

# **Luzhou Xinglu Water (Group) Co., Ltd.\***

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

## **Articles of Association\*\***

It was approved at the 2016 fourth extraordinary general meeting of the Company on 2 May 2016, and modified at the 2016 annual general meeting of the Company on 15 June 2017, 2020 first extraordinary general meeting of the Company on 24 April 2020, 2021 second extraordinary general meeting of the Company on 28 December 2021 and 2022 annual general meeting of the Company on 9 June 2023

\* *For identification purposes only.*

\*\* *Should there be any discrepancy between the Chinese and English versions of the Articles of Association, the Chinese version shall prevail.*

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*NOTE:* In the margin notes to the provisions of the Articles of Association:

the “**Mandatory Provisions**” refers to the Mandatory Provisions for the Articles of Association of Companies Listed Overseas (Zheng Wei Fa [1994] No. 21) jointly issued by the former State Commission for Restructuring the Economic System and the former State Council Securities Committee;

the “**Zheng Jian Hai Han**” refers to the Letter of Opinion on Supplemental Amendment to the Articles of Association of Companies Listed in Hong Kong (Zheng Jian Hai Han [1995] No. 1) jointly issued by the China Securities Regulatory Commission and the former State Commission for Restructuring the Economic System;

the “**Opinions**” refers to the Opinions on Further Standardizing Operations and Intensifying Reforms of Companies Listed Overseas (Guo Jing Mao Qi Gai [1999] No. 230) jointly issued by the China Securities Regulatory Commission and the former State Economic and Trade Commission;

the “**Listing Rules**” refers to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;

the “**Appendix 3**” refers to the Appendix 3 the “Articles of Association” under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;

the “**Appendix 13D**” refers to the Part D “the People’s Republic of China” of the Appendix 13 “Additional Requirements in Respect of Certain Jurisdictions” under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

## Chapter 1 General Provisions

**Article 1.** To safeguard the legitimate rights and interests of Luzhou Xinglu Water (Group) Co., Ltd.\* (hereinafter referred to as the “Company”), its shareholders and creditors, and to regulate the organization and activities of the Company, the Company formulated this Articles of Association of the Company (the “Articles of Association”), in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the State Council’s Special Regulations on Overseas Offering and Listing of Joint Stock Limited Company (hereinafter referred to as the “Special Regulations”), the Mandatory Provisions for Articles of Association of Companies Listed Overseas (hereinafter referred to as the “Mandatory Provisions”), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and other relevant laws of the People’s Republic of China (hereinafter referred to as “China”, for the purpose of the Articles of Associations, excluding Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan).

**Article 2.** The Company was established by its promoter shareholders with the approval of the Reply to Shareholding Reform Plan of Luzhou Water (Group) Company Limited\* (Lu Guo Zi Wei Fa [2015] No. 18) issued by State-owned Assets Supervision and Administration Commission of Luzhou City, the Approval on the Management of State-owned Equity Interests of Luzhou Water (Group) Company Limited\* (Chuan Guo Zi Chan Quan [2015] No. 83) issued by State-owned Assets Supervision and Administration Commission of Sichuan Province government and pursuant to the “Company Law” and other relevant requirements. It was registered with the Administration for Industry and Commerce of Luzhou, Sichuan on 25 December 2015 and obtained business license. The unified social credit code in the business license of the Company is 91510500204702995Y.

The promoters of the Company are: Luzhou City Xinglu Investment Group Co., Ltd.\* (hereinafter referred to as “Xinglu Group”), Luzhou Laojiao Group Co., Ltd.\* (hereinafter referred to as “Luzhou Laojiao”) and Luzhou Infrastructure Investment Co., Ltd.\* (hereinafter referred to as “Infrastructure Investment Company”).

**Article 3.** Registered name of the Company:

Chinese name of the Company is: 瀘州市興瀘水務(集團)股份有限公司

Chinese abbreviation: 興瀘水務

The English name of the Company is: Luzhou Xinglu Water (Group) Co., Ltd.\*

English abbreviation: XINGLU WATER

**Article 4.** Address of the Company: No. 16 Baizi Road, Jiangyang District, Luzhou

Postal code: 646000

**Article 5.** The Chairman of the board of directors is the Company's legal representative.

**Article 6.** In accordance with the Constitution of the Communist Party of China (the “**Constitution of the CPC**”) and Regulations on the Work of Grass Roots Organizations of State-owned Enterprises (for Trial Implementation) and other relevant provisions, the CPC organization shall be set up to carry out Party activities, establish Party institutions, equip and strengthen Party affairs staff, and guarantee the working expenses of the Party organization.

**Article 7.** The Company is a joint stock limited company that has perpetual existence.

**Article 8.** The Articles of Association shall become effective from the date of trading of overseas listed foreign shares of the Company on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”); The original articles of association of the Company shall automatically expire upon the effective date of the Articles of Association.

The Articles of Association shall become a legally binding document that regulates the organization and acts of the Company as well as the rights and obligations between the Company and its shareholders and among the shareholders from the date on which it becomes effective.

**Article 9.** The Articles of Association shall be binding upon the Company and its shareholders, members of the Party Committee, directors, supervisors, general manager and other senior management. All the aforementioned persons may raise any claims related to the matters of the Company in accordance with the Articles of Association.

Without prejudice to the provisions of Article 274 of the Articles of Association, A shareholder may take action against another shareholder in accordance with the Articles of Association. A shareholder may take action against the directors, supervisors, general manager and other senior management of the Company and may take action against the Company. The Company may take action against another shareholder, the directors, supervisors, general manager and other senior management in accordance with the Articles of Association.

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

**Article 10.** “Other senior management” referred to in the Articles of Association shall mean the deputy general manager, chief financial officer and secretary to the board of directors.

**Article 11.** The assets of the Company shall be divided into shares and each share shall have equal value. The respective liability of the shareholders shall be limited to the shares subscribed for by them. The Company shall be held liable for its debts with all its assets.

**Article 12.** The Company may invest in other limited liability companies or joint- stock companies and shall be held responsible for the companies in which the Company has invested within the limitation of the amount of the Company’s capital contribution.

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

**Article 13.** The business objectives of the Company are: to be innovative and excellent, to achieve harmony between human and water and offer up- to-standard water services.

**Article 14.** The scope of business of the Company includes: tap water production and supply; sewage treatment and its recycling; building construction; geological survey technical services; professional clean-keeping, cleaning and disinfection services; technical services, technology development, technical consultation, technical exchange, technology transfer, technology promotion; lease of non-residential properties; inspection and testing services.

The business scope of the Company is subject to the same being approved by the authority in which the Company registered.

**Article 15.** Subject to relevant laws, the approval of competent administration authorities for industry and commerce, and changes in registration for industrial and commercial, the Company may adjust its scope of business and set up branches inside and outside the PRC based on the demands of domestic and international markets, the development capability and business requirements of Company itself.

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

**Article 16.** The Company shall have ordinary shares at all time. It may have other classes of shares according to the needs of the Company and subject to the approval of the relevant approval authorities authorized by the State Council. The shares of the Company shall be in the form of share certificates.

All classes of shareholders are shareholders of the ordinary shares and shall enjoy the same rights and undertake the same obligations, and shall enjoy the same rights in dividend distribution or distribution made in other form.

**Article 17.** All the shares issued by the Company shall have a par value of RMB1.00 per share.

“RMB” or “Renminbi” referred to in the preceding paragraph shall mean the lawful currency of the PRC.

**Article 18.** Shares of the Company shall be issued based on the open, fair and just principles. Shares of the same class shall rank pari passu with each other.

For the same class of shares issued in the same tranche, each share shall be issued at the same price and subject to the same conditions. For the shares subscribed by any organization or individual, the price payable for each of such shares shall be the same.

**Article 19.** The Company may issue shares to investors inside the PRC and to investors outside the PRC following approval from the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”).

For the purposes of the preceding paragraph, the term “investors outside the PRC” shall refer to investors from foreign countries or from Hong Kong, Macao or Taiwan that subscribe for shares issued by the Company, and the term “investors inside the PRC” shall refer to investors inside the PRC, excluding the above-mentioned regions, that subscribe for shares issued by the Company.

**Article 20.** The shares issued by the Company to investors inside the PRC and other qualified investors and to be subscribed for in RMB shall be referred to as “domestic shares”. Shares issued by the Company to investors outside the PRC and other qualified investors and to be subscribed for in foreign currencies shall be referred to as “foreign shares”. The foreign shares that are listed outside the PRC are referred to as overseas listed foreign shares.

Foreign shares that are issued by the Company and listed on the Hong Kong Stock Exchange are referred to as H shares. H shares are those shares listed on the Hong Kong Stock Exchange and denominated in RMB and subscribed for and traded in Hong Kong dollars.

“Foreign currencies” referred to in the preceding paragraph are those legal tenders, other than RMB, of other countries or regions that can be used to subscribe shares as recognized by the foreign exchange control authorities of the State.



**Article 21.** Subject to the approval of the authorities that are authorized by the State Council, the total number of ordinary shares issued by the Company upon its establishment was 600 million shares, of which Xinglu Group held 527.16 million shares, representing 87.86% of the total share capital; Luzhou Laojiao held 65.52 million shares, representing 10.92% of the total share capital; Infrastructure Investment Company held 7.32 million shares, representing 1.22% of the total share capital.

Prior to this offering and listing, the total share capital of the Company was 664.31 million shares, of which Xinglu Group held 527.16 million shares, representing 79.35% of the total share capital; Luzhou Laojiao held 72.54 million shares, representing 10.92% of the total share capital; Infrastructure Investment Company held 64.61 million shares, representing 9.73% of the total share capital.

**Article 22.** After establishment of the Company, with the approval of the CSRC, the Company may issue no more than 221.44 million overseas listed foreign shares, In the event that the over-allotment option is exercised in full, the number of overseas listed foreign shares to be issued shall not exceed 254.656 million.

Upon the completion of the issuance of the overseas listed foreign shares, the share capital structure of the Company shall be: 859.71 million shares of the ordinary shares, of which Xinglu Group held 511.654127 million shares; Luzhou Laojiao held 70.40631 million shares; Infrastructure Investment Company held 62.709563 million shares; National Council for Social Security Fund of the PRC held 19.54 million shares due to transfer/reduction of state-owned shares; Other shareholders of overseas listed foreign shares held 195.4 million shares.

**Article 23.** Upon approval of the plan of issuing domestic shares and overseas listed foreign shares of the Company by the CSRC, the board of directors of the Company may issue such shares respectively.

The Company may implement its plan of issuing domestic shares and overseas listed foreign shares pursuant to the preceding paragraph within fifteen months from the date of approval by the CSRC.

**Article 24.** Where the Company issues domestic shares and overseas listed foreign shares respectively within the total number of shares as stated in the issuance proposal, the respective shares shall be subscribed for in full at one time. If the requirement of subscription in full at one time cannot be met under special circumstances, such issue may be in several tranches subject to the approval by the CSRC.

**Article 25.** At its establishment, the Company had a registered capital of RMB600 million. After the initial public offering of overseas listed foreign shares, the Company shall carry out the procedures for the change of registration with the Administration for Industry and Commerce of Luzhou in respect of the changes of registered capital of the Company.

**Article 26.** The Company may, based on its operating and development needs and in accordance with laws and the Articles of Association, increase capital after the approval is obtained at the general meeting.

The Company may increase capital by adopting the following means:

- (I) Issuing new shares to unspecified investors;
- (II) Placing new shares to existing shareholders;
- (III) Distributing bonus shares to existing shareholders;
- (IV) Transferring capital reserve funds into share capital;
- (V) Other methods permitted by laws and administrative regulations.

The Company's increase of capital by issuing new shares shall be handled in accordance with the procedures provided for in the relevant laws and administrative regulations of the State upon approval with the provisions of the Articles of Association.

**Article 27.** Unless otherwise stipulated in the laws, the shares of the Company may be lawfully and freely transferred free of any lien. The transfer of overseas listed foreign shares listed in Hong Kong shall be registered with a share registrar in Hong Kong appointed by the Company.

If the company is granted a right to dispose of shares of a shareholder whom cannot be contacted, the right shall not be exercised unless the following requirements are satisfied:

- (1) during the 12 year period, dividends in respect of the shares in question have been distributed at least three times and no such dividend has been claimed; and
- (2) upon expiry of the 12 year period, the Company has given notice of its intention to dispose of such shares by way of an announcement published in newspapers and has informed Hong Kong Stock Exchange of its intention.

**Article 28.** The Company shall not accept its shares as the subject of a pledge.

**Article 29.** Shares of the Company held by the promoters shall not be transferred within one year from the date of the establishment of the Company. The issued shares of the Company prior to the its public issuance of shares shall not be transferred within 1 year from the date the shares of the Company being listed and traded on the stock exchange(s).

The Directors, supervisors and senior management of the Company shall report to the Company their shareholdings held by them and changes therein. The shares of the Company held by them shall not be transferred within one year from the date the shares of the Company being listed and traded on the stock exchange(s) and shall not transfer more than 25% per year of the total number of shares of the Company held by them during their tenure. The above personnel shall not transfer their shareholdings in the Company within half year after their resignation.

**Article 30.** Any gains from sale of shares of the Company by any directors, supervisors, senior management or shareholders holding 5% or more of the domestic shares of the Company within six months after their purchase of the same, and any gains from purchase of shares of the Company by any of the aforesaid parties within six (6) months after sale of the same shall be disgorged and paid to the Company. The board of directors of the Company shall forfeit such gains from the above-mentioned parties. However, if a securities company holds 5% or more shares by taking up the remaining shares not subscribed pursuant to an underwriting arrangement, the six (6) month moratorium shall not apply.

Where the board of directors of the Company fails to observe the preceding paragraph, the shareholders shall be entitled to request the board of directors to enforce the same within thirty days. If the board of directors of the Company fails to do so within the aforesaid time limit, the shareholders are entitled to directly initiate court proceedings at the court in their own name for the interests of the Company.

Where the board of directors of the Company fails to comply with the requirements set out in the first paragraph, the responsible director(s) shall assume joint liabilities under the laws.

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

**Article 31.** The Company may reduce its registered capital. The Company may reduce its registered capital in accordance with the Company Law and other relevant regulations and the procedures set out in the Articles of Association.

**Article 32.** The Company, in reducing its registered capital, must prepare a balance sheet and an inventory of property.

The Company shall notify its creditor(s) within ten days from the date of adopting the resolution to reduce its registered capital and shall publish announcements in newspapers at least three times within thirty days. The creditor(s) shall, within thirty days after receiving the notice in writing, or within ninety days from the date of the first announcement for those who have not received a written notice, be entitled to require the Company to pay its debts in full or provide a corresponding guarantee for repayment of its debts.

The registered capital of the Company after the reduction in capital shall not be less than the minimum amount required by laws.

**Article 33.** The Company may, in the following circumstances, repurchase its outstanding shares following the procedures stipulated by laws and in the Articles of Association upon the approval of the department authorized by the State Council:

- (I) cancellation of shares with the view to reduce the Company's registered capital;
- (II) merger with other companies which hold shares in the Company;
- (III) granting shares to employees of the Company as incentives;

- (IV) acquiring shares held by shareholders (upon their request) who vote against any resolution proposed at any general meeting on the merger or division of the Company;
- (V) other circumstances as permitted by laws and administrative regulations.

The Company shall not engage in the trading of its shares save for the circumstances specified above.

**Article 34.** The Company may, upon the approval of the department authorized by the State Council, repurchase its shares in any of the following manners:

- (I) making a pro rata general offer of repurchase to all its shareholders;
- (II) repurchase of shares through open transactions on a stock exchange;
- (III) repurchase by an agreement outside a stock exchange.

**Article 35.** Where the Company repurchases its shares by an agreement outside a stock exchange, prior approval shall be obtained at the general meeting pursuant to the provisions of the Articles of Association. Upon prior approval of the general meeting obtained in the same manner, the Company may terminate or vary the contract concluded in the manner set forth above or waive any of its rights in the contract.

“A contract to repurchase shares” referred to in the above paragraph shall include (but not limited to) agreement whereby share repurchase obligations are undertaken and share repurchase rights are acquired.

The Company shall not transfer the contract for the repurchase of its own shares or any of its rights thereunder.

With regard to the redeemable shares that the Company has the right to repurchase, if they are not repurchased via market or the way of bidding, the price of these shares shall be restricted to a the highest price within a certain extent; if they are repurchased via the way of bidding, the proposal for bidding must be proposed to all shareholders on equal conditions.

**Article 36.** Shares purchased under item (i) of the Article 33 shall be cancelled within ten days from the date of acquisition; for those circumstances described under items (ii) and (iv), the shares shall be transferred or cancelled within six months.

For those circumstances described under item (iii) of the Article 33, the purchase shall not exceed 5% of the total number of shares of the Company in issue; the Company's payment for the repurchase shall be made out of the after-tax profit of the Company; and the shares purchased shall be transferred to the employees within one year.

If the Company canceled its shares, it shall apply to the original registry of the Company for registration of alteration of the registered capital.

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

**Article 37.** Unless the Company is in the course of liquidation, it must comply with the following provisions in respect of repurchase of its outstanding shares:

- (I) where the Company repurchases its shares at par value, payment shall be made out of book balance of the distributable profits of the Company or out of proceeds of the issuance of new shares made for repurchase of old shares;
- (II) where the Company repurchases its shares at a premium to their par value, payment representing the par value shall be made out of the book balance of distributable profits of the Company or out of the proceeds of the issuance of new shares made for repurchase of old shares. The premium in excess of the par value shall be handled as follows:
  - (i) if the shares being repurchased were issued at par value, payment shall be made out of the book balance of the distributable profits of the Company;

- (ii) if the shares repurchased were issued at a premium to their par value, payment shall be made out of the book balance of the distributable profits of the Company or out of the proceeds of the issuance of new shares made for repurchase of old shares, provided that the amount paid out of the proceeds of the issuance of new shares shall not exceed the aggregate of premiums received by the Company on the issuance of old shares repurchased nor the amount of the Company's capital reserves account (including the premiums on the issuance of new shares) at the time of such repurchase.
- (III) the Company's payment in consideration of the following shall be made out of the Company's distributable profits:
  - (i) acquisition of rights to repurchase shares of the Company;
  - (ii) variation of any contract for repurchasing shares of the Company;
  - (iii) release of any of the Company's obligations under any contract for repurchasing its shares.
- (IV) after the Company's registered share capital has been reduced by the total par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits for payment of the par value portion of the shares repurchased shall be transferred to the Company's capital reserves account.

## **Chapter 5 Financial Assistance for Share Repurchase**

**Article 38.** The Company or its subsidiaries shall not, by any means at any time, provide any kind of financial assistance to a person who is acquiring or is proposing to acquire the shares of the Company. The said acquirer of the shares of the Company includes a person who directly or indirectly bears any obligations due to the acquisition of the shares.

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

Circumstances set out in the Article 40 of this Chapter are not subject to such prohibition.

**Article 39.** "Financial Assistance" as referred to in this chapter includes (but not limited to) the following ways:

- (I) gift;
- (II) security (including the assumption of liability by the guarantor or the provision of property by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation incurred by the Company's own default), release or waiver of any rights;

- (III) provision of a loan or conclusion of any contract under which the Company shall fulfil the obligations before the other party thereto, or change of the parties to, or the assignment of rights under, such loan or contract;
- (IV) any other form of financial assistance given by the Company when the Company is unable to pay its debts or has no net assets or when its net assets would thereby be reduced to a material extent.

“Bearing an obligation” referred to in this chapter includes the bearing of obligations due to changing the obligor’s financial position by means of contract or arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or by any other means.

**Article 40.** the following acts shall not be deemed to be prohibited by the Article 38 of this chapter:

- (I) the provision of financial assistance by the Company in good faith and in the interests of the Company for the main purpose not of the acquisition of the shares of the Company, or as an incidental part of an overall plan of the Company;
- (II) the distribution of the Company’s properties as dividends in accordance with the laws;
- (III) the allotment of dividends in the form of bonuses;
- (IV) reduction of the registered capital, repurchase of the shares or restructuring of the shareholding in accordance with the Articles of Association;



- (V) the lending of money by the Company within its scope of business for its normal business activities (provided that the net assets of the Company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of distributable profits of the Company); and
- (VI) the provision of money by the Company for contributions to its employee share scheme (provided that the net assets of the Company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of distributable profits of the Company).

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

**Article 41.** The Company's share certificates shall be in registered form.

In addition to the particulars provided for in the Company Law, the share certificates of the Company shall clearly state such other particulars as required to be specified by the stock exchange(s) on which the Company's shares are listed.

If the share capital of the Company includes shares without voting rights, the words "without voting rights" shall be added to the names of such shares. If the share capital includes shares with different voting rights, the words "restricted voting rights" or "limited voting rights" shall be added to the name of each class of shares (other than shares with the most favorable voting rights).

**Article 42.** The share certificates shall be signed by the legal representative of the company. Where the signatures of other members of the senior management of the Company are required by the stock exchange(s) on which the Company's shares are listed, the share certificates shall also be signed by such other members of the senior management. The share certificates shall become effective after the Company's official seal is affixed thereto or printed thereon. The affixing of the Company's official seal to the share certificates shall be subject to the authorization of the board of directors. The signature of the chairperson of the board of directors or of other members of the senior management on the share certificates may also be in printed form.

If the Company's shares are traded on the scripless securities market, provisions of the securities regulatory authority of the place where the Company's shares are listed shall be applied.

**Article 43.** The Company shall keep a register of shareholders, in which the following particulars shall be recorded:

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

The register of shareholders shall be the sufficient evidence testifying shareholders' holding of the Company's shares, except otherwise testified by opposite evidence.

**Article 44.** The Company may, pursuant to an understanding or agreement reached between the CSRC and a securities regulatory authority outside the PRC, keep outside the PRC its register of shareholders holding overseas listed foreign shares, and entrust the administration thereof to an agent outside the PRC. The original copy of the register of shareholders holding overseas listed foreign shares listed at Hong Kong shall be kept in Hong Kong.

The Company shall keep at its domicile a duplicate of the register of shareholders holding overseas listed foreign shares. The appointed agent outside the PRC shall ensure that the original copy of the register of shareholders holding overseas listed foreign shares and its duplicate are consistent at all times.

When the original and duplicate of the register of shareholders holding overseas listed foreign shares are inconsistent, the original shall prevail.

**Article 45.** The Company shall keep a complete register of shareholders.

The register of shareholders shall include the following parts:

- (I) any register of shareholders kept at the Company's domicile other than those provided for under sub-paragraphs (II) and (III) of this paragraph;

- (II) the register(s) of shareholders holding overseas listed foreign shares kept in the place(s) of the stock exchange(s) outside the PRC on which the shares are listed;
- (III) register(s) of shareholders kept in such other places as the board of directors may decide necessary for listing purposes.

**Article 46.** The various parts of the register of shareholders shall not overlap one another. The transfer of shares registered in a certain part of the register of shareholders shall not, during the existence of the registration of such shares, be registered in any other part of the register of shareholders.

The alteration or correction of each part of the register of shareholders shall be carried out in accordance with the laws of the place where the register of shareholders is kept.

The Company's shares may be transferred, bestowed, inherited and mortgaged in accordance with relevant laws, and the Articles of Association.

The assignment and transfer of shares shall be registered with the share registration organization entrusted by the Company.

**Article 47.** All the fully paid-up overseas listed foreign shares which are listed in Hong Kong may be freely transferred in accordance with the Articles of Association. However, unless the following conditions are fulfilled, the board of directors may refuse to accept any transfer documents without giving any explanation for such refusal:

- (I) A maximum fee as prescribed from time to time by the Listing Rules of the Hong Kong Stock Exchange for the time being has been paid to the Company for registering any instrument of transfer or other documents related to or affecting the ownership of any shares;
- (II) The instrument of transfer only covers overseas listed foreign shares that are listed in Hong Kong;
- (III) The stamp duty on the instrument of transfer required by the laws in Hong Kong has been paid;
- (IV) The relevant share certificates or other evidence required reasonably by the board of directors to prove the transferor's right to transfer such shares are duly provided;

- (V) If the shares are transferred to joint shareholders, the number of such joint shareholders shall be no more than four; and
- (VI) The Company has no lien on such shares.

All overseas listed foreign shares shall be transferred by an instrument in writing in any usual or common form or any other form which the board of directors may approve. If the transferors or the transferees of the shares of the Company are recognized clearing house (“recognized clearing house”) or their agents defined by the Laws in Hong Kong, the transfer documents may be signed in printed form. All the instrument of transfer shall be kept at the Company’s domicile or other places the board of directors may designate from time to time.

**Article 48.** Where the PRC laws and regulations and the Listing Rules of the Hong Kong Stock Exchange stipulate the period of closure of the register of shareholders before the holding of a general meeting or prior to the reference date set by the Company for the distribution of dividends, such provisions shall prevail.

**Article 49.** The board of directors shall fix a date as the date for the determination of share ownership required to convene a general meeting, distribute dividends, liquidation of the Company and for other acts requiring determination of share ownership. Shareholders whose names are registered in the register of shareholders at the close of business on the date of determination shall be the shareholders of the Company.

**Article 50.** Any person who challenges the register of shareholders and requires his/her name (title) to be entered into or removed from the register of shareholders may file application to a court with jurisdiction for correction of the register of shareholders.

**Article 51.** Any shareholder who is registered in the register of shareholders or requires his/her name to be registered in the register of shareholders may apply to the Company for a replacement certificate in respect of such shares (the “Relevant Shares”) if his/her share certificate (the “Original Share Certificate”) is lost.

Applications for the replacement of share certificates from domestic shareholders who have had their certificates stolen, lost or destroyed shall be dealt with in accordance with the relevant provisions of the Company Law.

Applications for the replacement of share certificates from shareholders of overseas listed foreign share who have had their certificates stolen, lost or destroyed shall be dealt with in accordance with the laws, rules of stock exchanges and other relevant regulations of the place where the original register of shareholders of overseas listed foreign shares is kept.

Where shareholders of foreign shares listed in Hong Kong apply for replacement of lost certificates, such replacement shall comply with the following requirements:

- (I) The applicant shall submit the application in the form prescribed by the Company accompanied by a notarial certificate or statutory declaration. The notarial certificate or statutory declaration shall include the applicant's reasons for the application, the circumstances and proof of the loss of the share certificate and a declaration stating that no other persons may require registration as a shareholder in respect of the Relevant Shares;
- (II) The Company has not received any declaration requiring registration as a shareholder in respect of the shares from any person other than the applicant before it decides to issue a replacement share certificate;
- (III) If the Company decides to issue a replacement share certificate to the applicant, it shall publish an announcement of its intention in the newspapers designated by the board of directors; the period of the announcement shall be 90 days, during which such announcement shall be published repeatedly at least once every 30 days;
- (IV) Before publishing the announcement of its intention to issue a replacement share certificate, the Company shall submit a copy of the announcement to be published to the stock exchange where the Company is listed and may proceed with the publication upon receipt of a reply from the stock exchange confirming that the announcement has been displayed in the stock exchange. The announcement shall be displayed in the stock exchange for a period of 90 days;

If the application for issuance of a replacement share certificate was made without consent of the registered holder of the Relevant Shares, the Company shall mail to such shareholder a photocopy of the announcement that it intends to publish;

- (V) Upon expiry of the display of the announcement for 90-day period specified in items (III) and (IV) hereof, if the Company has not received any objection to the issuance of a replacement share certificate from any person, it may issue a replacement share certificate according to the application of the applicant;
- (VI) When the Company issues a replacement share certificate according to the requirements of this article, it shall immediately cancel the Original Share Certificate and record such cancellation and the issuance of the replacement share certificate in the register of shareholders; and
- (VII) All expenses for the cancellation of the Original Share Certificate and issuance of a replacement share certificate shall be borne by the applicant. The Company shall be entitled to refuse to take any action until reasonable guarantee is obtained from the applicant.

**Article 52.** In the case of warrant held by the anonymous holder, no new warrant shall be issued to replace the lost warrant unless the Company is convinced that the original warrant has been destroyed beyond reasonable doubt.

**Article 53.** After the Company has issued a replacement share certificate in accordance with the requirements of the Articles of Association, the name of a bona fide purchaser obtaining the replacement share certificate mentioned above or a shareholder who subsequently registers as the owner of the shares (provided that he is a bona fide purchaser) shall not be deleted from the register of shareholders.

**Article 54.** The Company shall not be liable for any damages suffered by any person from the cancellation of the Original Share Certificate or the issuance of the replacement share certificate, unless the claimant is able to prove fraudulent act on the part of the Company.

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

**Article 55.** The Company's shareholders are persons who lawfully hold shares of the Company and whose names have been registered in the register of shareholders.

Shareholders shall enjoy rights and have obligations according to the class and number of shares held. Shareholders holding shares of the same class shall enjoy equal rights and have equal obligations.

The sufficient voting rights of shareholders of preference shares (if any) shall be ensured as the priority, as appropriate.

No power shall be taken to freeze or otherwise impair any of the rights attaching to any shares by reason only that the persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

**Article 56.** For the purpose of shareholders of overseas listed foreign shares, when two or more persons registered as joint shareholders of any share, they shall be deemed as joint holders of the Relevant Shares, and shall be subject to the following terms:

- (I) The Company shall not register for more than four persons as joint shareholders of any shares;
- (II) All joint shareholders of any share shall individually and collectively bear the liabilities for all the payable amount of the Relevant Shares;
- (III) In case of death of one of the joint shareholders, only the other surviving joint shareholder(s) shall be deemed by the Company as owner of the shares, but for the purpose of revising the register of shareholder, the board of directors shall be entitled to demand the surviving joint shareholder(s) to provide a death certificate as the board of directors thinks fit;
- (IV) For joint shareholders of any share, the person whose name stands first in the register of shareholders shall be entitled to receive share certificate of the Relevant Shares, receive notice from the Company, attend the general meeting of the Company or exercise the voting rights attaching to the Relevant Shares, and the service of notice to the aforesaid person shall be deemed as service of notice to all joint shareholders;

Where one of the joint shareholders delivers a receipt to the Company as regards to any dividends, bonus or return of capital which shall be distributed to such joint shareholders, such receipt shall be deemed as a valid receipt from such joint shareholders to the Company.

**Article 57.** Shareholders of ordinary shares of the Company shall enjoy the following rights in accordance with the requirements under applicable laws and the Articles of Association:

- (I) to receive dividends and other forms of profit distribution on the basis of the number of shares held by them;

- (II) to request, convene, preside over, attend or appoint a proxy to attend general meetings in accordance with the laws and to exercise the corresponding voting rights;
- (III) to oversee the Company's business activities, and to make recommendations or inquiries;
- (IV) to transfer, gift or pledge shares held by them in accordance with laws, relevant regulations of the securities regulator of the place where Company's shares are listed and the Articles of Association;
- (V) to obtain relevant information in accordance with the provisions of the Articles of Association, including:
  - 1. obtaining the Articles of Association upon payment of charges at cost;
  - 2. being entitled to access and make copies, upon payment of reasonable charges, of:
    - (1) all parts of the registers of shareholders;
    - (2) personal information on the directors, supervisors, general manager and other senior management of the Company, including:
      - (a) current and previous names and aliases;
      - (b) main address (domicile);
      - (c) nationality;
      - (d) full-time and all other part-time occupations and duties;
      - (e) identification documents and their numbers;
    - (3) the status of the Company's issued share capital;
    - (4) reports of the aggregate par value, number of shares, and highest and lowest prices of each class of shares repurchased by the Company since the last fiscal year as well as all the expenses paid by the Company therefor;



- (5) the minutes of general meetings.
- (VI) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining properties of the Company in accordance with the number of shares held by them;
- (VII) to request that the Company purchase their shares when they oppose a resolution on the merger or division of the Company adopted at a general meeting;
- (VIII) other rights conferred by laws, administrative regulations and the Articles of Association.

**Article 58.** If a shareholder asks to review the information mentioned in Article 57 or makes a request for information, he or she shall submit to the Company written documents evidencing the class and number of shares he or she holds. The Company shall provide the same as requested by the shareholder after authenticating his or her identity.

**Article 59.** Where the content of the resolution adopted by the general meeting or the board of directors of the Company is in violation of laws or administrative regulations, the shareholders shall have the right to request the court to rescind the resolution.

Where the convening procedures or voting methods in respect of the general meeting or the meeting of the board of directors of the Company are in violation of laws, administrative regulations or the Articles of Association, or the content of the resolution adopted is in violation of the Articles of Association, the shareholders shall have the right to, within sixty days from the date the resolution is adopted, request the court to rescind the resolution.

**Article 60.** Without prejudice to the provisions of Article 274 of the Articles of Association, if directors or senior management violate laws or breach the Articles of Association in performing their Company duties, thereby causing the Company to sustain a loss, a shareholder who alone has held or shareholders who together have held at least 1 percent of the Company's shares for at least 180 days in succession have the right to request in writing that the supervisory committee institute a legal action in a People's Court. If the supervisory committee violates a law or breaches the Articles of Association in performing its Company's duties, thereby causing the Company to sustain a loss, shareholders may request in writing that the board of directors institute a legal action in a people's court.

Where the supervisory committee or the board of directors refuses to take legal proceedings after receiving the written request from the shareholders as specified in the preceding paragraph, or fails to take legal proceedings within thirty days from the date it receives such request, or under emergency situations, failure in taking legal proceedings immediately results in irreparable damage to the interests of the Company, the shareholders specified in the preceding paragraph shall have the right, in their own names, to directly bring a lawsuit to a people's court in the interests of the Company.

Where another person infringes the lawful rights and interests of the Company and thus causes losses to the Company, the shareholders specified in the first paragraph of this article may bring a lawsuit to a people's court in accordance with the provisions of the preceding two paragraphs.

**Article 61.** The shareholders of ordinary shares of the Company shall undertake the following obligations:

- (I) to abide by laws and the Articles of Association;
- (II) to pay subscription funds according to the number of shares subscribed and the method of subscription;
- (III) not to return their shares except in circumstances specified in laws;
- (IV) not to abuse the shareholder's rights to prejudice the interests of the Company or other shareholders, and not to misuse the independent status of the Company as a legal entity and the limited liability of shareholders to prejudice the interests of the Company's creditors;

Where a shareholder of the Company abuses the rights of shareholder and thus causes losses to the Company or other shareholders, he or she shall be liable for compensation according to laws;

Where a shareholder abuses the Company's independent legal person status or shareholders' limited liability to evade a debt, thereby materially harming the interests of a creditor of the Company, he or she shall bear joint and several liability for the debt of the Company;

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

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

**Article 62.** The controlling shareholder or de facto controller of the Company shall not take advantage of its affiliated relationships to damage the interests of the Company. The controlling shareholder or de facto controller, who in violation of the provisions of the preceding sentence, causes losses to the Company, shall be liable for compensation.

The controlling shareholder or de facto controller of the Company shall bear fiduciary duty to the Company and shareholders of the public shares of the society. The controlling shareholder shall exercise the rights of contributor strictly in accordance with laws. The controlling shareholder shall not use any means, such as distribution of profits, asset restructuring, external investment, capital appropriation or loan guarantees, to damage the legitimate rights and interests of the Company and shareholders of the public shares of the society, nor shall it take advantage of its controlling position to damage the interests of the Company and shareholders of the public shares of the society.

In addition to obligations imposed by laws or required by the listing rules of the stock exchange on which the shares of the Company are listed, the controlling shareholder of the Company, when exercising its shareholders' rights, shall not exercise his/her voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders:

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

- (III) to approve the expropriation by a director or supervisor for his/her own benefit or for the benefit of another person of the individual rights or interests of other shareholders, including but not limited to rights to distributions and voting rights, but excluding a restructuring of the Company submitted to the general meeting for approval in accordance with the Articles of Association.

**Article 63.** The term “controlling shareholder” referred to in the preceding article means a person who satisfies any one of the following conditions:

- (I) it alone, or acting in concert with others, has the power to elect more than half of members of the board of directors;
- (II) it alone, or acting in concert with others, has the power to exercise or to control the exercise of thirty percent or more of the voting rights in the Company;
- (III) it alone, or acting in concert with others, holds thirty percent or more of the outstanding shares of the Company;
- (IV) it alone, or acting in concert with others, has de facto control of the Company in any other manner.

## **Chapter 8 General Meetings**

**Article 64.** The general meeting is the Company’s authoritative organization, which exercises its functions and powers in accordance with laws.

**Article 65.** The general meeting shall exercise the following functions and powers:

- (I) to decide on the Company’s business policies and investment plans;
- (II) to elect and replace directors and supervisors who are not representatives of the staff, and decide on matters relating to the remuneration of directors and supervisors;
- (III) to consider and approve reports of the board of directors;
- (IV) to consider and approve reports of the supervisory committee;
- (V) to consider and approve the Company’s annual financial budgets and final accounts proposals;

- (VI) to consider and approve the Company's profit distribution plan and plan for recovery of losses;
- (VII) to pass resolutions concerning the increase or reduction of the Company's registered capital;
- (VIII) to pass resolution on the issuance of bonds, securities by the Company and listing of the Company;
- (IX) to pass resolution on matters such as the merger, division, dissolution, liquidation or change in corporate form of the Company;
- (X) to draw up and amend the Articles of Association;
- (XI) to pass resolution on the appointment, dismissal or termination of appointment of an accounting firm;
- (XII) to consider on the proposals put forward by shareholders who individually or jointly representing more than three percent shares with voting rights;
- (XIII) to consider and approve matters relating to the purchases, disposals of the Company's material assets within one year, which exceed thirty percent of the Company's latest audited total assets;
- (XIV) to consider and approve the change of use of raised proceeds;
- (XV) to examine and approve the share incentive plan;
- (XVI) to examine and approve external guarantees stipulated in the Articles of Association;
- (XVII) to consider the connected transaction that laws and the securities regulatory rules of the place where Company's shares are listed require the consideration and approval of the general meeting;
- (XVIII) To consider other matters that laws, administrative regulations, relevant regulations of the securities authorities of the place where the Company's shares are listed and the Articles of Association require to be resolved by the general meeting.

**Article 66.** The guarantees provided by the Company as set forth below (excluding the guarantee provided by the Company for the Company and/or its controlling subsidiaries) shall be subject to consideration and approval of the general meeting:

- (I) the guarantee provided after the total amount of guarantee to third parties provided by the Company and its controlled subsidiaries has reached or exceeded 50% of the Company's latest audited net assets;
- (II) any guarantee provided after the total amount of guarantee to third parties provided by the Company has reached or exceeded 30% of the Company's latest audited total assets;
- (III) a guarantee to be provided to a party which has an asset-liability ratio in excess of 70%;
- (IV) a single guarantee amount in excess of 10% of the Company's latest audited net assets;
- (V) the guarantee to be provided in favor of shareholders, de facto controllers and their related parties;
- (VI) any guarantee provided after the amount of guarantee exceeding 50% of the Company's latest audited net assets, with an absolute amount exceeding RMB30 million for 12 consecutive months;
- (VII) any guarantee which shall be approved by the general meeting under the laws and the Articles of Association of the Company.

The guarantees other than those listed in this article shall be considered and approved by the board of directors.

If the director, the general manager, deputy general manager and other senior management violate a provision on the approval authority or consideration procedure for the provision of guarantees to third parties as specified in laws or the Articles of Association, thereby causing the Company to sustain a loss, he or she shall be liable for damages and the Company may institute a legal action against him or her in accordance with the laws.

When the General Meeting considers the resolution in relation to the provision of guarantees to the shareholders, the de facto controller and their related parties, such shareholders or the shareholders controlled by the de facto controller shall refrain from the voting, and this voting shall be passed by more than half of other shareholders attending the general meeting.

**Article 67.** Except that the Company is in a crisis or other unusual circumstances, without the prior approval of a general meeting, the Company may not enter into any contract with any person other than a director, supervisor, manager or other senior management of the Company for the delegation of the whole business management or part of the important business management of the Company to that person.

**Article 68.** The general meetings consist of annual general meetings and extraordinary general meetings and shall be convened by the board of directors.

An annual general meeting of shareholders shall be convened once a year, and shall be held within six months after the end of every fiscal year.

Under any of the following circumstances, the board of directors shall convene an extraordinary general meeting within two months from the date of occurrence:

- (I) the number of directors is less than the number provided by the Company Law or less than two-thirds (six persons) prescribed by the Articles of Association;
- (II) the losses of the Company that have not been made up reach one third of the total share capital;
- (III) when shareholder(s), individually or in the aggregate, holding ten percent or more of the Company's shares request(s) the convening of an extraordinary general meeting (The number of shares held shall be calculated according to the number of shares held on the day when the written request is made by the shareholders);

- (IV) when deemed necessary by the board of directors;
- (V) as proposed by the supervisory committee;
- (VI) when more than one-half of all the independent non-executive directors of the Company agree to hold the meeting;
- (VII) other circumstances as provided for by laws and the Articles of Association.

**Article 69.** The Company shall hold the general meeting at the domicile of the Company or other particular venue as specified in the notice of the general meeting.

The general meeting shall have a venue and be held on-site.

**Article 70.** Two or more independent non-executive directors have the rights to propose the board of directors to convene extraordinary general meetings and such proposal shall be made by way of written request(s). The board of directors shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within ten days upon receiving the proposal in accordance with the requirements of the laws and the Articles of Association.

If the board of directors agrees to convene extraordinary general meeting, notice of the meeting shall be issued within five days after the board of directors resolved to do so. If the board of directors does not agree to convene the extraordinary general meeting, reasons shall be explained and announced in writing.

**Article 71.** The supervisory committee has the right to propose the board of directors to convene extraordinary general meetings and such proposal shall be made by way of written request(s). The board of directors shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within ten days upon receiving the proposal in accordance with the requirements of the laws and the Articles of Association.



If the board of directors agrees to convene the extraordinary general meeting, notice of the extraordinary general meeting shall be issued within five days upon receiving the request. Should there be alterations to the original requests in the notice, consent has to be obtained from the supervisory committee.

If the board of directors does not agree to convene the extraordinary general meeting or does not reply within ten days upon receiving the request, the board of directors will be considered as unable or refused to fulfill the obligation to convene general meetings and the supervisory committee may convene and preside over the meeting on its own.

**Article 72.** Shareholders requesting the convening of an extraordinary general meeting or a class meeting shall proceed in accordance with the procedures set forth below:

- (I) Two or more shareholders together holding more than 10% (inclusive) or more of the shares carrying the right to vote at such proposed meeting can request the board of directors to convene a class meeting by signing one or several copies of written request(s) in the same form and content requesting the board of directors to convene class meeting, and stating the motions and resolutions proposed. The board of directors shall proceed as soon as possible to convene a class meeting after receipt of such requisitions. The number of shares held referred to above shall be calculated as of the date of the requisitions in writing by the shareholders.
- (II) If the board of directors fails to issue a notice of such a meeting within thirty days from the date of the receipt of the requisitions referred to above, the shareholder who make such requests may themselves convene such a meeting in a manner as similar as possible to the manner in which general meetings are convened by the board of directors within four months from the date of the receipt of the requisitions by the board of directors.

If shareholders convene and hold a meeting themselves because the board of directors failed to hold such meeting pursuant to a request as mentioned above, the reasonable expenses incurred by such shareholders shall be borne by the Company and shall be deducted from the sums owed by the Company to the negligent directors.

**Article 73.** If the supervisory committee or shareholders decide(s) to itself/themselves convene a general meeting, it or they must notify the board of directors thereof, and itself/themselves issue the notice of the extraordinary general meeting. In addition to complying with the provisions of Article 83 of the Articles of Association, such notice shall comply with the following provisions:

- (I) The motions may not add new content, otherwise the proposing shareholder(s) or supervisory committee shall submit a new request to the board of directors to call an extraordinary general meeting in accordance with the aforementioned procedure;
- (II) The venue of the meeting shall be the domicile of the company.

The shareholder(s) entitled to convening the general meeting shall hold no less than ten percent of shares in the Company before the resolution of such meeting is announced.

**Article 74.** With regard to the general meeting convened by the supervisory committee or shareholders on their own initiative, the board of directors and the secretary to the board of directors shall provide assistance. The board of directors shall provide the register of shareholders on the record date. If the board of directors fails to provide the register of shareholders, the convener may apply to the securities depository or the agency to obtain the same on the strength of the relevant notice or announcement of the general meeting. The register of shareholders obtained by the convener may not be used for any purpose other than to hold the general meeting.

**Article 75.** The Company shall bear costs and expenses necessary for the general meetings, which are convened by the supervisory committee or shareholders on their own initiative.

**Article 76.** Where a general meeting is convened by the Company, it shall notify its shareholders of the date and venue of the meeting as well as matters proposed to be considered 20 days prior to the convening of the meeting and notify its shareholders 15 days prior to the convening of the extraordinary general meeting. Where there is any special regulation under the listing rules of the place(s) where the Company's shares are listed, such provisions shall prevail.

**Article 77.** The content of proposals for the general meeting shall fall within the scope of responsibility of the general meeting, shall contain clear subjects for discussion and specific matters to be resolved and shall comply with relevant provisions of the laws and the Articles of Association.

The proposals for the general meeting shall be provided in writing.

**Article 78.** When an annual general meeting is convened by the Company, the board of directors, supervisory committee and shareholders who individually or collectively hold more than 3% of the shares of the Company shall be entitled to put forward proposals to the Company.

Shareholders who individually or collectively hold more than 3% of the shares of the Company may submit ad hoc proposals in writing to the convener of the general meeting 10 days before the convening of the general meeting. The convener shall issue a supplemental notice of general meeting within 2 days upon receipt of the proposals and announce the contents of the ad hoc proposals, which shall be submitted to the general meeting for consideration and approval. The content of ad hoc proposals shall fall within the scope of responsibility of the general meeting and shall contain clear subjects for discussion and specific matters to be resolved.

Except those specified in the preceding paragraph, the convener shall neither revise the proposals stated in the notice of general meetings nor add new proposals after issuing the announcement on the notice of the general meeting.

If a notice of the general meeting does not specify the proposed resolutions or does not comply with Article 79 herein, no voting for resolutions shall be carried out at the general meeting.

**Article 79.** A general meeting shall not pass resolution on matters not specified in the notice.

**Article 80.** Notice of general meeting shall be in accordance with the following requirements:

- (I) Provided in writing;
- (II) Specified the time, venue and duration of the meeting;
- (III) Specified matters and resolutions to be proposed at the meeting;

- (IV) Provision to the shareholders of the detailed information and explanations necessary for the shareholders to make sound decisions about the matters to be discussed. This principle includes but not limited to the provision of the specific terms and contract(s), if any, of the proposed transaction(s) and earnest explanations about the causes and effects when the Company proposes mergers, repurchase of shares, restructuring of share capital or other restructuring;
- (V) In the event that any of the directors, supervisors, general manager or other senior management members has material interests in the matters to be discussed, the nature and extent of the interests shall be disclosed. If the matters to be discussed affect any director, supervisor, general manager or other senior management member as a shareholder in a manner different from how they affect the same type of other shareholders, the difference shall be explained;
- (VI) Inclusion of the full text of any special resolution to be proposed for approval at the meeting;
- (VII) A clear explanation in words indicating that all shareholders are entitled to attend and vote at the general meeting, or to appoint proxies in writing to attend and vote at the meeting on his or her behalf and that such proxies need not to be shareholders of the Company;
- (VIII) Specified the delivery time and venue of the proxy forms for the meeting;
- (IX) Record date for shareholders entitled to attend the general meeting;
- (X) Name and contact of the coordinator of the meeting.

If the independent non-executive directors are required to express opinions on the matters to be discussed, their opinions and reasons shall be disclosed together with the notice of general meeting or the supplementary notice.

For a general meeting convened via internet or by other ways, the time and procedures of voting via internet or by other ways shall be contained in the notice of general meeting.

**Article 81.** For matters of discussion involving the election of directors and supervisors at the general meeting, the notice of general meeting shall adequately disclose the detailed information on the candidates for directors and supervisors, which shall at least include the following:

- (I) Personal particulars including education background, working experience and any part-time job;
- (II) Whether or not such candidate has any connected relationship with the Company, its controlling shareholders or de facto controller;
- (III) Disclosure of the shareholdings in the Company;
- (IV) Whether or not such candidate has been penalized by the securities regulatory authority under the State Council, other relevant authorities and the stock exchange.

Apart from directors and supervisors elected through the cumulative voting system, each candidate of director or supervisor shall be individually proposed.

**Article 82.** Notice of general meeting shall be served to every shareholder (whether has voting right on general meeting or not) either by hand or by post in a prepaid mail, addressed to such shareholder at his registered address as shown in the register of shareholders. For holders of domestic shares, the notice of a general meeting may also be given by publishing an announcement.

The “announcement” referred to in the preceding paragraph shall be published on one or more newspapers designated by CSRC and the regulatory authorities where the shares of the Company are listed and on the websites of the Company and the stock exchange from 45 to 50 days prior to the convening of the meeting. Once the announcement is published, all shareholders shall be deemed to have received the notice of the general meeting.

**Article 83.** 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.

**Article 84.** After issuance of the notice of the general meeting, the general meeting shall not be postponed or cancelled without proper reasons and the proposals specified in such notice shall not be withdrawn. In case of postponement or cancellation, the convener shall make an announcement giving reasons at least 2 working days prior to the date on which the meeting was originally scheduled.

**Article 85.** The board of directors of the Company and other conveners shall take necessary measures to ensure that the general meeting is conducted in an orderly manner, and shall take steps to prevent any activities interfering the general meeting or infringing the legitimate interests of shareholders and timely report such activities to the relevant authority.

The Company shall provide conveniences to shareholders to facilitate their participation in general meetings through various means and approaches, provided that the legality and validity of the general meeting are assured.

**Article 86.** All shareholders on the register of shareholders on the record date or their proxies shall be entitled to attend and vote at the general meeting in accordance with the provisions of the relevant laws and the Articles of Association.

A shareholder may either attend the general meeting in person or appoint proxy(ies) to attend and vote at such meeting on his behalf.

**Article 87.** An individual shareholder attending the meeting in person shall present his personal identity card or other valid document or proof or stock account card for identification; a proxy attending the meeting shall present his personal valid identity card, the letter of authorization from the shareholder and the aforesaid documents of the shareholder attending the meeting by the proxy.

A legal person shareholder shall attend the meeting by a legal representative or a proxy entrusted by the legal representative. If a legal representative attends the meeting, he shall present his personal identity card, valid document proving his qualification to be a legal representative and a shareholding certificate; if a proxy is entrusted to attend the meeting, the proxy shall present his personal identity card, a written power of attorney duly issued by the legal representative of the legal person shareholder and the aforesaid documents of the legal representative attending the meeting by the proxy.

**Article 88.** Any shareholder entitled to attend and vote at a general meeting shall have the right to appoint one or more persons (who may not be necessarily a shareholder) as his proxies to attend and vote on his behalf. Such proxies may exercise the following rights as entrusted by the shareholder:

- (I) The shareholder's right to speak at the general meeting;
- (II) The right to demand by himself or jointly with others in voting by way of poll;
- (III) The right to vote may be exercised either by a show of hands or by poll. However, if a shareholder has appointed more than one proxy, such proxies may only exercise their voting rights by poll.

**Article 89.** The instrument appointing a proxy shall be in writing under the hand of the principal or his attorney authorized in writing; where the principal is a legal person, such instrument shall be under its common seal or under the hand of its director or attorney duly authorized.

The letter of authorization issued by the shareholder to authorize another person to attend the general meeting shall state the following contents:

- (I) Names of the principal and the proxy;
- (II) The number of shares of the principal represented by the proxy;
- (III) Whether the proxy has voting rights;
- (IV) Indication of consent, objection or abstention concerning each proposal to be resolved on the agenda of general meeting;
- (V) Whether the proxy has voting rights on ad hoc proposals which may be included in the agenda of the general meeting, and specific indication for exercising which kind of voting rights (if any);
- (VI) Date of signing of the letter of authorization and the term of validity;
- (VII) Signature (or seal) of the principal; if the principal is a legal person shareholder, the common seal of the legal person shall be affixed.

**Article 90.** Proxy forms shall be lodged at the domicile of the Company or other venues specified in the notice of meeting 24 hours before the convening of the relevant meeting for voting according to the proxy form, or 24 hours before the designated time of voting. Where the proxy form is signed by a person under a power of attorney on behalf of the principal, the power of attorney or other authorization documents authorized to be signed shall be notarized. A notarially certified copy of that power of attorney or other authorization documents, together with the proxy form, shall be deposited at the domicile of the Company or other venues specified in the notice of meeting.

Where the principal is a legal person, its legal representative or such person as authorized by resolution of its board of directors or other governing body may attend general meetings of the Company as a representative of the principal.

If a shareholder is a recognized clearing house (or its proxy), it may, as it sees fit, appoint one or more persons as its proxies to attend and vote at any general meeting or class meeting of shareholders. However, if more than one person is appointed, the proxy form shall specify the number and class of the shares relating to each proxy. Such proxy may exercise the rights of such clearing house (or its proxy) on its behalf in the same manner as the individual shareholder of the Company.

**Article 91.** Any form of letter of authorization issued to a shareholder by the board of directors of the Company for use by him for appointing a proxy shall allow the shareholder to freely instruct the proxy to cast vote in favor of or against each resolution dealing with the businesses to be transacted at the meeting. Such letter of authorization shall contain a statement that in absence of instructions by the shareholders, his proxy may vote as he thinks fit.

In addition to the above requirements, the letter of authorization shall contain the following: the number of shares represented by the proxy and the name of the proxy; whether the proxy has voting rights; whether the proxy has voting rights on ad hoc proposals which may be included in the agenda of the general meeting; specific indication for exercising which kind of voting right (if any); date of signing of the instrument and term of validity. If more than one proxy is appointed, the letter of authorization shall specify the number of shares represented by each proxy.



The proxy attending the general meeting on behalf of the shareholder shall present his personal identity card and letter of authorization under the hand of the principal or the legal representative of or attorney duly authorized by the principal with the issue date.

If the legal representative of a legal person shareholder (other than recognized clearing house and its proxy) is appointed to attend the meeting, the Company has the right to require him to present his identity proof and valid document proving his qualification to be a legal representative.

**Article 92.** A vote casted in accordance with the letter of authorization by a proxy shall be valid, notwithstanding the death or loss of capacity of the principal or revocation of the proxy or the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that the Company did not receive any written notice in respect of any such matters prior to the commencement of the relevant meeting.

**Article 93.** The Company shall be responsible for compiling the attendee register which shall include, among others, the name of attendee (or name of relevant unit), ID number, domicile, the number of voting shares that he holds or represents, and name of the person (or name of relevant unit) who attends the meeting by proxy.

**Article 94.** The general meeting convened by the board of directors shall be presided over and chaired by the chairman of the board of directors. If the chairman of the board of directors is unable or fails to perform his duties, the general meeting shall be chaired by a director nominated by more than half of the directors.

The general meeting convened by the supervisory committee on its own initiative according to statutory procedures shall be chaired by the chairman of the supervisory committee. If the chairman of the supervisory committee is unable or fails to perform his duties, the general meeting shall be chaired by a supervisor nominated by more than half of the supervisors.

The general meeting convened by shareholders on its own initiative according to statutory procedures shall be chaired by the representative nominated by the convener.

During the convening of the general meeting, if the chairman of the general meeting breaches the procedural rules, which makes it unable to proceed the general meeting, the general meeting may nominate a person to act as the chairman of the meeting and such meeting may continue, subject to consents of more than half of shareholders with voting rights attending the general meeting. If for any reason the shareholders are unable to elect a chairman, the attending shareholder holding the largest number of voting shares (including the proxy) shall preside over the meeting.

**Article 95.** Prior to voting, the chairman of the general meeting shall announce the number of shareholders and proxies present and the total number of voting shares held by them. The number of shareholders and proxies present and the total number of voting shares held by them shall be that as stated in the registration of the meeting.

**Article 96.** Minutes of general meetings shall be recorded by the secretary to the board of directors. The minutes shall contain the following items:

- (I) the session, date, venue and agenda of the meeting, and the name of the convener;
- (II) the name of the chairman of the meeting, and the names of directors, supervisors, the general manager and other senior management members present or in attendance at the meeting;
- (III) the number of holders of domestic shares (including their proxies) and holders of overseas listed foreign shares (including their proxies) attending the meeting, the total number of voting shares held by them and the percentage of such shares to the total number of shares of the Company;
- (IV) the discussions in respect of each proposal, highlights of the speeches made at the meeting and voting results on each resolution made by holders of domestic shares and holders of overseas listed foreign shares;
- (V) details of the queries or recommendations made by the shareholders, and the corresponding answers or explanations;
- (VI) the names of counting officers and scrutinizers;
- (VII) such other matters required by the general meeting or stipulated by the Articles of Association to be recorded in the minutes of the meeting.

**Article 97.** The convener shall ensure the truthfulness, accuracy and completeness of the minutes of the meeting. Directors, supervisors, secretary to the board of directors, the convener or his representative and the chairman of the meeting who attend the meeting shall sign on the minutes of the meeting. The minutes shall be kept together with the signature book of shareholders attending the meeting, the letters of authorization of proxies as well as all valid materials of voting via internet or other ways for no less than 20 years.

**Article 98.** The convener shall ensure that the general meeting is held continuously until final resolutions are reached. In the event that the general meeting is adjourned or resolutions fail to be reached due to force majeure or other special reasons, measures shall be adopted to resume the meeting as soon as possible or the meeting shall be concluded immediately, and an announcement shall be promptly made accordingly. The convener shall also report the same to the stock exchange.

**Article 99.** Resolutions of general meeting shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution must be passed by votes representing more than half of the voting rights represented by the shareholders (including proxies) present at the general meeting.

A special resolution must be passed by votes representing more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the general meeting.

**Article 100.** A shareholder (including proxy) may exercise voting rights in accordance with the number of voting shares represented by him, and each share shall have one vote.

The shares held by the Company have no voting rights, and that part of the shareholding is not counted as the total number of voting shares held by shareholders attending the meeting.

If any shareholders should abstain from voting for a particular proposal or are restricted to be only able to vote for (or against) a particular proposal according to the provisions of the listing rules of the place where the overseas listed foreign shares are listed, the votes by those shareholders or their proxies shall not be counted in case of any violation of the relevant provisions or restriction.

**Article 101.** At any general meeting, a resolution shall be decided on a show of hands unless a poll is demanded prior to or after the show of hands by the following persons:

- (I) the chairman of the meeting;
- (II) at least two shareholders present in person or by proxy entitled to vote thereat;
- (III) one or more shareholders (including their proxies) who individually or collectively hold 10% or more of shares carrying the right to vote at the meeting.

Unless a poll is demanded, a declaration by the chairman that a resolution has been passed on a show of hands and the recording of such in the minutes of meeting shall be conclusive evidence of the fact that such resolution has been passed. 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 102.** A poll demanded on the election of the chairman of the meeting or on a question of the adjournment of the meeting shall be taken forthwith. A poll demanded on any other question shall be taken as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

**Article 103.** On a poll taken at a meeting, a shareholder (including a proxy) entitled to two or more votes is not required to cast all his votes in the same way.

**Article 104.** When the number of votes for and against a resolution is equal, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to one additional vote.

**Article 105.** The following matters shall be passed by way of ordinary resolutions at a general meeting:

- (I) Work reports of the board of directors and the supervisory committee;

- (II) Profit distribution plan and loss compensation plan formulated by the board of directors;
- (III) The appointment and removal of non-employee representative members of the board of directors and the supervisory committee and their remuneration and method of payment;
- (IV) Annual budgets and final accounts of the Company;
- (V) Balance sheets, profit accounts and other financial statements of the Company;
- (VI) Annual report of the Company;
- (VII) Matters other than those requiring the approval by way of special resolutions in accordance with the laws or the Articles of Association.

**Article 106.** The following matters shall be resolved by special resolutions at a general meetings:

- (I) the increase or reduction of the Company's registered capital and the issuance of any class of shares, warrants and other similar securities;
- (II) the issuance of the Company's bonds;
- (III) the division, merger, dissolution and liquidation of the Company or the change in the corporate form of the Company;
- (IV) the amendments to the Articles of Association;
- (V) other matters that shall be adopted by special resolution pursuant to the laws, administrative regulations or the Articles of Association or which the general meeting considers will have a material influence on the Company and therefore require, by an ordinary resolution, to be adopted by special resolution.

**Article 107.** The chairman of the meeting shall decide whether or not the resolution of the general meeting shall be passed on the basis of the voting results, and his decision shall be the final decision, and the voting results shall be announced at the meeting, and recorded in the minutes of the meeting.

**Article 108.** Where any matter on connected transaction is considered at the general meeting, the connected shareholders shall avoid voting, whose shares shall not be included in the total number of valid shares. The public announcement of resolutions of general meeting shall fully disclose the votes cast by non-connected shareholders.

**Article 109.** Candidate lists of directors and supervisors shall be submitted to the general meeting in the form of proposal.

When election of the directors and supervisors is voted at the general meeting, in accordance with the provisions of the Articles of Association or the resolution of general meeting, the cumulative voting system is applicable.

The “cumulative voting system” referred to in the preceding paragraph means each share shall have the same voting right as the number of directors or supervisors to be elected, when election of directors or supervisors is voted at the general meeting. The voting right held by shareholders may be used collectively.

**Article 110.** The way and procedure of nomination of directors or supervisors shall be as follows:

- (I) a shareholders independently or shareholders collectively holding more than 3% of the total outstanding voting shares of the Company may propose to the general meeting candidates for the position of director or supervisor who is not staff representatives in the form of a written proposal; nevertheless, the number of nominees shall comply with the provisions of the Articles of Association and shall not exceed the number of persons to be elected. The shareholder(s) shall submit the aforesaid proposal to the Company at least 14 days before the date the general meeting is held;
- (II) the board of directors or the supervisory committee may, to the extent of the number of persons specified in the Articles of Association, put forward a list of recommended director candidates and supervisor candidates consistent with the number of persons to be elected, and submit such list to the board of directors and the supervisory committee respectively for review. Once the board of directors and the supervisory committee have conducted its review and adopted a resolution determining the director or supervisor candidates, it shall submit the same at the general meeting in the form of a written proposal;

- (III) For the nomination of candidates for independent non-executive directors, the nominator shall also fully understand the nominees' professional qualifications, academic qualifications, professional titles, detailed work experience, all part-time jobs and so on, and give his opinions on the qualifications and independence on the nominee as the independent non-executive director, the nominee shall make a public statement on the relationship between himself and the Company that does not have any influence on his independent and objective judgment;
- (IV) the written notices of the intention to nominate director or supervisor candidates and of the nominee indicating their willingness to accept the nomination as well as relevant written materials on the nominee shall be delivered to the Company at least 7 days before the date of the general meeting. The board of directors or the supervisory committee shall provide to the shareholder the resumes and basic particulars of the director or supervisor candidates;
- (V) the period accorded by the Company to the nominators and candidates to submit the aforesaid notices and documents shall not be less than 7 days (counting from the day immediately following the date of issuance of the notice of the general meeting);
- (VI) the general meeting shall vote on each of the director or supervisor candidates one by one;
- (VII) When it is necessary for an additional or replacement director or supervisor at short notice, the same shall be proposed by the board of directors or the supervisory committee, recommending that the general meeting elect or replace the same.

**Article 111.** With the exception of the cumulative voting system, the general meeting shall hold a vote on each proposal one by one. If there are different proposals concerning a certain matter, the votes thereon shall be taken in the order the proposal were proposed. The general meeting will not set aside or not vote on a proposal, unless the general meeting is suspended or if it is unable to reach a resolution due to force majeure or other special causes.

**Article 112.** When reviewing a proposal, the general meeting shall not revise it. Otherwise, such amendment shall be deemed a new proposal and shall not be voted on at the current general meeting.

**Article 113.** Votes at a general meeting shall be taken by a vote by registered ballot.

**Article 114.** The chairman of the general meeting shall announce the situation and results of the vote on each proposal, and announce whether each such proposal has been adopted based on the results of the votes.

Until the formal announcement of the voting results, relevant parties, such as the listed company, the vote counters, scrutineers, major shareholders, etc., involved in the voting at the general meeting shall bear an obligation of confidentiality in respect of the voting situation.

**Article 115.** The shareholders present at a general meeting shall express one of the following opinions on proposals that are submitted for voting: affirmative, negative or abstention.

If a ballot is blank, marked erroneously, illegible, or has not been cast, the voter shall be deemed to have waived his or her voting right, and the voting results for the number of shares that he or she holds shall be considered as “abstained”.

**Article 116.** If the chairman of the meeting has any doubts about the results of a resolution submitted for voting, he may count the number of votes cast; if the chairman of the meeting does not count the votes, and a shareholder or proxy attending the meeting who challenges the results announced by the chairman, he shall have the right to request an immediate count after the announcement, and the chairman of the meeting shall forthwith conduct such a count.

**Article 117.** If a vote count is held at the general meeting, the results of the count shall be recorded in the meeting minutes.

Minutes of the general meeting shall be kept at the domicile of the Company together with the sign-in register of attending shareholders and the power of attorney of proxies.

**Article 118.** The resolutions of the general meeting shall be announced in a timely and complete manner in accordance with the relevant rules of the stock exchange where the securities of the Company are listed.



**Article 119.** If a proposal on the election of a director or supervisor is adopted at the general meeting, the appointment of the new director or supervisor shall become effective on the date the relevant proposal on the election is adopted at the general meeting, unless otherwise expressly specified in the resolution of the general meeting.

**Article 120.** Shareholders may examine duplicates of the minutes of meetings during the Company's office hours without charge. If any shareholder demands from the Company a duplicate of relevant minutes of meeting, the Company shall send such duplicates within seven days after the receipt of reasonable charges.

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

**Article 121.** Shareholders holding different classes of shares shall be class shareholders.

Class shareholders shall enjoy rights and undertake obligations in accordance with the requirements of the laws, administrative regulations and the Articles of Association.

Upon the approval of the CSRC, a shareholder of domestic shares of the Company may transfer his or her shares to overseas investors who may list and trade such shares overseas. The listing and trading of the transferred shares on an overseas bourse shall additionally comply with the regulatory procedures, provisions and requirements of the overseas stock market. The listing and trading of the transferred shares on an overseas stock exchange require no holding of class meeting and voting.

**Article 122.** If the Company intends to vary or abrogate the rights of class shareholders, it may do so only after such variation or abrogation has been adopted by way of a special resolution of the general meeting and by a separate general meeting convened by the affected class shareholders in accordance with Article 125 to 128.

Neither the approval of the general meeting or a class meeting shall be required if a variation or abrogation of the rights of class shareholders arises due to a change in domestic or foreign laws or the listing rules of the place of listing, or due to a decision made in accordance with the law by the domestic or foreign regulator.

The conversion of Company shares held by the sponsor into foreign investment shares as mentioned in Article 120 above shall not be deemed an intention by the Company to vary or abrogate rights of class shareholders.

**Article 123.** Rights of shareholder of a certain class shall be deemed to be varied or abrogated under the following circumstances:

- (I) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having equal or more voting rights, rights to distribution or other privileges than such class of shares;
- (II) to convert all or part of shares of such class into shares of other class, or convert all or part of any other class of shares into such class of shares, or confer aforesaid conversion rights;
- (III) to cancel or decrease such rights contained in the class of shares as receiving accrued dividends or cumulative dividends generated from such class of shares;
- (IV) to reduce or remove the preferential rights to receive dividends in respect of such class of shares or pre-emptive rights to property distribution in the course of liquidation;
- (V) to increase, cancel or reduce the conversion rights, option rights, voting rights, transfer rights, preferential allotment rights and the rights to acquire the securities of the Company attached to such class of shares;
- (VI) to cancel or reduce such rights attached to the class of shares to receive amounts payable by the Company in designated currencies;
- (VII) to create a new class of shares having voting or distribution rights or other privileges equal or superior to such class of shares;
- (VIII) to restrict or impose additional restrictions on the transfer or ownership of such class of shares;
- (IX) to issue rights to subscribe for, or convert into, shares of such class or another class;

- (X) to increase the rights and privileges of any other class of shares;
- (XI) to restructure the Company where the proposed restructuring will result in different classes of shareholders assuming a disproportionate liability in the restructuring of the Company;
- (XII) to amend or nullify any terms of the Articles of Association.

**Article 124.** Shareholders of the affected class, whether or not otherwise having the right to vote at general meeting, shall have the right to vote at class meetings in respect of matters referred to in items (II) to (VIII), (XI) to (XII) of the Article 123, except that interested shareholders shall not have the right to vote at class meetings.

For the purpose of the preceding paragraph, the term “interested shareholder” shall have the following meanings:

- (I) In the event that the Company makes a repurchase offer to all shareholders in equal proportions according to the provisions of the Article 34 herein, or repurchases its own shares through open transactions on a stock exchange, the “interested shareholder” shall be the controlling shareholder as defined in the Article 63 herein;
- (II) In the event that subject to the provisions of the Article 34 herein, the Company repurchases its shares by agreement outside the designated stock exchange, an “interested shareholder” means the shareholder to which the agreement relates;
- (III) In the Company’s restructuring scheme, “interested shareholder” means a shareholder who assumes liability in a proportion smaller than other shareholders of the same class or who has an interest in a restructuring scheme of the Company that is different from other shareholders in respect of such class of shares.

**Article 125.** Subject to the Article 124, any resolution at a class meeting shall be passed by more than two thirds of the voting rights by the shareholders of that class present at the class meeting.

The quorum required for the convening of the meeting of shareholders of a class of shares for the purpose of considering the amendment of the rights of any class of shares (other than a resumed meeting) shall be at least one third of the holders of the issued shares of that class.

**Article 126.** When the Company is to hold a class meeting, it shall notify all the registered shareholders of that class of the matters to be considered at and the date and place of the meeting and the period for giving written notice shall follow Article 76 of the Articles of Association. When the Company calculates the above period, the date of the meeting shall be excluded.

Where there is any special regulation under the listing rules of the place(s) where the Company's shares are listed, such provisions shall prevail.

**Article 127.** The notice of a class meeting need only be served on shareholders entitled to vote at such meeting.

Any class meeting shall, as far as possible, follow the procedures of the general meetings. Provisions of the Articles of Association relevant to procedures for the holding of a general meeting shall apply to class meetings.

**Article 128.** Save and except for the shareholders of other classes of shares, the shareholders of domestic shares and overseas listed foreign shares shall be deemed as different classes.

The special procedures for voting at a class meeting shall not apply to the following circumstances:

- (I) where the Company issues, upon approval by a special resolution of the general meeting, either separately or concurrently once every twelve months, domestic shares and overseas listed foreign shares, provided that the number of such shares to be issued shall not exceed twenty per cent of the outstanding shares of such class;
- (II) where the Company's plan to issue domestic shares and overseas listed foreign shares, upon its establishment is completed, within fifteen months from the date of approval by the securities regulatory authorities under the State Council;
- (III) where, subject to the approval of the State Council or the approval authority authorized thereby, the Company's shares held by the Company's shareholder of domestic shares are transferred to a foreign investor, and listed and traded on a foreign stock exchange.

## Chapter 10 Board of Directors

### Section 1 The Directors

**Article 129.** The directors of the Company shall be natural persons. Directors need not hold shares of the Company. The Company's directors shall include executive directors, non-executive directors and independent non- executive directors. The term "executive director" means a director who serves in an operational/management position in the Company. The term "non-executive director" means a director who does not serve in an operational/management position with the Company but who by law is not considered independent. The term "independent non- executive director" means a director who satisfies the provisions of the Articles 141 and 142 of the Articles of Association. Directors shall possess the qualifications required by law.

**Article 130.** Directors shall be elected or replaced by the general meeting and serve terms of three years. At the expiration of their terms, directors may continue to serve as such if re-elected.

The written notices of the intention to nominate director candidates and of the nominees indicating their willingness to accept the nomination shall be delivered to the Company no later than seven days before the holding of the general meeting. The period for such notice shall commence after the Company has given notice of the meeting in respect of the election and such period shall not be more than seven days before (or before) the date of the meeting.

The term of office of a director who is appointed by the board of directors to fill a casual vacancy of the board of directors or to increase the number of directors shall end at the next annual general meeting and such director shall be entitled to be re-elected at that time.

The term of office of a director shall count from the date on which he or she assumes his or her position until the expiration of the term of the incumbent board of directors. If an election is not timely held at the expiration of the term of service of a director, the incumbent director shall continue to perform his or her duties as a director in accordance with laws and the Articles of Association until the incoming director assumes his or her position.

The general meeting may not remove a director from office without cause before the expiration of his or her term of office. However, subject to relevant laws and administrative regulations, the general meeting may remove any director by an ordinary resolution (without prejudice to any claim for damages that such director may have under any contract) before the end of his or her term of office.

The general manager or other senior management may concurrently serve as directors, provided that the total number of directors who concurrently serve as the general manager or other senior management and the total number of directors who are served by employee representatives shall not exceed half of the total directors of the Company.

**Article 131.** Directors shall abide by laws and the Articles of Association, and bear the following fiduciary duties to the Company:

- (I) not taking advantage of his or her position to accept bribes or illegal income, not appropriating property of the Company;
- (II) not misappropriating the Company's funds;
- (III) not opening an account in his or her own name or in the name of another individual and depositing the Company's assets or funds therein;
- (IV) not breaching the requirements of the Articles of Association by lending the Company's funds to a third party or using the Company's property to provide guarantees for a third party without the consent of the general meeting or the board of directors;
- (V) not entering into contracts or transactions with the Company in breach of the Articles of Association or without the consent of the general meeting;
- (VI) not using the advantages of his or her office to appropriate for himself/herself or for others, business opportunities which rightly belong to the Company or operate a business for his or her own account or on behalf of others which is of the same type as the Company's business without the consent of the general meeting;

- (VII) not accepting for himself/herself commissions in connection with the Company's transactions;
- (VIII) not disclosing the Company's secrets without authorization;
- (IX) not using his or her connected relationships to harm the interests of the Company;
- (X) other fiduciary duties specified in the requirements of the laws and the Articles of Association.

Income derived by a director in breach of the Articles of Association shall belong to the Company. If the Company sustains a loss as result of such breach, the director shall be liable for damages.

**Article 132.** A director shall abide by laws and the Articles of Association, and bear the following obligations of diligence towards the Company:

- (I) prudently, conscientiously and diligently exercising the rights granted him or her by the Company, so as to ensure that the commercial acts of the Company comply with state laws and the requirements of the various economic policies of the state, and that its commercial activities do not exceed the scope of business specified on the business license;
- (II) treating all shareholders equally;
- (III) timely keeping abreast of the Company's business operation and management situation;
- (IV) signing written confirmation opinions on the regular reports of the Company so as to ensure that the information disclosed by the Company is true, accurate and complete;
- (V) providing true information and data to the supervisory committee and not interfering with the supervisory committee or supervisors in the exercise of their functions and powers;
- (VI) in principle, attending meetings of the board of directors in person and expressing clear opinions on the matters under discussion; if he or she is unable to attend a meeting in person, carefully selecting a proxy;

- (VII) carefully reading the Company's commercial and financial reports and major reports on the Company by the media, timely understanding and keeping abreast of the Company's business position, management situation and the material events or potential materials events of the Company and their impact, timely reporting to the board of directors problems existing in the Company's business activities and not attempting to shirk his or her responsibilities on the grounds that he or she is not directly involved in operations or management or was not aware of the relevant problem or situation;
- (VIII) other obligations of diligence specified in the requirements of the laws and the Articles of Association.

**Article 133.** If a director, other than an independent non-executive director, fails to personally attend a meeting of the board of directors and to appoint another director to attend the meetings on his behalf on two consecutive occasions, he or she shall be deemed unable to perform his duties and the board of directors shall propose to the general meeting that he or she be replaced.

**Article 134.** The non-executive directors shall have sufficient time and the necessary knowledge to perform their duties. When a non-executive director performs his or her duties, the company must provide the necessary information. The independent non-executive directors may report directly to the general meeting, the securities regulatory authority under the State Council and other relevant departments.

**Article 135.** Directors may tender their resignations before the expiration of their term of office. To resign, a director shall submit a written resignation to the board of directors. The board of directors shall disclose the relevant circumstances within two days.

If the resignation of a director causes the number of occupied seats on the board of directors to fall below the statutory minimum, the incumbent director shall continue to perform his or her duties as a director in accordance with laws and the Articles of Association until the incoming director assumes his or her position. His or her written resignation shall enter into effect only upon the new director taking up the vacancy left by his or her resignation.



The remaining directors shall convene an extraordinary general meeting as soon as possible to elect a director to fill the vacancy left by the resignation of the director. Until the general meeting has passed a resolution on electing a director, the powers of the resigning director and the remaining directors shall be subject to reasonable restrictions.

Except in the circumstance specified in the preceding paragraphs, a director's resignation shall be effective upon his or her written resignation being served on the board of directors.

**Article 136.** When a director's resignation becomes effective or his or her term of office expires, he or she shall duly carry out all handover procedures with the board of directors. His or her fiduciary duty to the Company and the shareholders shall not, as a matter of course, terminate at, and shall survive, the end of his or her term of office.

The director's obligation to maintain the confidentiality of the Company's trade secrets shall survive the end of his or her term, until such secrets enter the public domain. The term of survival of his or her other obligations shall be decided upon according to the principle of fairness, the time elapsed between the director's departure from office and the occurrence of the event, and the circumstances and conditions of the termination of his or her relationship with the Company.

**Article 137.** No director may act on behalf of the Company or the board of directors in his or her own name unless the Articles of Association specify that he or she may do so or he or she is lawfully authorized to do so by the board of directors. A director shall declare his position and capacity in advance if, when such director is acting in his or her private capacity, a third party would reasonably assume him or her to be acting on behalf of the Company or the board of directors.

**Article 138.** A director who causes the Company to sustain a loss as a result of a violation of a law or a breach of the Articles of Association by him or her during the performance of his or her Company duties shall be liable for damages. A director who causes the Company to sustain a loss due to his or her unauthorized departure from office prior to the end of his or her term shall be liable for damages.

## Section 2 Independent Non-Executive Directors

**Article 139.** The Company shall have independent non-executive directors. An independent non-executive director has a fiduciary duty and an obligation of diligence toward the Company and all its shareholders. Independent non-executive directors shall, pursuant to the requirements of relevant laws and the Articles of Association, conscientiously perform their duties and responsibilities, safeguard the company's overall interests and pay attention that the lawful rights and interests of the Company's shareholders, in particular, small and medium shareholders are not harmed.

Unless otherwise provided in this section, the provisions on the qualifications and obligations of directors of the Articles of Association shall apply to independent non-executive directors.

**Article 140.** The term "independent non-executive director of the Company" means a director who does not hold any position in the Company other than director and who has no relationship with the Company or its major shareholder(s) (meaning a shareholder who alone holds or shareholders who together hold more than 5 percent of the total voting shares of the Company) that could hinder his or her making independent and objective judgments, and who is in compliance with independence provisions of the rules of the stock exchange in the place where Company shares are listed.

**Article 141.** A person holding the position of independent non-executive director shall satisfy the basic conditions set forth below:

- (I) being eligible to hold the position of director in a listed company pursuant to the laws, administrative regulations, the listing rules of the stock exchange on which the Company's shares are listed and other relevant Provisions;
- (II) performing his or her duties and responsibilities independently, without interference from the major shareholder(s) or the actual controller of the Company, or other entities or individuals that have a material interest in, the Company;
- (III) having a basic knowledge of the operation of listed companies and being familiar with relevant laws and rules;

- (IV) having more than five years of experience in law, economics, financial accounting or other work experience required for performing the duties and responsibilities of an independent non- executive director;
- (V) ensuring that he or she has sufficient time and energy to effectively perform his or her duties and responsibilities and undertaking that he or she will scrupulously perform his or her duties in a steadfast manner and act with due diligence and care;
- (VI) satisfying the requirements in respect of the qualifications of an independent non-executive director of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

**Article 142.** The following persons may not serve as independent non-executive directors:

- (I) persons holding a position in the Company or a subsidiary thereof and their lineal relatives and major social relations;
- (II) natural person shareholders who directly or indirectly hold more than 1 percent of the outstanding shares of the Company or who rank among the top ten shareholders of the Company, and their lineal relatives;
- (III) persons who hold positions in entities that directly or indirectly hold more than 5 percent of the outstanding shares of the Company or that rank among the top five shareholders of the Company, and their lineal relatives;
- (IV) persons who provide financial, legal, consultancy or other such services to the Company or its subsidiaries, and their lineal relatives;
- (V) persons who, at any time during the immediately preceding period of one year, have fallen into any of the four categories listed above;
- (VI) other persons that laws, the securities regulator of the place where Company shares are listed or other relevant regulator specify may not serve as an independent non-executive director.

**Article 143.** At least one-third of the members of the board of directors of the Company shall be independent non-executive directors, and the number of independent non-executive directors of the Company shall be at least three, of whom at least one shall be a financial or accounting professional as determined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

If an independent non-executive director fails to meet the conditions of independence or another circumstance arises which makes it inappropriate for him or her to perform his or her duties and responsibilities as an independent non-executive director, thereby causing the failure of the Company to meet the requirements of the Articles of Association concerning the number of independent non-executive directors, the Company shall make up the number of independent non-executive directors in accordance with regulations.

**Article 144.** The term of office of independent non-executive directors shall be the same as that of the other directors of the Company. At the expiration of their terms, they may continue to serve if re-elected, but they may not serve more than six years in succession.

**Article 145.** If an independent non-executive director fails on three consecutive occasions to personally attend a meeting of the board of directors, the board of directors shall request that the general meeting replace him or her.

An independent non-executive director may not be removed without cause before the expiration of his or her term, unless any of the circumstances set forth in the Article 143, or the circumstance mentioned in the preceding paragraph or a circumstance under which a person may not hold the position of director specified in the Company Law, arises. If an independent non-executive director is removed before the expiration of his or her term, the Company shall disclose his or her removal as a matter for special disclosure. If the removed independent non-executive director is of the opinion that the Company's grounds for removing him or her are not justified, he or she may make a public statement to that effect.

**Article 146.** An independent non-executive director may tender his or her resignation before the expiration of his or her term. When an independent non-executive director resigns, he or she shall submit a written resignation to the board of directors in which he or she provides information on any circumstances related to his or her resignation or any circumstances to which he or she believes the attention of the Company and its creditors must be drawn.

If the resignation of an independent non-executive director causes the number of independent non-executive directors on the Company's board of directors to fall below the minimum required by law, the written resignation of the said independent non-executive director shall enter into effect only after the incoming independent non-executive director fills the vacancy.

**Article 147.** So that the advantage of having independent non-executive directors is fully exploited, in addition to the functions and powers granted directors under laws and the Articles of Association, independent non- executive directors shall have the following special functions and powers:

(I) material connected transactions (as determined based on the criteria issued by the competent regulator from time to time) shall be submitted to the board of directors for deliberation after the approval of the independent non-executive directors;

before rendering their judgment, independent non-executive directors may engage an intermediary organization to issue an independent financial consultant report for use as a basis for rendering their judgment; the expenses therefor shall be borne by the Company;

(II) proposing the engagement or dismissal of an accounting firm to the board of directors;

(III) proposing to the board of directors the convening of an extraordinary general meeting;

(IV) proposing the convening of meetings of the board of directors;

(V) independently engaging external auditors and consultants;

(VI) openly soliciting shareholders' voting rights before the holding of a general meeting.

The expenses incurred by independent non-executive directors in engaging intermediary organizations or required when otherwise exercising their functions and powers shall be borne by the Company.

**Article 148.** In addition to performing the duties and responsibilities mentioned above, independent non-executive directors shall express their independent opinions to the board of directors or the general meeting on matters that require the independent opinions from the independent non-executive directors which required by the listing rule of the stock exchange where the Company's shares are listed.

### **Section 3 Board of Directors**

**Article 149.** The Company shall have a board of directors which, as the permanent body responsible for making the business decisions of the Company, shall be accountable to the general meeting. The board of directors shall consist of nine directors, with three executive directors, three non-executive directors and three independent non-executive directors.

The board of directors shall have one chairman. The Chairman of the board of directors shall be elected and removed by more than half of all the directors. The Chairman of the board of directors shall serve terms of three years and may serve consecutive terms if re-elected.

**Article 150.** The board of directors shall be accountable to the general meeting and exercise the following functions and powers:

- (I) to convene general meetings and to report on its work to the general meeting;
- (II) to implement the resolutions of the general meeting;
- (III) to decide on the business plans, investment plans and financing plans of the Company;
- (IV) to formulate the plans for annual financial budgets and final accounts of the Company;
- (V) to formulate the profit distribution plans and plans for making up losses of the Company;
- (VI) to formulate plans for the increase or reduction of the registered capital of the Company and plans for the issuance of bonds;
- (VII) to formulate plans for the issuance of other securities and plans for listing;
- (VIII) to draft plans for the merger, division or dissolution of the Company;

- (IX) to draft plans for changes in the corporate form of the Company;
- (X) to draft plans for major acquisitions of the Company and the buyback of the Company's own shares;
- (XI) to decide on such matters as the Company's investments in third parties, purchase and sale of assets, asset mortgages, the provision of security for third parties, entrustment of financial services, connected transactions, etc., to the extent authorized by the general meeting;
- (XII) to formulate amendments to the Articles of Association;
- (XIII) to appoint or remove the general manager and the secretary to the board of directors of the Company, to appoint or remove any other member of the senior management including the deputy general manager and the chief financial officer of the Company based on the nominations of the general manager, and to decide on their remuneration as well as reward and punishment issues;
- (XIV) to decide on the establishment of the Company's internal management organization;
- (XV) to formulate the basic management systems of the Company;
- (XVI) to manage the Company's information disclosure matters;
- (XVII) to propose to the general meeting the appointment or replacement of an accounting firm as the Company's auditor;
- (XVIII) to listen to the work reports of the Company's general manager and inspect his or her work;
- (XIX) other functions and powers provided for in laws, the Articles of Association and granted by the general meeting.

Resolutions by the board of directors on the matters referred to in the preceding paragraph shall be passed by the affirmative vote of more than two-thirds of all of the directors on the matters referred to in items (6), (8) and (12). The board of directors shall make a resolution on the guarantee matters within the scope of its license, and must also examine and approve by more than half of the directors of the Company or more than two-thirds of the directors present, whichever is greater. Other matters shall be passed by the affirmative vote of more than one half of all of the directors.

**Article 151.** The board of directors shall give explanations to the general meeting in respect of audit reports with non-standard audit opinions issued by certified public accountants in respect of financial reports of the Company.

**Article 152.** According to the needs of the Company, as considered and approved by the general meeting, the board of directors shall set up such special committees as a strategy and investment committee, a nomination committee, an audit and risk management committee, and a remuneration and evaluation Committee, and other special committees that the board of directors deems necessary to establish, where are accountable to the board of directors. The members of the special committees shall consist entirely of directors and shall be elected by the board of directors. The rules of procedure for each of the special committees of the board of directors shall be formulated by the board of directors.

All of the special committees under the board of directors shall be accountable to the board of directors, and, under the unified leadership of the board of directors, shall provide recommendations and advice for the decisions to be made by the board of directors.

The special committees may engage intermediary organizations to provide independent professional advice, and the relevant expenses therefor shall be borne by the Company.

**Article 153.** When the board of directors intends to dispose of fixed assets and the sum of the expected value of the consideration for the proposed disposal and the value of the consideration for disposal of fixed assets made in the four months immediately preceding the proposed disposal exceeds 33 percent of the value of the fixed assets shown in the last balance sheet placed before the general meeting, the board of directors may not dispose of or agree to the disposal of the fixed assets without the approval of the general meeting.

For the purposes of the Articles of Association, the term “disposal of fixed assets” shall include the assignment of certain interests in assets but exclude the provision of fixed assets as guarantee.

The validity of transactions whereby the Company disposes of fixed assets shall not be affected by the breach of the first paragraph of the Articles of Association.



**Article 154.** The Chairman of the board of directors of the Company shall exercise the following functions and powers:

- (I) to preside over general meetings and to convene and preside over meetings of the board of directors;
- (II) to procure and inspect the implementation of the resolutions of the board of directors;
- (III) to sign the Company's share certificates, the Company's bonds and other negotiable securities;
- (IV) to sign important documents of the board of directors and to represent the Company in signing with third parties important documents that are legally binding;
- (V) other functions and powers granted by the board of directors.

**Article 155.** If the Chairman of the board of directors is unable to perform his or her duties or fails to perform his or her duties, a director elected by more than one half of the directors shall perform such duties.

**Article 156.** Meetings of the board of directors are divided into regular meetings and interim meetings.

The board of directors shall hold at least two regular meetings each in the first half and second half of the year. Meetings shall be convened by the Chairman of the board of directors.

The Chairman of the board of directors shall convene an interim meeting of the board of directors within 10 days if:

- (I) it is proposed by shareholders representing more than 10 percent of the voting rights;
- (II) it is proposed by the supervisory committee;
- (III) the Chairman of the board of directors deems it necessary;
- (IV) it is proposed by one-third of the directors;
- (V) it is proposed by more than two of the independent non-executive directors;
- (VI) it is proposed by the general manager of the Company; or

- (VII) another circumstance specified in the requirements of the laws or the Articles of Association.

**Article 157.** When the board of directors calls a regular meeting or interim meeting, the office of the board of directors shall deliver a written meeting notice with seal of the office of the board of directors to all of the directors, supervisors, general manager and the secretary to the board of directors by hand, mail or fax 14 days prior to the date of a regular meeting or 5 days prior to an interim meeting. If service is made indirectly, confirmation shall additionally be made by telephone and the appropriate record thereof shall be made.

If an interim meeting of the board of directors needs to be held as soon as possible due to urgent circumstances, a meeting notice may be given at any time by telephone or other oral method, provided that the convener gives an explanation thereof at the meeting and the same is included in the meeting minutes.

**Article 158.** A notice of a meeting of the board of directors shall include the following particulars:

- (I) the date and venue of the meeting;
- (II) the method by which the meeting is to be held;
- (III) the duration of the meeting;
- (IV) the reasons for holding the meeting and the topics to be discussed thereat;
- (V) the names of the convener and chairman of the Company, the name of the person who proposed the interim meeting and his or her written proposal;
- (VI) the meeting materials necessary for the vote by the directors, including the background materials related to the topics to be discussed at the meeting and the information and data that would be of assistance to the directors in understanding the business development of the Company;
- (VII) a request that the director attend in person or that he appoint another director to attend the meeting on his or her behalf;

(VIII) the name of the contact person and his or her contact information; and

(IX) the date of issuance of the notice.

A notice given orally shall, at minimum, include the particulars set forth in items (I) and (II) above and an explanation to the effect that circumstances are urgent and an interim meeting of the board of directors needs to be held as soon as possible.

**Article 159.** For any major matters to be determined by the board of directors, the notice shall be sent to all executive directors and non-executive directors according to the time ruled in the Articles of Association. Meanwhile, sufficient information shall be provided and the regulated procedures shall be carried out strictly. The directors are entitled to request supplementary materials. When more than one-fourths of the directors or two or more non-executive directors fail to make a judgement on the relevant matter due to, among others, in the opinion of such directors, the unclear and unspecific proposals put forward by the board of directors or insufficient meeting materials, they may jointly propose to postpone the meeting of the board of directors or consideration on certain matters by the board of directors, and the board of directors shall accept such suggestions accordingly.

The directors who proposed postponement of the discussion shall put forth clear requirements in respect of the conditions that are to be satisfied for the proposal to be submitted again for consideration.

**Article 160.** Meetings of the board of directors may be held only if more than one half of the directors are present. In the event that a quorum for holding a meeting cannot be satisfied due to the refusal or failure by a director or directors to attend, the chairman of the board of directors and the secretary to the board of directors shall promptly report the same to the regulator.

Supervisors may attend meetings of the board of directors. The general manager and the secretary to the board of directors, if they do not concurrently serve as directors, shall attend meetings of the board of directors. When the convener of the meeting deems it necessary, he may notify other relevant persons to attend a meeting of the board of directors.

**Article 161.** Meetings of the board of directors shall be attended by the directors in person. If a director is unable to attend a meeting for any reason, he shall review the meeting materials in advance, form a clear opinion thereon and appoint another director in writing to attend the meeting on his behalf.

Such instrument of appointment shall specify:

- (I) the names of the principal and the proxy;
- (II) the principal's brief opinion on each motion;
- (III) the scope of authorization granted by the principal and his instructions on voting preferences with respect to the motions;
- (IV) the term of validity of the appointment;
- (V) whether the proxy has the right to vote on extempore proposals that may be added to the agenda of the meeting of the board of directors and the specific instructions as to what vote to cast if he has such right to vote; and
- (VI) the principal's signature or seal and the date.

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 of directors and has not appointed a proxy to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at such meeting.

**Article 162.** Once each motion has been fully discussed, the chairman shall put forward such motion for the directors present at the meeting to vote thereon.

When voting on resolutions of the board of the directors, each director shall have one vote.

The voting options open to directors are consent, opposition or abstention. The directors present at a meeting shall select one from the foregoing options. If a director fails to select any of the options or selects two or more of the options, the chairman of the meeting shall require him to select again. If he refuses to make a selection, he shall be deemed to abstain. If a director leaves the venue during the course of a meeting without returning to make a selection, he shall be deemed to abstain.

**Article 163.** Votes at meetings of the board of directors held in person (including meetings held by videoconference) shall be held by disclosed ballot. If a director attends a meeting held in person by telephone conference or by way of other such communication equipment, so long as the directors attending the meeting in person can clearly hear what he says and communicate with him or her, all the directors in attendance shall be deemed to have attended the meeting in person. Subject to ensuring the full expression by the directors of their opinions at a meeting of the board of directors, votes may be held and resolutions adopted by means of correspondence, and such resolutions shall be signed by the directors in attendance. A deadline shall be set for votes held by means of correspondence, and if a director fails to express his or her opinion by the specified deadline, he shall be deemed to abstain.

For a motion deliberated on at a meeting of the board of directors to be carried and constitute the corresponding resolution, more than half of all directors of the Company must cast an affirmative vote therefor. When the numbers of votes for and against are equal, the chairman of the board of directors shall have a casting vote. If the law or the Articles of Association require the consent of a larger number of directors for the adoption of a resolution, such provisions shall prevail.

In the event of a conflict between the content and implication of different resolutions, the resolution adopted the later in time shall prevail.

**Article 164.** The director shall not vote on any resolution of the board of directors with respect to any contract or arrangement or any other suggestion which has substantial interests via himself or any of his close contact person, nor shall he exercise such voting rights on behalf of other directors. When determining whether the number of persons present at the meeting of the board of directors reach the quorum, such directors may not be counted as part of the quorum.

Under circumstance set forth above, such a meeting of the board of directors may be held only if more than one half of the directors without a connected relationship are present, and the resolutions made at such a meeting of the board of directors shall require adoption by more than one half of the directors without a connected relationship. If the meeting of the board of directors is attended by less than three directors without a connected relationship, the matter shall be submitted to the general meeting for consideration.

**Article 165.** The Company shall announce resolutions of the board of directors in accordance with relevant laws and the rules of the stock exchange.

**Article 166.** The functional departments of the Company have an obligation to provide information and data to the board of directors for decision making purposes. The functional departments providing such information and data and relevant persons shall be liable for the truthfulness, accuracy and completeness of internally sourced and objectively describable information. Information and data externally sourced may be provided to the board of directors for reference in making decisions only after the reliability thereof has been assessed, and an account thereof shall be given to the board of directors.

**Article 167.** The board of directors shall keep minutes of its decisions on the matters considered at its meetings. The directors attending a meeting and the person taking the minutes shall sign the minutes of the meeting. If a director has an objection to the meeting minutes or a resolution of the board of directors, he may give a written explanation thereof at the time of signing. When necessary, he shall promptly report the same to the securities regulator, or he may make a public statement thereon.

If a director fails to sign the meeting minutes in confirmation in accordance with the preceding paragraph, does not give a written explanation of his objections and does not report to the securities regulator or make a public statement, he shall be deemed as being in full agreement with the meeting minutes and the record of resolutions and may not be released from liability for the contents of the relevant meeting minutes and resolutions.

The directors shall be liable for the resolutions of the board of directors. If a resolution of the board of directors is in violation of laws, administrative regulations or the 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 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.

**Article 168.** Minutes of meetings of the board of directors shall contain the following particulars:

- (I) the session, time and venue of the meeting and the method by which it was held;
- (II) details on the issuance of the meeting notice;
- (III) the names of the convener and chairman of the meeting;
- (IV) the names of the attending directors and the names of the directors (proxies) attending the meeting upon appointment by other directors;
- (V) the meeting agenda;
- (VI) the motions considered at the meeting, and the gist of the statements and the main opinions of the directors;
- (VII) the voting method for, and outcome of, each matter that was the subject of a resolution (the results of the vote shall state the number of votes for, votes against and abstentions);
- (VIII) other matters that the attending directors deem necessary to include in the minutes.

**Article 169.** The resolutions and minutes of meetings of the board of directors, together with the meeting notice, meeting materials, sign-in register, the instruments of appointment of director proxies, the sound recording of the meeting and the vote ballots shall serve as company files and be kept by the office of the board of directors for a period of not less than 20 years.

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

**Article 170.** The Company shall have a secretary to the board of directors, who shall be nominated by the chairman of the board of directors and appointed and dismissed by the board of directors. The secretary to the board of directors shall be a member of the senior management of the Company and be accountable to the board of directors.

**Article 171.** The secretary to the board of directors shall be a natural person with the necessary professional knowledge and experience. He shall be appointed by the board of directors. His main duties shall be as set forth below:

- (I) to ensure the completeness of the constitutional documents and records of the Company; to assist the directors with their handling of the day-to-day business of the board of directors; to provide the directors with, remind the directors of, and ensure that the directors are aware of, the regulations, policies and requirements of domestic and foreign regulators in respect of the operation of companies; and to assist the directors and the general manager in their compliance with domestic and foreign laws, the Articles of Association and other relevant regulations when they are exercising their functions and powers;
- (II) to be responsible for organizing and preparing the documents of the board of directors and the general meeting; to duly keep meeting minutes; to ensure that decisions made at meetings are made in accordance with statutory procedure and to keep abreast of the implementation of the resolutions of the board of directors;
- (III) to be responsible for arranging and coordinating the disclosure of information, coordinating the relationship with investors and enhancing the transparency of the Company;
- (IV) to participate in arranging capital market financing; and
- (V) to handle relations with intermediary organizations, regulators and the media, and to coordinate public relations.



The scope of the duties and responsibilities of the secretary to the board of directors shall be as set forth below:

- (I) to organize and prepare meetings of the board of directors and general meetings, prepare meeting materials, arrange relevant meeting matters, be responsible for recording meeting minutes and ensure accuracy of records, maintain meeting documents and minutes and initiatively get to know the execution of relevant resolutions, as well as report and make recommendation to the board of directors regarding the important issues in implementation;
- (II) to ensure that the material matters on which the board of directors of the Company has reached decisions are carried out in strict accordance with the prescribed procedure; at the request of the board of directors, to participate in and arrange for advice and analysis of matters on which the board of directors is to make decisions and put forward pertinent opinions and recommendations; to handle, upon appointment, the day- to- day work of the board of directors and its relevant special committees;
- (III) as the contact person between the Company and the securities regulator, to be responsible for arranging for the preparation and timely delivery of the documents requested by the regulator and to be responsible for accepting the relevant tasks assigned by the regulator and arranging for their completion;
- (IV) to be responsible for coordinating and arranging information disclosure by the Company and the establishment of a sound information disclosure system, to attend all meetings of the Company relating to information disclosure and to be aware at all times of the material business decisions and relevant information and data of the Company;
- (V) to be responsible for maintaining the confidentiality of price sensitive information of the Company and to formulate a practical and effective confidentiality system and measures; where the price sensitive information of the Company is leaked for any reason, to take necessary remedial measures, to timely explain and clarify the same and inform the regulator of the place where shares of the Company are listed;
- (VI) to be responsible for coordinating the reception of visitors and maintaining communication with the media, to be responsible for coordinating responses to questions posed by the public and to arrange for the reporting of relevant matters to the CSRC;
- (VII) to ensure that the register of shareholders of the Company is duly kept and to ensure that persons with the right to receive relevant records and documents of the Company receive such records and documents in a timely manner;

- (VIII) to assist the directors and the general manager in their compliance with domestic and foreign laws, the Articles of Association and other relevant regulations when they are exercising their functions and powers; when they become aware that the Company has adopted or could adopt a resolution that violates relevant regulations, they are under obligation to make timely reminder and have the right to truthfully report the same to the relevant regulators;
- (IX) to coordinate the provision of necessary information and data to the supervisory committee of the Company and other review organizations when they are performing their monitoring functions and to assist in the investigation into the performance by the financial controller, directors and the general manager of the Company of their fiduciary duties;
- (X) to perform other functions and powers granted by the board of directors and other functions and powers required in the place where shares of the Company are listed.

**Article 172.** Directors or other senior management of the Company may concurrently act as the secretary to the board of directors. No accountant(s) of the accounting firm that is appointed by the Company may concurrently act as the secretary to the board of directors.

Where the secretary to the board of directors concurrently act as a director, for an act which is required to be made by a director and the secretary to the board of directors separately, the person who concurrently acts as a director and the secretary to the board of directors may not perform the act in dual capacity.

## **Chapter 12 General Manager and Other Senior Management**

**Article 173.** The Company shall have one general manager, several deputy general managers, one chief financial officer and one secretary to the board of directors, all of whom shall be appointed or dismissed by the board of directors.

The term of office of each general manager and deputy general manager shall be three years, renewable upon re-appointment.

A director may concurrently act as the general manager or other senior management, while the number of directors acting concurrently as senior management shall not be more than half of the total number of directors.

**Article 174.** Persons who hold any position other than that of director in the Company's controlling shareholder or de facto controller shall not serve as senior management of the Company.

There shall be no more than two senior management members (chairman, vice chairman and executive directors) of the controlling organizations concurrently acting as the chairman and executive directors of the Company, and such duties of each position shall be clearly distinguished. They shall assume the statutory duties and exercise the statutory rights attached to such positions they are concurrently holding, and ensure that they have sufficient time and necessary knowledge to undertake their works in the Company. Management members of controlling organizations shall not concurrently act as the manager, deputy manager, chief financial controller, sales and marketing manager and secretary to the board of directors of the Company.

**Article 175.** The general manager shall be accountable to the board of directors and shall exercise the following functions and powers:

- (I) to be in charge of the production, operation and management of the Company, and to organize the implementation of the resolutions of the board of directors and report on works to the board of directors;
- (II) to organize the implementation of the annual business plan and investment proposals for the Company;
- (III) to draft plans for the establishment of the internal management structure of the Company;
- (IV) to draft the basic management policies of the Company;
- (V) to formulate basic rules and regulations for the Company;
- (VI) to propose the appointment or dismissal by the board of directors of the deputy general manager and chief financial officer of the Company;

- (VII) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors;
- (VIII) to propose the holding of interim meetings of the board of directors;
- (IX) other functions and powers granted by the Articles of Association or the board of directors.

**Article 176.** When working out issues that involve the immediate interests of the employees of the Company, such as wages, benefits, work safety, labor protection, social insurance or dismissal (or removal) of employees of the Company, the general manager shall first listen to the opinions of the labor union and the employee representative congress.

**Article 177.** At the request of the board of directors or the supervisory committee, the general manager shall timely report on the execution and performance of material contracts of the Company, on the application of funds and on profits and losses. The general manager shall ensure the truthfulness, objectivity and completeness of such reports.

**Article 178.** The general manager shall attend meetings of the board of directors. If the general manager is not a director, he shall not have the right to vote at meetings of the board of directors.

**Article 179.** The general manager shall formulate the Working Rules of General Manager and implement the same after approved by the board of directors.

**Article 180.** The general manager may tender his or her resignation before the end of his/her term. The specific procedure and method for resignation by the general manager shall be provided for in the engagement contract between the general manager and the Company.

**Article 181.** In the exercise of his or her functions and powers, the general manager shall perform his or her fiduciary duty and obligation of diligence in accordance with laws and the Articles of Association. If the general manager violates the law or breaches the Articles of Association in the course of performing his or her duties for the Company, thereby causing the Company to sustain a loss, he or she shall be liable for damages.

## Chapter 13 Supervisory Committee

### Section 1 Supervisors

**Article 182.** Directors, the general manager and other senior management may not concurrently serve as supervisors.

**Article 183.** Supervisors shall serve terms of three years. Upon expiration of their term, supervisors may serve consecutive terms if re-elected.

**Article 184.** Supervisors may not be removed from office during their term of service without cause.

A supervisor may tender his or her resignation before the end of his or her term. When a supervisor wishes to resign, he or she shall submit a written resignation to the supervisory committee.

**Article 185.** If the number of members of the supervisory committee falls below the statutory number due to a failure to timely elect a supervisor upon expiration of a supervisor's term of office or due to the resignation of a supervisor during his or her term of office, the incumbent supervisor shall continue to perform his or her duties as supervisor in accordance with laws and the Articles of Association until the incoming supervisor takes up his or her position.

**Article 186.** Supervisors shall ensure that the information disclosed by the Company is true, accurate and complete.

**Article 187.** Supervisors may attend meetings of the board of directors in a non-voting capacity and raise questions or make suggestions in respect of matters that are the subject of resolutions of the board of directors.

**Article 188.** A supervisor shall not use his or her connected relationships to harm the interests of the Company and shall be liable for damages if the Company suffers loss as a result thereof.

**Article 189.** Supervisors shall perform their supervisory duties faithfully and diligently in accordance with laws and the Articles of Association.

If a supervisor violates a law or breaches the Articles of Association in performing his or her duties for the Company, thereby causing the Company to sustain a loss, he or she shall be liable for damages.

## Section 2 Supervisory Committee

**Article 190.** The Company shall have a supervisory committee, which shall consist of seven supervisors. The supervisory committee shall have one chairman, whose appointment and dismissal shall be subject to the affirmative vote of at least two-thirds (inclusive) of the members of the supervisory committee. The chairman of the supervisory committee shall convene and preside over meetings of the supervisory committee. If the chairman of the supervisory committee is unable or fails to perform his or her duties, a supervisor jointly selected by at least one half of the supervisors shall convene and preside over a meeting.

The supervisory committee shall include two supervisors who represent the shareholders, three supervisors who represent the employees and two independent supervisors.

The supervisors who represent the shareholders shall be elected or removed from office by the general meeting, the independent supervisors shall be appointed and dismissed by the general meeting, and the supervisors who represent the employees shall be democratically elected or removed from office by employees of the Company.

**Article 191.** The supervisory committee shall be accountable to the general meeting and exercise the following functions and powers in accordance with the law:

- (I) to review the regular reports of the Company prepared by the board of directors and to submit written review opinions thereon;
- (II) to examine the financial accounts of the Company, and, when necessary, appoint a separate accounting firm in the Company's name to independently review the financial accounts of the Company;
- (III) to supervise the directors, the general manager and other senior management in the performance of their duties for the Company and to propose the removal of directors or senior management who violate the laws or breach the Articles of Association or resolutions of the general meeting;
- (IV) if an act of a director or the general manager or another senior management is detrimental to the Company's interests, to require him or her to correct such act;

- (V) to propose the holding of extraordinary general meetings and, in the event that the board of directors fails to perform its duty of convening and presiding over a general meeting, to convene and preside over such a meeting in accordance with the law;
- (VI) to submit motions to the general meeting;
- (VII) to sue directors or senior management in accordance with relevant laws;
- (VIII) to conduct an investigation and, if necessary, engage professional organizations, such as accounting firms and law firms, to assist it in its work in the event that it discovers any irregularities in the operation of the Company.

The reasonable expenses incurred in engaging a professional, such as a lawyer, certified public accountant and professional auditor, by the supervisory committee in exercising its functions and powers shall be borne by the Company.

**Article 192.** Meetings of the supervisory committee are divided into regular meetings and interim meetings.

At least one regular meeting of the supervisory committee shall be held in the first half of each year and in the second half of each year. Meetings shall be convened by the chairman of the supervisory committee. A notice of the regular meeting shall be given to all supervisors 10 days prior to the convening of such meeting.

Supervisors may propose the calling of interim meetings of the supervisory committee. A notice of the interim meeting shall be issued 5 days prior to the convening of such meeting.

A notice of a meeting of the supervisory committee shall include the following particulars:

- (I) date, venue, and duration of the meeting;
- (II) causes and issues of discussion;
- (III) date of issuance of notice.

**Article 193.** Meetings of the supervisory committee may be held only if more than one half of the supervisors are present. In the event that a quorum for holding a meeting cannot be satisfied due to the refusal or failure by a supervisor or supervisors to attend, other supervisors shall promptly report the same to the general meeting or the regulatory authority where the securities are listed.

**Article 194.** Votes at meetings of the supervisory committee shall be held by disclosed ballot and each supervisor shall have one vote.

Votes at meetings of the supervisory committee held in person (including meetings held by videoconference) may be conducted by a show of hands or disclosed ballot. If a supervisor attends a meeting held in person by telephone conference or by way of other such communication equipment, so long as the supervisors attending the meeting in person can clearly hear what he or she says and communicate with him or her, all the supervisors in attendance shall be deemed to have attended the meeting in person. Subject to ensuring the full expression by the supervisors of their opinions at a meeting of the supervisory committee, votes may be held and resolutions adopted by means of communication, and such resolutions shall be signed by the supervisors in attendance. A deadline shall be set for votes held by means of communication, and if a supervisor fails to express his or her opinion by the specified deadline, he or she shall be deemed to abstain.

The voting options open to supervisors are consent, opposition or abstention. The supervisors present at a meeting shall select one from the foregoing options. If a supervisor fails to select any of the options or selects two or more of the options, the chairman of the meeting shall require him or her to select again. If he or she refuses to make a selection, he or she shall be deemed to abstain.

Resolutions of the supervisory committee shall require the affirmative vote of at least two-thirds of the members of the supervisory committee for adoption.

**Article 195.** The Company shall announce resolutions of the supervisory committee in accordance with the relevant laws and the rules of the stock exchange. The supervisors shall ensure that the contents of announcements of resolutions of the supervisory committee are true, accurate and complete, and do not contain any false or misleading statements or material omissions.



**Article 196.** Minutes shall be kept on the decisions taken on the matters considered at meetings of the supervisory committee. Such minutes shall contain the following particulars:

- (I) the session, date and venue of the meeting;
- (II) the names of the convener and chairman of the meeting;
- (III) details of the attendance at the meeting;
- (IV) the meeting agenda;
- (V) the motions considered at the meeting, and the gist of the statements and the main opinions of the supervisors, and their voting intentions thereon;
- (VI) the voting method for, and outcome of, each motion (the results of the vote shall state the number of votes for, votes against and abstentions);
- (VII) other matters that the attending supervisors deem necessary to include in the minutes.

**Article 197.** The supervisors attending the meeting shall sign the minutes of the meeting in confirmation. If a supervisor has an objection to the meeting minutes, he or she may give a written explanation thereof at the time of signing. When necessary, he or she shall promptly report the same to the regulator, or he or she may make a public statement thereon.

If a supervisor fails to sign the meeting minutes in confirmation in accordance with the preceding paragraph, does not give a written explanation of his or her objections and does not report to the regulator or make a public statement, he or she shall be deemed as being in full agreement with the meeting minutes.

**Article 198.** The minutes of meetings of the supervisory committee, together with the meeting notice, meeting materials, sign-in register, the instruments of appointment of supervisor proxies, the sound recording of the meeting and the vote ballots shall serve as company files and be kept by the office of the supervisory committee for a period of not less than 20 years.

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

**Article 199.** None of the following persons may serve as a director, supervisor, the general manager or other senior management 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 individual 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 such 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 of such companies or enterprises;
- (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 due to the violation of the criminal law, and such cases are still pending;
- (VII) persons who may not serve as leaders of enterprises by virtue of laws;
- (VIII) non-natural persons;

- (IX) persons ruled by a competent authority to have violated securities-related 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 stipulated by laws and regulations applicable in the place where the shares of the Company are listed.

If a director, supervisor, the general manager or other senior management is elected or appointed in violation of the Articles of Association, such election, appointment or engagement shall be invalid.

**Article 200.** The validity of an act of a director, the general manager or other senior management 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 holding of such office, election or qualifications.

**Article 201.** In addition to the obligations imposed by laws, administrative regulations and the listing rules of the stock exchanges on which shares of the Company are listed, the directors, supervisors, the general manager and other senior management of the Company 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, unless pursuant to a restructuring of the Company submitted to and adopted by the general meeting in accordance with the Articles of Association.

**Article 202.** The directors, supervisors, general manager and other senior management of the Company shall have an obligation, in the exercise of their rights or discharge of their obligations, to perform their acts with care, diligence and skill that a reasonably prudent person should exercise in comparable circumstances.

**Article 203.** The directors, supervisors, general manager and other senior management of the Company must, in the performance of their duties and responsibilities, abide by the fiduciary principle and shall not place themselves in a position where their personal interests and their duties may conflict. This principle shall include but not be limited to the fulfillment of the following obligations:

- (I) to act honestly in the best interest of the Company;
- (II) to exercise powers within the scope of their functions and powers and not to exceed such powers;
- (III) to personally exercise the discretion vested in him or her and not allow himself or herself to be manipulated by another person and, unless permitted by laws or with the informed consent of the general meeting, not to delegate the exercise of his or her discretion;
- (IV) to accord equal treatment to shareholders of the same class and fair treatment to shareholders of different classes;
- (V) not to conclude a contract or enter into a transaction or arrangement with the Company except as otherwise provided in the Articles of Association or with the informed consent of the general meeting;
- (VI) not to use property of the Company for his or her own benefit in any way without the informed consent of the general meeting;
- (VII) not to use his or her functions and powers as a means to accept bribes or other forms of illegal income, and not to illegally appropriate property of the Company in any way, including but not limited to any opportunities that are advantageous to the Company;
- (VIII) not to accept commissions in connection with transactions of the Company without the informed consent of the general meeting;

- (IX) to abide by the Articles of Association, to perform his or her duties faithfully, to protect the interests of the Company, and not to use his or her position, functions and powers in the Company to seek personal gains;
- (X) not to use the advantages of his or her office to appropriate for himself/herself or for others, business opportunities which rightly belong to the Company, operate a business for his own account or on behalf of others which is of the same type as the business of the Company or compete with the Company in any way without the informed consent of the general meeting;
- (XI) not to divert funds of the Company, not to deposit assets or funds of the Company in accounts opened in his or her own or in other names;
- (XII) not to, in breach of the Articles of Association, lend funds of the Company to others, and not to use property of the Company as security for the debts owed by shareholders of the Company or other individuals without the consent of the general meeting or board of directors;
- (XIII) not to use his or her connected relationships to harm the interests of the Company; and
- (XIV) without the informed consent of the general meeting, not to disclose confidential information relating to the Company that was acquired by him or her during his or her tenure; and not to use such information except in the furtherance of the interests of the Company; however, such information may be disclosed to a court or other competent government authorities if:
  - (1) provided for by law;
  - (2) required in the public interest;
  - (3) required in the personal interest of such director, supervisor, general manager or other senior management.

**Article 204.** A director, a supervisor, the general manager or other senior management of the Company may not incite the following persons or organizations (“connected persons”) to do what such director, supervisor, general manager or other senior management may not do:

- (I) the spouse or a minor child of such director, supervisor, general manager or other senior management of the Company;
- (II) a trustee of such director, supervisor, general manager or other senior management of the Company or of any person referred to in item (I) hereof;
- (III) a partner of such director, supervisor, general manager or other senior management of the Company or of any person referred to in items (I) and (II) hereof;
- (IV) a company over which such director, supervisor, general manager or other senior management of the Company, alone or jointly with any person referred to in items (I), (II) and (III) hereof or any other director, supervisor, general manager or other senior management of the Company, has de facto control; and
- (V) a director, a supervisor, the general manager or other senior management of a company being controlled as referred to in item (IV) hereof.

**Article 205.** The fiduciary obligations of the directors, supervisors, general manager and other senior management of the Company do not necessarily cease with the termination of their tenure. Their confidentiality obligation in relation to trade secrets of the Company shall survive the termination of their tenure. The terms for which other obligations shall continue shall be decided upon in accordance with the principle of fairness, depending on the time lapse between the termination and the occurrence of the matter and the circumstances and conditions under which the relationship with the Company terminated.

**Article 206.** A director, a supervisor, the general manager or other senior management of the Company may, by informed decision of the general meeting, be relieved from liability for a specific breach of his or her obligations, except in circumstances as specified in Article 62 of the Articles of Association.

**Article 207.** If a director, a supervisor, the general manager or other senior management of the Company is, directly or indirectly, materially interested in a contract, transaction or arrangement concluded or planned by the Company (excluding his or her engagement contract with the Company), he or she shall disclose the nature and extent of his or her interest to the board of directors as soon as possible, whether or not the matter is normally subject to the approval of the board of directors.

If a director has a connected relationship (meaning that he or she serves as a director or senior management member of the transaction counterparty, or directly or indirectly controls the entity with legal personality of the transaction counterparty, or serves as director or senior management member of the entity with legal personality that directly or indirectly controls the transaction counterparty) with an enterprise involved in a matter on which a resolution is to be made at a meeting of the board of directors, he or she may not exercise his or her right to vote regarding such resolution, nor may he or she exercise voting rights thereon as the proxy of another director. Such meeting of the board of directors may be held with more than one half of non-connected directors present (directors with a connected relationship must abstain from attending), and the resolutions made at such meeting of the board of directors shall require approval by more than one half of non-connected directors.

Unless the interested director, supervisor, general manager or other senior management of the Company has disclosed such interest to the board of directors as required under the first paragraph hereof and the matter has been approved by the board of directors at a meeting in which he or she was not counted in the quorum and had abstained from voting, the Company shall have the right to void the contract, transaction or arrangement, except that the other party is a bona fide party acting without knowledge of the breach of obligation by the director, supervisor, general manager or other senior management concerned.

A director, a supervisor, the general manager or other senior management of the Company shall be deemed to be interested in any contract, transaction or arrangement in which a connected person of that director, supervisor, general manager or other senior management is interested.

**Article 208.** If a director, a supervisor, a general manager or other senior management of the Company gives a written notice to the board of directors before the conclusion of the contract, transaction or arrangement is first considered by the Company stating that, by reason of the contents of the notice, he or she is interested in the contract, transaction or arrangement that may subsequently be made by the Company, such director, supervisor, general manager or other senior management of the Company shall be deemed for the purposes of the preceding Articles of this chapter to have declared his or her interest, to the extent stated in the notice.

**Article 209.** The Company may not in any manner pay tax on behalf of its directors, supervisors, general manager or other senior management.

**Article 210.** The Company may not directly or indirectly provide a loan to, or loan guarantees for, its directors, supervisors, general manager and other senior management or those of its parent company, or provide loans to or loan guarantees for connected persons of the above-mentioned persons.

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

- (I) the provision by the Company of a loan to or a loan guarantee for a subsidiary of the Company;
- (II) the provision by the Company of a loan, loan guarantee or other monies to a director, a supervisor, a general manager or other senior management of the Company under an engagement contract approved by the general meeting, so as to enable him or her to settle the expenses incurred for the purpose of the Company or in performing his or her duties for the Company;
- (III) the provision by the Company of a loan or a loan guarantee to a director, a supervisor, a general manager or other senior management of the Company or to a connected person thereof on normal commercial terms, if the ordinary scope of business of the Company includes the provision of loans and loan guarantees.



**Article 211.** Where the Company provides loans in a manner in breach of the preceding article, the recipient shall immediately return such loans, regardless of the terms of the loans.

**Article 212.** A loan guarantee provided by the Company in breach of item (I) of Article 210 shall not be enforceable against the Company, unless:

- (I) the loan was provided to a connected person of a director, a supervisor, the general manager or other senior management of the Company or of its parent company, and the lender had no knowledge at the time the loan was advanced;
- (II) the collateral provided by the Company has been lawfully sold by the lender to a bona fide purchaser.

**Article 213.** For the purposes of the preceding Articles of this Chapter, the term “guarantee” shall include an act whereby the guarantor assumes liability or provides property to guarantee or secure the performance of obligations by the obligor.

**Article 214.** If a director, a supervisor, the general manager or other senior management of the Company breaches his or her obligations to the Company, the Company shall, in addition to any rights and remedies provided by the law, have the right to:

- (I) require the relevant director, supervisor, general manager or other senior management to compensate for the losses sustained by the Company as a consequence of his or her dereliction of duty;
- (II) rescind any contract or transaction concluded by the Company with the relevant director, supervisor, general manager or other senior management and the contracts or transactions entered into between the Company and a third party (where such third party is well aware or should know that the director, supervisor, general manager or other senior management representing the Company was in breach of his or her obligations to the Company);
- (III) require the relevant director, supervisor, general manager or other senior management to surrender the gains derived from the breach of his or her obligations;

- (IV) recover any monies received by the relevant director, supervisor, general manager or other senior management that should have been received by the Company, including but not limited to commissions;
- (V) require the relevant director, supervisor, general manager or other senior management to return the interests earned or possibly earned on the monies that should have been delivered to the Company.

**Article 215.** The Company shall conclude written contracts with each director and supervisor of the Company concerning his or her remuneration and submit the same, prior to signing between relevant parties, to the general meeting for approval. The aforementioned remuneration shall include:

- (I) the remuneration of acting as a director, supervisor or senior management of the Company;
- (II) the remuneration of acting as a director, supervisor or senior management of a subsidiary of the Company;
- (III) the remuneration for other services provided for the management of the Company or a subsidiary thereof; and
- (IV) the compensation for his or her loss of office or retirement as a director or supervisor.

Except for the aforesaid contracts, a director or supervisor shall not file any lawsuit against the Company for the benefits which he or she shall obtain for the foregoing matters.

**Article 216.** The Company shall specify in the contract concluded with a director or supervisor of the Company concerning his or her remuneration that in the event of a takeover of the Company, a director or supervisor of the Company shall, subject to prior approval of the general meeting, have the right to receive the compensation or other monies obtainable for loss of office or retirement.

For the purposes of the preceding paragraph, the term “takeover of the Company” shall mean either of the followings:

- (I) anyone making a purchase offer to all of the shareholders;

- (II) anyone making a purchase offer with a view to turn the offeror to be a controlling shareholder (as defined in the preceding articles under the Articles of Association).

If the relevant director or supervisor fails to comply with the Articles of Association, any sums received by him or her shall belong to those persons that have sold their shares as a result of their acceptance of the aforementioned offer, and the expenses incurred in the pro rata distribution of such sums shall be borne by the relevant director or supervisor and may not be paid out of such sums.

## **Chapter 15 Party Committee of the Company**

- Article 217.** According to the provisions of the Constitution of the CPC, the CPC Luzhou Xinglu Water (Group) Co., Ltd. Committee was established with the approval of the superior party organization. At the same time, in accordance with relevant regulations, a disciplinary inspection committee of the Party shall be established (a disciplinary inspection and supervision institution shall be established in accordance with relevant regulations).
- Article 218.** The Company's Party Committee is elected by the Party member assembly or Party member representative assembly, each term of office is generally 5 years. The term of office shall expire on schedule for the general election. The term of office of the Party Discipline Inspection Committee is the same as that of the Party Committee.
- Article 219.** The Party Committee of the Company generally consists of 5-9 people, but not more than 11 people, including one serves as the secretary, and 1-2 members serve as deputy secretaries.
- Article 220.** The Party Committee plays a leading role in the direction, management and implementation of the overall situation, in accordance with the provisions of the Company to discuss and decide on major matters. The main responsibilities include:
- (I) To strengthen the political construction of the Company's Party, adhere to and implement the fundamental, basic and important systems of socialism with Chinese characteristics, educate and guide all Party members to always maintain a high degree of consistency with the central committee of the Party with Comrade Xi Jinping at the core in terms of political stance, political direction, political principles and political path;
  - (II) To study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, study and propagate the Party's theories, implement the Party's lines and policies, supervise and ensure the implementation of the major decisions and deployments of the central committee of the Party and the resolutions of the superior party organizations of the Company;

- (III) To study and discuss major business management matters of the Company and support the Shareholders' (general) meeting, the Board, the Supervisory committee and the managerial level in exercising their powers in accordance with the law;
- (IV) To strengthen the leadership and gate-keeping of the Company's selection of personnel, grasp the construction of the enterprise leadership team and cadres, talent team construction;
- (V) To perform the main responsibility of the Company's Party style and clean government construction, leadership, support the internal discipline inspection organizations to supervise discipline and accountability responsibilities, strict political discipline and political rules, and promote the overall strict governance of the party to the grassroots extension;
- (VI) To strengthen the construction of grass-roots Party organizations and Party members, unite and lead the workers to actively participate in the reform and development of the Company;
- (VII) To lead the ideological and political work, spiritual civilization construction, united front work, lead the Company's labor unions, the Communist Youth League, women's organizations and other group organizations.

**Article 221.** Major business management issues shall be studied and discussed by the Party Committee before a decision is made by the Board of Directors or the management.

**Article 222.** Adhere to and improve the "two-way entry, cross-appointment" leadership system, eligible members of the Party Committee team can enter the Board of Directors, the Supervisory committee, the management team through legal procedures, the members of Board of Directors, Supervisory committee, the management team of eligible Party members can enter the Party Committee in accordance with relevant regulations and procedures. The secretary of the Party Committee and chairman are generally served by one person, and the general manager of the Party serves as the deputy secretary. The Party Committee can be equipped with full-time deputy secretary, and the full-time deputy secretary generally enters the Board of Directors and does not serve at the management level, and is specifically responsible for Party building work.

**Article 223.** Discipline Inspection Commission's Duties

- (I) The Discipline Inspection Commission of the Company, under the leadership of the Party Committee and the discipline inspection commissions at higher levels, assists the Party Committee with the building of the style of work and integrity culture as well as the organization and coordination of corruption combat, gives full play to the supervisory role within the Party, performs the supervisory duties assigned by the Constitution of the CPC, and implements discipline inspection and accountability in a stringent manner;
- (II) To strengthen discipline supervision, firmly defend the authority of the Constitution of the CPC and other internal regulations of the Party, review the implementation of the Party's directions and policies and the major decisions and arrangements of the Company, and supervise the performance of duties and exercise of powers by the Party members and cadres;
- (III) To enhance the education on Party spirit, legal system and warning education, and uplift the ideological and moral standards and legal awareness of the Party members and cadres combating corruption and upholding Party integrity; to tighten the supervision on the leaders and earnestly discharge the main responsibility for building the style of work of the Party and upholding Party integrity;
- (IV) To reinforce the supervision on the style of work, strictly follow the spirit of the eight requirements of the central government and the ten requirements of the provincial Party committee and the provincial government, and exert consistent efforts in combating and rectifying formalism, bureaucracy, hedonism and extravagance;
- (V) To put more efforts on the investigation of illegal cases, insist in punishing corruption cases with nil tolerance, and severely investigate the behaviors in breach of Party disciplines and corruption-related cases in strict compliance with relevant disciplines and laws.

**Article 224.** To strengthen work guarantee. The Party Committee of the Company shall establish offices, organizational departments, publicity departments, and other working institutions according to actual needs, in accordance with the principles of strengthening the Party's work and being conductive and efficient. Relevant institutions of the Party Committee may work together with management departments with similar functions in the Company. The Company provides necessary conditions for the carry-out of Party activities, and guarantees the premises for and finances the activities of the Party organization. Funds needed for the activities of the Party organization included in administrative expenses are generally included in the annual budget in accordance with 1% of the total staff salaries of the Company in the previous year.

## Chapter 16 Financial and Accounting System and Profit Distribution

**Article 225.** The Company shall formulate its financial and accounting system in accordance with PRC laws, administrative regulations and the PRC accounting standards formulated by relevant state authorities.

**Article 226.** The Company shall prepare financial reports at the end of each accounting year. Such reports shall be audited/reviewed and verified by an accounting firm in accordance with the law.

The Company shall adopt the Gregorian calendar year as its accounting year, which shall commence on 1 January and end on 31 December of the same Gregorian calendar year. The Company shall adopt Renminbi as its primary currency for presentation and its account books shall be compiled in Chinese.

The financial reports of the Company shall include the following financial and accounting statements and relevant breakdowns:

- (I) balance sheet;
- (II) statement of profit or loss;
- (III) statement of cash flow;
- (IV) statement of financial position;
- (V) profit distribution statement;
- (VI) notes to the financial statements.

**Article 227.** The board of directors of the Company shall, at each annual general meeting, submit to the shareholders such financial reports as required by the relevant laws, administrative regulations and regulatory documents published by local governments and competent authorities to be prepared by the Company.

**Article 228.** The financial reports of the Company shall be made available for inspection by shareholders 20 days prior to an annual general meeting.

The financial reports mentioned in the preceding paragraph shall include the report of board of directors, together with a balance sheet (including every document required by the law to be annexed thereto) and profit and loss account or income and expenditure account, or (subject to relevant PRC laws) the summary financial report approved by the Hong Kong Stock Exchange. Each shareholder of the Company shall have the right to obtain a copy of the financial reports referred to in this Chapter.

The Company shall send the aforementioned financial reports to each holder of overseas listed foreign shares by prepaid mail at the recipient's address shown in the register of shareholders at least 21 days prior to an annual general meeting.

**Article 229.** The financial statements of the Company shall be prepared in accordance with PRC accounting standards and regulations.

**Article 230.** Interim results or financial information published or disclosed by the Company shall be prepared according to PRC accounting standards and regulations.

**Article 231.** The Company shall publish financial reports twice every accounting year, which include an interim financial report within 60 days after the end of the first six months of the accounting year and an annual financial report within 120 days after the end of the accounting year.

The abovementioned financial accounting reports shall be prepared in accordance with the provisions of relevant laws.

**Article 232.** The Company may not keep account books other than the statutory account books. The Company may not deposit its assets in accounts opened in the name of any individual.

**Article 233.** The capital reserve shall include the following funds:

- (I) the premiums obtained from the issue of shares above par value; and
- (II) other revenue required by the competent finance authority of the State Council to be included in the capital reserve.

**Article 234.** The after-tax profits resulting from the payment of income tax by the Company shall be distributed in the following sequence:

- (I) making up losses from the previous year;
- (II) allocating to statutory reserve;
- (III) allocating to discretionary reserve pursuant to the development needs of the Company;
- (IV) making dividend payments to shareholders.

The Company shall no longer be required to allocate such profits to its statutory reserve once the aggregate amount of such reserve reaches at least 50 percent of its registered capital.

If statutory reserve of the Company is insufficient to make up losses from previous years, the Company shall use its profits for the current year to make up such losses before allocating such profits to its statutory reserve in accordance with the preceding paragraph.

After allocating its after-tax profits to its statutory reserve, the Company may, subject to a resolution of the general meeting, allocate its after-tax profits to the discretionary reserve.

After the Company has made up its losses and allocate its profits to common reserve, the remaining profits of the Company may be distributed in proportion to the shareholdings of its shareholders, unless the Articles of Association provide that distributions are to be made otherwise than proportionally.

If the general meeting breaches the provisions of the preceding paragraph by distributing profits to shareholders before the Company has made up its losses and allocate its profits to the statutory reserve, such shareholders must return to the Company the profits that were distributed in breach of the said provisions.

Profit distribution shall not involve shares of the Company that are held by the Company itself.



**Article 235.** The common reserve of the Company shall be used to make up losses of the Company, to expand the production and operation of the Company or, through conversion into capital, to increase capital of the Company. However, the capital reserve will not be used to make up losses of the Company.

When funds in the statutory reserve are converted into capital, the funds remaining in such reserve will not be less than 25 percent of the registered capital of the Company before the conversion.

**Article 236.** The Company may take either or both of the following ways to distribute dividends:

- (a) cash;
- (b) shares.

**Article 237.** Any amount paid up in advance of calls on any share may carry interest but shall not entitle the shareholder to participate in respect thereof in a dividend subsequently declared.

**Article 238.** The Company shall appoint receiving agents for holders of overseas listed foreign shares to collect on behalf of the relevant shareholders the dividends distributed and other payables in respect of overseas listed foreign shares, and hold the same until they can be paid to the relevant shareholders.

The receiving agents appointed by the Company shall meet the requirements of the laws of the place, or the relevant regulations of the stock exchange, where shares are listed.

The receiving agents appointed by the Company for the holders of overseas listed foreign shares listed on the Hong Kong Stock Exchange shall be trust companies registered under the Trustee Ordinance of Hong Kong.

Subject to the laws of the PRC, the Company may exercise the power to forfeit unclaimed dividends, provided that it does so only after six years or later from the date of declaration of dividends.

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 returned undelivered.

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

- (I) the Company was, during a period of 12 years, required to pay such dividends at least three times in respect of the shares in question but no dividend during that period was claimed; and
- (II) on expiry of the 12 years, the Company gives notice of its intention to sell the shares by way of an announcement published in one or more newspapers in the place where the Company is listed and notifies the securities regulatory institution of the place where its shares are listed of such intention.

**Article 239.** After passing a resolution at the general meeting of the Company on the profit distribution plan, the board of directors of the Company must complete the dividend (or share) distribution within two months after the general meeting.

**Article 240.** Cash dividends and other payments by the Company to holders of domestic shares shall be paid and made in Renminbi, whereas those to holders of overseas listed foreign shares shall be denominated and declared in Renminbi and paid in foreign currency. The foreign currency for the cash dividends and other payments by the Company to holders of overseas listed foreign shares and other holders of foreign shares shall be handled in accordance with state regulations on foreign exchange control.

Unless otherwise provided in relevant laws, where cash dividends and other amounts are paid in a foreign currency, the average central parity rate of the relevant foreign exchange posted by China Foreign Exchange Trading Centre for the Gregorian calendar week immediately preceding the date of declaration of the dividends or other payment shall be used as the exchange rate.

**Article 241.** When distributing dividends to shareholders, the Company shall withhold and turn over the tax payable on the dividend income of shareholders based on the amount distributed and in accordance with PRC tax laws.

**Article 242.** The Company shall implement an internal auditing system and appoint dedicated auditing personnel to carry out internal auditing and supervision on the financial receipts and expenditures, and economic activities of the Company.

**Article 243.** The internal auditing system of the Company and the responsibilities of its auditing personnel shall be implemented after the approval thereof by the board of directors. The person in charge of auditing shall be accountable and report to the board of directors.

### **Chapter 17 Appointment of Accounting Firm**

**Article 244.** The Company shall engage an independent accounting firm that complies with relevant provisions of PRC laws to audit the annual financial reports and review other financial reports of the Company.

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

If the inaugural general meeting does not exercise its power under the preceding paragraph, the board of directors shall exercise such power.

**Article 245.** The term of engagement of an accounting firm engaged by the Company shall commence upon the conclusion of the annual general meeting of the Company and end upon the conclusion of the next annual general meeting.

**Article 246.** An accounting firm engaged by the Company shall have the following rights:

- (I) the right of access to the account books, records or vouchers of the Company and the right to require directors, the general manager and other senior management of the Company to provide relevant information and explanations;

- (II) the right to require the Company to take reasonable measures to obtain from its subsidiaries the information and explanations necessary for the accounting firm to perform its duties; and
- (III) the right to attend general meetings in a non-voting capacity, to receive all notices of, or other information relating to, any meetings to which a shareholder is entitled, and to be heard at any general meetings on any matter which relates to it as the accounting firm of the Company.

**Article 247.** If the position of accounting firm becomes vacant, the board of directors may appoint an accounting firm to fill such vacancy before a general meeting is held. However, if there are other accounting firms acting as the accounting firms of the Company while such vacancy persists, such accounting firms may continue to act.

**Article 248.** The general meeting may by ordinary resolution decide to dismiss any accounting firm prior to the expiration of its term of engagement, notwithstanding howsoever required by the terms of the contract between the accounting firm and the Company, without prejudice to the rights of such accounting firm, if any, to claim any loss against the Company in respect of such dismissal.

**Article 249.** The remuneration of an accounting firm and the determination thereof shall be decided upon by the general meeting. The remuneration of an accounting firm engaged by the board of directors shall be determined by the board of directors.

**Article 250.** The engagement, dismissal or non-renewal of engagement of an accounting firm shall be decided upon by the general meeting and be reported to the competent securities authority of the State Council for record.

Where a resolution at a general meeting is to be passed to engage an accounting firm other than an incumbent accounting firm, to fill a vacancy in the office of accounting firm, or to reappoint an accounting firm engaged by the board of directors to fill a vacancy in the office of accounting firm pursuant to Article 245 of the Articles of Association, or to remove an accounting firm before the expiration of its term of office, matters shall be handled in accordance with the following provisions:

- (I) the proposal of engagement or dismissal shall be sent, before issuance of the notice of the general meeting, to the accounting firm proposed to be engaged or proposed to leave its position or has left its position in the relevant accounting year.

Leaving includes leaving by dismissal, resignation and retirement.

- (II) if the accounting firm leaving its position makes a written statement and requested the Company to notify the shareholders about the statement, the Company shall, unless such written statement is received too late, take the following measures:

1. in any notice of the resolution given to shareholders, state the fact that the accounting firm that is leaving its position has made the statement; and
2. serve a copy of the statement as an attachment to the notice on the shareholders by the method specified in the Articles of Association.

- (III) if the statement made by the relevant accounting firm is not sent by the Company in accordance with item (II) above, the relevant accounting firm may require that the statement be read out at the general meeting and make further claims.

- (IV) an accounting firm that is leaving its position shall have the right to attend the following meetings:

1. the general meeting at which its term of office would otherwise have expired;
2. any general meetings at which a resolution is proposed to fill the vacancy caused by its dismissal; and
3. any general meetings convened on its resignation.

The leaving accounting firm shall have the right to receive all notices of, or other information relating to, any aforesaid meetings, and to be heard at any such meetings on matters which concern it as the former accounting firm of the Company.

**Article 251.** When the Company dismisses or does not reappoint an accounting firm, it shall give advance notice to the accounting firm, and the accounting firm shall have the right to present its views before the general meeting.

When an accounting firm resigns, it shall explain to the general meeting as to whether or not there is any irregularity in the Company.

The accounting firm may resign by placing a written notice of resignation at the legal address of the Company. The said notice shall take effect on the date of delivery to the legal address of the Company or on a later date specified in the notice. The said notice shall include the following statements:

1. A statement that its resignation does not involve any information to be disclosed to the shareholders or creditors of the Company; or
2. A statement of any such information to be disclosed.

Any such notice shall be effective on the date on which it is deposited at the legal address of the Company or on such later date as may be specified therein.

The Company shall send a copy of the written notice mentioned in the preceding paragraph to relevant competent authority within 14 days after receipt of the said notice. If the notice contains the statement mentioned in the two items as set out in the preceding paragraph, the Company shall keep a copy of the said statement in the Company for inspection by the shareholders. The Company shall also send a copy of the aforesaid statement by pre-paid mail to every holder of overseas listed foreign shares, as per the addresses stated in the register of shareholders.

If the notice of resignation of the accounting firm contains the statement mentioned in (I)(2) herein, the accounting firm may require the board of directors to convene an extraordinary general meeting to listen to their explanation about the resignation.

## **Chapter 18 Information Disclosure**

**Article 252.** The board of directors of the Company shall establish and enhance the information disclosure system of the Company by formulating, among others, the criteria, method and means, for information disclosure in accordance with laws, relevant regulations of the securities regulator of the place where the shares of the Company are listed and relevant provisions of the Articles of Association.

**Article 253.** The Company shall compliantly disclose information in accordance with the principles of truthfulness, accuracy, completeness and timeliness.

## **Chapter 19 Merger and Division of the Company**

**Article 254.** The Company may carry out mergers or divisions in accordance with the law. Mergers and divisions of the Company shall comply with relevant laws.

A merger involving the Company may take either the form of a merger by absorption or the form of a merger by new establishment. The absorption of one company by another company constitutes a merger by absorption, in which case the absorbed company shall be dissolved. The merger of two or more companies into a new company constitutes a merger by new establishment, in which case all parties to the merger shall be dissolved.

**Article 255.** The merger or division of the Company shall be proposed by the board of directors of the Company and adopted in accordance with the procedure specified in the Articles of Association, and then relevant review and approval procedures shall be carried out according to the law. Shareholders opposing the proposal for the merger or division of the Company shall have the right to require the Company or shareholders that are in favor of such proposal to purchase their shares at a fair price. The contents of the resolutions approving the merger or division of the Company shall be compiled in a special document for inspection by the shareholders.

For holders of overseas listed foreign shares, the aforementioned document shall be delivered by mail.

**Article 256.** If the Company is involved in a merger, the parties to the merger shall enter into a merger agreement and shall prepare a balance sheet and a property list. The Company shall notify its creditors within 10 days from the date of passing the resolution on such merger, and announce such merger on the newspaper and the websites of the Company and the stock exchange at least three times within 30 days. A creditor may, within 30 days after the receipt of the written notice or, if he or she did not receive a written notice, within 45 days from the date of the announcement, require the Company to repay its debts in full or to provide guarantee accordingly.

When the Company is involved in a merger, the creditor's rights and debts of each party to the merger shall be succeeded by the subsisting company or the new company established resulting from the merger.

**Article 257.** When the Company is involved in a division, its property shall be divided accordingly.

When the Company is involved in a division, a balance sheet and a property list shall be prepared. The Company shall notify its creditors within 10 days from the date of passing the resolution on the division, and announce such division on the newspaper and the websites of the Company and the stock exchange at least three times within 30 days.

The post-division companies shall be jointly and severally liable for the pre-division debts of the Company, unless provided otherwise in a written agreement on debt repayment reached between the Company and the relevant creditor(s) prior to the division.

**Article 258.** If a change in particulars of the registration of the Company is needed due to a merger or division, the change shall be registered with the registration authority of the Company in accordance with the law. If the Company is dissolved, de-registration of the Company shall be carried out in accordance with the law. If a new company is established, registration of such establishment shall be carried out in accordance with the law.



## **Chapter 20 Dissolution and Liquidation of the Company**

**Article 259.** The Company shall be dissolved according to the law in any of the following circumstances:

- (I) the general meeting resolves to dissolve the Company;
- (II) dissolution of the Company is necessary as a result of the merger or dissolution of the Company;
- (III) the Company is legally declared bankrupt because of its failure to repay the debts upon their maturity;
- (IV) the Company has its business license revoked, is ordered to close down or be dissolved in accordance with the law;
- (V) serious difficulties arise in the operation and management of the Company and its continued existence would cause material losses to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding more than 10% of all shareholders' voting rights may file a petition with the people's court to dissolve the Company.

**Article 260.** If the Company is dissolved pursuant to items (I), (II), (IV) or (V) of the preceding article, it shall establish a liquidation committee and liquidation shall commence within 15 days from the date on which the cause for dissolution arose. The liquidation committee shall be composed of persons determined by the general meeting by an ordinary resolution. If the Company fails to establish the liquidation committee and carry out liquidation within the time limit, its creditors may file a petition with the people's court to designate relevant persons to form a liquidation committee and carry out the liquidation.

If the Company is dissolved pursuant to item (III) of the preceding article, the people's court shall, according to relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out the liquidation.

**Article 261.** If the board of directors decides that the Company should be liquidated (otherwise than because of a declaration of bankruptcy), the notice of the general meeting convened for such purpose shall include a statement to the effect that the board of directors has thoroughly investigated into the status of the Company, and is of the opinion that the Company is able to pay its debts in full within 12 months after the commencement of liquidation.

The duties and authorities of the board of directors shall terminate immediately upon the approval on the resolution at the general meeting to carry out liquidation.

The liquidation committee shall observe the instructions of the general meeting, and not less than once a year make a report to the general meeting on the receipts and expenditures of the liquidation committee, the business of the Company and the progress of the liquidation of the Company, and shall submit a final report to the general meeting when the liquidation is completed.

**Article 262.** The liquidation committee shall notify creditors within 10 days after the date of its establishment and make announcements on the liquidation at least three times in the newspapers and on the websites of the Company and the stock exchange within 60 days. The liquidation committee shall register all the claims declared.

Creditors shall declare their claims to the liquidation committee within 30 days after receipt of the written notice or, if they did not receive a written notice, within 45 days after the date of the announcement.

When declaring their claims, creditors shall explain the particulars relevant to their claims and submit supporting documentation. The liquidation committee shall register the claims declared.

During the claim declaration period, the liquidation committee may not pay any debts to relevant creditors.

**Article 263.** The liquidation committee shall exercise the following duties and authorities during the liquidation period:

- (I) to inventory the properties of the Company, and to prepare a balance sheet and a property list respectively;
- (II) to notify creditors by notice and public announcement;
- (III) to handle pending businesses of the Company relating to the liquidation;
- (IV) to make full payment of taxes in arrears and of taxes incurred during the liquidation process;
- (V) to clear claims and debts;
- (VI) to dispose of the remaining property of the Company after the debts are paid in full;
- (VII) to represent the Company in civil actions.

**Article 264.** After the liquidation committee has inventoried the property and prepared a balance sheet and a property list for the Company, it shall formulate a liquidation plan and submit it to the general meeting or the people's court for confirmation.

The remaining property of the Company, after settlement of liquidation expenses, wages, social insurance premiums and statutory compensation of the employees, taxes in arrears and all debts of the Company, shall be distributed by the Company to the shareholders on a pro rata basis.

During the liquidation process, the Company may continue to exist, but shall not engage in any operating activities unrelated to the liquidation. The properties of the Company shall not be distributed to the shareholders until all relevant expenses were paid as provided in the preceding paragraph.

**Article 265.** If the liquidation committee, having inventoried the property of the Company and prepared a balance sheet and a property list, discovers that the property of the Company is insufficient to settle its debts in full, the liquidation committee shall apply to the people's court for a declaration of bankruptcy.

After the people's court has ruled to declare the Company bankrupt, the liquidation committee shall turn over the liquidation matters to the people's court.

**Article 266.** Following completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report and the income and expenditure statement and financial account books during the liquidation period, and, after verification thereof by a PRC certified public accountant, submit the same to the general meeting or the people's court for confirmation. The liquidation committee shall then, within 30 days after the date of confirmation on the aforementioned documents by the general meeting or the people's court, submit the same to the registration authority of the Company and apply for cancellation of the registration of the Company and announce the termination of the Company.

**Article 267.** The members of the liquidation committee shall be faithful in the discharge of their duties and perform their liquidation obligations according to the law.

The members of the liquidation committee shall not abuse their authority to take bribes or other illegal income, or misappropriate the properties of the Company.

If the Company or a creditor sustains losses due to the wilful act or gross negligence on the part of a member of the liquidation committee, such member shall be liable for damages.

## **Chapter 21 Amendments to the Articles of Association**

**Article 268.** The Company may amend the Articles of Association pursuant to laws and the provisions of the Articles of Association.

The Company shall amend the Articles of Association in the following circumstances:

- (I) the provisions of the Articles of Association conflict with the Company Law or relevant laws after such laws are revised;
- (II) a change occurs in the condition of the Company and such change is inconsistent with the matters stated herein;
- (III) the general meeting decides to amend the Articles of Association.

The Company shall submit the amended articles of association to the registration authority of the Company for filing.

**Article 269.** Except as otherwise provided in the Articles of Association, the Articles of Association shall be amended according to the following procedure:

- (I) the board of directors adopts a resolution according to the Articles of Association, and drafts a proposal on the amendments, or a shareholder proposes to amend the Articles of Association;
- (II) the shareholders are notified of the proposal on amendments and a general meeting is convened for voting thereon;
- (III) the amendments submitted to the general meeting for voting shall be adopted by way of special resolution.

**Article 270.** If an amendment to the Articles of Association involves information which is required by law to be disclosed, an announcement shall be made in accordance with the laws.

**Article 271.** If an amendment of the Articles of Association involves matters provided for in the Mandatory Provisions for the Articles of Association of Companies Listed Overseas, it shall take effect after it is approved by the company approval authority authorized by the State Council. If an amendment to the Articles of Association involves the registered particulars of the Company, change of registration shall be carried out in accordance with the law.

## **Chapter 22 Notices and Announcements**

**Article 272.** Notices of the Company shall be given or provided by one or more of the following means:

- (I) by courier;
- (II) by mail;
- (III) by fax;
- (IV) by way of a public announcement, which shall be published on the newspaper designated by CSRC, on the websites of the Company and the stock exchange;
- (V) other means agreed upon in advance by the Company or the notice recipient or accepted by the notice recipient upon receipt of such notice;
- (VI) other means recognized by the securities regulator of the place where the shares of the Company are listed or specified in the Articles of Association.

Unless otherwise specified, any notices or reports that the Company issues or gives by means of a public announcement in accordance with the provisions or as permitted to do so must, at minimum, be published in one nationally circulated newspaper or periodical designated by the securities regulator of the State Council and, where practicable, such notice shall, to the extent possible, be published in the place where the shares of the Company are listed in accordance with applicable regulations and the rules of the stock exchange.

**Article 273.** Unless otherwise specified by the Articles of Association, any notice, information or written statement sent by the Company to every holder of overseas listed foreign shares shall be delivered by courier to the address of every such shareholder indicated in the register of shareholders, or delivered to every such shareholder by post.

An announcement on a notice sent to the holders of domestic shares by the Company shall be published on one or more newspapers or periodical designated by the securities regulator of the State Council. Once such announcement is published, all the domestic shareholders shall be deemed to have received the relevant notice.

**Article 274.** For a notice given by the Company by way of courier, the recipient shall sign (or affix his or her seal to) the delivery receipt, and the date on which he or she signed the receipt shall be the date of service;

For a notice given by the Company by way of mail, the date of service shall be 48 hours from the date of consignment to the post office;

For a notice given by the Company by way of fax, email or publication on a website, the date on which such notice is dispatched or published shall be the date of service;

For a notice given by the Company by way of a public announcement, the first day of publication shall be the date of service. Such announcement shall be published in a newspaper or periodical that satisfies relevant provisions.

**Article 275.** If the listing rules of the place of listing require the Company to send, mail, distribute, issue, publish or otherwise provide relevant documents of the Company in both English and Chinese versions, the Company may, to the extent permitted by applicable laws and regulations and in accordance with applicable laws and regulations, (if a shareholder has so indicated) only send him or her the English version or Chinese version of documents if the Company has made appropriate arrangements to ascertain whether its shareholders wish to only receive the English version or the Chinese version of documents.

## Chapter 23 Settlement of Disputes

**Article 276.** Unless otherwise provided by the Articles of Association, the Company shall observe the following rules to settle disputes:

- (I) If any dispute or claim on the affairs of the Company in performing the rights and obligations provided for in the Articles of Association, the Company Law or other relevant laws arises between a holder of overseas listed foreign shares and the Company, between a holder of overseas listed foreign shares and a director, a supervisor, the general manager or other senior management of the Company or between a holder of overseas listed foreign shares and a holder of domestic shares, the parties concerned shall submit the dispute or claim to arbitration.

When the aforesaid dispute or claim is submitted to arbitration, the dispute or claim shall be submitted in its entirety, and all persons, being the Company, or shareholders, directors, supervisors, general manager or other senior management of the Company, that have a cause of action due to the same facts or whose participation is necessary for the resolution of such dispute or claim shall submit to arbitration.

Disputes regarding the definition of shareholders and the register of shareholders may be resolved by means other than arbitration.

- (II) A dispute or claim submitted to arbitration may be arbitrated, at the option of the arbitration applicant, by either the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. After the arbitration applicant has submitted the dispute or claim to arbitration, the other party must submit to the arbitration institution selected by the applicant.

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

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



## Chapter 24 Supplementary Provisions

**Article 277.** In the Articles of Association, the term “accounting firm” shall have the same meaning as the term “auditor” as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

**Article 278.** The Articles of Association are written in Chinese. In the event that there is a discrepancy between any other language version or different version hereof and the Articles of Association, the most recent Chinese version hereof registered with Luzhou Administration for Industry and Commerce in Sichuan Province shall prevail.

**Article 279.** Unless otherwise required by the context, the following terms used in the Articles of Association shall have the meaning ascribed to them below:

- (I) Lineal relatives refer to the spouse, parents and children.
- (II) Major social relations refer to siblings, parents of the spouse, spouses of children, spouses of siblings, and siblings of the spouse.
- (III) All directors refer to all members of the board of directors as specified in Article 149 of the Articles of Association, namely the 9 directors.
- (IV) All supervisors refer to all members of the supervisory committee as specified in Article 195 of the Articles of Association, namely the 7 supervisors.
- (V) The term “laws” refers to the applicable laws, administrative regulations, departmental rules, local regulations, local governmental rules and legally binding government regulatory documents, as promulgated or amended from time to time, currently in force in the PRC on the effective date of the Articles of Association; however, when used together with “administrative regulations”, and only then, means the legal norms adopted by the National People’s Congress and its standing committee.

- (VI) Administrative regulations refer to legal norms formulated by the State Council pursuant to the Constitution and laws, and promulgated in the form of orders of the State Council.
- (VII) Subsidiary refers to a company that is directly or indirectly controlled by the Company, that has legal person status and that independently bears civil liability.
- (VIII) “Acting in concert” means action taken by two or more persons pursuant to an agreement (whether oral or written) to obtain or consolidate control of the Company through the acquisition by any of them of voting rights of the Company.
- (IX) Actual controller refers to a person who, although not a shareholder of the Company, is nevertheless able to actually direct the acts of the Company by virtue of an investment relationship, agreement or other arrangement.
- (X) Related party relationship refers to the relationship between the controlling shareholder, actual controller, a director, a supervisor or senior officer of the Company on the one hand and an enterprise he or she directly or indirectly controls on the other hand, as well as any other relationship that may result in a diversion of the Company’s interests; however, enterprises controlled by the state shall not be deemed to have a connected relationship merely by virtue the fact that such enterprises are under the common control of the state.

**Article 280.** Unless otherwise specified in the Articles of Association, the terms “more than”, “within” and “below” shall include the number or date itself, while the terms “lower than”, “less than”, “above”, “higher than”, “exceeding”, “over”, “before” and “after” shall not include the number itself.

**Article 281.** The right to interpret the Articles of Association shall be vested in the board of directors of the Company. Matters not covered in the Articles of Association shall be submitted by the board of directors to the general meetings as resolutions for approval.