

**QINGDAO AINNOVATION TECHNOLOGY GROUP CO., LTD**  
**青島創新奇智科技集團股份有限公司**

**Articles of Association**

(Adopted pursuant to a special resolution passed at a meeting of members held on 12 May 2023)

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## CHAPTER I GENERAL RULES

**Article 1** In order to safeguard the legal rights interests of Qingdao AInnovation Technology Group Co., Ltd (hereinafter referred to as the “Company”), its shareholders and creditors, and to regulate the organization and conduct of the Company, in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China”, “Special Provisions of the State Council on the Overseas Offering and Listing of Shares in Joint Stock Companies” (hereinafter referred to as “Special Provisions”), “Required Provisions in the Articles of Association of Companies Listed Overseas”, “Letter of Opinions on Supplemental Amendments to the Articles of Association of Companies Listed in Hong Kong” (Zheng Jian Hai Han [1995] No. 1), the “Reply of the State Council on the Adjustment of the Rules Governing the Application of the Notice Period for Holding General Meetings of Companies Listed Overseas” (Guo Han [2019] No. 97), the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (the “Hong Kong Listing Rules”) and other relevant provisions, this Prospectus has been formulated.

The Company is a joint stock limited company established in accordance with the Company Law, the Special Provisions and other laws, regulations and regulatory documents.

The Company is a joint stock limited company which is wholly changed by Qingdao AInnovation Technology Group Co., Ltd (青島創新奇智科技集團有限公司) based on the conversion to shares from net original book value of assets, being established on May 19, 2021 by way of promotion and registered with Qingdao Municipal Bureau of Administrative Services on May 19, 2021. We have obtained a business license with the unified social credit code of 91440300MA5F0CAJ1C.

The promoters of the Company are: Sinovation Ventures (Beijing) Enterprise Management Limited (創新工場(北京)企業管理股份有限公司), Xu Hui (徐輝), Qingdao Xinnuo Zhiqi Enterprise Management Consultation Partnership (Limited Partnership) (青島新諾智奇企業管理諮詢合夥企業(有限合夥)), Qingdao Chuangzhi Equity Investment Fund (Limited Partnership) (青島甲子創智股權投資基金(有限合夥)), Qingdao Xinhui Zhiqi Entrepreneurship Service Center (Limited Partnership) (青島新輝智奇創業服務中心(有限合夥)), Ningbo Meishan Free Trade Port Hongxi Equity Investment Partnership (Limited Partnership) (寧波梅山保稅港區泓熙股權投資合夥企業(有限合夥)), Shenzhen Huasheng Lingxiu Equity Investment Partnership (Limited Partnership) (深圳華晟領秀股權投資合夥企業(有限合夥)), Beijing Sinovation Ventures Center (Limited Partnership) (北京創新工場創業投資中心(有限合夥)), Chengwei Evergreen Equity Investment Partnership (Limited Partnership) (南通成為常青股權投資合夥企業(有限合夥)), Ningbo Meishan Free Trade Port Hongyue Equity Investment Partnership (Limited Partnership) (寧波梅山保稅港區泓越股權投資合夥企業(有限合夥)), Ningbo Meishan Free Trade Port Honger Equity Investment Partnership (Limited Partnership) (寧波梅山保稅港區泓爾股權投資合夥企業(有限合夥)), Qingdao Xinqi Entrepreneurship Service Center (Limited Partnership) (青島新奇創業服務中心(有限合夥)), Qingdao Xinyun Entrepreneurship Service Center (Limited Partnership) (青島新雲創業服務中心(有限合夥)), Beijing Sinovation Ventures

Yucheng Management Consultation Co., Ltd. (北京創新工場育成管理諮詢有限公司), Wang Hua (汪華), Qingdao Innovation Zhicheng Technology Center (Limited Partnership) (青島創新智成科技中心 (有限合夥)), Shanghai Lanyue Enterprise Management (Limited Partnership) (上海攬岳企業管理中心 (有限合夥)), Shanghai Guohe Phase II Modern Service Industry Equity Investment Fund Partnership(上海國和二期現代服務業股權投資基金合夥企業 (有限合夥)), Qingdao Yunhai Zhicheng Investment Management Center (Limited Partnership) (青島雲海至誠投資管理中心 (有限合夥)), Xiamen Ronghui Yingjia Equity Investment Partnership (Limited Partnership) (廈門融匯盈嘉股權投資合夥企業 (有限合夥)), Tianjin Huaxing Zhihong Equity Investment Partnership (Limited Partnership) (天津華興志鴻股權投資合夥企業 (有限合夥)), Qingdao Xinda Entrepreneurship Service Center (Limited Partnership) (青島新達創業服務中心 (有限合夥)), Qingdao SAIF Haohai Venture Capital Center (Limited Partnership) (青島賽富皓海創業投資中心 (有限合夥)), Jiaxing Yilang Kunrui Investment Management Partnership (Limited Partnership) (嘉興宜朗坤瑞投資管理合夥企業 (有限合夥)), Tao Ning (陶寧), Huangshan SAIF Tourism Culture Industry Development Fund (Limited Partnership) (黃山賽富旅遊文化產業發展基金 (有限合夥)), Wufang Tianya Group Co., Ltd. (五方天雅集團有限公司), Yinfeng Finance (Beijing) Investment Management Co., Ltd. (銀豐融金(北京)投資管理有限公司), Shenzhen Qianhai Puzheng Investment Management Co., Ltd. (深圳前海普正投資管理有限公司).

**Article 2** The Company's registered name:

Chinese full name: 青島創新奇智科技集團股份有限公司

English full name: Qingdao AInnovation Technology Group Co., Ltd

**Article 3** Place of domicile of the Company: Room 501, Block A, Haier International Plaza, No. 939 Zhenwu Road, Economic Development Zone, Jimo District, Qingdao City, Shandong Province; Postal code: 266200.

**Article 4** The legal representative of the Company is the general manager of the Company.

**Article 5** The Company is a joint stock company with limited liability in perpetual existence and an independent legal entity. The Company is governed and protected by the laws, administrative regulations and other relevant requirements of the PRC.

**Article 6** All the properties of the Company are divided into shares of equal value. The liability of a shareholder towards the Company is limited to the shares he/she subscribed, while the liability of the Company to its indebtedness is limited to the amount of all the properties owned by it.

**Article 7** Upon the passing of a special resolution at a general meeting and the obtaining of approval from relevant authorities of the state, the Articles of Association took effect from the date on which the overseas listed foreign shares issued by the Company were listed and traded on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”).

From the effective date of the Articles of Association, the Articles of Association shall become a legally binding document regulating the organization and activities of the Company, and the rights and duties between the Company and its shareholders, and among the shareholders themselves.

**Article 8** The Articles of Association shall be legally binding upon the Company and shareholders of the Company, directors, supervisors, general manager, and other senior management members, all of whom may assert rights in respect of the Company’s affairs in accordance with the Articles of Association.

A shareholder may take legal actions against the Company pursuant to the Articles of Association, and vice versa. A shareholder may also take actions against another shareholder, the directors, supervisors, manager and other senior management members of the Company pursuant to the Articles of Association.

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

**Article 9** The senior management members referred to in the Articles of Association include the Company’s general manager, deputy general manager, head of the finance team, secretary to the Board and other management expressly appointed as senior management by the Board.

**Article 10** The Company may invest in other enterprises, and the Company’s liability towards such enterprises shall be limited to its investment amount. Unless otherwise stated by law, the Company shall not become a capital contributor which shall bear several and joint liabilities for the debts of the enterprises which it invests in.

## **CHAPTER II BUSINESS OBJECTIVES AND SCOPE**

**Article 11** The business objective of the Company is: to empower businesses with AI technology.

**Article 12** The business scope of the Company shall be subject to the items approved by the Company registration authority.

As legally registered, the scope of business of the Company: general items: software sales; software development; artificial intelligence application software development; network and information security software development; basic software development of artificial intelligence; sales of information security equipments; retail of computer software and hardware and auxiliary equipments; information technology consultation services; information system operation and maintenance services; technical services, technology development, technology consultation, technology exchange, technology transfer, technology promotion; sales of electronic products; lease of computer and communication equipments; computer system services; data processing services; medical research and experimental development; conducting investment activities with own funds; conference and exhibition services; organization of cultural and artistic exchange activities; consulting and planning services; project planning and public relations services; business management; trade brokerage; sales agency; advertisement production; advertisement publishing (non-broadcast stations, television stations, newspaper publishing units); advertisement design, agency; educational consultation services (excluding educational training activities involving license approval); business agency and commission services; property management. (In addition to the items subject to approval in accordance with the laws, we carry out business activities by virtue of business license independently in accordance with the laws). Permitted items: import and export of technology; import and export of goods; import and export agency; food operation (sales of pre-packaged food); liquor operation. (The projects subject to approval in accordance with the laws shall be approved by the relevant departments before conducting operating activities, and specific operation projects shall be subject to the approval documents or licenses of relevant departments).

The Company may adjust its scope of business according to the changes in domestic and international markets, business development, and its own capabilities, upon the approval by the general meeting and relevant government authorities (if necessary) and go through relevant procedures of industrial and commercial changes according to regulations.

### **CHAPTER III SHARES AND REGISTERED CAPITAL**

**Article 13** The Company shall have ordinary shares at all times. The Company may set other types of shares subject to needs, upon approval by the departments that are authorized by the State Council of the PRC.

**Article 14** All shares issued by the Company are shares with par value, denominated in RMB, which shall have a par value of RMB1 per share. RMB mentioned in the preceding paragraph refers to the lawful currency of the People's Republic of China.

**Article 15** The Company shall issue shares in an open, fair, and just principle, and each share of the same class shall have equal rights.

The issuing conditions and price for each share of the same class issued at the same time shall be the same and each share subscribed for by any entity or individual shall be subscribed at the same price.

Domestic shares and overseas listed foreign shares issued by the Company shall have the same rights in any distribution of dividends or other forms of distributions.

**Article 16** Upon approval by the securities regulatory authority of the State Council, the Company may issue its shares to both domestic and foreign investors.

Overseas investors referred to in the preceding paragraph means investors located in foreign countries and the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC, the Taiwan Region of the PRC, who subscribe for shares issued by the Company. Domestic investors mean investors located in the People's Republic of China, excluding the regions mentioned above, who subscribe for shares issued by the Company.

**Article 17** Shares issued by the Company to domestic investors for subscription in RMB are referred to as domestic shares. Shares issued by the Company to overseas investors for subscription in foreign currencies are referred to as foreign shares. Foreign shares listed overseas are referred to as overseas listed foreign shares. With the approval of the securities regulatory authority under the State Council, the domestic shares of the Company can be converted into overseas listed foreign shares.

Foreign currency mentioned in the preceding paragraph means the legal currencies of other countries or regions, other than Renminbi, which are recognized by the competent foreign exchange authority of the State for payment of share subscription monies to the Company.

The overseas listed foreign shares issued by the Company and listed in Hong Kong (hereinafter referred to as "H shares") refer to the shares which have been listed on the Hong Kong Stock Exchange upon approval, the par value of which is denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars.

The shares issued by the Company but not listed in the stock exchanges in or outside the PRC referred to as non-listed shares.

Upon approval by the securities regulatory authorities of the State Council and consent of the Hong Kong Stock Exchange, the shareholders of the Company may have the non-listed shares held by them listed and traded on the overseas stock exchanges. The above-mentioned shares that are listed and traded on an overseas stock exchange shall also be subject to the regulatory procedures, regulations, and requirements of the overseas stock exchange. As for the conversion and/or transfer of the above-mentioned shares and their listing and trading on overseas stock exchanges, voting at the general meeting or the class meeting is not required. If the non-listed shares are listed and traded abroad upon approval, their share class will be transferred to overseas listed shares on the date of overseas listing and will be the same class of shares as the overseas listed foreign shares listed on the same overseas stock exchange.

Both the shareholders of domestic shares and the shareholders of foreign shares are ordinary shareholders and shall have the same rights and obligations.

**Article 18** The total number of ordinary shares that the Company issued on the date of the establishment is 26,551,106 shares, and the par value of the shares is RMB1 per share. Names, shareholdings, percentage, method and time of capital contribution of the promoters are as follows:

No.	Name of Promoter	Shareholding (‘0,000 shares)	Shareholding percentage	Method of capital contribution	Time of capital contribution
1	Sinovation Ventures (Beijing) Enterprise Management Limited	750.0000	28.25%	currency	by March 30, 2021
2	Xu Hui	264.3405	9.96%	currency	by February 6, 2038
3	Qingdao Xinnuo Zhiqi Enterprise Management Consultation Partnership (Limited Partnership)	212.7313	8.01%	currency	by February 6, 2038
4	Qingdao Chuangzhi Equity Investment Fund (Limited Partnership)	148.0079	5.58%	currency	by March 30, 2021
5	Qingdao Xinhui Zhiqi Entrepreneurship Service Center (Limited Partnership)	145.9725	5.50%	currency	by March 27, 2021
6	Ningbo Meishan Free Trade Port Hongxi Equity Investment Partnership (Limited Partnership)	132.3557	4.99%	currency	by March 30, 2021
7	Shenzhen Huasheng Lingxiu Equity Investment Partnership (Limited Partnership)	116.9200	4.40%	currency	by March 30, 2021
8	Beijing Sinovation Ventures Center (Limited Partnership)	103.8414	3.91%	currency	by March 30, 2021
9	Chengwei Evergreen Equity Investment Partnership (Limited Partnership)	98.8493	3.72%	currency	by March 30, 2021
10	Ningbo Meishan Free Trade Port Hongyue Equity Investment Partnership (Limited Partnership)	98.6218	3.71%	currency	by March 30, 2021
11	Ningbo Meishan Free Trade Port Honger Equity Investment Partnership (Limited Partnership)	98.6184	3.71%	currency	by March 30, 2021
12	Qingdao Xinqi Entrepreneurship Service Center (Limited Partnership)	67.5285	2.54%	currency	by February 6, 2038
13	Qingdao Xinyun Entrepreneurship Service Center (Limited Partnership)	48.1538	1.81%	currency	by February 6, 2038
14	Beijing Sinovation Ventures Yucheng Management Consultation Co., Ltd.	48.0000	1.81%	currency	by March 30, 2021
15	Wang Hua	48.0000	1.81%	currency	by March 30, 2021



No.	Name of Promoter	Shareholding (‘0,000 shares)	Shareholding percentage	Method of capital contribution	Time of capital contribution
16	Qingdao Innovation Zhicheng Technology Center (Limited Partnership)	36.7884	1.39%	currency	by March 30, 2021
17	Shanghai Lanyue Enterprise Management (Limited Partnership)	36.3714	1.37%	currency	by March 31, 2021
18	Shanghai Guohe Phase II Modern Service Industry Equity Investment Fund Partnership	36.1797	1.36%	currency	by March 30, 2021
19	Qingdao Yunhai Zhicheng Investment Management Center (Limited Partnership)	31.0857	1.17%	currency	by March 30, 2021
20	Xiamen Ronghui Yingjia Equity Investment Partnership (Limited Partnership)	26.3125	0.99%	currency	by March 30, 2021
21	Tianjin Huaxing Zhihong Equity Investment Partnership (Limited Partnership)	16.4453	0.62%	currency	by March 30, 2021
22	Qingdao Xinda Entrepreneurship Service Center (Limited Partnership)	16.0100	0.60%	currency	by February 6, 2038
23	Qingdao SAIF Haohai Venture Capital Center (Limited Partnership)	15.8408	0.60%	currency	by March 30, 2021
24	Jiaxing Yilang Kunrui Investment Management Partnership (Limited Partnership)	15.8408	0.60%	currency	by March 30, 2021
25	Tao Ning	12.0000	0.45%	currency	by March 30, 2021
26	Huangshan SAIF Tourism Culture Industry Development Fund (Limited Partnership)	10.5605	0.40%	currency	by March 30, 2021
27	Wufang Tianya Group Co., Ltd.	9.8672	0.37%	currency	by March 30, 2021
28	Yinfeng Finance (Beijing) Investment Management Co., Ltd.	6.5781	0.25%	currency	by March 30, 2021
29	Shenzhen Qianhai Puzheng Investment Management Co., Ltd.	3.2891	0.12%	currency	by March 30, 2021

**Article 19** The share capital structure of the Company is as follows: there are 545,150,738 ordinary shares and all of them are overseas listed foreign shares (H shares).

**Article 20** Subject to the approval of the securities regulatory authority of the State Council for the Company's plans to issue overseas listed foreign shares and domestic shares, the Board of the Company may make implementation arrangements for separate share issues.

The Company's plans for separate issues of overseas listed foreign shares and domestic shares mentioned in the preceding paragraph may be implemented within 15 months from the date of approval by the securities regulatory authority of the State Council.

**Article 21** If the Company separately issues overseas listed foreign shares and domestic shares within the total number specified in the issue scheme, the respective shares shall be subscribed for in full at one time. If these shares cannot be subscribed for in full at one time under special circumstances, they may be issued in several tranches subject to the approval of the securities regulatory authority of the State Council.

**Article 22** The registered capital of the Company is RMB545,150,738.

**Article 23** Pursuant to the requirement of the law, regulation, and the listing rules of the place where the Company's shares are listed, the Company may, subject to its business operation and development requirements, increase its capital in accordance with the relevant provisions of the Articles of Association upon resolution by the general meeting.

The Company may increase its capital by the following means:

- (I) offer of new shares to non-specified investors for subscription;
- (II) placement of new shares to existing shareholders;
- (III) bonus issue of new shares to existing shareholders;
- (IV) capitalization of capital reserve fund;
- (V) other methods approved by laws, administrative regulations and relevant regulatory bodies.

Any increase in capital of the Company by way of issuing new shares shall be subject to approval under the Articles of Association, and completion of the relevant procedures as prescribed by the relevant laws, administrative regulations of the state.

**Article 24** Unless otherwise stipulated in laws, administrative regulations, departmental regulations, normative documents and relevant regulations of the securities regulatory authority of the place where the company's shares are listed, shares of the Company shall be freely transferable and shall not be subject to any lien.

**Article 25** All H shares, the capital of which have been fully paid up, are freely transferable in accordance with the Articles of Association; but the Board may refuse to acknowledge any transfer of instrument without claiming any reason, unless the following conditions are met:

- (I) The documents of transfer and other documents relating to or affecting any title to the shares shall be registered with the local share registrar entrusted by the Company. If any fee is charged for such registration, such fee shall not exceed the maximum fee prescribed from time to time in the Hong Kong Listing Rules;
- (II) The instrument of transfer relates to H shares only;
- (III) The stamp duty payable on the instrument of transfer has been paid;
- (IV) The share certificate(s) concerned shall be provided together with such evidence as the Board may reasonably require to demonstrate that the transferor is entitled to transfer the shares;
- (V) If the shares are to be transferred to joint holders, the number of jointly registered shareholders shall not exceed four;
- (VI) Relevant shares are free and clear of lien of any company.

**Article 26** Shares of the Company held by promoters shall not be transferred within one year from the date of establishment of the Company. Shares previously issued by the Company prior to the public offering shall not be transferred within one year from the date on which the shares of the Company are listed and traded on a stock exchange.

During their terms of office, directors, supervisors and senior management members of the Company shall report to the Company their shareholdings in the Company and changes therein and shall not transfer annually during their terms of office more than 25% of the total number of shares of the Company which they hold; the shares of the Company held by them shall not be transferred within one year from the date on which the shares of the Company are listed and traded. The aforesaid persons shall not transfer the shares of the Company held by them within six months from the date of their leaving the Company.

## **CHAPTER IV DECREASE OF SHARE CAPITAL AND REPURCHASE OF SHARES**

**Article 27** The Company may reduce its registered capital. Where the Company reduces its registered capital, procedures shall be made in accordance with the Company Law and other relevant requirements and the Articles of Association.

**Article 28** Where the Company reduces its registered capital, it shall prepare a balance sheet and a list of assets.

The Company shall notify its creditors within 10 days from the date on which the resolution on reduction of registered capital was made and shall publish an announcement in a newspaper within 30 days therefrom. The creditors shall, within 30 days from the date of receiving the written notice, or within 45 days from the date of the public announcement for those who have not received the written notice, be entitled to require the Company to pay off its debts or to provide corresponding security.

**Article 29** The Company may, in the following circumstances, repurchase its outstanding shares following the procedures provided under the laws and this Articles of Association, subject to approval of the competent state authority:

- (I) cancellation of shares to reduce its registered capital;
- (II) merging with other company which holds its shares;
- (III) using shares for employee stock ownership plan or equity incentives;
- (IV) requesting the Company to acquire shares held by shareholders who vote against any resolution proposed in any shareholders' general meeting on the merger or separation of the Company;
- (V) utilizing shares for conversion of corporate bonds issued by the Company which are convertible into shares;
- (VI) manner as necessary for maintenance of the Company's value and shareholders' interests;
- (VII) other circumstances as permitted by laws, administrative regulations and listing rules of the place where the Company's shares are listed and approved by regulatory authorities.

Where the Company purchases its shares for the purposes of items (I) and (II) of this provision, it shall obtain approval at the general meeting by way of resolution. Where the Company purchases its shares for the purposes of items (III), (V) or (VI) of this provision, it shall obtain approval of more than two-thirds of the directors present at the Board meeting by way of resolution.

After the Company purchases its shares pursuant to the first paragraph, it shall, under the circumstance as mentioned in item (I), cancel such shares within 10 days from the date of acquisition; while under either circumstance as mentioned in items (II) and (IV), transfer or cancel such shares within six months; while under any of the circumstances as mentioned in items (III),(V)or (VI), the aggregate number of shares of the Company held by itself shall not exceed 10% of its total shares in issue and the Company shall transfer or cancel such shares within three years.

Repurchase by the Company of its shares due to the circumstances specified in item (III), (V) or(VI) of this provision shall be carried out through open and centralized transactions.

The Company shall not accept those shares of the Company as the subject of a pledge.

Where the relevant laws and regulations, regulatory documents and relevant provisions of the securities regulatory authority at the places where the Company's shares are listed have any other provisions in respect of the matters relating to the aforesaid share buyback, such provisions shall prevail.

**Article 30** The Company may repurchase its shares in one of the following ways with approval from the relevant national competent authorities:

- (I) making a pro rata general repurchase offer to all shareholders;
- (II) repurchasing shares through public trading in a stock exchange;
- (III) repurchasing shares based on an off-market agreement;
- (IV) by other means as permitted by laws, regulations, normative documents and relevant regulatory authorities.

**Article 31** Where the Company repurchases its shares through an off-market agreement, it shall seek prior approval at the shareholders' general meeting according to this Articles of Association. Where prior approval has been obtained from the shareholders in a shareholders' general meeting in the same manner, the Company may terminate or amend an agreement entered into in the aforementioned manner or waive any of its rights.

The agreement to repurchase shares referred to in the preceding paragraph includes but not limited to agreements assuming obligations of repurchase and acquisition of the right to repurchase shares of the Company.

The Company shall not assign an agreement for repurchasing its shares or any of its rights thereunder.

With regard to the redeemable shares which the Company has the right to redeem, if they are not repurchased on the market or by way of tender, the repurchase prices of these shares shall not exceed certain maximum price; if they are repurchased by way of tender, the tenders shall be available and proposed to all shareholders in the same manner.

**Article 32** After the shares are repurchased by the Company pursuant to the laws, the Company shall cancel such repurchase of shares within the period prescribed by laws, administrative regulations and the listing rules of the place in which Company's shares are listed, and shall apply to the original company registration authority for registration of the change in the registered capital.

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

**Article 33** Unless the Company is under liquidation, it shall comply with the following provisions in respect of the repurchase of its outstanding shares:

- (I) where the Company repurchase its shares at nominal value, the amount thereof shall be deducted from the book balance of the distributable profits of the Company and/or from the proceeds of a new issue of shares made for the buy-back of shares;

(II) where the Company repurchases its shares at a price higher than nominal value, the portion corresponding to the nominal value shall be deducted from the book balance of the distributable profits of the Company and/or from the proceeds of a new issue of shares made for the repurchase of shares. The portion in excess of the nominal value shall be handled as follows:

- (1) if the shares repurchased were issued at nominal value, payment shall be deducted from the book balance of the distributable profits of the Company;
- (2) if the shares repurchased were issued at a price higher than their nominal value, payment shall be deducted from the book balance of the distributable profits of the Company and/or from the proceeds of a new issue of shares made for the repurchase of shares, provided that the amount deducted from the proceeds of the issue of new shares shall not be more than the aggregate of premiums received by the Company at the time of the issue of the old shares bought back nor shall it be more than the amount of the Company's premium account (or capital common reserve account) at the time of such buy-back (including the premiums on the issue of new shares);

(III) payment by the Company for the following purposes shall be paid out of the Company's distributable profits:

- (1) acquisition of rights to repurchase shares of the Company;
- (2) modification of any agreement for repurchasing shares of the Company;
- (3) release of any of the Company's obligations under any agreement for repurchasing its shares.

(IV) after the aggregate nominal value of the cancelled shares has been deducted from the registered capital of the Company in accordance with the relevant requirements, the amount deducted from the distributable profits for payment for repurchasing shares at their nominal value shall be accounted for in the Company's premium account (or capital common reserve account).

Where the laws, regulations, rules, normative documents and relevant requirements of the securities regulatory authorities in the place where the Company's shares are listed contain any other provisions in respect of the accounting treatment related to the aforementioned share buy-back, such provisions shall prevail.

## **CHAPTER V FINANCIAL ASSISTANCE FOR PURCHASE OF THE COMPANY'S SHARES**

**Article 34** The Company or any of its Subsidiaries shall not, by any means and at any time, provide any financial assistance to purchasers or potential purchasers of the Company's shares. The aforesaid purchasers of the Company's shares include persons who directly or indirectly undertaking obligations due to purchase of the Company's shares.

The Company or its subsidiaries shall not, by any means and at any time, provide any financial assistance to the aforesaid obligors to reduce or discharge their obligations.

This provision does not apply to the circumstances mentioned in Article 36 of the Articles of Association.

**Article 35** The Financial assistance referred to in this chapter includes (without limitation to) the following:

- (I) gift;
- (II) guarantee (including the undertaking of liability or provisions of property by the guarantor in order to guarantee the performance of the obligation by the obligor), indemnity (excluding, however, indemnity arising from the Company's fault) and termination or waiver of rights;
- (III) providing of a loan or signing of a contract under which the obligations of the Company are to be fulfilled prior to the fulfillment of the obligations of the other party to the contract, and a change in the party to such loan or agreement as well as the assignment of rights under such loan or contract;
- (IV) financial assistance provided in any other form when the Company is insolvent or has no net assets or when a significant reduction in the Company's net assets is to be caused.

The undertaking of obligations referred to in this chapter shall include the undertaking of an obligation by the obligor by entering into a contract or making an arrangement (whether or not such contract or arrangement is enforceable and whether or not such obligation is assumed by the obligor individually or jointly with any other person), or by changing its financial position in any other way.



**Article 36** Actions listed below shall not be deemed as actions prohibited by Article 34 of this chapter:

- (I) the provision of financial assistance by the Company is made in good faith in the interest of the Company, and the principal purpose of providing the financial assistance is not for the acquisition of shares of the Company, or the provision of the financial assistance is ancillary to a master plan of the Company;
- (II) the lawful distribution of the Company's assets by way of dividend;
- (III) distribution of dividends in the form of shares;
- (IV) reduction of registered capital, repurchase of shares or adjustment of the shareholding structure in accordance with the Articles of Association;
- (V) 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 shall not be thereby reduced or that, although the net assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company;
- (VI) the provision of money by the Company for contributions to employee stock ownership plan, provided that the net assets of the Company shall not be thereby reduced or that, although the net assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company.

## **CHAPTER VI SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS**

**Article 37** The share certificates of the Company shall be in registered form. The stock certificates of the Company shall contain the following matters.

- (I) The name of the Company;
- (II) The date of incorporation of the Company;
- (III) The type of stock, the par value and the number of shares represented;
- (IV) The number of the stock certificate;
- (V) Other matters required to be set forth by the laws, regulations such as the Company Law as well as the stock exchange where the Company's shares are listed.

If the share capital of the Company includes non-voting shares, the word “non-voting” shall be added to the name of such shares. If the share capital of the Company includes shares with different voting rights, the words “restricted voting” or “limited voting” shall be added to the name of each class of shares (other than those with the most favorable voting rights).

H shares issued by the Company may take the form of an overseas depositary receipt or other derivative of the shares in accordance with the laws of the place where the shares of the Company are listed, the requirements of the Hong Kong Stock Exchange and the practice of securities registration and depositary.

**Article 38** During the listing of the H Shares in Hong Kong, the Company shall ensure that the following statements are included in the H Share documents and shall instruct and procure its share registrar to reject the registration of the subscription, acquisition or transfer of shares in the name of any individual holder unless and until the individual holder submits the appropriately signed form relating to such shares to the share registrar and the form shall include the following statements:

- (I) the share purchaser and the Company and each of the shareholders, and the Company and each of the shareholders agree to observe and comply with the requirements of the Company Law, Special Provisions and other relevant laws, administrative regulations, the listing rules of the place where the Company’s shares are listed and the Articles of Association.
- (II) the purchaser of the shares agrees with the Company and each of its shareholders, directors, supervisors, general manager and other senior management of the Company, and the Company, acting on behalf of itself and each of the directors, supervisors, general manager and other senior management of the Company, agrees with each of the shareholders that, they will refer to arbitration for settlement of all disputes and claims of rights arising from the Articles of Association, or disputes and claims of rights in relation to the Company’s affairs arising from any rights or obligations under the Company Law or other relevant laws or administrative regulations in accordance with the provisions of the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct an open hearing and to publish its arbitration award. Such arbitration shall be final and conclusive.
- (III) the purchaser of the shares agrees with the Company and each of the shareholders of the Company that the shares of the Company may be freely transferred by the holders.
- (IV) the purchaser of the shares authorizes the Company to enter into a contract on his behalf with each of the directors, general manager and other senior management, pursuant to which the Directors, General Manager and other senior management undertake to observe and perform their duties owed to the shareholders under the Articles of Association.

**Article 39** The share certificates shall be signed by the chairman of the Board. Where the signatures of other senior management of the Company are required by the stock exchange where the Company's shares are listed, the share certificates shall also be signed by such other senior management. The share certificates shall become valid after the Company seal is affixed thereto or imprinted thereon. The affixing or imprinting of the Company seal to the share certificates shall be authorised by the Board. The signature of the chairman of the Board or such other senior management of the Company on the share certificates may also be in printed form.

In case of paperless issuance and trading of the shares of the Company, provisions otherwise provided by the securities regulatory authorities in the place where the Company's shares are listed shall apply.

**Article 40** The Company shall establish a register of shareholders, and the register of shareholders shall register therein the following particulars:

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

The shareholders' register is a sufficient evidence of the shareholders' shareholdings in the Company unless there is evidence to the contrary.

**Article 41** The Company may keep overseas the register of shareholders of overseas listed foreign shares and entrust the administration thereof to an overseas agent in accordance with the understanding and agreement reached between the securities regulatory authorities of the State Council and the overseas Securities Regulatory Authorities. The original register of holders of overseas listed foreign shares listed in Hong Kong shall be kept in Hong Kong, and the register of shareholders of overseas listed foreign shares be open for inspection by members.

The Company shall keep at its domicile a copy of the register of shareholders of overseas listed foreign shares. The entrusted overseas agent shall always ensure that the original and copies of the register of shareholders of overseas listed foreign shares are consistent.

Where the original and copies of the register of shareholders of overseas listed foreign shares are inconsistent, the original shall prevail.

**Article 42** The Company shall keep a complete shareholders' register. The shareholders' register shall include the following parts:

- (I) the register(s) of shareholders kept at the Company's domicile other than those specified in paragraphs (II) and (III);
- (II) the original register(s) of shareholders of overseas listed foreign shares kept in the place(s) of the overseas stock exchange where the shares are listed;
- (III) the register(s) of shareholders kept in other places as the Board may decide and consider necessary for listing purposes.

**Article 43** The various parts of the register of shareholders shall not overlap with each other. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register of shareholders.

Alteration or rectification of each part of the register of shareholders shall be carried out in accordance with the laws of the places where each part is kept.

**Article 44** If the laws, administrative regulations, rules of department, normative documents of the PRC and rules of relevant stock exchanges or regulatory authorities in the place where the company's shares are listed provide for the period of suspension of share transfer registration prior to the holding of a general meeting or the reference date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

The aforesaid period of suspension of share transfer registration shall not exceeding in the whole 30 days in each year, but may be extended for a maximum of 30 days after the approval of the shareholders at a general meeting. The Company shall, on demand, furnish any applicant seeking to inspect the register of shareholders during the period of suspension of share transfer registration with a certificate under the hand of the company secretary of the Company stating by whose authority, and the period for which, it is closed.

**Article 45** When the Company convenes a general meeting, distributes dividends, commences liquidation, or participates in other activities requiring the identification of shareholdings, the convener of the Board shall decide the record date. The shareholders whose names appear on the register of shareholders at the close of trading on the record date shall be entitled to the relevant rights.

**Article 46** Any person who objects to the register of shareholders and requests to have his/her name (or title) to be registered in the register of shareholders or requests that his/her name (or title) be deleted from the register of shareholders may apply to the court having jurisdiction to amend that register of shareholders.

**Article 47** If any shareholder in the register of shareholders or any person requesting to have his/her name (title) recorded in the register of shareholders loses his/her share certificates (i.e. the “Original Share Certificates”), the said shareholder or person may apply to the Company to issue replacement certificates in respect of the said shares (i.e. the “Relevant Shares”).

If a holder of domestic shares loses his/her share certificate and applies for a replacement share certificate, it shall be dealt with in accordance with Article 143 of the Company Law.

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

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

- (I) the applicant shall submit an application to the Company in the standard form prescribed by the Company accompanied by a notarial certified certificate or statutory declaration containing the grounds upon which the application is made by the applicant and the circumstances and evidence of the loss of the share certificate as well as declaring that no other person is entitled to request to be registered as the shareholder of the Relevant Shares.
- (II) before the Company decides to issue the replacement share certificate, no statement is made by a person other than the applicant requesting that he/she shall be registered as the shareholder in respect of such Relevant Shares.
- (III) 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 30 days for a period of 90 days.
- (IV) prior to the publication of its intention to issue a replacement share certificate, the Company shall have delivered to the stock exchange on which it is listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from the stock exchange that the announcement has been displayed at the premises of the stock exchange. The announcement shall be displayed at the premises of the stock exchange for a period of 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 deliver by mail to such a registered shareholder a copy of the announcement to be published.

(V) if upon expiration of the 90-day period of announcement and display referred to in items (III) and (IV) of this Article, the Company has not received from any person any objection to the issuance of replacement share certificate, the Company may issue a replacement share certificate to the applicant according to the application.

(VI) where the Company issues a replacement share certificate in accordance with this Article, it shall forthwith cancel the Original Certificate and record the cancellation and replacement matters in the register of members accordingly.

(VII) all expenses relating to the cancellation of an Original Certificate and the issuance 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.

**Article 48** After the Company issues a replacement share certificate in accordance with the provisions of the Articles of Association, the name (title) of a bona fide purchaser gaining possession of such new share certificate or the person who is subsequently entered in the register of shareholders as a holder of such shares (if he/she is a bona fide purchaser) shall not be removed from the register of shareholders.

**Article 49** The Company shall not be liable for any damages suffered by any person arising from the cancellation of the Original Share Certificates or the issuance of a new replacement share certificate, unless the claimant can prove that the Company has committed any fraudulent acts.

The Company shall have the rights to issue share warrants to bearers. No new share warrant shall be issued to replace the lost share warrant, unless the Company is convinced that the original has been destroyed beyond a reasonable doubt.

## **CHAPTER VII RIGHTS AND OBLIGATIONS OF SHAREHOLDERS**

**Article 50** A shareholder is a person who lawfully holds shares of the Company and has his/her name (title) recorded in the register of shareholders.

A Shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and proportion of shares he/she holds. Shareholders holding the same class of shares shall enjoy equal rights and bear equal obligations.

**Article 51** The ordinary shareholders of the Company shall enjoy the following rights:

- (I) the right to receive dividends and other profit distributions in proportion to their shareholdings;
- (II) the right to request, convene, preside, attend or appoint proxies to attend general meetings lawfully and to exercise the corresponding voting rights;
- (III) the right to supervise and manage the business operation of the Company, to present proposals or to raise enquiries;
- (IV) the right to transfer the shares in accordance with laws, administrative regulations, the listing rules of the place where the shares are listed and provisions of the Articles of Association;
- (V) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:
  - 1. the right to obtain the Articles of Association, subject to payment of reasonable cost;
  - 2. subject to payment of a reasonable charge, the right to inspect and make a copy of:
    - (1) the register of all the shareholders;
    - (2) personal data of each of the Company's directors, supervisors and senior management members:
      - a present and former name and alias;
      - b principal address (domicile);
      - c nationality;
      - d full-time and all other part-time occupations and positions;
      - e identification documents and the numbers thereof.
    - (3) reports showing the status of the Company's issued share capital;
    - (4) reports (breakdown by domestic and foreign shares) showing the aggregate nominal value, quantity, and the highest and the lowest prices of each class of shares repurchased by the Company since the end of the last financial year and the aggregate amount incurred by the Company for this purpose;

- (5) stubs of corporate bonds, resolutions of the Board meetings, resolutions of the Supervisory Committee and financial reports;
- (6) last annual return that has been filed with the State Administration for Industry and Commerce or other competent authorities of the PRC;
- (7) minutes of shareholders' general meeting (for shareholders' reference only), special resolutions of general meeting of the Company.

The Company shall, according to the requirements of the Hong Kong Listing Rules, make available the above documents saved for items (2) and (5) at the Company's address in Hong Kong for the public and H-share shareholders to inspect free of charge.

If the information or the copies consulted involve the company's business secrets, inside information, as well as the personal privacy of relevant personnel, the company may refuse to provide such contents and copies.

- (VI) in the event of the termination or liquidation of the Company, the right to participate in the distribution of remaining assets of the Company in accordance with the shareholdings;
- (VII) with respect to shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or division of the Company, the right to demand the Company to buy back their shares;
- (VIII) shareholders, who severally or jointly hold more than 3% of the shares of the Company, may submit ad hoc proposals in writing to the Board 10 days before the convening of the general meeting;
- (IX) other rights under laws, administrative regulations, departmental rules the listing rules of the place where the Company's shares are listed or the Articles of Association.

The Company shall not exercise any rights to freeze or otherwise prejudice any rights attached to the shares held by any person who directly or indirectly has interest in the Company solely for the reason that such person fails to disclose to the Company any such interests.



**Article 52** The ordinary shareholders of the Company shall have the following obligations:

- (I) to comply with the laws, administrative regulations, the listing rules of the place where the Company's shares are listed and the Articles of Association;
- (II) to make capital contribution for the shares subscribed for in the prescribed method of subscription;
- (III) not to abuse their rights as shareholders to jeopardize the interests of the Company or other shareholders; not to abuse the status of the Company as an independent legal person; and not to abuse the limited liability of shareholders to jeopardize the interests of any creditors of the Company;

Where a shareholder of the Company abuses his/her rights as shareholders and thereby causing loss to the Company or other shareholders, such shareholder shall be liable for indemnification in accordance with the law.

Where a shareholder of the Company abuses the Company's status as an independent legal person and the limited liability of shareholders to evade repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholder shall be jointly and severally liable for the debts owed by the Company;

- (IV) to fulfill other obligations as stipulated by the laws, administrative regulations, the listing rules of the place where the Company's shares are listed and the Articles of Association.

Shareholders shall not be liable to any further contribution of the share capital other than such terms as agreed by the subscriber(s) of the Relevant Shares at the time of subscription.

**Article 53** Except for the obligations as required by the laws, administrative regulations or the listing rules of the place in which the Company's shares are listed, the controlling shareholders shall not, in exercise of their voting rights, make any decisions on the following issues to the detriment of all or part of the shareholders:

- (I) exempting directors and supervisors from acting in good faith for the best interests of the Company;
- (II) permitting any directors and supervisors (for the benefit of themselves or others) to deprive the Company's property in any form, including (but not limited to) any opportunities that are favorable to the Company;
- (III) approving any directors and supervisors (for the benefit of themselves or others) to deprive individual rights of other shareholders, including (but not limited to) any distribution rights or voting rights, but excluding the reorganization of the Company approved by the shareholders' general meeting in accordance with this Articles of Association.

**Article 54** “Controlling shareholder” referred to in the preceding Article refers to a person that satisfies any of the following conditions:

- (I) he/she, acting alone or in concert with others, has the power to elect more than a half of the total number of directors;
- (II) he/she, acting alone or in concert with others, has the power to exercise above 30% (including 30%) of the Company’s voting rights or control the exercise of above 30% (including 30%) of the Company’s voting rights;
- (III) he/she, acting alone or in concert with others, holds more than 30% (including 30%) of the outstanding shares of the Company in issue;
- (IV) he/she, acting alone or in concert with others, has de facto control over the Company in any other manner;
- (V) other persons as stipulated by relevant laws, administrative regulations or the listing rules of the place where the Company’s shares are listed.

## **CHAPTER VIII GENERAL MEETING**

### **Section 1 General Provisions on General Meetings**

**Article 55** The general meeting is the organ of authority of the Company, which exercises its powers in accordance with laws.

**Article 56** The general meeting exercises the following powers:

- (I) to determine the Company’s operational policies and investment plans;
- (II) to elect or replace the directors and to decide on matters relating to the remuneration of such directors;
- (III) to elect and replace the supervisors who are non-employee representatives and to decide on matters relating to the remuneration of such supervisors;
- (IV) to consider and approve reports of the Board;
- (V) to consider and approve reports of the Supervisory Committee;
- (VI) to consider and approve the Company’s proposed annual financial budgets and financial accounts;
- (VII) to consider and approve the Company’s profit distribution plans and loss recovery plans;

- (VIII) to decide on any increase or reduction of the Company's registered capital;
- (IX) to decide on the Company's issuance of bonds or other securities and listing plans;
- (X) to decide on matters such as merger, division, dissolution, liquidation or change of corporate form of the Company;
- (XI) to decide on the engagement, dismissal or non-reappointment of accounting firms by the Company;
- (XII) to amend the Articles of Association;
- (XIII) to consider and approve matters relating to the purchases, disposals of material assets (including but not limited to land, building, equipment, equity), which are more than 30% of the latest audited total assets, within one year;
- (XIV) to examine the transactions of which the percentage is not lower than 25% (including one-off transactions as well as series of transactions of which the percentage shall be calculated jointly) and all the related transactions of which the percentage is not lower than 5% (including one-off transactions as well as series of transactions of which the percentage shall be calculated jointly) with percentage rates of not less than 25% and 5% respectively in accordance with Rule 14.07 of the Hong Kong Listing Rules;
- (XV) to review the equity incentive plan;
- (XVI) to consider the proposal of shareholders representing more than 3% of the voting shares of the Company;
- (XVII) to review guarantees stipulated in Article 57;
- (XVIII) to consider other matters required to be resolved by the shareholders' general meeting pursuant to laws, regulations, the rules of securities regulatory authorities in the place where the Company's shares are listed and the Articles of Association.

“Within one year” refers to “within one financial year”.

**Article 57** The following external guarantees by the Company shall be considered and approved by a shareholders' general meeting.

- (I) any guarantee provided after the total amount of external guarantees by the Company and its subsidiaries meets or exceeds 50% of the latest audited net assets;

- (II) Any guarantee provided after the total amount of external guarantees by the Company meets or exceeds 30% of the latest audited total assets;
- (III) any guarantee provided for a target party whose asset-liability ratio is over 70%;
- (IV) any guarantee with a single guaranteed amount in excess of 10% of the latest audited net assets;
- (V) any guarantee provided to shareholders, de facto controllers and their connected parties.
- (VI) other external guarantees that shall be submitted to the general meeting for consideration as required in the laws, administrative regulations, departmental rules, regulatory documents.

When the general meeting of shareholders is deliberating the proposal to provide guarantee for the shareholder or the actual controller and its related parties, the shareholder or the shareholder controlled by the actual controller shall not participate in the voting. The vote shall be adopted by more than half of the voting rights held by other shareholders present at the general meeting.

“External guarantee” and “guarantees” as mentioned in this article refers to guarantee provided by the Company for others, including guarantee provided by the Company for its holdings subsidiaries. “Total external guarantee of the Company and its holdings subsidiaries” refers to the sum of Company’s total external guarantee including the guarantee provided by the Company for its holdings subsidiaries plus the total external guarantee provided by the holdings subsidiaries of the Company.

Without prejudice to the interests of the Company, the provisions of items (I) to (III) of the first paragraph of this Article can be waived for the guarantees provided by the Company for its wholly-owned subsidiary or the guarantees provided by the Company for its majority-owned subsidiary whose other shareholders also providing equal proportions of guarantees according to their interests.

**Article 58** Unless the Company is under exceptional circumstances such as crisis, the Company shall not enter into contracts with any person (other than a director, supervisor, and senior management members) in relation to handover of the administration of all business or the important business of the Company to that person without the pre-approval of the general meeting.

**Article 59** The general meetings consist of annual general meetings and extraordinary general meetings. The general meetings shall be convened by the Board. The annual general meeting shall hold once every year within six months from the end of the preceding financial year.

**Article 60** The Company shall convene an extraordinary general meeting within two months upon the occurrence of any of the following events:

- (I) when the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the Articles of Association;
- (II) when the unrecovered losses of the Company amount to one-third of the total amount of its paid-up share capital;
- (III) when shareholders who individually or collectively hold more than 10% of the Company's shares entitled to vote make a written request to convene an extraordinary general meeting;
- (IV) when deemed necessary by the Board;
- (V) when proposed by the Supervisory Committee;
- (VI) when proposed by more than two independent non-executive directors;
- (VII) any other circumstances stipulated by laws, administrative regulations, departmental regulations, the listing rules of the stock exchange where the Company's shares are listed or the Articles of Association.

The number of shares held as described in Item (III) above shall be calculated as per the shares of the Company held by the shareholder on the date when such written request is made by such shareholder.

**Article 61** The Company shall hold its general meetings either at its domicile or other place designated by the convener of the shareholders' general meeting.

A meeting venue will be set up for the shareholders' general meetings and meetings shall be held in the form of on-site meeting. The Board of the Company may, according to the specific circumstances and in accordance with the provisions of laws, administrative regulations, the securities regulatory authority of the place where the Company's shares are listed, the Hong Kong Listing Rules or the Articles of Association, where applicable, adopt other voting methods such as Internet or telephone to facilitate the shareholders' participation in the shareholders' general meeting. Shareholders who attend the shareholders' general meeting in the above-mentioned manner shall be deemed to be present at the meeting. Shareholders shall be entitled to (a) express their opinions at general meetings; and (b) vote at general meetings unless individual shareholders are required by laws, administrative regulations, the securities regulatory authority of the place where the Company's shares are listed, the Hong Kong Listing Rules or the Articles of Association to abstain from voting on individual matters.

## Section 2 Convening of General Meetings

**Article 62** The shareholders' general meetings shall be convened by the board of directors. The supervisory committee or shareholders may convene the shareholders' general meeting on their own initiative, subject to the relevant requirements specified in this section.

More than two Independent Non-executive Directors shall have the rights to propose to the board of directors to convene an extraordinary general meeting. Regarding the proposal requesting to convene an extraordinary general meeting by the Independent Non-executive Directors, the board of directors shall give a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within 10 days after receiving the proposal in accordance with the laws, administrative regulations, listing rules of the stock exchange of the place(s) in which the shares of the Company are listed and the Articles of Association.

If the board of directors agrees to convene an extraordinary general meeting, a notice for convening such meeting shall be issued within 5 days after the date of the resolution of the board of directors. If the board of directors refuses to convene an extraordinary general meeting, an explanation shall be made.

**Article 63** The Supervisory Committee shall have the rights to propose to the board of directors to convene an extraordinary general meeting, and such proposal shall be submitted in writing. The board of directors shall give a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within 10 days after receiving the proposal in accordance with the laws, administrative regulations, listing rules of the stock exchange of the place(s) in which the shares of the Company and the Articles of Association.

If the board of directors agrees to convene an extraordinary general meeting, a notice for convening such meeting shall be issued within 5 days after the date of the resolution of the board of directors and any changes to the original proposal contained in the notice shall be subject to the approval of the Supervisory Committee.

If the board of directors disagrees to convene the extraordinary general meeting or does not give any written reply within 10 days after receiving the proposal, the board of directors shall be deemed as failing to perform the duty of convening a shareholders' general meeting. In such case, the Supervisory Committee may convene and preside over the meeting.

**Article 64** Convening of an extraordinary general meeting or a class meeting at the request of the shareholders shall proceed in accordance with the procedures set forth below:

- (I) shareholders who individually or together hold more than 10% of the shares carrying the right to vote in the meeting to be convened can request the Board to convene an extraordinary general meeting or a class meeting and add resolutions to a meeting agenda by signing one or several copies of written requests in the same form and content and stating the motions and resolutions proposed. The Board shall convene the extraordinary general meeting or the class meeting as soon as possible upon receiving such written requests. The shareholdings referred to above shall be calculated as at the date of request made.
- (II) where the Board fails to issue a notice of convening a general meeting within 30 days upon receipt of the above-written requests, the shareholders making the request(s) can request the Supervisory Committee to convene an extraordinary general meeting or a class meeting.
- (III) where the Supervisory Committee fails to issue a notice of convening a general meeting within 30 days upon receipt of the above written requests, shareholders, for more than 90 consecutive days, individually or collectively holding more than 10% of the shares carrying voting rights at the meeting to be convened may convene the meeting on their own accord within four months upon the Board having received such request. The convening procedures shall, to the extent possible, be identical to procedures according to which general meetings are to be convened by the Board.

**Article 65** Necessary expenses arising from convening of a shareholders' general meeting by the supervisory committee or shareholders shall be borne by the Company.

### **Section 3 Proposals and Notices of General Meeting**

**Article 66** The contents of the proposals to be raised shall be within the scope of duties of the shareholders' general meetings. It shall have a clear topic and specific matters to be resolved on, and shall be in compliance with relevant requirements of the laws, administrative regulations, departmental regulations, normative documents, governing rules of securities which in the place(s) in which the shares of the Company are listed and the Articles of Association.

**Article 67** When a shareholders' general meeting is convened by the Company, the board of directors, the Supervisory Committee or shareholders individually or jointly holding more than 3% of the shares of the Company are entitled to propose resolutions to the Company.

The shareholders who individually or jointly, hold more than 3% of the total number of voting shares of the Company, have the right to put forward a temporary proposal in written form to the Company and submit it to the convener not less than 10 days before the shareholders' general meeting is held. The convener of the shareholders' general meeting shall, within 2 days after receiving the proposal, issue a supplementary notice of the shareholders' general meeting to inform other shareholders and include the matters which are within the scope of responsibilities of the shareholders' general meeting in the agenda of the meeting and submitted to the shareholders' general meeting for deliberation.

**Article 68** The convener of the annual general meeting will notify all shareholders of the time, place and deliberation matters 21 days before the meeting is held. The convener of the extraordinary general meeting will notify all shareholders 15 days before the meeting is held.

No general meeting shall resolve matters not stipulated in the notice or supplementary notice.

**Article 69** A notice of the general meeting shall meet the following requirements:

- (I) it shall be in written form;
- (II) it shall specify the place, date and time of the meeting;
- (III) it shall state the matters to be discussed at the meeting;
- (IV) it shall provide shareholders with such information and explanation as are necessary for them to make informed decisions on the matters to be discussed. This principle shall apply in (but not limited to) the circumstances where the Company proposes to merge, repurchase its shares, restructure share capital or undergo other reorganization. The specific conditions and contracts (if any) of the proposed transactions must be provided and the reasons and effects of the proposed transactions must be properly explained;



(V) if any director, supervisor or senior management members have material interests in the matters to be discussed, the nature and extent of such interests shall be disclosed, and if the effect of the matters to be discussed on such director, supervisor and senior management members in their capacity as shareholders is different from that of other shareholders of the same class, the differences shall also be specified;

(VI) it shall set out the full text of any special resolution proposed to be passed at the meeting;

(VII) it shall contain a clear written statement that all shareholders shall be entitled to attend the general meeting and a shareholder who has the right to attend and vote at the meeting shall have the right to appoint one or more proxies to attend and vote at the meeting on his/her behalf and that such proxies need not to be shareholders;

(VIII) shall state the names and telephone numbers of the standing contact persons for the meeting;

(IX) it shall state the time and place for the delivery of the proxy forms for the meeting.

**Article 70** Except as otherwise stipulated in the Articles of Association, the notice of the general meeting shall be served on the shareholders (whether or not such shareholders are entitled to vote at the general meeting) by hand or postage prepaid mail. The address of the recipient shall be the registered address as shown in the register of shareholders. For holders of domestic shares, the notice of the general meeting may also be given by way of announcement.

The announcement referred above shall be published in one or more newspapers designated by the securities regulatory authorities of the State Council 15 days prior to the convening of extraordinary general meetings, 21 days prior to the convening of annual general meetings. Once such an announcement is made, all holders of the domestic shares shall be deemed to have received the relevant notice of the general meeting.

**Article 71** 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.

## **Section 4 The Convening of Shareholders' General Meeting**

**Article 72** Any shareholder, including Hong Kong Securities Clearing Company Limited (HKSCC), entitled to attend and vote at a general meeting shall be entitled to appoint one or more persons (whether or not a shareholder) as his/her proxy to attend and vote on his/her behalf. If a member is a corporation, he/she/it appoint one or more proxies to attend and vote at a general meeting, and such member shall be deemed to be present in person at any such meeting if a proxy is so appointed. Such member may execute a form of proxy under the hand of a duly authorised officer.

Where the shareholder is a recognised clearing house (or its proxy) defined by the Hong Kong relevant Ordinance from time to time, the shareholder may authorise one or more persons it considers appropriate as its representative(s) at any shareholders' general meeting or any category shareholders meeting; however, if more than one person are authorised, the power of attorney shall contain the number and class of shares for which such persons are authorised, and shall be signed by an authorised personnel of the recognised clearing house. The person(s) so authorised can represent the recognised clearing house (or its proxy) to attend the meeting and exercise its right, as if the persons are the Company's individual shareholders, and shall not be required to produce evidence of shareholding, the notarised power of attorney and/or further evidence to prove that he/she/they have been duly authorised.

A proxy so appointed shall be entitled to, in accordance with the authorization from that shareholder, exercise the same rights as other shareholders could exercise, including but not limited to the following rights:

- (I) the shareholder's right to speak at the general meeting;
- (II) the right to demand, whether on his own or together with others, a poll;
- (III) to exercise the right to vote by a show of hands or by poll; however, if more than one proxy is appointed by a shareholder, such proxies shall only exercise the right to vote on a poll.

If a creditors' meeting is held, Hong Kong Securities Clearing Company Limited (HKSCC) shall be entitled to appoint a proxy or representative in writing to attend the creditors' meeting and have the same rights as other shareholders, including the right to express its opinion and vote.

**Article 73** The instrument appointing a proxy by a shareholder shall be in writing and signed by the appointer or his attorney duly authorized in writing, or if the appointer is a legal person either under seal or signed by its directors or personnel or attorney duly authorized.

**Article 74** The proxy form shall be deposited at least 24 hours prior to convening of the relevant meeting at which the proxy is appointed to vote or 24 hours before the time appointed for voting at the domicile of the Company or such other place as the notice of meeting may specify. If the proxy form is signed by a person authorized by the appointer, the powers of attorney or other instruments of authorization shall be notarized. The powers of attorney or other instruments of authorization so notarized shall be deposited at the domicile of the Company or such other place as the notice of meeting may specify at the same time as the proxy form is so deposited.

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

**Article 75** The proxy form issued by the Board of the Company to the shareholder for the appointment of proxies shall freely allow the shareholder to instruct his/her proxy to vote as he/she sees fit (voting in the affirmative or negative), and to give separate instructions for each resolution that will be voted at the meeting.

The proxy form should indicate that the proxy may vote at his/her discretion if no instructions have been given by the shareholder.

**Article 76** A vote given by the proxy in accordance with the proxy form shall be valid notwithstanding the death or loss of capacity of the appointer or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given before the voting, provided that no notice in writing of such matters shall have been received by the Company before the commencement of the meeting.

**Article 77** The general meeting shall be convened by the Board, the chairman of which shall also act as the chairman of the meeting. If the chairman of the Board fails or is unable to perform his or her duties, a director jointly elected by more than half of the directors shall act as the chairman of the meeting.

If a general meeting is convened by the Supervisory Committee, the chairman of the board of supervisors shall preside over the meeting. If the chairman of the board of supervisors is unable to discharge his/her duties, more than one half of the supervisors shall nominate a supervisor to preside over the meeting.

If a shareholders' general meeting is convened by the shareholders themselves, the convener will nominate a representative to preside over the meeting. If for any reason, the convener is unable to elect a representative as a presider to preside over the meeting, the shareholder holding the most voting shares among the conveners (including shareholder proxy) shall act as the presider.

**Article 78** Minutes shall be prepared for general meetings by the secretary to the Board. The minutes shall state the following contents:

- (I) Time, venue and agenda of the meeting and name of the convener;
- (II) The name of the chairman of the meeting and the names of the directors, supervisors, general manager and other senior management attending or present at the meeting;
- (III) The numbers of shareholders (including holders of domestic shares, unlisted foreign shares (if any)) and overseas-listed shares and proxies attending the meeting, total number of voting shares they represent and the percentages of their voting shares to the total share capital of the Company for each shareholder;
- (IV) The process of review and discussion, summary of any speech and voting results of each proposal;
- (V) Shareholders' questions, opinions or suggestions and corresponding answers or explanations (if any);
- (VI) Names of vote counters and scrutinizer of the voting;
- (VII) Other contents to be included as specified in these Articles of Association.

**Article 79** The convener shall ensure that the contents of the minutes are true, accurate and complete. Directors, supervisors, secretaries to the Board, conveners or his/her representative and the chairman of the meeting shall sign on the minutes.

### **Section 5 Voting and Resolutions at General Meetings**

**Article 80** Resolutions of a general meeting are classified into ordinary resolutions and special resolutions.

Ordinary resolutions of a general meeting shall be passed by shareholders in attendance (including proxies) holding at least half of the voting rights.

Special resolutions of a general meeting shall be passed by shareholders in attendance (including proxies) holding more than two-thirds of the voting rights.

**Article 81** Shareholders (including their proxies) who vote at a general meeting shall exercise their voting rights according to the number of voting shares they represent, with one vote for each share. However, the shares held by the Company itself do not have voting rights, and such shares are not included in the total number of shares with voting rights attending the general meeting.

When any shareholders' general meeting considers matters related to related-party transactions, if the applicable laws and regulations or the listing rules of the stock exchange where the Company's shares are listed require, the related shareholder shall not vote and the number of voting shares that he represents shall not be counted as part of the total number of valid votes.

**Article 82** Any vote of shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution that relates purely to a procedural or administrative matter to be voted on by a show of hands.

If the chairman of the meeting decides to vote by a show of hands, voting at general meetings shall be conducted by a show of hands unless the following persons require voting by poll before or after voting by a show of hands:

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

If the chairman of the meeting decides to vote by a show of hands, unless a poll is demanded, the announcement by the chairman that whether the proposals have been passed based on the results of voting by a show of hands and the recording of such in the minutes shall be conclusive evidence. There is no need to provide evidence of the number or proportion of votes in favor of or against such resolution at the meeting.

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

**Article 83** If the matter demanded to be resolved by a poll is the election of the chairman or the termination of the meeting, a poll shall be taken immediately. The chairman can decide when a poll will be taken if it is demanded for any other matter, and the meeting may continue, and other matters may be discussed. The results of that poll shall be considered as resolutions passed at the meeting.

**Article 84** 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.

**Article 85** In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to one additional vote.

**Article 86** Where applicable laws and regulations or Hong Kong Listing Rules requires any shareholder to abandon his or her voting on specific resolution or restricts any shareholder to vote for or against specific resolution, any vote of the shareholder or his or her proxy against the relevant requirement or restriction shall not be included.

**Article 87** The following matters shall be passed as ordinary resolutions in a general meeting:

- (I) work reports of the Board and the Supervisory Committee;
- (II) profit distribution plans and loss recovery plans proposed by the Board;
- (III) appointment and dismissal of the directors and non-employee representative supervisors and their remuneration and payment methods;
- (IV) the removal of a director (including an executive director) of the Company whose term of office has not expired, except as otherwise provided by law, administrative regulations or regulatory requirements; provided that such removal shall be without prejudice to any claim for damages under any contract by such director;
- (V) annual budget plans, financial account plans, balance sheet, profit and loss statement of the Company;
- (VI) annual reports of the Company;
- (VII) resolutions to appoint, remove or not to renew an appointment of the Company's accounting firm and to determine its remuneration;
- (VIII) external guarantee stipulated in Article 57 of these Articles of Associations (excluding item (II) in paragraph I);
- (IX) matters which shall be approved by a general meeting other than those required to be passed as special resolutions pursuant to laws, administrative regulations, listing rules of the places where the Company's shares are listed or the provisions of the Articles of Association.

**Article 88** The following matters shall be passed as special resolutions in a general meeting:

- (I) increase or reduction in the share capital of the Company and issuance of shares of any class, warrants and other similar securities; The matter on buy-back of the Company's shares by the Company to be submitted to the shareholders' general meeting for consideration in accordance with the provisions of the Articles of Association;
- (II) issuance of bonds by the Company;
- (III) division, merger, dissolution, liquidation, voluntary winding up or change of corporate form of the Company;
- (IV) amendments to the Articles of Association;
- (V) reviewing the matters involving the purchase, sale of material assets (including but not limited to lands, properties, equipment, and equities) or guarantee within one year which accounts for more than 30% of the audited total assets of the Company in the latest period;
- (VI) Equity incentive plan;
- (VII) other matters specified by laws, administrative regulations, listing rules of the places where the Company's shares are listed, or the Articles of Association or matters specified by ordinary resolutions of a general meeting that are considered to be significant to the Company and shall be passed as special resolutions.

The above-mentioned "within one year" means "within one fiscal year".

**Article 89** Shareholders who attend the shareholders' general meeting shall take one of the following stances when a resolution is put forward for voting: for, against or abstain.

Any unfilled, improperly filled or poorly handwritten votes or votes that are not cast shall be considered as abstentions from voting by the shareholders. Its respective shares shall be counted as "abstentions" in the voting results.

**Article 90** The chairman of the meeting shall be held responsible for deciding whether or not a resolution of the general meeting has been passed in accordance with the voting results. His/her decision shall be final and shall be announced at the meeting and recorded in the meeting minutes.

**Article 91** If the chairman of the meeting has any doubts about the voting result of a proposed resolution, he/she may arrange to recount of the votes. If the chairman of the meeting does not arrange re-counting of the votes, a shareholder or proxy attending the meeting who dissent from the result announced by the chairman of the meeting shall be entitled to request re-counting of votes immediately after such announcement, in which case the chairman of the meeting shall immediately arrange re-counting of the votes.

**Article 92** If ballots are counted at a general meeting, the counting results shall be recorded in the minutes of the meeting. The minutes together with the attendance record of shareholders, the powers of attorney of the proxies and valid record of other means of voting, shall be kept at the domicile of the Company.

**Article 93** Shareholders may examine photocopies of the minutes of meetings during the Company's office hours free of charge. If any shareholder requests for a photocopy of the relevant minutes of meetings from the Company, the Company shall send such photocopies within seven days upon receipt of the payment for reasonable charges.

## **CHAPTER IX SPECIAL PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS**

**Article 94** Shareholders of different classes of shares are class shareholders.

Class shareholders shall enjoy rights and assume obligations in accordance with laws, administrative regulations, listing rules of the places where the Company's shares are listed, and the provisions of the Articles of Association.

**Article 95** If the Company proposes to change or nullify the rights of a certain class of shareholders, such proposal shall be passed by a special resolution at a general meeting and be passed at the meeting convened according to Article 97 to Article 101 of the Articles of Association respectively for the affected class of shareholders.

**Article 96** The rights of a certain class of shareholders shall be deemed to have been changed or nullified in the following circumstances:

- (I) to increase or decrease the number of shares of that class, or to increase or decrease the number of shares of other class which enjoy the same or more voting rights, distribution rights or other privileges;
- (II) to convert all or part of the shares of that class into another class, convert all or part of the shares of another class into that class, or grant such conversion rights;
- (III) to nullify or reduce the rights of that class of shares to receive payable dividends or cumulative dividends;



- (IV) to reduce or nullify the privileged rights of that class of shares to acquire dividends or to obtain the distribution of assets during liquidation of the Company;
- (V) to increase, nullify or reduce the conversion, option, voting, transfer or privileged allotment rights of that class of shares or the rights of such class of shares to obtain securities issued by the Company;
- (VI) to nullify or reduce the rights of that class of shares to receive amounts payable by the Company in a particular currency;
- (VII) to create a new class of shares which enjoys the same or more voting rights, distribution rights or other privileges as compared with that class of shares;
- (VIII) to restrict the transfer of ownership of that class of shares, or increase the restrictions;
- (IX) to grant the share subscription options or share conversion options of that class or another class of shares;
- (X) to increase the rights and privileges of another class of shares;
- (XI) any restructuring scheme of the Company that may result in the assumption of disproportionate responsibilities by different classes of shareholders during the restructuring; and
- (XII) to revise or nullify the provisions in the Articles of Association.

**Article 97** Shareholders of the affected class, whether or not otherwise have the right to vote at general meetings, shall nevertheless have the right to vote at class meetings in respect of matters referred to in items (II) to (VIII) and (XI) to (XII) of Article 96, but interested shareholders shall not be entitled to vote at such shareholders' class meetings.

The "interested shareholder" mentioned in the preceding paragraph means:

- (I) in the case of a repurchase of the Company's shares by offers to all shareholders in the same proportion or public dealing on a stock exchange in accordance with the provisions of Article 30 of the Articles of Association, a controlling shareholder within the meaning of the article 54 in Articles of Association;
- (II) in the case of a purchase of the Company's shares by an off-market agreement under Article 30 of the Articles of Association, a shareholder to whom the agreement is related;
- (III) in the case of a proposal of restructuring of the Company, a shareholder who bears less than a proportionate amount of obligations imposed on the shareholders of that class or who has an interest different from that of the other shareholders of that class.

**Article 98** A resolution of the meeting for a certain class of shareholders shall be passed by more than two-thirds of the voting shares represented by shareholders of that class present at the meeting in accordance with Article 97.

**Article 99** Written notice of a class meeting shall be given by the Company 15 days or 10 working days (whichever is longer) prior to the date of the class meeting to notify all the registered shareholders holding shares of that class of the matters to be considered at the meeting and the date and place of the meeting.

If the number of shares carrying voting rights at the meeting represented by the shareholders who intend to attend the class meeting reaches more than a half of the shares which have the right to vote at the class meeting, the Company may convene the class meeting; if not, the Company shall, within five days, notify the shareholders of the class by public announcement of the matters to be considered, the date and the venue for the class meeting. The Company may then convene the class meeting after the publication of such notice.

If there is any special requirement by the listing rules of the places where the Company's shares are listed, such requirements shall prevail.

**Article 100** Notice of class meetings need only be served on shareholders entitled to vote thereat.

Class meetings shall be conducted in a similar way as closely as possible to the procedures for general meetings. Except as otherwise provided in this chapter, the provisions of the Articles of Association relating to the conduct of any general meeting shall apply to any class meeting.

**Article 101** In addition to holders of other class of shares, holders of domestic shares and overseas listed foreign shares are deemed to be shareholders of different classes.

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

- (I) the Company, upon the approval by way of a special resolution at the general meeting, issues solely domestic shares or overseas listed foreign shares or both every 12 months, provided that each of the amount of the domestic shares and overseas listed foreign shares intended to be issued accounts not more than 20% of the outstanding shares in issue of the respective class;
- (II) the Company's plan on issuing domestic shares and overseas listed foreign shares at the time of its establishment, which is completed within 15 months upon the date of approval from the securities regulatory authorities of the State Council.
- (III) upon approval from the competent securities regulatory authorities of the State Council and approved by the Hong Kong Stock Exchange, the shareholders of the Company list and trade the unlisted shares on foreign stock exchanges.

## CHAPTER X THE BOARD

### Section I The Board

**Article 102** The Company shall establish a Board, which shall be accountable and report its work to the shareholders' general meeting. The Board shall consist of seven directors, in which there shall be three independent non-executive directors. The Board shall have one chairman. The chairman shall be appointed and could be removed by a majority of all members of the Board. The chairman shall serve a term of three years subject to re-election.

**Article 103** The Company shall set aside a period of time before convening the meeting in respect of candidates nominated by shareholders taking up the role of directors. Within this period, shareholders may issue a written notice to the Company in respect of nominating a candidate to be a director, and such candidate may issue the written notice regarding the indication of his/her intention to accept the nomination to the Company. The aforementioned period shall be at least seven days and shall commence no earlier than the first day after the despatch of the notice of the meeting appointed for such election and end no later than seven days prior to the date of such meeting.

**Article 104** Directors shall be elected and replaced at general meetings and serve a term of three years. A Director may serve consecutive terms if re-elected upon the expiration of his/her term.

The term of office of a director shall commence from the date of him/her assuming office until the expiry of the term of the prevailing session of the Board. Where a director has not been timely re-elected at the expiry of the term of office, or where a director has resigned during the term of office resulting that the number of the members in the board falls below the quorum, the original director shall perform his/her duties as a director, prior to the assumption by the re-elected director, in accordance with the laws, administrative regulations, departmental rules and regulations, listing rules of the places where the Company's shares are listed and the provisions of the Articles of Association.

Any person appointed by the Board as a Director to fill a casual vacancy on the Board or as an addition to the Board shall hold office only until the first general meeting of the Company after his appointment and shall then be eligible for re-election.

Any unexpired director can be removed before the expiration of his/her term of office by an ordinary resolution passed at a general meeting, subject to full compliance with the relevant laws and administrative regulations and the Listing Rules of stock exchanges. Such removal does not affect the rights of such director to make any claim under any contract.

A director is not required to hold any shares of the Company.

**Article 105** Unless provided by the Articles of Association or legally authorized by the board of directors, no director shall act on behalf of the Company or the board of directors. When a director acts in his/her own name and a third party reasonably considers such director acts on behalf of the Company or the board of directors, such director shall declare in advance his/her position and capacity.

## **Section 2 Board of Directors**

**Article 106** The Board shall be accountable to the general meeting and perform the following duties and powers:

- (I) to convene the general meeting and report its performance at the general meetings;
- (II) to implement resolutions adopted at the general meetings;
- (III) to make decisions on the Company's business plans and investment plans;
- (IV) to formulate the Company's annual financial budgets and annual financial accounting plans;
- (V) to formulate the Company's profit distribution plans and loss recovery plans;
- (VI) to formulate the proposals on the increase or reduction of the Company's registered capital and the proposals on the issuance of bonds or other securities and listing plans;
- (VII) to formulate the plans for a merger, division, dissolution and other changes in the corporate form of the Company;
- (VIII) to determine the establishment of internal management departments of the Company;
- (IX) to appoint or dismiss the general manager, the Board Secretary and the Company Secretary of the Company, and determine the remuneration matters, and to appoint or dismiss the deputy general manager, financial officer and other senior management members of the Company as nominated by the general manager and to determine their remunerations;
- (X) to formulate the basic management system of the Company;
- (XI) to formulate the proposals for any amendment to the Articles of Association;
- (XII) to authorize the chairman or general manager to exercise some of the duties and powers of the Board;

- (XIII) to consider and approve (1) share transactions with all percentage ratios of less than 5% and the consideration including shares to be issued for listing (including one-off transactions and a series of transactions that require a combined calculation of the percentage ratios), (2) disclosable transactions with all percentage ratios of 5% or more but less than 25% (including one-off transactions and a series of transactions that require the combined calculation of the percentage ratios), calculated in accordance with the percentage ratio requirements of Rule 14.07 of the Hong Kong Listing Rules and (3) partially exempt connected transactions and non-exempt connected transactions with all percentage ratios (except profits ratio) of higher than 0.1% but lower than 5% (including one-off transactions and a series of transactions that require the combined calculation of the percentage ratios), calculated in accordance with the percentage ratio requirements of Rule 14.07 of the Hong Kong Listing Rules.
- (XIV) the investment, purchase and disposal of assets, asset mortgage, consigned financial management and financing which shall be submitted to the Board for determination in accordance with the listing rules of the stock exchange of the place(s) in which the shares of the Company are listed;
- (XV) to formulate the incentive stock option plan of the Company;
- (XVI) to prepare the proposal on the amount and payment method of the emoluments of directors and to submit it to the general meeting for decision;
- (XVII) to manage the information disclosure of the Company;
- (XVIII) to propose at general meetings for the appointment or change of accounting firm conducting auditing for the Company;
- (XIX) to decide on such major matters and administrative affairs other than those ought to be decided by the general meeting of the Company as specified in the laws, administrative regulations, rules and regulations of the authorities and these Articles of Association of the Company;
- (XX) to review and approve provision of external guarantees by the Company, other than the guarantees which are subject to review and consideration at a general meeting in accordance with Article 57 of the Articles of Association;
- (XXI) other duties and powers stipulated by laws, administrative regulations, departmental rules and regulations, listing rules of the places where the Company's shares are listed, or the provisions of the Articles of Association.

Except for the Board resolutions in respect of the matters specified in paragraphs (VI), (VII) and (XI) which shall be passed by more than two-thirds of the directors, the Board resolutions in respect of all other matters set out in the preceding paragraphs may be passed by more than one-half of the directors.

Should the foregoing exercise of such functions and powers by the Board, or any transaction or arrangement of the Company be considered and reviewed by a general meeting according to the listing rules of the stock exchange of the places where the Company's shares are listed, such shall be submitted to the general meeting for consideration and review.

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

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

**Article 108** The chairman of the Board shall exercise the following powers:

- (I) to preside over general meetings, to convene and preside over Board meetings;
- (II) to supervise and inspect the implementation of Board resolutions;
- (III) to execute documents in relation to the Company's issue of shares, corporate bonds, and other valuable securities;
- (IV) to sign important documents of the Board;
- (V) in case of emergency circumstances of force majeure events such as extraordinary natural disasters, to exercise special disposal powers which are in compliance with legal requirements and are in the interests of the Company on matters of the Company and provide ex-post reports to the Board and the shareholders' general meeting;
- (VI) to nominate or recommend general manager, secretary to the Board and company secretary, for the Board to consider and vote;
- (VII) other powers delegated by the Board and prescribed by the listing rules of the place(s) in which the shares of the Company are listed.

If the chairman of the board of the Company is unable to perform his or her duties or fails to perform his or her duties, a director elected by at least one-half of the directors shall perform such duties.

**Article 109** Meetings of the Board shall be classified into the regular meetings of the Board and extraordinary meetings of the Board.

At least four Board meetings shall be convened each year, among which there are two regular Board meetings. Board meetings shall be convened by the chairman of the board. The meeting notice and meeting documents of regular Board meetings shall be served on all directors and supervisors at least fourteen days before the meeting (excluding the day of the meeting). The Board of Directors shall have arrangements to ensure that all directors have the opportunity to put forward matters for discussion to be included in the agenda of the regular meetings of the Board of Directors.

Board meetings shall generally be convened on-site. Whenever it is necessary, the Board meetings may be convened through video, telephone, fax, or email after agreement of the convener (the meeting presider) or proposer provided that the directors can fully give their opinions. The Board meetings may also be held on-site and off-site simultaneously.

**Article 110** The chairman of the board shall convene an extraordinary board meeting within ten days after received the proposal in one of the following circumstances:

- (I) proposed by shareholders holding more than one-tenth of the voting rights;
- (II) proposed by more than one-third of the directors;
- (III) proposed by more than a half of independent non-executive directors;
- (IV) proposed by the general manager or the Supervisory Committee;
- (V) considered necessary by the chairman; and
- (VI) other circumstances stipulated by the Articles of Association.

**Article 111** The notice of board meeting and extraordinary board meeting shall be served in writing to all directors and supervisors by hand, mail, e-mail, or facsimile five days before the date of the meeting. However, if an extraordinary meeting of the Board of Directors needs to be held quickly due to urgent circumstances, a meeting notice may be given at any time by telephone or, other oral methods, provided that the convener gives an explanation thereof at the meeting.

**Article 112** Except for the extraordinary meeting of the Board under urgent circumstances, the notice of board meeting shall be served by hand or e-mail, facsimile, and other means.

A notice of a meeting of the Board in writing shall include the following particulars:

(I) the date and venue of the meeting;

(II) matters to be considered at the meeting;

(III) the date of issuance of the notice.

If a meeting is held by means of correspondence, the notice of the meeting shall specify the manner, deadline and address for the directors to send the votes.

**Article 113** Meetings of the Board may be held only if more than one-half of the directors are present.

Each director shall be entitled to one vote. Save as otherwise specified in the Articles of Association, resolutions made by the Board shall be passed by more than half of all directors.

If the votes for and against are the same, the chairman shall be entitled to cast one additional vote.

**Article 114** Where a director or any of his/her close associates (as defined in the Hong Kong Listing Rules) has any interest in the subject matter of the board meeting, such director shall abstain from the meeting, and his/her voting rights shall be withdrawn and he/she shall not be counted in the quorum of the meeting. Where any Director is required to abstain from voting, the relevant meeting of the Board may be held when more than half of the uninterested Directors attend the meeting, and the resolutions formed shall be passed by more than half of the uninterested Directors. If the number of uninterested Directors attending the meeting is less than 3, the relevant proposal shall not be voted and shall be submitted to the general meeting for review.

**Article 115** Meetings of the Board shall be attended by the directors in person. If a director is unable to attend a meeting for any reason, he/she shall appoint another director in writing to attend the meeting on his/her behalf. Such an instrument of appointment shall specify the names of the proxy, the issues, the scope of the authorization granted by the principal, and the term of validity of the appointment and with the principal's signature or seal.

The director attending the meeting on behalf of the absent director shall exercise the director's rights to the extent authorized. If a director fails to attend a meeting of the Board and has not appointed a proxy to attend the meeting on his/her behalf, he/she shall be deemed to have waived his/her right to vote at such meeting.



**Article 116** All resolutions at the Board meeting were voted by registered poll.

On the premise that the directors are assured to have fully expressed their views, the extraordinary board meeting may be conducted by way of circulating written resolution(s), which shall be signed by the directors attending the meeting and delivered to the Company by hand, mail, e-mail or facsimile.

Where the directors cannot sign the resolutions made at a telephone meeting or video meeting in real time, they may give a verbal vote first and responsively affix the written signature thereof. The verbal vote by a director shall have the same effect as the written signature, provided that there is no discrepancy between the opinions expressed by such director in completing the written signature and the opinions orally expressed by him during the meeting. If there is a discrepancy between the two, the opinions orally expressed shall prevail.

If a Board meeting is held via circulation of written proposal, directors or proxies thereof shall write down their opinions of pros or cons. Once the number of directors voting in favor of the proposal has reached the quorum necessary for resolving on the proposal as specified in the Articles of Association, such proposal shall be passed as a resolution of the Board.

**Article 117** The board shall keep minutes of resolutions on matters discussed at relevant meetings. The minutes shall be signed by the directors and the person who recorded the minutes present at such meetings.

The directors shall be liable for the resolutions of the Board. If a resolution of the Board violates the laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed or the Company's Articles of Association, thereby causing the Company to sustain a material loss, the directors who took part in the resolution shall be liable to the Company for damages. However, if a director is proved to have expressed his/her opposition to such resolution when it was put to the vote, and such opposition is recorded in the minutes of the meeting, such director may be released from such liability.

Archives of board meetings, including notices of meeting, meeting materials, attendance book, power of attorney for attendance by proxy, voice recording of meeting, ballots, meeting minutes signed by the attending directors for confirmation, meeting summaries, resolution records, etc., shall be kept by the secretary of the Board. Such minutes shall be available for inquiry at any reasonable time upon reasonable notice by any director. The minutes of Board meetings shall be kept as archives of the Company.

**Article 118** Where necessary, the Board may establish special committees such as audit committee, nomination committee and remuneration committee, which are the special working body under the Board and responsible for providing suggestions and advices to the Board. Special committees shall not make any resolution in the name of the Board. Instead, in the absence of violation of the provisions under PRC's relevant laws, regulations, regulatory documents and the listing rules of the stock exchange where the Company's shares are listed, they shall exercise the right of decision on the authorized matters under the special authorization of the Board.

## CHAPTER XI SECRETARY TO THE BOARD

**Article 119** The Company shall have a secretary to the board, who shall be engaged or dismissed by the Board. The secretary to the board shall be a senior management officer of the Company.

**Article 120** The secretary to the board shall be a natural person with the necessary professional knowledge and experience. His or her main duties shall be as set forth below:

- (I) ensuring that the Company has complete organizational documents and records;
- (II) ensuring that the Company prepares and submits reports and documents required by relevant authorities pursuant to the law;
- (III) ensuring that the register of shareholders of the Company is properly established, and that persons entitled to receive relevant records and documents of the Company are given timely access to such records and documents;
- (IV) other duties assigned by the Board and other duties required by laws, regulations, and the stock exchange listing rules for the listing of company stocks.

**Article 121** A director or other senior management of the Company may also act as the secretary to the Board of the Company. No accountant of the accounting firm which has been appointed by the Company shall act as the secretary to the Board.

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

## CHAPTER XII THE GENERAL MANAGER

**Article 122** The Company shall have one general manager who shall be appointed or dismissed by the Board.

The Company shall have several deputy general managers who shall be appointed or dismissed by the Board.

**Article 123** The general manager of the Company shall be accountable to the Board and perform the following duties and powers:

- (I) to lead the management of operation, to organize and implement the Board resolutions and report to the Board;
- (II) to organize and implement the annual operation plan and investment proposal of the Company;
- (III) to propose the establishment proposal of the internal management departments of the Company;
- (IV) to formulate the basic management system of the Company;
- (V) to formulate the Company's specific rules;
- (VI) to propose the appointment or dismissal of senior management including the deputy general managers and the chief financial officer of the Company;
- (VII) to appoint or dismiss other management members other than those required to be appointed or dismissed by the Board;
- (VIII) other duties and powers granted by the Articles of Association or the Board.

**Article 124** The general manager of the Company may be present at a Board meeting. The general manager has no voting rights at the Board meetings unless he/she is also a director.

**Article 125** In exercising his/her functions and powers, the general manager shall perform the duty in good faith and diligence in accordance with relevant laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed, and the Articles of Association.

**Article 126** The general manager may tender their resignation before the expiry of their term of office, but shall notify the Board of Directors in writing of such resignation. Specific procedures and measures concerning resignation shall be prescribed in labor or employment contracts between the general manager and the Company.

## CHAPTER XIII SUPERVISORY COMMITTEE

**Article 127** The Company shall have a Supervisory Committee.

**Article 128** The Supervisory Committee consists of three supervisors. The Supervisory Committee shall have a chairman. The term of office of a supervisor is three years. Upon expiration of the term of office, the supervisors can be re-elected and re-appointed.

The chairman of the Supervisory Committee shall be appointed or dismissed by the votes of more than two-thirds of the members of the Supervisory Committee.

**Article 129** The supervisors shall be the representatives of shareholders and employees of the Company. The ratio of the employee representative Supervisors shall be no less than one-third. The employee representative supervisors shall be elected by the representative staff and workers congress, the staff and workers congress, or other forms of a democratic election. The supervisors acted by the representatives of shareholders shall be elected, changed and removed by the general meeting.

Directors and senior management shall not act as supervisors.

**Article 130** Where no re-election is made upon expiry of the term of a supervisor or the resignation of a supervisor within his/her tenure results in the number of members of the Supervisory Committee falling below the statutory number, the retiring supervisor shall, before a new supervisor is elected and assumes office, continue to perform his/her duties as a supervisor in accordance with laws, regulations and these Articles.

**Article 131** The Supervisory Committee shall be accountable to the general meeting and exercise the following functions and powers in accordance with the law:

- (i) to check the financial affairs of the Company;
- (ii) to supervise the directors and senior management members in the performance of their duties, and to put forward proposals on the removal of any director or senior manager who violates laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed, the Articles of Association or any resolution of the shareholders' meeting;
- (iii) to require the director or senior management to make corrections if his/her act is detrimental to the interests of the Company;
- (iv) to review the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board to the general meetings and, to engage certified public accountants or practicing auditors in the name of the Company to assist in the review whenever queries arise;

- (v) to propose the convening of extraordinary general meetings, and convene and preside over general meetings when the Board fails to fulfill its duty under the Articles to do so;
- (vi) to act on behalf of the Company in negotiation with a director or bringing an action against a director;
- (vii) to investigate and, if necessary, to engage professional organizations, such as accounting firms and law firms, to assist the Company in its work if it discovers any irregularities in the Company's operations. The expenses shall be borne by the Company;
- (viii) other functions and duties as provided for by the laws, administrative regulations, and Articles of Association.

Supervisors shall present at the Board meetings.

**Article 132** Meetings of the Supervisory Committee are regular meetings and interim meetings. Meetings of the Supervisory Committee shall be convened at least once every six months. The chairman of the Supervisory Committee shall be responsible for convening meetings of the Supervisory Committee. In the event the chairman of the Supervisory Committee is unable to or fails to exercise his authorities, a supervisor jointly nominated by more than half of all the supervisors shall convene and preside for meetings of the Supervisory Committee. A supervisor may propose to convene an interim meeting of the Supervisory Committee.

**Article 133** Notice of a regular meeting of the Supervisory Committee shall be delivered to all supervisors in writing ten days before the convening of the meeting.

Notice of an interim meeting of the Supervisory Committee shall be delivered to all supervisors in writing five days before the convening of the meeting. In emergencies, a meeting notice can be sent out by phone or other oral means at any time.

**Article 134** Resolution of the Supervisory Committee shall be approved by the votes of more than two-thirds of its members.

**Article 135** The Supervisory Committee shall file resolutions considered as minutes, which shall be signed by supervisors who are present at the meeting.

The supervisors shall have the right to have an explanatory note made in the minutes regarding his/her speech at the meeting. The minutes of Supervisory Committee meetings shall be kept at the domicile of the Company as archives of the Company.

**Article 136** The reasonable expenses incurred in respect of engaging a professional, such as a lawyer, certified public accountant, practicing auditors, etc., by the Supervisory Committee in exercising its functions and powers shall be borne by the Company.

**Article 137** The supervisors shall observe laws, administrative regulations, the listing rules of the place where the Company's shares are listed and the Articles of Association, and faithfully perform their supervisory duties.

#### **CHAPTER XIV QUALIFICATIONS AND OBLIGATIONS OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS**

**Article 138** None of the following persons may serve as directors, supervisors, or senior management members of the Company:

- (i) persons without capacity or with limited capacity for civil acts;
- (ii) persons who were sentenced to criminal punishment for the crime of corruption, bribery, misappropriation of property or diversion of property or for disrupting the order of the socialist market economy, where not more than five years have elapsed since the expiration of the period of punishment; or persons who were deprived of their political rights for committing a crime, where not more than five years have elapsed since the expiration of the period of deprivation;
- (iii) persons who served as directors, or factory directors or managers, who bear personal liability for the bankruptcy liquidation of their companies or enterprises, where not more than three years have elapsed since the date of completion of the bankruptcy liquidation of their companies or enterprises;
- (iv) persons who served as the legal representatives of companies or enterprises that had their business licenses revoked for breaking the law, where such representatives bear individual liability therefor and not more than three years have elapsed since the date of revocation of the business license;
- (v) persons with comparatively large debts that have fallen due but have not been settled;
- (vi) persons whose cases have been placed on the docket and are being investigated by the judicial authorities because they violated the criminal law, and such cases are still pending;
- (vii) persons who are prohibited from acting as a management member of a company by laws, administrative regulations or the listing rules of the place where the Company's shares are listed;
- (viii) non-natural persons;

- (ix) persons ruled by a competent authority to have violated relevant securities regulations, where such violation involved fraudulent or dishonest acts and not more than five years have elapsed since the date of the ruling;
- (x) other circumstances specified by the relevant laws and regulations of the place where the Company's shares are listed.

If the directors, supervisors, or senior management members are elected, appointed or engaged in violation of this Article, such election, appointment or engagement shall be invalid. Any director, supervisor, and senior management member falling into any of the circumstances set out in this Article during his/her term of office shall be dismissed by the Company.

**Article 139** The validity of an act of a director, or senior management member of the Company on behalf of the Company shall not, vis-à-vis a bona fide third party, be affected by any non-compliance in his or her holding of such office, election or qualification.

**Article 140** In addition to obligations imposed by laws, administrative regulations or the listing rules of the place where the Company's shares are listed, the Company's directors, supervisors, and senior management members shall owe each shareholder the following obligations in the exercise of the functions and powers granted to them by the Company:

- (i) not to cause the Company to exceed the scope of business stipulated in its business license;
- (ii) to act honestly in the best interest of the Company;
- (iii) not to deprive the Company of its property in any way, including (but not limited to) any opportunities that are advantageous to the Company;
- (iv) not to deprive shareholders of their individual rights or interests, including (but not limited to) rights to distributions and voting rights, except the restructuring of the Company submitted to the general meeting for approval in accordance with the Articles of Association.

**Article 141** The Company's directors, supervisors, and senior management members shall have an obligation, in the exercise of their rights or discharge of their obligations, to perform their acts with the care, diligence, and skill that a reasonably prudent person should exercise in comparable circumstances.

**Article 142** The directors, supervisors and senior management members of the Company shall perform their duties in accordance with the principle of fiduciary and shall not put themselves in a position where their duties and their interests may be in conflict. This principle includes, without limitation, the discharge of the following obligations:

- (i) to act in good faith in the best interest of the Company;
- (ii) to exercise powers within the scope of their duties and powers and not to exceed;
- (iii) to exercise his discretionary power in person without being subject to the manipulations of other persons, and not to transfer such power to other persons unless permitted by laws, administrative regulations or the listing rules of the place where the shares of the Company are listed or with the informed consent of shareholders given at a general meeting;
- (iv) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (v) unless otherwise provided in the Articles of Association or with the informed consent of shareholders given at a general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (vi) without the informed consent of shareholders given at a general meeting, not to use the Company's property for their own benefit by any means;
- (vii) not to exploit their position to accept bribes or other illegal income or infringe the property of the Company by any means, including, without limitation, opportunities advantageous to the Company;
- (viii) without the informed consent of shareholders given at a general meeting, not to accept commissions in connection with the Company's transactions;
- (ix) to abide by the Articles of Association, faithfully execute their duties and protect the Company's interests, and not to exploit their position and functions and powers in the Company to advance their own private interests;
- (x) not to use the advantages of their position to appropriate for themselves or for others, business opportunities which rightly belong to the Company and operate a business for their own account or on behalf of others which is of the same type as the Company's business, and not to compete with the Company in any way without the informed consent of shareholders given at a general meeting;



- (xi) not to misappropriate the Company's funds or to open accounts in their own names or other names for the deposit of the Company's assets or funds and not to provide a guarantee for the debts of shareholder(s) of the Company or other individual(s) with the Company's assets;
- (xii) without the informed consent of shareholders given at a general meeting, not to leak out confidential information relating to the Company acquired by them in the course of and during their tenures and not to use such information in purposes other than in furtherance of the interests of the Company, provided that disclosure of such information to the court or other governmental authorities is permitted if it is:
  - 1. by order of the laws;
  - 2. in the interests of the public;
  - 3. in the interest of the relevant director, supervisor, or senior management member.

**Article 143** The directors, supervisors or senior management members of the Company shall not direct the following persons or bodies (the "Connected Persons") to do anything to which such directors, supervisors or senior management members are not permitted:

- (i) the spouse or minor children of the directors, supervisors and senior management members of the Company;
- (ii) the trustee of the directors, supervisors or senior management members of the Company or of the persons stated in paragraph (i) of this Article;
- (iii) the partners of the directors, supervisors or senior management members of the Company or of the persons stated in paragraphs (i) and (ii) of this Article;
- (iv) the company de facto solely controlled by the directors, supervisors or senior management member of the Company or the company de facto jointly controlled by the persons mentioned in paragraphs (i), (ii) and (iii) of this Article or other directors, supervisors and senior management members of the Company; and
- (v) the directors, supervisors or senior management members of the company so controlled as referred to in paragraph (iv) of this Article.

**Article 144** The fiduciary duties of the directors, supervisors and senior management members of the Company do not necessarily cease with the termination of their tenure while their obligation to treat such trade secrets of the Company confidential survives the termination of their tenure. Other obligations may continue for such a 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 and conditions under which the relationship between them and the Company is terminated.

**Article 145** Except for such circumstances provided in Article 53 of the Articles of Association, any director, supervisor, or senior management member of the Company may be relieved from such liability for the violation of his/her specific obligation with the informed consent of shareholders given at a general meeting.

**Article 146** Where a director, supervisor or senior management member of the Company has significant interests, directly or indirectly, in any contract, transaction or arrangement entered into or contemplated by the Company (other than the service contract between a director, supervisor or senior management member of the Company and the Company), he/she shall disclose the nature and extent of such interests to the Board promptly whether or not such contract, transaction or arrangement is subject to the approval of the Board under normal circumstances.

A director shall not vote on any contract, transaction or arrangement in which he or any of his close associates (as defined in the Hong Kong Listing Rules) has a material interest nor shall be counted in the quorum present at the meeting.

Unless the interested director, supervisor or senior management member of the Company has disclosed such interests to the Board as required under the paragraph 1 of this Article and the matter has been approved by the Board at a meeting where he/she was not counted in the quorum and had refrained from voting, the Company shall have the right to revoke the contract, transaction or arrangement, except where the other party is a bona fide party acting without knowledge of the breach of obligation by the relevant director, supervisor or senior management member concerned.

A director, supervisor or senior management member of the Company shall be deemed to have interests in the contract, transaction or arrangement in which a Connected Person of such director, supervisor or senior management member has interests.

**Article 147** In the event that a director, supervisor or senior management member of the Company gives written notice to the Board before the Company considers to enter into the contract, transaction or arrangement for the first time, stating that due to the contents set out in the notice, such director, supervisor or senior management member has interests in the contract, transaction or arrangement that may subsequently be made by the Company, such director, supervisor, and senior management member shall be deemed to have made such disclosure required under the preceding provisions of this chapter within the scope stated in the notice.

**Article 148** The Company shall not, in any manner, pay tax for its directors, supervisors and senior management members, except for the case of withholding and paying individual income tax for the foregoing persons in accordance with relevant laws and regulations.

**Article 149** The Company shall not directly or indirectly provide a loan or loan security to a director, supervisor, or senior management member of the Company and its controlling shareholders or to the Connected Persons of the foregoing persons.

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

- (i) the Company provides a loan to its subsidiary or loan security to its subsidiary;
- (ii) the Company provides a loan, loan security or other funds to the directors, supervisors, and senior management members of the Company pursuant to letters of appointment approved at a general meeting, so as to enable such directors, supervisors, and senior management members to pay the expenses incurred for the Company or in performing their duties; and
- (iii) in the event that the normal business scope of the Company expands to the provision of loans and loan security, the Company can provide loans and loan security to the relevant directors, supervisors, and senior management members of the Company or their Connected Persons, provided that the conditions for the provision of loans and loan security shall be on normal commercial terms.

**Article 150** The recipient of any loan provided by the Company in breach of the preceding Article shall immediately repay such loan regardless of the terms of the loan.

**Article 151** No enforcement shall be imposed upon the Company for any loan security provided by the Company in breach of clause (i) of Article 149 of the Articles of Association, except for the following circumstances:

- (i) the loan provider has no knowledge that the loan is provided to a Connected Person of a director, supervisor, and senior management member of the Company or its controlling shareholders;
- (ii) the collateral provided by the Company has been lawfully sold by the loan provider to a bona fide purchaser.

**Article 152** For the purposes of the preceding Articles of this chapter, the term “security” shall include an act whereby a guarantor assumes its liability or provides property to guarantee in order to secure the performance of obligations by an obligator.

**Article 153** When a director, supervisor, and senior management member of the Company is in breach of his/her duties to the Company, in addition to any rights and remedies provided by laws, administrative regulations and the listing rules of the place where the shares of the Company are listed, the Company has the right to:

- (i) claim from such director, supervisor and senior management member for compensation of any loss incurred by the Company as a result of such breach;
- (ii) rescind any contract or transaction entered into by the Company with such director, supervisor and senior management member or with a third party (where such third party knows or should know the breach of duties to the Company by such director, supervisor and senior management member representing the Company);
- (iii) demand such director, supervisor and senior management member to surrender the profits received as a result of breaching his/her duties;
- (iv) recover any monies received by such director, supervisor and senior management member which should have been otherwise received by the Company, including, without limitation, commissions;
- (v) demand payment of the interest earned or may be earned by such director, supervisor and senior management member on the monies that should have been surrendered to the Company.

**Article 154** The Company shall enter into contracts in writing with regards to remuneration of its directors and supervisors and obtain prior approval at the general meeting. The foregoing remuneration shall include:

- (i) emoluments in respect of his/her service as a director, supervisor or senior management member of the Company;
- (ii) emoluments in respect of his/her service as a director, supervisor or senior management member of a subsidiary of the Company;
- (iii) emoluments in connection with the provision of other services for the management of the Company and its subsidiaries;
- (iv) funds received by such directors or supervisors as compensation for their loss of office or for their retirement.

A director or supervisor may not sue the Company for such benefits due to him/her on the grounds of the foregoing matters, except for under such contract as mentioned above.

**Article 155** The contract regarding remuneration entered into by and between the Company and its directors and supervisors shall 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 general meeting, have the right to receive compensation or other payment for loss of their office or for their retirement.

For the purpose of the preceding paragraph, the term "a takeover of the Company" shall refer to any of the following occasions:

- (i) anyone makes a tender offer to all the shareholders;
- (ii) anyone makes a tender offer to make the offeror become a controlling shareholder as defined in Article 54 of these Articles of Association.

If the relevant director or supervisor fails to comply with this Article, any fund received by him/her shall be vested in those persons who have sold their shares as a result of their acceptance of the foregoing offer, and the expenses incurred from the distribution of such fund on a pro-rata basis shall be borne by the relevant director and supervisor and may not be paid out of such fund.

## CHAPTER XV FINANCIAL AND ACCOUNTING POLICY AND PROFIT DISTRIBUTION

**Article 156** The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations, listing rules of the place where the shares of the Company are listed and PRC accounting standards formulated by the State finance authorities.

**Article 157** The Company shall adopt the Gregorian calendar year for its financial year, i.e. from 1 January to 31 December as a financial year. At the end of each financial year, the Company shall prepare a financial report which shall be audited according to law.

**Article 158** The Board of the Company shall at each annual general meeting submit to shareholders the financial reports prepared by the Company as required by relevant laws, administrative regulations, listing rules of the place where the shares of the Company are listed and normative documents issued by local governments and authorities.

**Article 159** The financial reports of the Company shall be made available at the Company for review by shareholders 20 days before the date of the annual general meeting. Each shareholder of the Company shall be entitled to obtain a copy of the financial reports referred to in this chapter.

The Company shall send by prepaid mail a copy of the reports of the Board, together with the balance sheet (including each document as prescribed by regulations to be attached to the balance sheet) and income statement or statement of income and expenditure, or summary of the financial report to each holder of overseas listed foreign shares at least 21 days before the general meeting at the address recorded in the register of shareholders. Subject to the laws, administrative regulations, departmental rules, normative documents and the relevant requirements of the securities regulatory authority at the place where the shares of the Company are listed, the Company may do by way of an announcement (including publication on the website of the Company and/or on newspapers).

**Article 160** The financial statements of the Company shall, in addition to being prepared in accordance with accounting standards and regulations of China, be prepared in accordance with either international accounting standards, or those of the place outside the PRC where the shares of the Company are listed. If there is any material discrepancy between the financial statements prepared in accordance with the two accounting standards, such discrepancy shall be stated in the notes to financial statements. In distributing its after-tax profits for the relevant financial year, the lower of the after-tax profits presented in the aforesaid two financial statements shall prevail.

**Article 161** Any interim results or financial information published or disclosed by the Company shall be prepared in accordance with accounting standards and regulations of China, as well as either international accounting standards, or those of the place outside the PRC where the shares of the Company are listed.

**Article 162** The Company shall publish the financial reports twice every financial year, that is, the interim financial report within 60 days after the end of the first six months of a financial year, and the annual financial report within 120 days after the end of the financial year.

Other regulations of the securities regulatory authorities at the place where the shares of the Company are listed shall prevail.

**Article 163** The Company shall not establish an accounting book other than those required by law.

**Article 164** The capital reserve fund includes the following:

- (i) any premium from share issuance at the price higher than the par value of shares;
- (ii) any other income designated for the capital reserve fund as required by the competent finance authority under the State Council.

**Article 165** The Company may distribute dividends in the form of (or a combination of both):

- (i) cash;
- (ii) shares;
- (iii) other means permitted by laws, administrative regulations, departmental rules, and regulatory provisions in the place where the shares of the Company are listed.

Cash dividends and other payments by the Company to holders of domestic shares shall be distributed and paid in Renminbi, whereas those to holders of foreign shares shall be denominated and declared in Renminbi and paid in foreign currency or Renminbi. The foreign currency for the cash dividends and other payments by the Company to holders of foreign shares shall be handled in accordance with state regulations on foreign exchange control.

**Article 166** The Company shall allocate ten percent of its profits to the statutory reserve of the Company when distributing its after-tax profits for the year, provided that no further appropriation is required if the accumulated statutory reserve exceeds fifty percent of the registered capital of the Company.

If the statutory reserve of the Company is insufficient to make up for the losses brought forward from the previous year, profits for the current year shall be applied to make up for such losses before making allocations to the statutory reserve in accordance with the aforementioned requirement.

Upon allocation of the after-tax profits to the statutory reserve, the Company may allocate a part of the after-tax profits to the discretionary reserve as approved by a resolution passed at the general meeting.

Upon making up for the losses incurred and allocating to the statutory reserve, the balance of after-tax profits should be distributed to the ordinary Shareholders in proportion to their shareholding, save for distribution which is not made in proportion to shareholding as specified in these articles of association.

If the aforementioned regulations are violated at the general meeting where the Company distributes profits to the Shareholders prior to making up for losses and allocating to the statutory reserve, the Shareholders shall return to the Company the profits distributed as a result of violation of the regulations.

The shares of the Company owned by the Company shall not form part of the profits distribution.

**Article 167** The common reserve fund of the Company shall be applied for compensating the losses, expansion of production and operation, or conversion into the capital of the Company. However, the capital common reserve fund of the Company shall not be used to offset loss of the Company.

When the statutory common reserve fund is converted into capital of the Company, the balance of the statutory common reserve fund may not fall below 25 percent of the Company's registered capital prior to such conversions.

**Article 168** The Company shall appoint a receiving agent for holders of overseas-listed foreign shares. The receiving agent shall receive on behalf of such shareholders any dividends and other amounts payable by the Company to them in respect of the overseas-listed foreign shares.

The receiving agent appointed by the Company shall satisfy the requirements under the laws of the place where the Company's shares are listed or the rules of the relevant stock exchange.

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

**Article 169** Shareholders who have been paid up before payment calls by the Company are entitled to dividends. Holders of prepaid shares are not entitled to dividends declared thereafter.

If the power is granted to forfeit any unclaimed dividends, this power may not be exercised until after the expiration of the applicable limitations period.

The Company has the power to cease sending dividend warrants by post to a given holder of overseas listed foreign shares, but may exercise such power only if such warrants have been left uncashed on two consecutive occasions. However, the Company may exercise such power after the first occasion on which such a warrant is undelivered and returned.



The Company has the power to sell by a method deemed fit by the Board the shares of a holder of overseas listed foreign shares who is untraceable, provided that it complies with the following conditions:

- (i) the Company has distributed dividends on such shares for at least three times in 12 years, but none of such dividends are claimed by anybody during the period; and
- (ii) upon expiration of the 12-year period, the Company makes an announcement of its intention to sell such shares in one or more newspapers, and notifies the securities regulatory authority in the place where the shares of the Company are listed.

## **CHAPTER XVI APPOINTMENT OF ACCOUNTING FIRM**

**Article 170** The Company shall engage an independent accounting firm in compliance with the relevant regulations of the PRC to audit the Company's annual financial report and review the Company's other financial reports.

The appointment of the first accounting firm of the Company may occur at the inauguration meeting prior to the first annual general meeting. The term of such accounting firm shall terminate upon the conclusion of the first annual general meeting.

In case of failure to exercise such functions and powers at the inauguration meeting provided in the preceding paragraph, the Board shall exercise instead.

**Article 171** The accounting firm appointed by the Company shall hold office commencing from the end of the annual general meeting of the Company and expiring upon the end of the next annual general meeting.

**Article 172** The accounting firm appointed by the Company shall have the following rights:

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

**Article 173** If the position of an accounting firm becomes vacant, the Board may appoint an accounting firm to fill such vacancy before a general meeting is convened. However, if other accounting firms are holding the position of the accounting firm of the Company while such vacancy still exists, such accounting firms shall continue to act.

**Article 174** Notwithstanding the terms set out in the contract between the Company and the accounting firm, shareholders at a general meeting may, by way of an ordinary resolution, remove the accounting firm before the expiration of its term of office, but without prejudice to the right of the firm to claim for damages in respect of such removal.

**Article 175** The remuneration of the accounting firm or the way in which the firm is to be remunerated shall be determined by the general meeting. The remuneration of the accounting firm appointed by the Board shall be determined by the Board.

**Article 176** Appointment, dismissal or non-reappointment of an accounting firm by the Company shall be subject to decisions at the general meeting and shall be filed with the securities competent authority under the State Council.

Where a resolution is passed at a general meeting concerning the appointment of a new accounting firm to fill the casual vacancy of an accounting firm or reappointment of the retiring accounting firm appointed by the Board to fill a casual vacancy or removal of an accounting firm before the expiration of its term of office, the following provisions shall be complied with:

- (i) a copy of the proposal about appointment or removal shall be sent to the accounting firm proposed to be appointed or leave its office or the accounting firm which has left its office in the relevant fiscal year before giving the notice of the general meeting. Leaving a position includes removal, resignation, and retirement.
- (ii) if a leaving accounting firm makes representations in writing and requests the Company to notify the shareholders of such representations, the Company shall adopt the following measures (unless the representations are received too late):
  - 1. in any notice given to shareholders about the resolution to be made, state the representations made by the leaving accounting firm;
  - 2. attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in the Articles of Association.
- (iii) if the relevant accounting firm's representations are not sent in accordance with item (ii) herein, such accounting firm may require that the representations be read out at the general meeting and may lodge further complaints.

(iv) an accounting firm which is leaving its office shall be entitled to attend:

1. any general meeting relating to the expiry of its term of office;
2. any general meeting to fill the vacancy caused by its removal;
3. any general meeting convened due to its resignation.

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

**Article 177** A 15 days' prior notice shall be given to the accounting firm if the Company decides to remove or not to renew the appointment. The accounting firm shall be entitled to make representations at a general meeting. If an accounting firm resigns from its position, it shall make representations at a general meeting whether there has been any impropriety on the part of the Company.

An accounting firm may resign its office by depositing a written resignation notice at the legal address of the Company. Resignation of the accounting firm shall become effective on the date of such deposit or such later date stipulated in such notice. Such notice shall contain the following statements:

1. a statement to the effect that there are no circumstances in connection with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company;
2. a statement of any circumstances requiring an explanation.

Where the above notice is deposited, the Company shall within fourteen days send a copy of the notice to the relevant competent authority. If the notice contains a statement under clause 2 aforesaid, a copy of such statement shall be kept at the Company available for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every shareholder of overseas listed foreign shares at the address registered in the register of members.

If the notice of resignation of an accounting firm contains a statement in respect of any circumstances requiring an explanation, it may require the Board to convene an extraordinary general meeting to receive an explanation of the circumstances in connection with its resignation.

## CHAPTER XVII MERGER AND DIVISION OF THE COMPANY

**Article 178** The merger or division of the Company can only be effective upon duly completion of the relevant examination and approval procedures regarding the proposal put forward by the Board of the Company after being passed in accordance with the procedures specified in the Articles of Association. Shareholders objecting to such proposal on the merger or division of the Company are entitled to require the Company or shareholders who are in favor of such proposal on merger or division to purchase their shares at a fair price. The contents of such resolutions on the merger or division of the Company shall be compiled into a special document and made available for shareholders' inspection.

For shareholders of overseas listed foreign shares, the foregoing documents shall also be served by post.

**Article 179** The merger of the Company may take the form of either merger by absorption or a new consolidation.

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

Upon merger, creditors' rights and liabilities of parties to the merger shall be taken over by the continuing company or the newly established company.

**Article 180** In a division, the assets of the Company shall be split in an appropriate manner.

In the event of division of the Company, the parties concerned shall enter into a division agreement and prepare balance sheets and a list of assets. The Company shall notify its creditors within 10 days after the date of the resolution on division and shall make a newspaper announcement within 30 days.

The debts of the Company before division shall be borne by the companies established after division jointly and severally, unless otherwise agreed in writing between the Company and the creditors in respect of debt settlement before division.

**Article 181** Where any of the registered items changes due to a merger or division of the Company, the Company shall process the changes of registration with the company registration authority. Should the Company be dissolved, it shall be deregistered according to laws. If a new company is established, it shall go through the registration for company establishment according to laws.

## CHAPTER XVIII DISSOLUTION AND LIQUIDATION OF THE COMPANY

**Article 182** The Company shall be lawfully dissolved and liquidated under any of the following circumstances:

- (i) expiry of the term of operation stipulated in the Articles of Association or occurrence of an event which triggers the dissolution as provided in the Articles of Association;
- (ii) the general meeting adopts a resolution to dissolve the Company;
- (iii) the Company needs to be dissolved for merger or division;
- (iv) The company's business license has been revoked, ordered to be closed or revoked due to violation of laws and administrative regulations.
- (v) where the Company encounters significant difficulties in business and management, its subsistence may be significantly detrimental to the interests of the shareholders, and the difficulties may not be overcome by other means, the shareholders who hold more than 10% of the shares of the Company carrying voting rights may request the people's court to dissolve the Company;
- (vi) the Company is declared to be insolvent according to the law because it is unable to pay its debts as they fall due;

The Company may continue in existence by revising these Articles of Association in the circumstances stipulated in paragraph (i) of this Article.

**Article 183** Where the Company is dissolved pursuant to items (i), (ii), (iv) and (v) of Article 182 hereof, a liquidation committee shall be set up, within 15 days from the date upon which the cause of dissolution arises, to start the liquidation process. The membership of the liquidation committee shall be determined by the directors or the general meeting. In case no such committee is established to proceed with liquidation in time, the creditors may make application to the people's court for appointing relevant persons to form the liquidation committee for liquidation.

If the Company is dissolved pursuant to item (vi) of Article 182 hereof, a liquidation committee comprising shareholders, relevant authorities and relevant professionals shall be established by the people's court in accordance with relevant laws to carry out the liquidation.

**Article 184** If the Board decides to perform the liquidation, other than a liquidation due to the Company's declaration of bankruptcy, it shall state in the notice for convening a general meeting in this regard that a thorough inspection in respect of the Company's status has been made and that all the Company's debts can be settled within twelve months upon commencement of the liquidation.

The duties and powers of the Board of the Company shall be terminated immediately after the resolution for liquidation is passed at the general meeting.

In compliance with the instructions of the general meeting, the liquidation committee shall report to the general meeting at least once annually the income and expenses of the committee, the business operations of the Company and the progress of the liquidation, and to make a final report to the general meeting when the liquidation is completed.

**Article 185** The liquidation committee shall notify creditors within 10 days from the date of its establishment and make a newspaper announcement within sixty days of that date.

The creditors shall, within 30 days upon receiving the notice, or within 45 days of the date of the announcement for those who have not received notice, shall declare their creditors' rights to the liquidation committee.

In declaring their creditors' rights, the creditors shall explain matters relating to their rights and provide evidence with respect thereof. The liquidation committee shall register creditor's rights.

The liquidation committee shall not make any settlement with the creditors during the period of declaration.

**Article 186** During the liquidation period, the liquidation committee shall exercise the following functions and duties:

- (i) to liquidate the Company's assets and separately prepare a balance sheet and a list of assets;
- (ii) to notify creditors or issue public announcements;
- (iii) to deal with the Company's outstanding business in relation to the liquidation;
- (iv) to settle outstanding taxes as well as taxes arising in the course of liquidation;
- (v) to settle all creditors' rights and debts;
- (vi) to dispose of the surplus assets of the Company after its debts have been paid off;
- (vii) to represent the Company in civil lawsuits.

**Article 187** Upon liquidation of the Company's properties and the preparation of the balance sheet and list of assets, the liquidation committee shall draw up a liquidation plan to be submitted to the general meeting or relevant competent authorities for confirmation.

The remaining assets of the Company after repayment of liquidation expenses, staff wages and social insurance expenses and statutory compensation, payment of outstanding taxes and payment of the Company's debts shall be distributed to the shareholders according to the class of shares held by them and in proportion to their respective shareholdings.

During the liquidation period, the Company is still in existence but shall not commence any business activities not related to the liquidation. No assets of the Company may be distributed to the shareholders before making repayments stipulated in the preceding paragraphs.

**Article 188** In the event of the Company's liquidation due to dissolution, if the liquidation committee, after liquidating the Company's assets and preparing the balance sheet and list of assets, finds that the Company's assets are insufficient to settle its debts, it shall legally apply to the people's court to declare the Company's bankruptcy.

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

**Article 189** Upon completion of the Company's liquidation, the liquidation committee shall prepare a liquidation report and a statement of the receipts and payments and the financial accounts for the liquidation period which shall be submitted to the general meeting or the relevant competent authorities for confirmation after being verified by a certified public accountant in the PRC. The liquidation committee shall, within 30 days after the confirmation by the general meeting or the relevant competent authorities, submit the foregoing documents to the business registration authority and apply for cancellation of the Company, and publish an announcement relating to the termination of the Company.

## **CHAPTER XIX PROCEDURES FOR AMENDING THE ARTICLES OF ASSOCIATION**

**Article 190** The Company may amend its Articles of Association in accordance with the requirements of laws, administrative regulations, the listing rules of the place where the Company's shares are listed, and its Articles of Association.

**Article 191** The amendment of the Articles of Association shall be subject to relevant decision-making procedures and go through necessary formalities in accordance with the provisions of relevant laws, administrative regulations, and the Articles of Association. If an amendment to the Articles of Association involves a registered particular of the Company, registration of the change shall be carried out in accordance with the law.

## CHAPTER XX NOTICES AND ANNOUNCEMENTS

**Article 192** Subject to laws, regulations, rules, and the relevant requirements of the stock exchange which the Company's shares listed on, the notices of the Company shall be given in the following ways:

- (i) by hand;
- (ii) by mail;
- (iii) by fax or e-mail;
- (iv) by posting on the websites of the Company and a website designated by the Hong Kong Stock Exchange;
- (v) other methods recognized by the relevant regulatory authority of the place where the shares of the Company are listed or stipulated by the Articles of Association.

The notices, materials or written announcement of the general meeting should be delivered to the shareholders of overseas listed foreign shares in any of the following manners:

- (i) to be delivered to every holder of overseas listed foreign shares by person or by mail to the registered addresses of such holder of overseas listed foreign shares;
- (ii) to be announced at the websites designated by the securities regulatory authorities or the stock exchange of the place where securities of the Company are listed in accordance with relevant laws, administrative regulations, and listing rules;
- (iii) other manners required by the stock exchange of the place where securities of the Company are listed and listing rules.

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



**Article 193** Where a notice from the Company is sent out by hand, the recipient shall affix signature (or seal) to the Return on Service and the signing date shall be the delivery date. Where the notice is sent out via post, the delivery date shall be the 48th hour after such notice is delivered to the post office. Where the notice is sent out by fax or email or published on the website, the delivery date shall be the date when the notice is sent out. Where the notice is sent out by public announcement, the delivery date shall be the first date of publication of such announcement.

**Article 194** Any notice, document, information or written statement sent to the Company by the shareholders or directors shall be serviced by hand or registered mail to the legal address of the Company.

**Article 195** For the purpose of proving that any notice, document, information or written statement has been sent to the Company by the shareholders or directors, evidence shall be sufficed to show that such notice, document, information or written statement has been deposited within the period specified for depositing the same by the ways specified in the Articles of Association; in the case of delivery by hand, the receipt confirmation of the Company shall be sufficed; in the case of delivery by registered mail, supporting information showing that the mail has been prepaid and sent to the correct address shall be sufficed.

**Article 196** When the listing rules of the stock exchange where the Company's shares are listed require the Company to send, mail, dispatch, issue, publish or otherwise provide the relevant documents of the Company in both English and Chinese, if the Company has made appropriate arrangements to confirm whether the Company's shareholders wish to receive the English version only or the Chinese version only, the Company may, to the extent permitted under and in accordance with the applicable laws and regulations, only send the English version or the Chinese version of such documents to the relevant shareholder (in accordance with the intention expressed by the shareholder).

## **CHAPTER XXI SETTLEMENT OF DISPUTES**

**Article 197** The Company shall abide by the following principles for the settlement of disputes:

- (I) Whenever any disputes or claims arise between (i) the Company and its directors or senior management members; and (ii) holders of overseas listed foreign shares and the Company, holders of overseas listed foreign shares and the Company's directors, supervisors, general manager or other senior management members, or holders of overseas listed foreign shares and holders of domestic shares, in respect of any rights or obligations conferred or imposed by the Articles of Association, the Company Law, any other relevant laws and administrative regulations or the listing rules of the place where the Company's shares are listed concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to the arbitration.

Where a dispute or claim aforementioned is referred to arbitration, the dispute or claim must be referred in its entirety to arbitration; and any person (being the Company or a shareholder, director, supervisor, general manager or other senior management member 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.

Disputes in relation to the identification of shareholders or the register of members may not be referred to arbitration.

- (II) A claimant may select 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 arbitration rules.

Once a claimant refers to a dispute or claim to arbitration, the other party must submit to the arbitral body selected by the claimant.

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

- (III) If any disputes or claims prescribed in item (I) above are referred to arbitration, laws of the People's Republic of China shall apply, save as otherwise provided in the laws and administrative regulations.

- (IV) The award of an arbitration body shall be final and conclusive and binding on all parties.

## CHAPTER XXII BY-LAWS

**Article 198** In the Articles of Association, references to “accounting firm” shall have the same meaning as “auditors”.

**Article 199** In the Articles of Association, the expressions of “above”, “within” shall include the figures mentioned whilst the expressions of “more than”, “less than” shall not include the figures mentioned.

**Article 200** The Articles of Association are written in Chinese. In the event of discrepancies between the Chinese and any other foreign language versions or different versions of the Articles of Association, the Chinese version shall prevail.

**Article 201** Matters not covered in the Articles of Association shall be handled in accordance with the laws, administrative regulations and the relevant provisions of the securities governing authority of the region where the Company's shares are listed in conjunction with the actual situation of the Company. If the Articles of Association are in conflict with the laws, administrative regulations, relevant provisions or rules of respective securities registration and clearing authorities, provisions of other regulatory documents and the listing rules of the stock exchange where the Company's shares are listed promulgated from time to time, such laws, administrative regulations, relevant provisions or rules of respective securities registration and clearing authorities and provisions of other regulatory documents and the listing rules of the stock exchange where the Company's shares are listed shall prevail.

**Article 202** The Articles of Association shall be interpreted by the Board of the Company.