding plan or other incentive plan, scheme or mechanism;
- (12) to adopt resolutions on the Company's appointments, dismissals or non-reappointments of accounting firms;
- (13) to amend the Articles of Association;
- (14) to examine the proposals submitted by shareholders holding not less than 3% (inclusive) of the Company's voting shares;
- (15) other matters required by laws, administrative regulations and the Articles of Association to be resolved by the general meeting of shareholders.
- (16) authorize or delegate to the Board to handle other matters authorized or delegated by it.

## **Article 60**

Unless a prior approval is obtained in a shareholders' general meeting, the Company shall not enter into any contract with any party other than the Directors, supervisors, president, general managers, deputy general managers and other senior management pursuant to which such party shall be responsible for managing the whole or any substantial part of the Company's business.

Mandatory  
Provisions  
Article 51

## Article 61

General meetings of shareholders shall be annual general meetings of shareholders and extraordinary general meetings of shareholders. A general meeting of shareholders shall be convened by the Board. The annual general meeting of shareholders shall be held once every year within six months after the end of the previous accounting year.

Mandatory  
Provisions  
Article 52

The Board shall hold an extraordinary general meeting of shareholders within two months upon the occurrence of one of the following circumstances:

(1) the number of Directors is less than the number required by the Company Law or less than two-thirds of the number required by the Articles of Association;

(2) the uncovered losses are in excess of one third of the Company's total share capital;

(3) shareholders holding not less than 10% (inclusive) of the Company's issued shares with voting rights request in writing to hold an extraordinary general meeting;

(4) the Board considers it necessary or the Supervisory Committee proposes to hold such a meeting;

(5) two or more Independent Directors propose to hold such a meeting.

Opinion  
Article 6

## Article 62

When the Company convenes a shareholders' general meeting, it shall notify the shareholders twenty (20) days prior to the meeting in relation to the time and place of the meeting as well as the matters to be examined at the meeting; whereas the shareholders shall be notified fifteen (15) days prior to a shareholders' extraordinary general meeting.

Company  
Law Article  
102

## Article 63

Shareholder(s) individually or jointly holding more than 3% of the Company's shares may submit a provisional motion in writing to the board of directors ten (10)

days before the general meeting is convened; the board of directors shall issue a supplementary notice within two (2) days after receipt of the said provisional motion notifying other shareholders, and submit the said provisional motion to the general meeting for consideration. The content of the provisional motion shall be within the scope of business of the general meeting, have specific matters for consideration and resolution.

#### **Article 64**

A shareholders' general meeting shall not resolve any matter not stated in the notice defined in Articles 62 and 63 of the Articles of Association.

#### **Article 65**

A notice of the general meeting shall meet the following requirements:

Mandatory  
Provisions  
Article 56

- (1) be in writing;
- (2) specify the place, date and time of the meeting;
- (3) state the date of registration of equity entitlements for shareholders having the right to attend the general meeting;
- (4) state the names and contact telephone numbers of the contact persons in connection with the meeting;
- (5) state the matters to be discussed at the meeting;
- (6) provide such information and explanation as are necessary for the shareholders to make an informed decision on the proposals put before them. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase the shares of the Company, to reorganize its share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed contract, if any, and the cause and effect of such proposal must be properly explained;
- (7) contain a disclosure of the nature and extent, if any, of the material

interests of any Director, supervisor, chief executive officer, general managers, deputy managers and other senior management in the proposed transaction and the effect which the proposed transaction will have on them in their capacity as shareholders in so far as it is different from the effect on the interests of shareholders of the same class;

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

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

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

#### **Article 66**

Notice of shareholders' general meetings shall be served on each shareholder (whether or not such shareholder is entitled to vote at the meeting), by personal delivery or prepaid airmail to the address of the shareholder as shown in the register of shareholders (whether such addresses are within Hong Kong or in regions outside Hong Kong). For the holders of domestic shares, notice of the meetings may also be issued by way of public announcement.

Hong Kong  
Listing Rules  
Appendix 3  
Paragraph  
7(1) and (3)

The public announcement referred to in the preceding paragraph shall be published in one (1) or more national newspapers designated by CSRC within the interval of twenty (20) to twenty-five (25) days before the date of the annual general meeting and the interval of fifteen (15) to twenty (20) days before the date of extraordinary general meeting. After the publication of such announcement, the holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' general meeting. The Chinese and English versions of such public announcement shall be published in accordance with Article 204 of the Articles of Association.

Notice of the shareholders' general meeting issued to the holders of overseas listed shares may be published on the designated website of the Hong Kong Stock Exchange and the Company's website. Once the announcement has been published, all holders of overseas listed shares shall be deemed to have received the notice of the

relevant shareholders' meeting.

#### **Article 67**

After issuance of the notice convening a shareholders' general meeting, the Board shall not alter the session time of the shareholders' general meeting unless there is force majeure or other incidents; where there is a need to alter the session time of the shareholders' general meeting in case of force majeure, the record date shall not be changed by virtue thereof.

#### **Article 68**

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

Mandatory  
Provisions  
Article 58

#### **Article 69**

Any shareholder entitled to attend and vote at the general meeting shall have the right to appoint one (1) or several persons (who may not be shareholders) to act as his proxy to attend and vote at the meeting on his behalf. The proxy so appointed by the shareholder may, pursuant to the instructions of the shareholder, exercise the following rights:

Mandatory  
Provisions  
Article 59

- (1) the right which the shareholder has to speak at the meeting;
- (2) the right to demand a poll alone or jointly with others;
- (3) the right to exercise voting rights on a show of hands or on a poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights on a poll.

If the said shareholder is a recognized clearing house by the Law of Hong Kong, the shareholder may authorize one (1) or more suitable person to act as its representative at any shareholders' general meeting or at any class meeting; however, if more than one (1) person are authorized, the power of attorney shall clearly indicate the number and types of the stocks involved by way of the said authorization. The persons after such authorization may represent the recognized clearing house to

exercise the rights, as if they were the individual shareholders of the Company.

#### **Article 70**

The instrument appointing a proxy must be in writing under the hand of the shareholder or his attorney duly authorized in writing; for a corporate shareholder, the proxy must be affixed with the common seal or signed by its director or attorney or officer duly authorized in writing. The letter of authorization shall contain the number of the shares to be represented by the attorney. If several persons are authorized as the attorney of the shareholder, the letter of authorization shall specify the number of the shares to be represented by each attorney.

Mandatory Provisions Article 60 Hong Kong Listing Rules Appendix 3 Paragraph 11(2)

#### **Article 71**

Proxy forms shall be lodged at the domicile of the Company or other places specified in the notice of meeting 24 hours before the relevant meeting for voting according to the proxy form, or 24 hours before the designated time of voting. Where the proxy form is signed by a person under a power of attorney on behalf of the appointer, the power of attorney or other authorization documents authorized to be signed shall be notarized. A notarially certified copy of that power of attorney or other authorization documents, together with the proxy form, shall be deposited at the domicile of the Company or other places specified in the notice of meeting.

Mandatory Provisions Article 61

Where the appointer is a legal person, its legal representative or other persons authorized by the resolutions of the Board or other decision-making organ to act as its representatives may attend the general meeting of the Company as a representative of the appointer.

#### **Article 72**

Any form issued to a shareholder by the Board for use by him for appointing a proxy shall allow the shareholder to freely instruct the proxy to vote in favour of or against each resolution relating to each matter to be considered at the relevant meeting. Such form shall contain a statement that in the absence of instructions by the shareholder, his proxy may vote as he thinks fit.

Mandatory Provisions Article 62 Hong Kong Listing Rules Appendix 3 Paragraph 11(1)

### **Article 73**

The Company is entitled to ask the proxy who represents an individual shareholder to attend the shareholders' general meeting to provide his identification document as well as the power of attorney signed by the appointer or the representative authorized by the appointer.

In the case of a corporate shareholder appoints its legal representative to attend the meeting, the Company is entitled to ask the legal representative to provide the valid copy of the resolution or the power of attorney by which the board of directors or other authoritative department of the corporate shareholder appoints the legal representative and which has been notarized (other than a recognized clearing house) as well as valid copy of the corporate shareholder's identification document and power of attorney.

### **Article 74**

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

Mandatory  
Provisions  
Article 63

### **Article 75**

There shall be two (2) types of resolutions of shareholders' general meetings, namely ordinary resolutions and special resolutions.

Mandatory  
Provisions  
Article 64

To adopt an ordinary resolution, votes representing not less than one-half of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.

To adopt a special resolution, votes representing not less than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.

A shareholder (including his proxy) attending the meeting shall vote in favour of or against each resolution relating to every matter which has been put to vote at

the relevant meeting; if such shareholder or his proxy abstains from voting, any vote by such shareholder or his proxy shall not be counted in the voting results of the Company.

#### **Article 76**

A shareholder (including proxy) when voting at a shareholders' general meeting may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote.

Mandatory Provisions Article 65

Where any shareholder is, under the Hong Kong Listing Rules and/or any applicable laws and regulations, required to abstain from voting on a particular resolution or restricted to voting only in favour of or 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.

Hong Kong Listing Rules Appendix 3 Paragraph 14

#### **Article 77**

At any shareholders' general meeting, a resolution shall be decided on a show of hands unless a poll is demanded as provided by Hong Kong Listing Rules or other applicable laws and regulations of Hong Kong, or a poll is demanded by the following persons before or after deciding on a show of hands:

Mandatory Provisions Article 66

- (1) the chairman of the meeting;
- (2) at least two (2) shareholders entitled to vote or their proxies; or
- (3) one (1) or more shareholders (including proxies) individually or jointly holding more than 10% (inclusive) of the voting shares represented by all shareholders present at the meeting.

Unless a poll is so demanded, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution at the meeting.

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



demand.

#### **Article 78**

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

Mandatory Provisions Article 67

#### **Article 79**

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

Mandatory Provisions Article 68

#### **Article 80**

When the number of votes for and against a resolution is equal, whether the vote is taken by show of hands or by poll, the chairman of the meeting shall be entitled to one additional vote.

Mandatory Provisions Article 69

#### **Article 81**

When the shareholders' general meeting resolves on the connected transaction of the Company, the connected shareholders shall refrain from voting and the number of voting shares that they represent may not be counted as part of the total number of valid voting. The public announcement of the shareholders' general meeting shall fully disclose the voting of non-connected shareholders. In case of special circumstances that the connected shareholders cannot be avoided, with the approval of the authorized department, the voting can be conducted in accordance with normal procedures. The public announcement of the shareholders' general meeting shall fully disclose such details.

#### **Article 82**

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

Mandatory Provisions Article 70

- (1) work reports of the Board and the Supervisory Committee;
- (2) plans formulated by the Board for distribution of profits and for making up losses;
- (3) remuneration and payment methods of members of the Board;
- (4) the appointment and removal of members of the Board and the Supervisory Committee and their remuneration and payment methods;
- (5) the Company's annual financial budgets and final accounts, balance sheets, income statements and other financial statements;
- (6) option plan, management holding plan or other incentive plan, scheme or mechanism formulated by the Board;
- (7) matters other than these required by the laws and administrative regulations or by the Articles of Association to be adopted by special resolutions.

### **Article 83**

The following matters shall be resolved by a special resolution at a shareholders' general meeting:

Mandatory  
Provisions  
Article 71

- (1) increase or reduction of the share capital and issue of shares of any class, stock warrants or other similar securities;
- (2) buying-back of the shares of the Company;
- (3) issuance of corporate bonds;
- (4) the division, merger, dissolution, liquidation;
- (5) amendments to the Articles of Association;
- (6) other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to have a substantial impact on the Company and

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require approval by a special resolution.

#### **Article 84**

Shareholders who request for the convening of an extraordinary general meeting or a class meeting shall comply with the following procedures:

Mandatory  
Provisions  
Article 72

(1) Two (2) or more shareholders holding in aggregate 10% (inclusive) or more of the shares carrying the right to vote at the meeting sought to be held shall sign one (1) or more counterpart requisitions stating the object of the meeting and requiring the Board to convene a shareholders' extraordinary general meeting or a class meeting thereof. The Board shall as soon as possible proceed to convene the extraordinary general meeting of shareholders or a class meeting thereof after receipt of such requisition(s). The amount of shareholdings referred to above shall be calculated as at the date of deposit of the requisition(s).

(2) If the Board fails to issue a notice of such a meeting within thirty (30) days from the date of receipt of the requisition(s), the shareholders may themselves convene such a meeting (in a manner as similar as possible to the manner in which shareholders' general meetings are convened by the Board) within four (4) months from the date of receipt of the requisition(s) by the Board.

Any reasonable expenses incurred by the shareholders by reason of failure by the Board to duly convene a meeting shall be repaid to the shareholders by the Company and any sum so repaid shall be set-off against sums owed by the Company to the defaulting directors.

#### **Article 85**

Except for involving trade secrets of the Company which cannot be publicized, the Board and Supervisory Committee shall make response to or give explanation of the inquiries and suggestions made by shareholders at shareholders' general meetings.

#### **Article 86**

Shareholders' general meetings convened by the Board shall be presided over by the Chairman of the Board. If the Chairman cannot or fails to fulfill the duty thereof, the Vice Chairman shall preside; if the Vice Chairman cannot or fails to fulfill the duty

Mandatory  
Provisions  
Article 73

thereof, one Director shall be elected to convene or preside over the meeting with the approval of not less than half of the Directors.

Where the Board is unable or fails to perform its duties and responsibilities in holding the shareholders' general meeting, the Supervisory Committee may hold and preside over such meeting by itself in a timely manner; if the Supervisory Committee fails to hold and preside over such meeting, shareholders individually or jointly holding not less than 10% of the Company's shares for not less than ninety (90) consecutive days shall have the right to hold and preside over such meeting by themselves.

New  
Company  
Law  
Article 102

#### **Article 87**

The chairman of the meeting shall determine whether or not a resolution of the shareholders' general meeting shall be adopted. His decision shall be final and conclusive and shall be announced at the meeting and recorded in the minutes.

Mandatory  
Provisions  
Article 74

#### **Article 88**

In the event that the chairman of the meeting has any doubt as to the result of a resolution put forward to the vote, he may have the votes counted. In the event that the chairman of the meeting does not have the votes counted, any shareholder present in person or by proxy objects to the result announced by the chairman of the meeting may demand that the votes be counted immediately after the declaration of the voting result, the chairman of the meeting shall have the votes counted immediately.

Mandatory  
Provisions  
Article 75

#### **Article 89**

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

Mandatory  
Provisions  
Article 76

#### **Article 90**

Minutes of shareholders' general meetings shall be compiled with the decisions of the businesses thereof signed by directors present at the meeting.

The minutes shall contain the following items:

- (1) The number of shares carrying voting rights present at the meeting and the percentage of such shares accounting for of the total shares of the Company;
- (2) The date and place of the meeting;
- (3) The name of the chairman of the meeting and the agenda for the meeting;
- (4) The key points of every speaker to every matter examined;
- (5) The result of every matter which has been put to vote;
- (6) The inquiry opinions and suggestions of shareholders, the replies or explanations of the Board and Supervisory Committee;
- (7) Other contents which the shareholders' general meeting deems and the Articles of Association prescribes to be included in the minutes of meetings.

The minutes of meeting and the attendance records signed by the attending shareholders and the instruments appointing proxies shall be kept at the Company's domicile.

Mandatory  
Provisions  
Article 76

Legal opinions offered by lawyers shall be prepared for such matters as the attendance number of shareholders' general meetings, the amount of shareholding held by attending shareholders, power of attorney, the result of every matter which has been put to be voted, the validity of the minutes of meetings and the procedures of meetings, etc.

#### **Article 91**

Copies of the minutes of the meeting shall be available for inspection during business hours of the Company by any shareholder without charge. If a shareholder demands from the Company a copy of such minutes, the Company shall send a copy to him within seven (7) days after receipt of reasonable charges.

Mandatory  
Provisions  
Article 77

**CHAPTER 9 SPECIAL PROCEDURES FOR VOTING BY  
A CLASS OF SHAREHOLDERS**

**Article 92**

Shareholders holding different classes of shares shall be class shareholders.

Mandatory  
Provisions  
Article 78

Class shareholders shall be entitled to the rights and assume obligations pursuant to the provisions of the law, administrative regulations and the Articles of Association.

**Article 93**

Any variation or abrogation of the rights of any class of shareholders proposed by the Company may only come into effect upon the adoption of a special resolution at a shareholders' general meeting and approval by the affected shareholders of that class at a separate meeting held in accordance with Articles 95 to 99 of the Articles of Association.

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

The transfer by the Company's holders of all or part of domestic shares of the shares held thereby to foreign investors for listing and trading overseas, or the conversion of all or part of domestic shares into overseas listed foreign shares for listing and trading on overseas stock exchange(s), shall not be deemed as the Company's intention to vary or abrogate the rights of any class of shareholders.

**Article 94**

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

Mandatory  
Provisions  
Article 80

(1) to increase or decrease the number of shares of a particular class, or increase or decrease the number of shares of another class having rights on voting,

distribution or other privileges equal or superior to those of the shares of such class;

(2) to effect an exchange of all or part of shares of such class into shares of other classes, or to effect an exchange or grant a right of exchange of all or part of the shares of other classes into shares of such class;

(3) to remove or reduce rights to accrued dividends or cumulative dividends attached to shares of such class;

(4) to reduce or remove the rights to a dividend preference or a liquidation preference to distribution of property attached to shares of such class;

(5) to add, remove or reduce the rights to conversion, options, voting, transfer, pre-emptive rights to placement and acquire securities of the Company attached to shares of such class;

(6) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to shares of such class;

(7) to create a new class of shares having rights on voting, distribution or other privileges equal or superior to those of the shares of such class;

(8) to restrict the transfer or ownership of the shares of such class or increase such restrictions;

(9) to issue subscription rights or share conversion rights for shares of such class or other classes;

(10) to increase the rights and privileges of shares of other classes;

(11) to restructure the Company where the proposed restructuring scheme will result in different classes of shareholders bearing a disproportionate burden of obligations of such restructuring;

(12) to vary or abrogate the terms provided in this chapter.

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6(1)

## Article 95

Shareholders of the affected class, whether or not having the right to vote at the shareholders' general meeting, shall nevertheless have the right to vote at class meetings on matters referred to in clause (2) to (8) and (11) to (12) of Article 94 of the Articles of Association, but interested shareholders shall not be entitled to vote at class meetings.

Mandatory  
Provisions  
Article 81

The interested shareholders mentioned in the preceding paragraph shall have the following meanings:

(1) in the case of a repurchase of its own shares by the Company by making offers to all shareholders on a same pro rata basis or through public dealing on a stock exchange in accordance with Article 31 of the Articles of Association, "interested shareholder" shall refer to the controlling shareholders as defined in Article 57 of the Articles of Association;

(2) in the case of a repurchase of its own shares by the Company through an off-market agreement in accordance with the provisions of Article 31 of the Articles of Association, "interested shareholders" shall refer to the shareholders to which the proposed agreement relates;

(3) in the case of a restructuring of the Company, "interested shareholder" shall refer to a shareholder within a class who bears liabilities less than the proportion burden imposed on other shareholders of that class or who has interests different from those held by shareholders of the same class.

## Article 96

A resolution of the class meeting shall be passed in accordance with Article 95 of the Articles of Association by shareholders present in the meeting representing not less than two-thirds of voting rights.

Mandatory  
Provisions  
Article 82

## Article 97

The period of issuing a written notice of a class meeting convened by the Company shall be the same as the period of issuing a written notice of a non-class meeting to be convened together with such class meeting. The written notice shall

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6(2)



inform all shareholders of such class whose names appear on the register of shareholders of the matters to be considered at the meeting as well as the time and place of the meeting.

Where the listing rules of the place where the shares of the Company are listed provide otherwise, such provisions shall be followed.

#### **Article 98**

Notices of the class meeting only need to be served on shareholders entitled to vote thereat.

Mandatory Provisions Article 84

The procedures for holding the class meeting shall be similar to those for holding the shareholders' general meeting as far as possible, and the provisions in the Articles of Association relating to the procedures for a shareholders' general meeting shall apply to the class meeting.

#### **Article 99**

Save for shareholders of shares of other classes, the holders of domestic shares and holders of overseas-listed foreign shares are deemed to be different classes of shareholders.

Mandatory Provisions Article 85 Zheng Jian Hai Han [1995]No.1 Article 3

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

(1) where the Company issues, upon approval by a special resolution at a shareholders' general meeting, domestic shares and overseas-listed foreign shares once every twelve (12) months, either separately or concurrently, and the respective numbers of domestic shares and overseas-listed foreign shares proposed to be issued do not exceed 20% of the respective numbers of the issued domestic shares and overseas-listed foreign shares;

Hong Kong Listing Rules Appendix 13 Part D Paragraph 1(f)(i) and (ii)

(2) where the Company's plan to issue domestic shares and overseas listed foreign shares at the time of incorporation is carried out within fifteen (15) months from the date of approval by CSRC.

## CHAPTER 10 BOARD OF DIRECTORS

### Article 100

The Company sets a Board, which shall comprise 7 Directors, including one Chairman and one Vice Chairman.

Mandatory Provisions Article 86 Opinion Article 1

The Board is independent of the controlling organizations (herein meaning those corporations, enterprises or institutions with the status of legal person which control the Company).

The external Directors (herein meaning those Directors who do not hold office in the Company) shall represent more than 50% of the members of the Board, of which at least two (2) directors shall be Independent (non-executive) Directors (herein meaning those Directors who are independent to the shareholders and do not hold office in the Company).

Opinion Article 6

### Article 101

Directors shall be elected at shareholders' general meeting. The term of office of the Directors shall be three (3) years. Upon maturity of the current term of office, a Director shall be eligible to offer himself for re-election and reappointment.

Mandatory Provisions Article 87 Zheng Jian Hai Han [1995]No.1 Article 4

Prior to the maturity of his term, a Director shall not be removed without reason from his office by the shareholders' general meeting.

The written notice of an intention to nominate a candidate of director and that of a willingness to accept the nomination by the candidate shall be delivered no earlier than one (1) day after the dispatch of the notice of the meeting for election of the relevant director and end no later than seven (7) days prior to the date of such meeting.

Hong Kong Listing Rules Appendix 3 Paragraph 4(3) to (5)

The Chairman and Vice Chairman of the Board shall be elected and removed by more than one-half of all Directors. The term of office of the Chairman and Vice Chairman shall be three (3) years, renewable upon re-election.

The shareholders' general meeting may by ordinary resolution remove any Director before the expiration of his term of office (but without prejudice to such Director's right to claim damages based on any contract), subject to full compliance

Zheng Jian Hai Han [1995]No.1 Article 4

with relevant laws and administrative regulations.

Any person who has been appointed by the Board to fill any casual vacancy in the office of the Board or serve as an additional Director, his term of office shall expire at the next shareholders' annual general meeting and such person shall be eligible for election for successive terms.

Not more than two (2) persons of the Chairman of the Board, Vice Chairman and executive Directors of the Company may be senior management (chairman of the board, vice chairman and executive director) of the controlling organizations.

The external Directors shall have sufficient time and necessary knowledge and ability to perform their duties. When an external Director performs his duties, the Company must provide necessary information. Independent Directors may directly report to the shareholders' general meeting, CSRC and other relevant departments thereon.

Opinion  
Article 6

The Directors shall not be required to hold shares of the Company.

## **Article 102**

The Board shall report to the shareholders' general meeting and exercises the following powers:

Mandatory  
Provisions  
Article 88

- (1) to convene shareholders' general meetings and report its work to the shareholders' general meeting;
- (2) to implement the resolutions of shareholders' general meetings;
- (3) to decide on the Company's business plans and investment plans;
- (4) to formulate the Company's plans on annual financial budgets and final accounts;
- (5) to formulate the Company's profit distribution plans (including final dividends plan) and plans on making up losses;
- (6) to formulate the proposals for increase or decrease of the registered

capital of the Company and issue and listing of bonds or other securities of the Company;

- (7) to formulate plans for merger, division and dissolution of the Company;
- (8) to determine the establishment of the Company's internal management structure;
- (9) to appoint or remove the chief executive officer, to appoint or remove the general manager of the Company and to appoint or remove the deputy manager, Vice President and other senior management (including the financial officer) of the Company based on the nomination by the general manager, chief executive officer and to decide on their remunerations; to appoint or replace the members of the board of directors and the supervisory committee of the Company's wholly-owned subsidiaries, appoint, replace or recommend the shareholders' proxies, directors and supervisors of its subsidiaries which are controlled or invested by the Company;
- (10) to formulate the basic management system of the Company;
- (11) to formulate proposals for amendment to the Articles of Association;
- (12) to exercise the Company's rights of financing and borrowing and to determine pledge, lease, contracting or transfer of the Company's important assets; and the chief executive officer and other senior management are to a certain extent authorized to exercise the rights mentioned herein;
- (13) under the premise of observing relevant laws and regulations, to formulate option plan, management holding plan or other incentive plan, scheme or mechanism according to the actual situation of the Company;
- (14) to propose the appointment or removal of the Company's auditors to the general meetings of the shareholders;
- (15) other duties according to the provisions of the Articles of Association or conferred by the shareholders' general meeting.

Except for the Board resolutions in respect of the matters specified in subparagraphs (6), (7) and (11) of this Article which shall be passed by not less than two-thirds of the Directors, the Board resolutions in respect of all other matters may be passed by the affirmative vote of a simple majority of the Directors.

Board resolutions in respect of the Company's connected transactions must be endorsed by an Independent (non-executive) Director before they can become effective.

Opinion  
Article 6

### **Article 103**

In cases where the expected value of fixed assets proposed for disposal by the Board, when aggregated with value of fixed assets disposed within four (4) month before the proposed disposal, exceeds 33% of the fixed assets value set out in the latest balance sheet considered by the shareholders' general meetings, the Board shall not dispose or consent to dispose such fixed assets without prior approval by the shareholders' general meeting.

Mandatory  
Provisions  
Article 89

The term "fixed assets disposal" referred to in this Article represents (among other things) transferring certain interests in assets, but not including provision of guarantees by way of fixed assets.

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

When making decisions on market development, mergers and acquisitions or investment in a new field, the Board shall engage an outside consultancy organization to provide a professional opinion to be used as an important basis for the Board's decision, if the investment or the merger/acquisition assets amount to 10% or more of the Company's total assets.

Opinion  
Article 4

### **Article 104**

The Chairman of the Board is entitled to the following powers:

- (1) to preside over shareholders' general meetings and to convene and preside over Board meetings;

Mandatory  
Provisions  
Article 90

- (2) to supervise and check on the implementation of resolutions of the Board;
- (3) to sign the securities certificates issued by the Company;
- (4) to sign important documents of the Board and other documents that require signing by the Company's authorized representative;
- (5) to exercise the power of authorized representative;
- (6) to exercise the power to handle corporate affairs in accordance with the law and the Company's interests in cases of emergency caused by natural disasters or other force majeure, and report to the Board and shareholders' general meeting thereafter;
- (7) to exercise other powers conferred by the Board.

If the Chairman is unable or fails to perform his duties, the Vice Chairman shall perform the duties of the Chairman; where the Vice Chairman fails to perform his duties, a Director jointly elected by not less than half members of the Board shall perform the duties of the Chairman.

#### **Article 105**

The Board of the Company may establish special committees.

Duties of the special committees of the Board of the Company are determined according to the relevant provisions of the State and the resolutions of the Board of the Company and implemented subject to the approvals of the shareholders' general meeting of the Company by way of resolution.

- (1) Main duties of the Audit Committee:
  - (i) to check the Company's accounting policies, financial status and financial reporting procedures;
  - (ii) to recommend and engage Certified Public Accountants and communicate with the Company's external auditors on the audit

procedures;

- (iii) to check the internal control structure and internal audit functions;
- (iv) to perform internal control assessment of the Company;
- (v) to check and monitor the existing and potential risks of the Company, including logistics risk, financial risk, security risk, investment risk, senior management compliance risk and computer systems security risks;
- (vi) to check the Company's compliance with laws and other legal obligations;
- (vii) to check and supervise the Company's rules of conduct;
- (viii) other duties conferred by the Board.

(2) Main duties of the Nomination Committee:

- (i) to analyze the composition of the Board, specify requirements for the Directors and make recommendations to the Board on its scale and composition;
- (ii) to formulate the criteria and procedures for the election of Directors;
- (iii) to widely search for qualified Directors and senior management candidates of the Company and submit a list of candidates for election as Directors or senior management to the Board;
- (iv) to conduct appraisal against the Director candidates nominated by the shareholders and Supervisory Committee;
- (v) to identify Director candidates and submit a list of candidates as a voting proposal to the shareholders' general meeting;

(3) Main duties of the Remuneration and Assessment Committee:

- (i) to be responsible for formulating the standards of appraisal for the Directors, Supervisors and senior management and conduct appraisals;
- (ii) to be responsible for formulating and reviewing the remuneration policies and plans for the Directors, supervisors and senior management;

**Article 106**

Meetings of the Board shall be held at least twice every year and shall be convened by the Chairman of the Board. All of the Directors and supervisors shall be notified about the meeting fifteen (15) days beforehand. In case of emergency, a special Board meeting may be held if it is so requested by two (2) or more Directors or the chief executive officer of the Company.

Mandatory Provisions Article 91

The reasonable expenses incurred by the Directors who attend Board meetings 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 room and board during the term of the meeting, the rent of the place of the meeting and the local traffic expenses.

**Article 107**

Regular and special Board meetings shall be noticed by way as follows:

Mandatory Provisions Article 92

- (1) If the Board has specified the time and place of the regular Board meeting in advance, no service of notice is required.
- (2) If the Board has not specified the time and place of the board meeting in advance, the Chairman of the Board shall, at least fifteen (15) days beforehand, inform the Directors and Supervisors the time and the place of the Board meeting by way of telegraph, telex, fax, courier, registered mail or by specially designated person.
- (3) If there is a need to hold a Board meeting in case of emergency, the Chairman of the Board shall ask the Secretary to the Board to, not less than



three (3) days and not more than five (5) days prior to the day when the special Board meeting is held, inform all the Directors and supervisors the time and the place of the Board meeting by way of telegraph, telex, fax, courier, registered mail or by specially designated person.

(4) The notice shall be written in Chinese, if necessary, the English version can be attached, including the agenda for the meeting. Any Director may waive the right of receiving the notice of Board meeting.

#### **Article 108**

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

#### **Article 109**

Any regular or special meeting of the Board may be held by way of telephone conference or similar communication equipment so long as all Directors participating in the meeting can clearly hear and communicate with each other. All such Directors shall be deemed to be present in person at the meeting.

#### **Article 110**

The Board meeting may not be held unless not less than half of the Directors (including any Director entrusted to attend pursuant to the Article 111 of the Articles of Association) are present.

Mandatory  
Provisions  
Article 93

Each Director shall have a ballot for voting. Resolutions of the Board shall be passed by more than half of all Directors, unless otherwise required by the Articles of Association.

In the case of equal division of votes, the Chairman of the Board of Directors is entitled to a casting vote.

When more than a quarter of Directors or more than 2 external Directors think the materials so provided are not sufficient or the argument contained therein is not clear, they may suggest jointly to defer the Board meeting or defer the discussion of

Opinion  
Article 3

such matter, and the Board shall accept such suggestion.

Where a Director or his associates (as defined under the Hong Kong Listing Rules) is interested in any resolution proposed at a Board meeting or such Director has associated relationship with the enterprises involved in any resolution proposed at a Board meeting, such director shall not be present at such meeting, shall not have the right to vote and shall not exercise voting rights on behalf of other directors. Such director shall not be counted in the quorum of such meeting.

Hong Kong Listing Rules Appendix 3 Paragraph 4(1)

#### **Article 111**

Directors shall attend Board meetings in person. Where a Director is unable to attend a meeting for any reason, he may by a written power of attorney appoint another Director to attend the meeting on his behalf. The power of attorney shall specify the extent of authorization.

Mandatory Provisions Article 94

A Director appointed as the representative of another Director to attend the meeting shall exercise the rights of a Director within the scope of authority conferred by the appointing Director. Where a Director is unable to attend a Board meeting and has not appointed a proxy to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at the meeting.

#### **Article 112**

In respect of the matters examined on a special Board meeting, if the Board has delivered in written form the proposal to be voted to all Directors, and the number of the Directors who give their signatures and consent has constituted the quorum required for making a decision pursuant to Article 110 of the Articles of Association, this proposal shall be taken as the resolution of the Board, instead of holding the Board meeting.

#### **Article 113**

The Board shall keep minutes of resolutions passed at Board meetings. The minutes shall be signed by the Directors present at the meeting and the person who recorded the minutes. Opinions of the Independent Directors shall be clearly stated in the resolutions of the Board. The Directors shall be liable for the resolutions of the Board. If a resolution of the Board violates the laws, administrative regulations or the

Mandatory Provisions Article 95

Opinion Article 6

Articles of Association and the Company suffers serious losses as a result thereof, the Directors who participated in the passing of such resolution are liable to compensate the Company. However, if it can be proven that a Director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such Director may be released from such liability.

## CHAPTER 11 SECRETARY TO THE BOARD

### Article 114

The Company shall have a Secretary to the Board, who is a senior management member of the Company.

Mandatory  
Provisions  
Article 96

The Board may establish its secretarial department when necessary.

The management of the controlling entity shall not serve as the Board Secretary concurrently.

Opinion  
Article 1

### Article 115

Secretary to the Board of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be appointed by the Board. His/ her primary responsibilities are:

Mandatory  
Provisions  
Article 97

- (1) to ensure that the Company has complete organisational documents and records;
- (2) to ensure that the Company prepares and delivers the reports and documents required by competent authorities in accordance with the laws;
- (3) to ensure that the Company's registers of shareholders are properly maintained, and that persons entitled to access to the relevant records and documents are furnished with such records and documents without delay;
- (4) be responsible for the information disclosure to ensure the timely, accurate, legal, true and complete disclosure of the Company's information;

- (5) to perform other duties as specified under the Articles of Association and the listing rules of the stock exchange where the shares of the Company are listed.

#### **Article 116**

The president, general managers (excluding the deputy ones) and chief financial officer shall not concurrently hold the post of the secretary to the Board. Director or other senior management members may concurrently hold the post of the secretary to the Board. The accountant(s) of the certified public accountants' firm appointed by the Company shall not concurrently hold the post of the secretary to the Board.

Mandatory Provisions Article 98

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

### **CHAPTER 12 PRESIDENT, GENERAL MANAGER**

#### **Article 117**

The Company shall have one president, who shall be appointed and dismissed by the Board. The president shall be accountable to the Board. The Company shall have one general manager, who shall be appointed and dismissed by the Board. The general manager shall be independent to the controlling entity. The Board may determine the Board members to act as the president and / or general manager concurrently but the management staff if the controlling entity shall not act as the president, general manager, deputy general manager and chief financial officer, marketing director concurrently. The term of office of each of the president and general manager shall be 3 years and they shall be eligible to offer themselves for reappointment.

Mandatory Provisions Article 99

Opinion Article 1

#### **Article 118**

The general manager of the Company shall be accountable to the president and exercise the following powers:

Mandatory Provisions Article 100

- (1) to lead the Company's production, operation and management, organize resources to carry out the Board's resolutions;
- (2) to organize the implementation of the Company's annual business plan and investment plan;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft the Company's basic management system;
- (5) to formulate the basic rules and regulations of Company;
- (6) to propose the appointment or dismissal of the Company's deputy manager(s), chief financial officer and other senior management staff;
- (7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board;
- (8) to determine the reward and penalty, promotion and demotion, increase or decrease of salary, recruitment, dismissal and termination of the staff of the Company;
- (9) to handle the external significant business for the Company under the authorization of the Board;
- (10) to exercise other powers conferred by the Articles of Association and the Board.

#### **Article 119**

The president and general manager of the Company shall attend Board meetings. The general manager who is not a Director does not have any voting rights at Board meetings.

Mandatory  
Provisions  
Article 101

#### **Article 120**

In exercising the duties, the president, the general manager and the deputy

general manager shall not alter the resolutions of the shareholders meeting and the Board or act beyond his scope of authority.

#### **Article 121**

The president, the general manager and the deputy general manager, in performing his functions, shall act honestly and diligently and in accordance with the laws, administrative regulations, departmental rules and the Articles of Association.

Mandatory Provisions Article 102

### **CHAPTER 13 SUPERVISORY COMMITTEE**

#### **Article 122**

The Company shall have a supervisory committee which shall be a standing supervisory body of the Company responsible for supervising the board of directors and its members, and the senior staff such as the president, general manager and deputy general manager, so as to prevent any abuse of their functions and powers and violation of the legal rights and interests of the shareholders, the Company and its employees.

Mandatory Provisions Article 103

#### **Article 123**

The Supervisory Committee shall be composed of 3 Supervisors. One of the members of the Supervisory Committee shall act as the chairman of the Committee. The term of office of a Supervisor shall be three years, renewable upon re-election and re-appointment.

Mandatory Provisions Article 104

The appointment and dismissal of the chairman of the Supervisory Committee shall be passed by not less than two-thirds (inclusive) of its members.

Zheng Jian Hai Han [1995]No.1 Article 5 Hong Kong Listing Rules Appendix 13 Part D Paragraph 1(d)(i)

The term of office of the chairman of the Supervisory Committee shall be three years, renewable upon re-election and re-appointment.

#### **Article 124**

The Supervisory Committee shall comprise one external supervisor, one independent supervisor, one representative of the Company's staff and workers. The

Mandatory Provisions Article 105

Representatives of the Company's staff and workers shall be democratically elected and dismissed by the Company's staff. External supervisor (independent supervisor) shall be elected and dismissed by the shareholders' meeting.

The Supervisory Committee shall consist of external supervisors (that is, supervisors who do not hold an internal office in the Company) which account for more than one half of the total number of supervisors and at least two independent supervisors (that is, supervisors who are independent of the shareholders of the Company and who do not hold an internal office in the Company). External supervisors shall report independently to the shareholders' general meeting the performance of the management members of the Company in relation to their fiduciary and diligence.

Opinion  
Article 7

#### **Article 125**

The Directors, president, general managers, deputy general managers and chief financial officers of the Company shall not assume the position of supervisors.

Mandatory  
Provisions  
Article 106

#### **Article 126**

Meetings of the Supervisory Committee shall be held at least once a year and convened by the Chairman of the Supervisory Committee.

Mandatory  
Provisions  
Article 107

#### **Article 127**

The Supervisory Committee shall be accountable to the shareholders' general meeting and exercise the following powers in accordance with the laws:

Mandatory  
Provisions  
Article 108

- (1) to examine the Company's financial affairs;
- (2) to supervise Directors, president, general managers, deputy general manager and other senior management members on the violation of laws, administrative regulations or the Articles of Association in performing their duties to the Company;
- (3) to demand rectification from a Director, president, the general manager, deputy general manager and any other senior management members when the acts of such persons are harmful to the Company's interest;

- (4) to examine the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board to the shareholders' general meetings and, should any queries arise, to engage, in the name of the Company, certified public accountants and practicing auditors to conduct a re-examination;
- (5) to propose the convening of a shareholders' extraordinary general meeting;
- (6) to deal with or take legal actions against Directors on behalf of the Company;
- (7) to exercise other powers specified in the Articles of Association.

The supervisory committee may express its opinion on the appointment of an accountants' firm of the Company. It may appoint a different accounting firm if necessary on behalf of the Company to examine the financial conditions of the Company independently, and may directly report to CSRC and other relevant authorities.

Opinion  
Article 7

The external supervisors shall report independently to the shareholders' general meeting the performance of the senior management members of the Company in relation to their fiduciary and diligence.

The supervisors shall attend Board meetings.

### **Article 128**

The method of discussion for the Supervisory Committee shall be by way of holding a Supervisory Committee meeting which shall be convened with written notice of not less ten (10) days but not more than thirty (30) days and three (3) days prior to the date of an extraordinary meeting of the Supervisory Committee meeting be served to all supervisors. Meeting of the Supervisory Committee shall be held only if not less than one half (exclusive) of the supervisors are present and each supervisor shall have one vote.

Mandatory  
Provisions  
Article 109  
Zheng Jian  
Hai Han  
[1995]No.1  
Article 6

Resolution at a supervisory meeting shall be passed by two-thirds (inclusive) of the supervisors by poll.

Listing Rules  
Appendix  
13  
Part D  
Paragraph  
1(d)(ii)



### **Article 129**

All reasonable expenses incurred in respect of the employment of professionals such as lawyers, certified public accountants or practicing auditors as are required by the Supervisory Committee in discharging its duties shall be borne by the Company.

Mandatory Provisions  
Article 110

### **Article 130**

Minutes shall be prepared, on which the supervisors present at the meeting and the person who has prepared the minutes shall sign. Each supervisor is entitled to request that an explanation of his comments made at the meetings be noted in the minutes. The minutes of Supervisory Committee meetings shall be maintained as corporate archives by the Secretary to the Board for a period of 15 years.

### **Article 131**

A supervisor shall carry out his duties honestly and faithfully in accordance with the laws, administrative regulations and the Articles of Association.

Mandatory Provisions  
Article 111

## **CHAPTER 14 QUALIFICATIONS AND DUTIES OF THE DIRECTORS, SUPERVISORS, PRESIDENT, GENERAL MANAGER, DEPUTY GENERAL MANAGER AND OTHER SENIOR MANAGEMENT MEMBERS OF THE COMPANY**

### **Article 132**

A person may not serve as a Director, supervisor, president, general manager, deputy general manager or any other senior management member of the Company if any of the following circumstances applies:

Mandatory Provisions  
Article 112

- (1) a person without legal or with restricted legal capacity;
- (2) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such

offence; or who has been deprived of his political rights, in each case where less than five (5) years have elapsed since the date of the completion of implementation of such punishment or deprivation;

- (3) a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and he is personally liable for the insolvency of such company or enterprise, where less than three (3) years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise which had its business licence revoked due to a violation of the law and who incurred personal liability, where less than three (3) years has elapsed since the date of the revocation of the business license;
- (5) a person who has a relatively large amount of debts due and outstanding;
- (6) a person who is under criminal investigation or prosecution by a judicial organization for violation of the criminal law where said investigation or prosecution is not yet concluded;
- (7) a person who is not eligible for enterprise leadership according to laws and administrative regulations;
- (8) a non-natural person;
- (9) a person convicted of the contravention of provisions of relevant securities regulations by a relevant competent authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five (5) years has elapsed since the date of the conviction.

### **Article 133**

The validity of an act of a Director, president, general manager, deputy general manager and any other senior management member on behalf of the Company is not, vis-a-vis a bona fide third party, affected by any irregularity in his office, election or any defect in his qualification.

Mandatory  
Provisions  
Article 113

#### **Article 134**

In addition to obligations imposed by laws, administrative regulations or required by the stock exchanges on which the Company's shares are listed, each of the Company's Directors, supervisors, president, general manager, deputy general manager and other senior management members owes a duty to each shareholder, in the exercise of the functions and powers of the Company entrusted to him:

Mandatory  
Provisions  
Article 114

- (1) not to cause the Company to exceed the scope of the business stipulated in its business licence;
- (2) to act honestly in the best interest of the Company;
- (3) not to expropriate in any guise the Company's property, including (without limitation) usurpation of opportunities advantageous to the Company;
- (4) not to expropriate the individual rights of shareholders, including (without limitation) rights to distribution and voting rights, save pursuant to a restructuring of the Company submitted to shareholders for approval in accordance with the Articles of Association.

#### **Article 135**

Each of the Company's Directors, supervisors, president, general manager, deputy general manager and other senior management members owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Mandatory  
Provisions  
Article 115

#### **Article 136**

Each of the Company's Directors, supervisors, president, general manager, deputy general manager and other senior management members shall exercise his powers or carry on his duties in accordance with the principle of fiduciary and shall not put himself in a position where his duty and his interest may conflict. This principle includes (without limitation) discharging the following obligations:

Mandatory  
Provisions  
Article 116

- (1) to act honestly in the best interests of the Company;

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

Company's assets;

- (12) unless otherwise permitted by informed shareholders in general meeting, to keep in confidence information relating to the Company acquired by him in the course of and during his tenure and not to use such information in purposes other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:
  - (a) disclosure is made under compulsion of law;
  - (b) the interests of the public require disclosure;
  - (c) the interests of the relevant Director, supervisor, president, general manager, deputy general manager and other senior management member require disclosure.

#### **Article 137**

Each Director, supervisor, president, general manager, deputy general manager and other senior management member of the Company shall not cause the following persons or institutions ("associates") to do what he is prohibited from doing:

Mandatory  
Provisions  
Article 117

- (1) the spouse or minor child of that Director, supervisor, president, general manager, deputy general manager and other senior management member;
- (2) a person acting in the capacity of trustee of that Director, supervisor, president, general manager, deputy general manager and other senior management member or any person referred to in paragraph (1) of this Article;
- (3) a person acting in the capacity of partner of that Director, supervisor, president, general manager, deputy general manager and other senior management member or any person referred to in paragraphs (1) and (2) of this Article;
- (4) a company in which that Director, supervisor, president, general

manager, deputy general manager and other senior management member, alone or jointly with one or more persons referred to in paragraphs (1), (2) and (3) above or other Directors, supervisors, president, general manager, deputy general manager and other senior management members of the Company have a de facto controlling interest; and

- (5) the Directors, supervisors, president, general manager, deputy general manager and other senior management members of the controlled company referred to in paragraph (4) of this Article.

### **Article 138**

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

Mandatory Provisions Article 118

### **Article 139**

Except for circumstances prescribed in Article 56 of the Articles of Association, a Director, supervisor, president, general manager, deputy general manager and other senior management member of the Company may be relieved of liability for specific breaches of his duty by the informed consent of shareholders given at a general meeting.

Mandatory Provisions Article 119

### **Article 140**

Where a Director, supervisor, president, general manager, deputy general manager and other senior management member of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, (other than his contract of service with the Company), he shall declare the nature and extent of his interests to the Board at the earliest opportunity, whether or not the contract,

Mandatory Provisions Article 120

Listing Rules Appendix 3 Paragraph 4(1)

transaction or arrangement or proposal therefor is otherwise subject to the approval of the Board.

A Director shall not vote nor shall he be counted in the quorum on any board resolution approving any contract, arrangement or any other proposal in which he or any of his associates (as defined in the Hong Kong Listing Rules) has a material interest, save for the exceptional circumstances specified in the Articles of Associations approved by the Hong Kong Stock Exchange. The following circumstances are not subject to the above restrictions:

- (1) (a) the giving of any security or indemnity to the Director or his associates in respect of money lent or obligations incurred or undertaken by him or his associates for the benefit of the Company or any of its subsidiaries; or
- (b) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/ themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (2) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company, which the Company may promote or be interested in, for subscription or purchase where the Director or his associate(s) is/are or is/ are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (3) any proposal made by any other company in which the Director or his associate(s) is/are interested, whether directly or indirectly (as an officer or executive or shareholder); or any proposal made by any other company in which the Director or his associate(s) is/ are beneficially interested in shares of that company, provided that such Director and any of his associates are not in aggregate beneficially interested in five percent or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associates is derived) or of the voting rights;

- (4) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
  - (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which any Director or his associate(s) may benefit; or
  - (b) the adoption, modification or operation of a provident fund or pension fund, death or disability benefits scheme in relation to the Directors, his associates and employees of the Company or any of its subsidiaries, which does not provide in respect of any Director (or his associates), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (5) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

Unless the interested Director, supervisor, president, general manager, deputy general manager and other senior management member discloses his interests in accordance with the preceding paragraph of this Article and the contract, transaction or arrangement is approved by the Board at a meeting in which the interested Director, supervisor, president, general manager, deputy general manager and other senior management member is not counted in the quorum and refrains from voting, a contract, transaction or arrangement in which that Director, supervisor, president, general manager, deputy general manager and other senior management member is materially interested is voidable at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the interested Director, president, general manager, deputy general manager and other senior management member.

A Director, supervisor, president, general manager, deputy general manager and other senior management member of the Company is deemed to be interested in a contract, transaction or arrangement in which an associate (as defined in the Listing



Rules) of him is interested.

#### **Article 141**

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

Mandatory  
Provisions  
Article 121

#### **Article 142**

The Company shall not in any manner pay taxes for or on behalf of its Directors, supervisors, president, general manager, deputy general manager and other senior management members.

Mandatory  
Provisions  
Article 122

#### **Article 143**

The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with, the making of a loan to a Director, supervisor, president, general manager, deputy general manager and other senior management member of the Company or of the Company's parent company or any of their respective associates. However, the following transactions are not subject to such prohibition:

Mandatory  
Provisions  
Article 123

(1) the provision by the Company of a loan or a guarantee for a loan to a company which is a subsidiary of the Company;

(2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds to any of its Directors, supervisors, president, general manager, deputy general manager and other senior management members to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders in general meeting; and

(3) The Company may make a loan or provide a guarantee in connection with the making of a loan to any of the relevant Directors, supervisors, president, general manager, deputy general manager and other senior management members or their respective associates in the ordinary course of its business on normal commercial terms, provided that the ordinary course of business of the Company includes the lending of money or the giving of guarantees.

#### **Article 144**

A loan made by the Company in breach of the above provisions shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

Mandatory Provisions  
Article 124

#### **Article 145**

A loan guarantee provided by the Company in breach of clause 1 of Article 143 shall be unenforceable against the Company, provided that:

Mandatory Provisions  
Article 125

(1) a loan was advanced to an associate of any of the Directors, supervisors, president, general manager, deputy general manager and other senior management members of the Company or of the Company's parent company where the lender did not know the relevant circumstances; or

(2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

#### **Article 146**

For the purposes of the foregoing provisions of this Chapter, a guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

Mandatory Provisions  
Article 126

#### **Article 147**

In addition to any rights and remedies provided by the laws and administrative regulations, where a Director, supervisor, president, general manager, deputy general manager and other senior management members of the Company is in breach of his duties to the Company, the Company has a right to:

Mandatory Provisions  
Article 127

(1) claim damages from the Director, supervisor, president, general manager, deputy general manager and other senior management members in compensation for losses sustained by the Company as a result of such breach;

(2) rescind any contract or transaction entered into by the Company with the Director, supervisor, president, general manager, deputy general manager and other senior management members or with a third party (where such third party knows or should know that there is such a breach of duties by such Director, supervisor, president, general manager, deputy general manager and other senior management members);

(3) demand the Director, supervisor, president, general manager, deputy general manager and other senior management members to surrender the profits made by him in breach of his duties;

(4) recover any monies received by the Director, supervisor, president, general manager, deputy general manager and other senior management members which should have been otherwise received by the Company, including (without limitation) commissions; and

(5) demand payment of the interest earned or which may have been earned by the Director, supervisor, president, general manager, deputy general manager and other senior management members on the monies that should have been paid to the Company.

#### **Article 148**

The Company shall, with the prior approval of shareholders in general meeting, enter into a contract in writing with a Director or supervisor wherein his emoluments are stipulated, including;

Mandatory  
Provisions  
Article 128

(1) emoluments in respect of his service as Director, supervisor or senior management member of the Company;

(2) emoluments in respect of his service as Director, supervisor or senior management member of any subsidiary of the Company;

(3) emoluments in respect of the provision of other services in connection with the management of the affairs of the Company or any of its subsidiaries; and

(4) compensation for loss of office, or as consideration for or in connection with his retirement from office.

Except under a contract entered into in accordance with the foregoing, no proceedings may be brought by a Director or supervisor against the Company for any benefits in respect of the matters mentioned in this Article.

#### **Article 149**

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

Mandatory  
Provisions  
Article 129

(1) a takeover offer made by any person to all shareholders; or

(2) an offer made by any person with a view to the offeror becoming a "controlling shareholder" within the meaning of Article 57.

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

### **CHAPTER 15 FINANCIAL AND ACCOUNTING SYSTEM AND PROFIT DISTRIBUTION**

#### **Article 150**

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and PRC accounting standards formulated by

Mandatory  
Provisions  
Article 130

the finance regulatory department of the State Council.

### **Article 151**

At the end of each fiscal year, the Company shall prepare a financial report which shall be audited in compliance with the laws.

Mandatory  
Provisions  
Article 131

The Company's financial report shall include the following financial statements and breakdown analysis:

- (1) Balance sheet;
- (2) Profit and loss account;
- (3) Statement of changes in financial position;
- (4) Description of the financial situation;
- (5) Statement of profit distribution.

### **Article 152**

The Board shall place before the shareholders at every annual general meeting such financial reports as are required by any laws, administrative regulations or directives promulgated by competent regional and central governmental authorities to be prepared by the Company.

Mandatory  
Provisions  
Article 132

### **Article 153**

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

Mandatory  
Provisions  
Article 133  
Zheng Jian  
Hai Han  
[1995]No.1  
Article 7  
Hong Kong  
Listing Rules  
Appendix 3  
Paragraph 5

The Company shall at least deliver or send to each shareholder of overseas-listed foreign-invested shares by prepaid mail the abovementioned reports together with the report of directors not later than twenty-one (21) days before the date of every annual shareholders' general meeting. The address of the recipient shall be the

address registered in the share register.

#### **Article 154**

The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the overseas place where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, explanations shall be made in the financial statements. When the Company is to distribute its after-tax profits, the lower of the after-tax profits as shown in the two financial statements shall be adopted.

Mandatory  
Provisions  
Article 134

#### **Article 155**

The interim results or financial information published or disclosed by the Company shall be prepared in accordance with PRC Accounting Standards and regulations as well as the international accounting standards or such accounting standards in the place of listing overseas.

Mandatory  
Provisions  
Article 135

#### **Article 156**

The Company shall release two financial reports for each accounting year.

The Company shall undergo the necessary procedures and publish the completed interim accounting reports and annual accounting reports in accordance with the relevant securities laws and regulations of the PRC and the listing rules of the stock exchange where the shares of the Company are listed.

#### **Article 157**

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

Mandatory  
Provisions  
Article 137

#### **Article 158**

The Company shall implement an internal audit system, and shall establish internal audit department and retain full-time auditors to conduct internal audit of its income and expenditure and economic activities.

## **Article 159**

The internal audit system and duties of the internal auditors of the Company shall be implemented after the approval by the Board. The chief auditor shall be accountable and report to the Board.

## **Article 160**

Profit after taxation of the Company is used in the following order:

- (1) to offset losses;
- (2) to provide for statutory reserve;
- (3) to provide for discretionary reserve as resolved at shareholders' meeting;
- (4) to pay for dividends of ordinary shares.

The Company shall not distribute dividends or proceed with other distributions in the form of bonus dividends before offsetting against losses and providing for statutory reserve.

## **Article 161**

The Company's common reserve fund includes surplus common reserve fund and capital common reserve fund. The surplus common reserve fund is divided into statutory surplus common reserve fund and discretionary surplus common reserve fund.

## **Article 162**

When distributing each year's after-tax profits, the Company shall set aside 10 per cent of its after-tax profits for the Company's statutory surplus reserve fund. When the aggregate balance in the statutory surplus reserve fund has reached 50 per cent or more of the Company's registered capital, the Company need not make any further allocations to that fund.

Where the Company's statutory surplus reserve fund is not enough to make up

losses of the Company for the preceding year, the current year's profits shall be applied firstly to make up the losses before being allocated to the statutory surplus reserve fund in accordance with the preceding paragraph.

Subject to a resolution of the shareholders' general meeting, after allocation has been made to the Company's statutory surplus reserve fund from its after-tax profits, the Company may set aside funds for the discretionary reserve fund.

The remaining profit after taxation, after recovery of losses and appropriation of reserve fund shall be distributed to shareholders in proportion to their shareholdings.

If a shareholders' general meeting violates the provisions in the preceding paragraph of this Article and profits are distributed to the shareholders before the Company makes up losses or makes allocations to the statutory reserve fund, the profits distributed in violation of the provisions must be returned to the Company.

#### **Article 163**

Capital reserve fund includes the following items:

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

Mandatory  
Provisions  
Article 138

#### **Article 164**

The common reserve funds of the Company can only be used for the following purposes:

- (1) making up losses;
- (2) expansion of the Company's production and operation; or
- (3) increasing the capital of the Company. The Company may, in accordance with relevant regulations, convert its capital reserve fund and discretionary



reserve fund into capital upon a resolution adopted in shareholders' general meeting and issue new shares to existing shareholders in proportion to their respective shareholdings, provided, however, that when the statutory reserve fund is converted into capital, the balance of the statutory reserve fund shall not fall below 25% of the Company's registered capital.

#### **Article 165**

Capital common reserve fund is not available for offsetting the loss of the Company.

#### **Article 166**

Dividends shall be distributed in proportion to the shareholdings of the shareholders within six (6) months after the end of each fiscal year.

Listing  
Rules  
Appendix 3  
Paragraph  
3(1) and (2)

Unless otherwise determined by the shareholders' meeting, the shareholders' meeting may authorize the Board to distribute interim dividend. Unless otherwise prescribed by the laws and regulations, the amount of interim dividend shall not exceed 50% of the profit available for distribution in the interim profit statement of the Company.

Any paid share capital before the notice of the collection of share capital can enjoy interest. However, the shareholder is not entitled to any dividends of such pre-paid share capital.

The rights to expropriate unclaimed dividend must not be exercised until the effective period since the announcement of dividend distribution date ends.

#### **Article 167**

The Company may distribute dividends in the following manner:

Mandatory  
Provisions  
Article 139

(1) in cash; or

(2) by shares.

## **Article 168**

The Company shall calculate, declare and pay dividends and other amounts which are payable to holders of domestic shares in Renminbi within 3 months after the date on which the dividend is declared. The Company shall calculate and declare dividends and other payments which are payable to holders of Overseas-Listed Foreign-Invested Shares in Renminbi, and shall pay such amounts in the local currency of the place in which such Overseas-Listed Foreign-Invested Shares are listed (if such shares are listed in more than one place, then the currency of the principal place on which such shares are listed as determined by the board of directors) within 3 months after the date on which the dividend is declared. Any paid share capital before call for the share capital is made can enjoy interest. However, the shareholder is not entitled to be distributed dividends of such pre-paid share capital.

Listing Rules  
Appendix 3  
Paragraph  
3(1)

## **Article 169**

The Company shall pay dividends and other amounts to holders of Foreign-Invested Shares in accordance with the relevant foreign exchange control regulations of the State. If there is no applicable regulation, the applicable exchange rate shall be the average closing rate for the relevant foreign currency announced by the People's Bank of China during the week prior to the announcement of payment of dividend and other amounts.

## **Article 170**

When distributing dividends to its shareholders, the Company shall, in accordance with the tax law of the PRC, withhold and pay on behalf of shareholders the tax payable on their dividend income.

## **Article 171**

The Company shall appoint receiving agents on behalf of the holders of overseas listed foreign-invested shares to receive on behalf of such shareholders dividends declared and all other monies owing by the Company in respect of such shares.

The receiving agents appointed by the Company shall satisfy the relevant requirements of the laws of the place and relevant regulations of the stock exchange

Mandatory  
Provisions  
Article 140  
Zheng Jian  
Hai Han  
[1995]No.1  
Article 8  
Hong Kong  
Listing Rules  
Appendix 13  
Part D  
Paragraph  
1(c)

where the Company's shares are listed.

The receiving agents appointed on behalf of holders of overseas-listed foreign invested shares listed on the Hong Kong Stock Exchange shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

## **CHAPTER 16 APPOINTMENT OF ACCOUNTANTS' FIRM**

### **Article 172**

The Company shall appoint an independent firm of certified public accountants which is qualified under the relevant regulations of the State to audit the Company's annual financial statements and review the Company's other financial reports.

Mandatory  
Provisions  
Article 141

The first certified public accountants' firm of the Company may be appointed by the inaugural meeting of the Company before the first annual general meeting of shareholders and the certified public accountants' firm so appointed shall hold office until the conclusion of the first annual general meeting.

If the inaugural meeting fails to exercise its aforesaid powers, those powers shall be exercised by the Board.

### **Article 173**

The certified public accountants' firm appointed by the Company shall hold office from the conclusion of the annual general meeting of shareholders at which the appointment is made until the conclusion of the next annual meeting of shareholders.

Mandatory  
Provisions  
Article 142

### **Article 174**

The certified public accountants' firm appointed by the Company shall have the following rights:

Mandatory  
Provisions  
Article 143

(1) a right to inspect at any time the books, records and vouchers of the Company, and to require the Directors, president, general manager, deputy general manager and other senior management members of the Company to provide any relevant information and explanation thereof;

(2) a right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the performance of duties of such accountants' firm; and

(3) a right to attend shareholders' general meetings and to receive all notices of, and other communications relating to, any shareholders' general meeting which any shareholder is entitled to receive, and to be heard at any shareholders' general meeting in relation to matters concerning its role as the accountants' firm of the Company.

#### **Article 175**

Before the convening of the shareholders' general meeting, the Board may fill any casual vacancy in the office of the certified public accountants' firm, but while any such vacancy continues, the surviving or continuing firm, if any, may act.

Mandatory Provisions  
Article 144

#### **Article 176**

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

Mandatory Provisions  
Article 145

#### **Article 177**

The remuneration of a certified public accountants' firm or the manner in which such firm is to be remunerated shall be determined by the shareholders in general meeting. The remuneration of a certified public accountants' firm appointed by the Board shall be determined by the Board.

Mandatory Provisions  
Article 146

#### **Article 178**

The Company's appointment of, removal of and non-reappointment of a certified public accountants' firm shall be resolved by shareholders in general meeting. The resolution of the shareholders' general meeting shall be filed with the CSRC.

Mandatory Provisions  
Article 147  
Zheng Jian Hai Han [1995]No.1  
Article 9  
Hong Kong Listing Rules  
Appendix 13  
Part D  
Paragraph 1(e)(i)

Where it is proposed that any resolution be passed at a shareholders' general

meeting concerning the appointment of a certified public accountants' firm, which is not an incumbent firm, to replace an existing accountant's firm or to fill a casual vacancy in the office of the certified public accountants' firm, or to reappoint a retiring certified public accountants' firm which was appointed by the Board to fill a casual vacancy, or to remove the certified public accountants' firm before the expiration of its term of office, the following provisions shall apply:

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

Leaving includes leaving by removal, resignation and retirement.

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

- (a) in any notice given to shareholders about a resolution to be made, state the representations that has been made by the accountants' firm which is about to leave; and
- (b) attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in the Articles of Association.

(3) If the firm's representations are not sent in accordance with paragraph (2) above, the relevant firm may require that the representations be read out at the shareholders' general meeting and may lodge further complaints.

(4) A certified public accountants' firm which is leaving its post shall be entitled to attend:

- (a) the shareholders' general meeting relating to the expiry of its term of office;
- (b) any shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal; and
- (c) any shareholders' general meeting convened on its resignation;

and to receive all notices of, and other communications relating to, any such meetings, and to speak at any such meeting in relation to matters concerning its role as the former certified public accountants' firm of the Company.

Mandatory Provisions  
Article 148  
Zheng Jian  
Hai Han  
[1995]No.1  
Article 10

#### **Article 179**

Prior to the removal or the non-renewal of the appointment of a certified public accountants' firm, notice of such removal or non-renewal shall be given to the certified public accountants' firm concerned and such firm shall be entitled to make representation at the shareholders' general meeting. Where the certified public accountants' firm resigns from its post, it shall make clear to the shareholders' general meeting whether there has been any impropriety on the part of the Company.

Hong Kong  
Listing Rules  
Appendix 13  
Part D  
Paragraph  
1(e)(ii) to  
(iv)

Any certified public accountants' firm may resign from its office by depositing at the Company's legal address a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following:

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

(2) a statement of any matters of which an account should be given.

Where a notice is deposited under the preceding paragraph, the Company shall within fourteen (14) days send a copy of the notice to the competent authority. If the notice contains a statement referred to in subparagraph (2) above, a copy of such statement shall be placed at the Company's registered office for shareholders' inspection. The Company shall also send a copy of such statement to every holder of overseas-listed foreign-invested shares by prepaid post, and it shall be sent to the addresses recorded in the register of shareholders.

Where the notice of resignation of a certified public accountants' firm contains a statement of any matters of which an account should be given, the certified public accountants' firm may require the Board to convene a shareholders' extraordinary general meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

## **CHAPTER 17 INSURANCE**

### **Article 180**

The Company's various types of insurance shall be taken out with the People's Insurance Company (Group) of China Limited or other insurance companies that are registered in the PRC and are permitted by the PRC laws to provide insurance to Chinese companies. The types of coverage, the insured amounts, periods and other terms shall be discussed and decided by the Board by reference to the practices of peer companies in other countries and the practices and legal requirements in the PRC.

## **CHAPTER 18 LABOUR MANAGEMENT**

### **Article 181**

The Company establishes a staff policy that is applicable to the actual conditions of the Company, based on the relevant requirements under the "Labour Law of the People's Republic of China".

### **Article 182**

The Company may at its discretion employ and dismiss employees based on the business development needs of the Company and in accordance with the requirements of the laws and administrative regulations of the State and implement the contract system.

### **Article 183**

The Company may formulate its labour and payroll systems and payment methods in accordance with the relevant laws and regulations of the State and the economical benefits of the Company.

### **Article 184**

The Company shall endeavour to improve its employee benefits and to continually improve the working environment and living standards of its employees.

## **Article 185**

The Company shall provide medical, retirement and unemployment insurance for its employees and put in place a labour insurance system, in accordance with the relevant laws and regulations of the State.

## **CHAPTER 19 TRADE UNION**

### **Article 186**

The employees of the Company may organize trade union and carry out activities of the union in accordance with the Trade Union Law of the PRC and other laws and regulations of the State, and to protect the lawful interests of the employees. The Company shall provide the requisite facilities for the activities of the labor union of the Company.

### **Article 187**

If the employees have established a trade union, the Company shall allocate certain fund to the trade union every month based on the actual situation. Such funds shall be used by the trade union of the Company in accordance with the Measures for the Management of Trade Union Funds formulated by the All China Federation of Trade Unions.

## **CHAPTER 20 MERGER AND DIVISION OF THE COMPANY**

### **Article 188**

In the event of the merger or division of the Company, a plan shall be proposed by the Board of the Company and shall be approved in accordance with the procedures stipulated in the Articles of Association and the relevant examining and approving formalities shall be processed as required by law. Shareholders who oppose the plan of merger or division of the Company shall have the right to request that the Company or the shareholders who consent to such plan purchase their shares at a fair price. A special document of the Company's resolution on the merger or division should be

Mandatory  
Provisions  
Article 149



prepared for inspection by the shareholders.

The aforesaid document should also be dispatched to the holders of overseas-listed foreign-invested shares by mail. The recipient's address should be based on the information contained in the register of shareholders.

#### **Article 189**

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

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

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

Mandatory Provisions  
Article 150  
Hong Kong Listing Rules  
Appendix 3  
Paragraph 7(1)

#### **Article 190**

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

In the event of a division of the Company, all the parties involved shall execute a division agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's resolution on division and shall make a newspaper announcement within thirty (30) days of the date of the Company's resolution on division.

Debts incurred by the Company before its division shall be borne by the companies after the division according to the respective agreement reached.

Mandatory Provisions  
Article 151

Hong Kong Listing Rules  
Appendix 3  
Paragraph 7(1)

#### **Article 191**

When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the law. When the Company dissolves, the Company shall cancel

Mandatory Provisions  
Article 152

its registration in accordance with the law. When a new company is established, its establishment shall be registered in accordance with the law.

## **CHAPTER 21 DISSOLUTION AND LIQUIDATION OF THE COMPANY**

### **Article 192**

The Company shall be dissolved and liquidated upon the occurrence of any of the following events:

Mandatory  
Provisions  
Article 153

(1) a resolution on dissolution is passed by shareholders at a general meeting;

(2) dissolution is necessary due to a merger or division of the Company;

(3) where the Company gets into serious trouble in operations and management and its continuation may cause substantial loss to the interests of its shareholders, and no solution can be found through any other channel, shareholders representing 10% or more of the total voting rights of the Company may request the people's court to dissolve the Company.

(4) the Company's business license is revoked or it is ordered to close down or it is cancelled according to law.

### **Article 193**

Where the Company is dissolved under subparagraphs (1), (3) and (4) of the preceding Article, a liquidation committee shall be set up within fifteen (15) days of the occurrence of the dissolution events and commence liquidation afterwards, and its members shall be determined by Directors or determined at a general meeting. If a liquidation committee is not set up within the specified period to carry out liquidation procedures, creditors may apply to the people's court for appointment of relevant persons to form a liquidation committee so as to proceed with the liquidation.

### **Article 194**

Where the Board proposes to liquidate the Company due to causes other than where the Company has declared that it is insolvent, the Board shall include a

Mandatory  
Provisions  
Article 154  
Mandatory  
Provisions  
Article 155

statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company will be able to pay its debts in full within twelve (12) months from the commencement of the liquidation.

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

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

#### **Article 195**

The liquidation committee shall notify creditors within ten (10) days from the date of its establishment and make newspaper announcement within sixty (60) days of that date.

Mandatory Provisions  
Article 156  
Hong Kong Listing Rules  
Appendix 3  
Paragraph 7(1)

Creditors should, within thirty (30) days after receipt of the notice, or for those who do not receive the notice, within ninety (90) days from the date of the first announcement, declare their claims to the liquidation committee. Any undeclared claims after the due date shall be deemed to have it waived. When declaring their claims, creditors shall explain relevant particulars of their claims and provide supporting materials. The liquidation committee shall register the claims.

#### **Article 196**

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

Mandatory Provisions  
Article 157

(1) to ascertain the Company's assets and separately prepare a balance sheet and an inventory of assets;

(2) to notify creditors by sending notice or by making announcement;

(3) to deal with and settle the Company's outstanding business deals in relation

to the liquidation;

(4) to settle outstanding taxes as well as taxes arising in the course of liquidation;

(5) to ascertain all claims and debts;

(6) to dispose of the remaining assets of the Company after the repayment of debts; and

(7) to represent the Company in any civil proceedings.

### **Article 197**

After checking the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit the same to the company review and approval authority for registration after submitting to a shareholders' general meeting or the people's court for confirmation.

Mandatory  
Provisions  
Article 158

The Company's assets shall be applied to liquidation following the order under the legal requirements and if no laws are applicable, they shall be applied by the impartial and reasonable order as determined by the liquidation committee.

The remaining assets of the Company after repayment of its debts in accordance with the provisions above shall be distributed to the shareholders of the Company according to the class of shares held by them and in proportion to their respective shareholdings.

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

### **Article 198**

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

Mandatory  
Provisions  
Article 159

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

#### **Article 199**

Following the completion of liquidation, the liquidation committee shall present a report on liquidation and prepare a statement of the receipts and payments and the financial accounts for the period of the liquidation which shall be audited by PRC certified public accountants and then submitted to the shareholders' general meeting or relevant competent authorities for confirmation and filed to review and approval authority for registration.

Mandatory  
Provisions  
Article 160

Upon the submission of the liquidation report to the corporate review and approval authority, the liquidation committee should, pursuant to the legal requirement, proceed to the procedures on the cancellation of the Company's registration with the tax bureau and the company registration department and announce the Company ceases to exist.

### **CHAPTER 22 PROCEDURES FOR AMENDMENT TO THE ARTICLES OF ASSOCIATION**

#### **Article 200**

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

Mandatory  
Provisions  
Article 161

#### **Article 201**

Any amendment to the Articles of Association shall be made in the following procedures:

(1) the Board shall, in accordance with the Articles of Association, adopt a resolution to propose to the shareholders' general meeting to amend the Articles of Association, and draw up a proposal for such amendments;

(2) the foregoing proposal shall be notified to shareholders in writing, and a shareholders' general meeting shall be convened to vote on the amendments;

(3) the amendments submitted to the general meeting for approval shall be approved by way of special resolution.

The board of directors may be authorized by an ordinary resolution of a shareholders' general meeting: (1) in the event that the Company increase its registered capital, to amend the Articles of Association of the Company in respect of the registered capital of the Company according to specific situations; and (2) in the event that the Articles of Association of the Company approved by shareholders' general meeting need to be altered in letter and sequence of articles when submitted to the authorities that are authorized by the State Council to examine and approve companies and CSRC to be examined and approved, to make relevant amendments according to the requirements of the above-mentioned authorities.

#### **Article 202**

Amendment of the Company's Articles of Association which involves the content of the Mandatory Provisions of Overseas-Listed Companies' Articles of Association (signed by the Securities Committee of the State Council and the Economic Reform Committee of the State on 27 August 1994) shall become effective upon receipt of approvals from the securities authority of the State Council and the companies approving department authorized by the State Council. If there is any change relating to the registered particulars of the Company, application shall be made for change in registration in accordance with law.

Mandatory  
Provisions  
Article 162

### **CHAPTER 23 SETTLEMENT OF DISPUTES**

#### **Article 203**

The Company shall act according to the following principles to settle disputes:

(1) Whenever any disputes or claims arise between holders of the overseas-listed foreign-invested shares and the Company, holders of the overseas-listed foreign-invested shares and the Company's Directors, supervisors, president, general managers, deputy general managers or other senior management members, or holders of the overseas-listed foreign-invested shares and holders of domestic-invested shares, based on the Articles of

Mandatory  
Provisions  
Article 163

Association or any rights or obligations conferred or imposed by the PRC Company Law or any other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim of rights abovementioned is referred to arbitration, the entire claim or dispute must be referred to arbitration and any person (being the Company or a shareholder, Director, supervisor, president, general managers, deputy general managers or other senior management members of the Company) who has a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall abide by the arbitration.

Zheng Jian  
Hai Han  
[1995]No.1  
Article 11

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

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

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

- (3) If any disputes or claims of rights prescribed in subparagraph (1) above are referred to arbitration, the laws of the People's Republic of China shall apply, save as otherwise provided in laws and administrative regulations.
- (4) The judgement of an arbitration body shall be final and conclusive and binding on all parties.

## CHAPTER 24 NOTICE

### Article 204

Unless otherwise stated in this Articles of Association, the notices, information or written statements issued by the Company to the shareholders of the overseas listed foreign shares listed in Hong Kong shall be despatched to such shareholders by hand or by mail to the addresses of such shareholders as shown in the register of the overseas listed foreign shareholders (whether such registered addresses are within Hong Kong or in regions outside Hong Kong). Notices given to the shareholders of the overseas listed foreign shares listed in Hong Kong shall, to the practicable extent, be sent in Hong Kong.

Hong Kong  
Listing Rules  
Appendix 3  
Paragraph  
7(1) and (3)

As to the notices to be issued by the Company to the holder of Domestic Shares, the Company shall publish an announcement on one or more newspaper designated by CSRC; once the announcement is published, the holder of Domestic Shares shall be deemed to have received the relevant notice.

### Article 205

Where a notice is to be sent by post, it shall be placed in an envelope properly addressed with postage prepaid, and any such notice is deemed to be served to shareholders five (5) days after the date of dispatch.

### Article 206

Any notice, document, information or written statement given by a shareholder or Director to the Company shall be delivered by hand or by registered mail to the legal address of the Company.

### Article 207

Shareholders or Directors of the Company who want to prove that certain notices, documents, information or written statements have been served on the Company shall provide evidential materials showing the same has been served on the Company within the designated periods by common practice of delivery, or evidential materials showing that the mailing address is correct and the postage is fully paid.



## CHAPTER 25 MISCELLANCES

### Article 208

“Accountant’s firm” in these Articles of Association shall have the same meaning as “auditors”.

Mandatory  
Provisions  
Article 165

### Article 209

All “over”, “within” and “under” in these Articles of Association include themselves;  
“less than”, “except” does not include themselves.

### Article 210

The Board of Directors may formulate detailed rules of the Articles of Association in accordance with the provisions thereof. Such detailed rules shall not contravene the provisions in the Articles of Association.

### Article 211

The Articles of Association is written in Chinese. In case of any discrepancy between versions in other languages or different versions and the Articles of Association, the latest Chinese version approved for registration with the Nanjing Municipal Administration for Industry & Commerce shall prevail.

Legal person (Signed)

Nanjing Sample Technology Company Limited  
8 December 2022