

溫嶺浙江工量刃具交易中心股份有限公司  
Wenling Zhejiang Measuring and Cutting Tools  
Trading Centre Company Limited\*

**Articles of Association**

**Chapter 1 General Provisions**

**Article 1** Wenling Zhejiang Measuring and Cutting Tools Trading Centre Company Limited\* (hereinafter referred to as the “**Company**”) is a joint stock company with limited liability established in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “**Company Law**”) and other laws and administrative regulations in China. The Articles of Association are formulated in accordance with the Company Law, the Securities Law of the People’s Republic of China (hereinafter referred to as the “**Securities Law**”), the Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies (hereinafter referred to as the “**Special Provisions**”), the Mandatory Provisions for the Articles of Association of Companies Listed Overseas (hereinafter referred to as the “**Mandatory Provisions**”), the Letter on the Supplementary Opinions to the Articles of Association of Companies to be listed in Hong Kong (hereinafter referred to as the “**Supplementary Opinions**”), the Official Reply of the State Council regarding Adjusting the Application of Provisions to Matters Including the Notice Period for Convention of Shareholders’ Meetings by Overseas Listed Companies (hereinafter referred to as the “**Official Reply**”), the Guidelines for the Application for the “Full Circulation” of the Domestic Unlisted Shares of H-Share Companies (hereinafter referred to as the “**Guidelines**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Listing Rules**”) and other laws and administrative regulations.

Company Law 9, 81  
Mandatory Provisions 1  
Section 1(a) of Appendix 13D  
of the Listing Rules

Unless otherwise indicated,  
references to the Mandatory  
Provisions and the  
Supplementary Opinions  
below are deemed to be  
simultaneously referring to  
Section 1(a) of Appendix 13D  
of the Listing Rules

Wenling Wenxi Measuring and Cutting Tools Trading Centre Company Limited\* (溫嶺市溫西工量刀具交易中心有限公司) was established on 14 May 2003 and its name was changed to Wenling Zhejiang Measuring and Cutting Tools Trading Centre Company Limited\* (溫嶺市浙江工量刀具交易中心有限公司) on 27 June 2006. On 3 May 2018, the Company was completely converted to a joint stock company, with its original shareholders as the promoters of the joint stock company, namely, Wenling Market Group Company Limited\* (溫嶺市市場集團有限公司), Wenling City Qiaoling Investment Development Company Limited\* (溫嶺市嶠嶺投資發展有限公司), Wenling Qian Yang Investment Company Limited\* (溫嶺市前洋投資有限公司), Wenling Mao Wei Investment Company Limited\* (溫嶺市茅威投資有限公司), Wenling Zhong Jie He De Investment Company Limited\* (溫嶺市中街和德投資有限公司), Wenling Shang Yu Investment Company Limited\* (溫嶺市上宇投資有限公司), Wenling City Botao Investment Company Limited\* (溫嶺市博濤投資有限公司), Wenling City Zhang Laoqiao Investment Company Limited\* (溫嶺市張老橋投資有限公司), and Mr. Huang Yugen.

On 7 January 2020, the Company obtained the Reply Regarding the Approval for the Issue of Overseas-listed Foreign Invested Shares by Wenling Zhejiang Measuring and Cutting Tools Trading Centre Company Limited (《關於核准溫嶺浙江工量刀具交易中心股份有限公司發行境外上市外資股的批復》) from the China Securities Regulatory Commission.

**Article 2** Registered Chinese name of the Company: 溫嶺浙江工量刀具交易中心股份有限公司.

Company Law 8, 81  
Mandatory Provisions 2

English name: **Wenling Zhejiang Measuring and Cutting Tools Trading Centre Co., Ltd.**

**Article 3** Domicile of the Company: Qianyangxia Village, Wenqiao Town, Wenling City, Zhejiang Province

Company Law 10, 25, 81  
Mandatory Provisions 3

Postal code: 317527

Telephone number: (0576) 8699 9788

**Article 4** The legal representative of the Company is the General Manager of the Company. Company Law 13, 81  
Mandatory Provisions 4

**Article 5** The Company is a joint stock company with limited liability and of permanent existence. Mandatory Provisions 5

**Article 6** The Company is an independent enterprise legal person, and all acts of the Company shall comply with the laws, regulations and regulatory documents of China and the legal rights of the shareholders shall be protected. The Company is under the jurisdiction and protection of the laws, regulations and regulatory documents of China.

**Article 7** The Articles of Association shall be passed at the shareholders' general meeting of the Company by special resolution before becoming effective from the date on which the overseas-listed shares of the Company are listed on The Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**") subject to approval of relevant authorities of China and shall supersede the existing articles of association of the Company filed with the administration authorities for industry and commerce. Mandatory Provisions 6  
Rule 19A.53 of the Listing Rules

**Article 8** The Articles of Association as amended in the future shall be a legally binding public document that regulates the Company's organization and activities, the rights and obligations between the Company and its shareholders as well as among the shareholders once it goes into effect. Company Law 11  
Mandatory Provisions 6

**Article 9** The Articles of Association shall be binding on the Company, its shareholders, Directors, Supervisors, General Manager and other members of senior management. All persons mentioned above shall have the rights to refer to the Articles of Association for claims regarding affairs related to the Company. Shareholders may institute legal proceedings against the Company; the Company may institute legal proceedings against its shareholders; shareholders may institute legal proceedings against other shareholders, Directors, Supervisors, General Manager and other members of senior management as per the Articles of Association.

The legal proceedings referred to in the preceding paragraph shall include legal proceedings instituted in courts or the application to arbitration institutions for arbitration.

Other members of senior management referred to in the preceding paragraph and in the Articles of Association include Vice Managers, the Chief Financial Officer and the secretary of the Board. Company Law 11  
Mandatory Provisions 7

**Article 10** The Company may invest in other companies with limited liability or joint stock companies with limited liability, and shall be liable to the investee companies to the extent of its capital contribution. Company Law 15  
Mandatory Provisions 8

**Article 11** All the capital of the Company shall be divided into shares of equal value and shareholders' liability shall be limited to their shares in the Company. The Company shall be liable for its debt with all of its assets. Company Law 3

**Article 12** The Company's employees may form trade unions and carry out trade union activities to protect their legal rights. The Company shall provide necessary support to such activities. Company Law 18

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

**Article 13** The business objectives of the Company are to carry out its business, continuously enhance its standard of operation management and its core competitiveness, provide quality service to its clients, optimize shareholders' interests and values of the Company, and achieve better economic and social efficiency, based on relevant laws and regulations. Mandatory Provisions 9

**Article 14** Scope of business: market development, operation and management, property management, and investment management permitted by laws, regulations and policies of China (the Company may not engage in public financing and depositing, financing guarantee, fiscal management and other financial services without the approval of financial regulatory departments); sales of measuring and cutting tools, and other metallic tools. (The operation of activities under certain projects may only be commenced with the approval from relevant departments in accordance with law) Company Law 12, 81  
Mandatory Provisions 10

**Article 15** The Company may change its scope of business and amend the Articles of Association in accordance with law upon registration of change with the Zhejiang Provincial Administration for Market Regulation and with the approvals from shareholders at shareholders' general meetings and the relevant competent authorities. Company Law 12

### Chapter 3 Shares and Registered Capital

- Article 16** The Company shall have ordinary shares at all times. The Company may create other classes of shares according to its needs upon approval from the vetting department authorized by the State Council. Where applicable, it shall ensure that shareholders' interests in preference shares be sufficiently safeguarded.
- Mandatory Provisions 11  
Provision 9 of Appendix 3 to the Listing Rules  
Provision 6(1) of Appendix 3 to the Listing Rules
- Article 17** Shares issued by the Company all have a par value of RMB1 per share (Unless otherwise specified, all amounts in the Articles of Association are stated in RMB). RMB stated in the preceding paragraph refers to the lawful currency of China.
- Company Law 128  
Mandatory Provisions 12
- Article 18** The shares of the Company shall be issued in accordance with the open and fair principles that same class of each share shall enjoy equal rights. The issue terms and price per share of the same class in the same issue shall be the same; the same price shall be paid for each share of the same class during the same share issue subscribed for by any entities or individuals.
- Provision 9 of Appendix 3 to the Listing Rules
- Article 19** The Company may issue shares to both domestic and foreign investors subject to the approval from the China Securities Regulatory Commission (hereafter referred to as the “CSRC”).
- Mandatory Provisions 13
- Foreign investors referred to in the preceding paragraph shall mean investors from foreign countries, Hong Kong, Macao and Taiwan who subscribe for shares issued by the Company; domestic investors shall mean investors from the People's Republic of China except the foregoing regions who subscribe for shares issued by the Company.

**Article 20** Domestic shares refer to the shares denominated in RMB issued by the Company to domestic investors and are unlisted overseas. Foreign shares refer to the shares denominated in foreign currencies issued by the Company to overseas investors and the shares held by foreign investors which were transferred from domestic shareholders of the Company. Shares listed and traded on overseas stock exchanges with approval from regulatory institutions authorized by the State Council and overseas securities regulatory authorities are referred to as overseas-listed shares (of which those listed in Hong Kong can be referred to as H shares, namely, the RMB-denominated shares approved by the Hong Kong Stock Exchange for listing whose subscription and trading are in Hong Kong dollars). Among foreign-invested shares, those unlisted overseas are referred to as non-listed foreign shares.

Mandatory Provisions 14  
Guidelines 2  
Provision 9 of Appendix 3 to  
the Listing Rules  
Rule 19A.01(3)(b) of the  
Listing Rules

Unless otherwise specified in the Articles of Association, holders of domestic shares, overseas-listed shares and non-listed foreign shares are both holders of ordinary shares and shall have the same rights and obligations.

The term “foreign currency” in the preceding paragraph shall refer to the lawful currency freely convertible in other countries or regions (other than RMB), which is recognized by state foreign exchange authority and acceptable to pay for the shares.

**Article 21** As approved by the company's vetting department that is authorised by the State Council, the Company may issue 60,000,000 ordinary shares in total upon establishment, and it issued 60,000,000 shares to its promoters at its establishment, representing 100% of the total number of its issuable ordinary shares. Particulars of the share in issue are as follows: 11,940,000 shares were issued to Wenling Market Group Company Limited\* (溫嶺市市場集團有限公司), representing 19.9% of the total number of ordinary shares issued by the Company, contributed by way of net assets on 31 December 2017; 11,580,000 shares were issued to Wenling City Qiaoling Investment Development Company Limited\*(溫嶺市嶠嶺投資發展有限公司), representing 19.3% of the total number of ordinary shares issued by the Company, contributed by way of net assets on 31 December 2017; 10,500,000 shares were issued to Wenling Qian Yang Investment Company Limited\* (溫嶺市前洋投資有限公司), representing 17.5% of the total number of ordinary shares issued by the Company, contributed by way of net assets on 31 December 2017; 6,900,000 shares were issued to Wenling Mao Wei Investment Company Limited\* (溫嶺市茅威投資有限公司), representing 11.5% of the total number of ordinary shares issued by the Company, contributed by way of net assets on 31 December 2017; 5,790,000 shares were issued to Wenling Zhong Jie He De Investment Company Limited\* (溫嶺市中街和德投資有限公司), representing 9.65% of the total number of ordinary shares issued by the Company contributed by way of net assets on 31 December 2017; 5,790,000 shares were issued to Wenling Shang Yu Investment Company Limited\* (溫嶺市上宇投資有限公司), representing 9.65% of the total number of ordinary shares issued by the Company, contributed by way of net assets on 31 December 2017; 3,900,000 shares were issued to Wenling City Botao Investment Company Limited\* (溫嶺市博濤投資有限公司), representing 6.50% of the total number of ordinary shares issued by the Company, contributed by way of net assets on 31 December 2017; 1,800,000 shares were issued to Wenling City Zhang Laoqiao Investment Company Limited\* (溫嶺市張老橋投資有限公司), representing 3.00% of the total number of ordinary shares issued by the Company, contributed by way of net assets on 31 December 2017; and 1,800,000 shares were issued to Huang Yugen, representing 3.00% of the total number of ordinary shares issued by the Company, contributed by way of net assets on 31 December 2017.

**Article 22** Upon establishment and the approval of the CSRC and the Hong Kong Stock Exchange, the Company issued 20,000,000 ordinary shares of overseas-listed shares on 7 January 2020.

Mandatory Provisions 16  
Provision 9 of Appendix 3 to  
the Listing Rules

The shareholding structure of the Company is 80,000,000 ordinary shares.

**Article 23** Subject to the approval of the plans of the Company to issue overseas-listed shares and domestic shares by the CSRC and authorization at a shareholders' general meeting, the Board of Directors of the Company may arrange for a separate issuance of such shares. According to the requirements stated in the preceding paragraph, the Company may implement the plan of issuing overseas-listed shares and domestic shares separately within 15 months from the date of approval from the CSRC.

Mandatory Provisions 17  
Guidelines 3  
Section 1(f)(ii) of Appendix  
13d of the Listing Rules

With the approval from the CSRC, holders of non-listed shares of the Company may have their shares listed and dealt overseas. The listing and dealing in of such shares on overseas stock exchanges shall comply with the regulatory procedures, rules and requirements of overseas stock exchanges. No shareholder meeting or class shareholder meeting is required to be held to approve the listing and dealing in of such shares on overseas stock exchanges.

**Article 24** The Company shall complete issuing overseas-listed shares and domestic shares within the number fixed in the plan at one time; if this cannot be achieved due to exceptional circumstances, the Company may issue the same in several attempts upon the approval from the CSRC.

Mandatory Provisions 18

**Article 25** The registered capital of the Company shall be RMB80,000,000.

Company Law 81  
Mandatory Provisions 19

**Article 26** The Company may, based on its requirements for operation and development and in accordance with the relevant provisions of the Articles of Association, increase its capital.

The Company may increase its capital by way of:

Company Law 178  
Mandatory Provisions 20

(1) offering new shares to non-designated investors;



- (2) placing new shares to its existing shareholders;
- (3) distributing new shares to its existing shareholders;
- (4) any other means approved by laws, administrative regulations and the CSRC. The Company's increase of capital by issuing new shares shall, after being approved in accordance with the procedures set forth in the Articles of Association, be conducted in accordance with the procedures stipulated by relevant laws and administrative regulations of China.

**Article 27** The Company may dispose of the shares of any untraceable shareholder and retain the proceeds, if:

Provision 13(2) of Appendix 3 to the Listing Rules

(1) during a period of 12 years, dividends in respect of the shares in question have been distributed at least three times and no dividend has been claimed; and

(2) upon expiry of the 12-year period, the Company has given notice of its intention to dispose of the shares by way of an advertisement in newspapers, and has notified the CSRC and the relevant overseas securities regulatory authorities of the place where the Company's shares are listed.

**Article 28** Unless the laws and administrative regulations specify otherwise, the Company's shares can be transferred freely without any encumbrance.

Company Law 137  
Mandatory Provisions 21  
Rule 19A.46 and Provision 1(2)  
of Appendix 3 to the Listing  
Rules

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

**Article 29** The Company may reduce its registered capital according to the Articles of Association.

Mandatory Provisions 22

**Article 30** The Company shall prepare a balance sheet and a list of assets when reducing its registered capital.

Company Law 177  
Mandatory Provisions 23

The Company shall notify its creditors within 10 days from the date of the Company's resolution for reduction of registered capital and shall publish a notice in a newspaper for three times within 30 days from the date of such resolution. A creditor has the right within 30 days from the date of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within 90 days from the date of the first notice, to demand the Company to repay its debts or provide a corresponding guarantee for repayment of such debt.

The Company's registered capital after reduction shall not be less than the statutory minimum amount.

**Article 31** The Company may, subject to the approval of the relevant governing authorities of China, and according to the procedures set forth in the Articles of Association, repurchase its outstanding shares under the following circumstances:

Company Law 142  
Mandatory Provisions 24

- (1) cancellation of shares for the purpose of reducing its capital;
- (2) merging with other companies that hold shares in the Company;
- (3) granting the shares for the employee shareholding scheme or as share incentives;
- (4) shareholders who disagree with the resolutions for the merger and separation of the Company made in a shareholders' general meeting may demand the Company to purchase their shares;
- (5) using the shares for the purpose of exchanging for convertible bonds issued by listed companies;
- (6) where it is necessary for the listed company to safeguard its value and shareholders' interests;

Repurchase of the Company's shares for reasons set out in Clauses (1) and (2) of this Article shall be subject to resolution at a shareholders' general meeting. After the Company has repurchased its shares in accordance with Clause (1) of this Article, such shares shall be cancelled within 10 days after repurchase, or shall be transferred or cancelled within 6 months in the circumstances set out in Clauses (3) and (4). Company shares repurchased in accordance with Clauses (3), (5) and (6) of this Article shall be subject to resolution at a Board meeting with the presence of two-thirds of Directors. The aggregate number of company shares held by the Company shall not exceed 10% of the total number of issued shares of the Company, and such shares shall be transferred or cancelled within 3 years.

**Article 32** Subject to the approval by relevant governing authorities of China, the Company may repurchase its shares by the following means:

Mandatory Provisions 25

- (1) by making a general offer to all of its shareholders for the repurchase of shares on a pro rata basis;
- (2) through public dealing on a stock exchange;
- (3) by an off-market agreement.

**Article 33** If the Company repurchases its shares by concluding an off-market agreement, it shall obtain prior approval at a shareholders' general meeting pursuant to the Articles of Association. Upon approval in the same manner at the shareholders' general meeting, the Company may discharge or amend the said agreement or waive any of its rights thereunder.

Mandatory Provisions 26  
Provisions 8(1) and (2) of  
Appendix 3 to the Listing Rules

The off-market agreement for the repurchase of shares referred to in the preceding paragraph shall include, but not limited to, a document to become obliged to repurchase and acquire the right to repurchase shares.

The Company shall not assign the agreement for the repurchase of its shares or any rights thereunder.

In respect of the Company's repurchase of its shares, if the repurchase is made not on the market or through tender, the repurchase price shall not exceed a specified price limit, and if the repurchase is made through tender, the offer shall be made to all shareholders.

**Article 34** After the Company repurchases shares in accordance with law, it shall cancel or transfer such shares in accordance with laws and administrative regulations, and shall apply to the Zhejiang Provincial Administration for Market Regulation for change in registered capital or shareholding and make announcement accordingly.

Company Law 179  
Mandatory Provisions 27

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

**Article 35** Unless the Company is undergoing liquidation, it shall repurchase its outstanding shares pursuant to the rules below:

Mandatory Provisions 28

(I) Where the Company repurchases shares at par value, payment shall be made from the surplus of its distributable profits or from the proceeds of a new issue for that purpose;

(II) Where the Company repurchases shares of the Company at a premium to its par value, payment up to the par value shall be made from the surplus of its distributable profits or from the proceeds of a new issue for that purpose. Payment of the portion in excess of par value shall be effected as follows:

(1) if the shares being repurchased are issued at par value, payment shall be made from the surplus of its distributable profits;

(2) if the shares being repurchased were issued at a premium to its par value, payment shall be made from the surplus of its distributable profits or from the proceeds of a new issue for that purpose, provided that the amount paid from the proceeds of such new issue shall not exceed the aggregate amount of the premiums received by the Company on issuance of the shares so repurchased or the balance of the Company's capital reserve account (including the premiums on the new issue) at the time of such repurchase.

(III) The Company shall make payments with its distributable profits for the following expenses:

- (1) for acquisitions of rights to repurchase its own shares;
- (2) for the variation of any agreement for the repurchase of its shares;
- (3) for release from its obligations under any repurchase agreement;
- (4) After the total par value of the shares that are cancelled is deducted from the Company's registered capital, the amount equal to the par value of its shares deducted from its distributable profits shall go to the Company's capital reserve account.

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

**Article 36** The Company or its subsidiaries shall not offer any financial assistance to anyone who is acquiring or is proposing to acquire shares of the Company by any means at any time. The said purchaser of the Company's shares shall include a person who directly or indirectly assumes any obligations incurred for the acquisition of such shares. Mandatory Provisions 29

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

This Article shall not be applicable to the circumstances described in Article 38 hereof.

**Article 37** The financial assistance described in this Chapter shall include but not be limited to the means below: Mandatory Provisions 30

- (1) gifts;
- (2) guarantees (including the guarantor to undertake the liability or offer assets to secure the obligor's performance of obligations), compensation (not including compensation arising out of the Company's own defaults), or release or waiver of any right;

(3) provisions of loans or any other agreements where the Company shall fulfil the obligations prior to other parties, or changes in the said loans or parties to agreements, or the assignment of the rights under such loans or agreements;

(4) any other financial assistance provided by the Company in the event that the Company is insolvent or possesses no net assets, or in the event that its net assets would thereby be reduced to a material extent.

For the purpose of this Chapter, “assuming any obligations” shall include obligations assumed by contract or any arrangement (whether enforceable or unenforceable, and whether made on its own account or with any other persons) or by any other means that result in a change in financial position.

**Article 38** The following cases shall be exempted from Article 36 hereof:

Mandatory Provisions 31

(1) the provision of financial assistance by the Company where the financial assistance is provided in good faith in the interests of the Company, and the principal purpose of which is not for the acquisition of the Company’s shares, or the provision of financial assistance being an incidental part to a plan of the Company;

(2) the lawful distribution of the Company’s assets in the form of dividends;

(3) the distribution of dividends in the form of shares;

(4) a reduction of registered capital, a repurchase of shares or a reorganization of the shareholding structure effected according to the Articles of Association;

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

(6) the provision of monetary assistance for contributions to staff and workers' stock plans (provided that the net assets are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided from distributable profits of the Company).

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

**Article 39** The share certificates of the Company shall be in registered forms.

Rule 19A.52 of the Listing Rules  
Mandatory Provisions 32

In addition to the matters required by the Company Law and the Special Provisions, the share certificates of the Company shall also contain other matters required by the stock exchange(s) on which the Company's shares are listed.

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

(1) agreements among the purchaser of the share, the Company and each shareholder, and between the Company and each shareholder, have been reached to comply with and in accordance with the Company Law, the Special Provisions and other laws, administrative regulations and the Articles of Association.

(2) the purchaser of the shares and the Company, each of the shareholders, Directors, Supervisors, General Manager and other members of senior management of the Company, as well as the company acting on behalf of the PRC issuer and each director, supervisor, general manager and other members of senior management, agree with each shareholder that all of the disputes and claims arising from the Articles of Association, or any rights and obligations stipulated in the Company Law and other relevant laws and administrative regulations relating to the Company, shall be referred to arbitration in accordance with the Articles of Association. Any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearing in open session and to publish its award which is final.

(3) the purchaser of the shares, the Company and each shareholder agree that the shares of the Company may be freely transferable by the holder.

(4) the purchaser of the shares authorizes the Company to reach an agreement on behalf of him with each of the directors, General Manager and other members of senior management to authorize such directors, General Manager and other members of senior management to comply with and perform their duties to the shareholders in accordance with the Articles of Association.

**Article 40** Share certificates shall be signed by the legal representative. In the event that the stock exchange(s) on which the Company's shares are listed require the signatures of other members of senior management of the Company on the share certificates, the share certificates shall also be signed by such members of senior management. The share certificates shall be effective upon being affixed or printed with the seal of the Company or other securities seals specified. The share certificates shall only be sealed with the Company's seal under the authorization of the Board. The signatures of the Chairman of the Board of the Company or other members of senior management may be printed. Where power is taken to issue share warrants to bearer, no new share warrant shall be issued to replace one that has been lost, unless the issuer is satisfied beyond reasonable doubt that the original has been destroyed.

Mandatory Provisions 33  
Supplementary Opinions 1  
Provision 2(1) of Appendix 3 to  
the Listing Rules

Provision 2(2) of Appendix 3 to  
the Listing Rules



**Article 41** The Company shall have a register of shareholders to record the following matters:

Company Law 130  
Mandatory Provisions 34

- (1) the name (title), address (residence), occupation or nature of business of each shareholder;
- (2) the number and class of the shares of each holder;
- (3) the payment made or payable amount for the shares of each holder;
- (4) the certificate numbers of the shares of each holder;
- (5) the date on which each shareholder is entered in the register as a shareholder of the Company;
- (6) the date on which each shareholder ceases to be a shareholder of the Company.

Unless there is evidence to the contrary, the register of shareholders shall be sufficient evidence of the shareholders' shareholdings in the Company.

Where two or more persons are registered as joint shareholders of any shares, they should be deemed as joint owners of relevant shares subject to the followings:

Provision 1(3) of Appendix 3 to  
the Listing Rules

- (1) the Company does not have to register more than 4 persons as joint shareholders of any shares;
- (2) the joint shareholders shall, together or individually, pay the amounts payable for relevant shares;
- (3) if any of the joint shareholders dies, only the surviving joint shareholders may be deemed as holders of relevant share of the Company, but the Board of Directors is entitled to require the death certificate which it considers to be proper as regard to the amendment to the register of shareholders; and

(4) as regard to the joint shareholders for any share, only the person whose name is at the first place on the register of shareholders has the rights to receive the certificate of relevant shares and notice from the Company and to attend or exercise all of the votes relating to the shares at a shareholders' general meeting of the Company. The notice which is serviced on the above- mentioned person should be deemed to be serviced on all of the joint shareholders of relevant shares.

With regard to the joint shareholders of any shares, if the Bank pays distribution or allotment such as dividend, bonus or return on capital that should be paid to the joint shareholders to any one shareholder among the joint shareholders, the payment shall be regarded to have paid the aforesaid distribution or allotment to all the joint shareholders of relevant shares.

**Article 42** The Company may maintain the register of holders of overseas-listed shares and appoint an overseas agent to manage the register of shareholders in accordance with the memorandum of understanding or agreement concluded with the CSRC and overseas securities regulatory authorities. The original register of holders of overseas-listed shares listed in Hong Kong shall be maintained in Hong Kong.

Mandatory Provisions 35  
Supplementary Opinions 2  
Rule 1(b) of Appendix 13D of  
the Listing Rules

A duplicate copy of the register of holders of overseas-listed shares shall be maintained at the Company's residence. The appointed overseas agent(s) shall at all times ensure consistency between the original and the duplicate copies of the register of holders of overseas-listed shares.

In the event of any inconsistency between the original and the duplicate copy of the register of holders of overseas-listed shares, the original register of shareholders shall prevail.

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

Mandatory Provisions 36

(1) the register of shareholders that is maintained at the Company's residence (other than those share registers described in Clause (2) and Clause (3) below);

(2) The register of holders of overseas-listed shares of the Company kept at the place where the overseas stock exchange on which the shares are listed is located;

(3) The register of shareholders kept at such other place as the Board of Directors may deem necessary for the purpose of listing of the Company's shares.

Clause (b) of Section 1 of Appendix 13D of the Listing Rules

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

Mandatory Provisions 37

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

**Article 45** All fully paid-up H shares can be freely transferred according to the Articles of Association. However, the Board of Directors may refuse to recognise any instrument of transfer without giving any reasons, unless the following conditions are fulfilled:

Provisions 1(1) and (2) of Appendix 3 and Provision 19A.46 to the Listing Rules Supplementary Opinions 12

(1) a fee specified by the Listing Rules has been paid to the Company for registration of any instrument of transfer or any other document which is related to or will affect ownership of the shares;

(2) the instrument of transfer only involves H shares;

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

(4) the relevant share certificates and any evidences in relation to the right of the transferor to transfer such shares as reasonably requested by the Board of Directors have been provided;

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

(6) the Company does not have any lien on the relevant shares;

(7) no transfer of share shall be made to minors or persons of unsound mind or under other legal disability.

**Article 46** Following share transfer, the name of the transferee shall be registered in the register of shareholders as holders of shares.

If the Company refuses to register any transfer of shares, the Company shall within two months of formal application for the transfer provide the transferor and transferee with a written notice of refusal to register such transfer.

**Article 47** All issue or subsequent transfer of H shares shall be registered in the register of shareholders maintained in Hong Kong in accordance with Article 42 hereof.

**Article 48** Any shareholder of overseas-listed shares may transfer all or part of his/her shares using an instrument of transfer in the common written format in the place of listing or an instrument of transfer signed under hand or bearing machine printing signatures. H shares may be transferred using the standard transfer form specified by the Hong Kong Stock Exchange. If the transferor or transferee is a recognized clearing house as defined by the Hong Kong Securities and Futures Ordinance or its agent, the instrument of transfer may be signed by hand or in mechanically-printed form. All transfer of Company shares held by shareholders of non-listed foreign shares shall be effected in accordance with relevant Chinese laws and regulations.

All instruments of transfer shall be kept at the legal address of the Company, the address of the share registrar or other addresses designated by the Board of Directors from time to time.

**Article 49** No share transfer may be entered in the register of shareholders within 30 days prior to the date of a shareholders' general meeting or within 5 days before the record date set by the Company for the purpose of distribution of dividends.

Where Chinese laws and regulations and the relevant provisions of the securities regulatory authorities of the place where the shares of the Company are listed stipulate the period of closure of the register of shareholders prior to a shareholders' general meeting or the base date on which the Company decides to distribute dividends, such provisions shall prevail.

**Article 50** Where the Company convenes a shareholders' general meeting, distributes dividends, liquidates, or carries out other activities that require the determination of shareholdings, the Board of Directors shall set a date for ascertainment of the shareholding. Upon the close of such date, the shareholders who appear in the register of shareholders shall be deemed as the shareholders of the Company

Mandatory Provisions 39

**Article 51** Any person who requests to have his name entered to, or removed from, the register of shareholders may apply to the relevant court of authority for rectification of the register of shareholders.

Mandatory Provisions 40

**Article 52** Any shareholder who is registered in, or any person who requests to have his name entered in, the register of shareholders may, if his share certificates ("**Original Certificates**") are lost, apply to the Company for a replacement share certificate in respect to such shares ("**Relevant Shares**").

Mandatory Provisions 41

**Article 53** Applications for a replacement share certificate by shareholders of domestic shares and non-listed foreign shares shall be addressed pursuant to Article 143 of the Company Law.

Mandatory Provisions 41

**Article 54** Applications for a replacement share certificate by holders of overseas- listed shares shall be addressed pursuant to the laws, the rules of the stock exchange, or other relevant regulations of the jurisdiction in which the original register of holders of overseas-listed shares is maintained.

Mandatory Provisions 41

**Article 55** If a holder of H shares loses his share certificates and applies for their replacement, the issue of replacement certificates to that holder shall comply with the following requirements:

Mandatory Provisions 41

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

(2) No statement has been received by the Company from any person other than the applicant for having his name registered as a holder of the Relevant Shares before the Company came to a decision to issue the replacement certificates.

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

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

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

(5) If, upon expiration of the 90-day period for announcement and exhibition referred to in sub-paragraphs (3) and (4) of this Article, the Company has not received from any person any objection to the issuance of replacement certificates, the Company may issue replacement certificates to the applicant according to his application.

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

(7) All expenses relating to the cancellation of an Original Certificate and the issuance of a replacement certificate by the Company shall be borne by the applicant.

The Company may refuse to take any action until a reasonable undertaking is provided by the applicant therefor.

**Article 56** Where the Company issues a replacement certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforesaid replacement certificate or a shareholder who thereafter registers as the owner of such shares (in the case where he is a bona fide purchaser) shall not be removed from the register of shareholders.

Mandatory Provisions 42

**Article 57** The Company shall not be liable to any person for any damages caused by the cancellation of the Original Certificate or the issuance of the replacement certificate, unless the claimant is able to prove that the Company has acted fraudulently.

Mandatory Provisions 43

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

**Article 58** A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of shareholders.

A shareholder shall enjoy rights and assume obligations according to the class and numbers of shares held by that shareholder. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations. All classes of shareholders of the Company shall have equal rights in any distribution in the form of a dividend or any other form.

Mandatory Provisions 44  
Provision 9 of Appendix 3 to  
the Listing Rules

**Article 59** Holders of ordinary shares of the Company shall have the following rights:

Company Law 97  
Mandatory Provisions 45  
Rule 19A.50 of the Listing  
Rules

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

(II) the right to attend Shareholders' Meeting either in person or by proxy and exercise the voting right;

(III) the right to supervise, advise or inquire the operating activities of the Company;

(IV) the right to transfer the shares held according to laws, administrative regulations and the Articles of Association;

(V) the right to be provided with relevant information in accordance with provisions of the Articles of Association, including:

1. to obtain a copy of the Articles of Association, subject to payment of the cost;

2. to inspect and to make duplicate copies, subject to payment at a reasonable charge, of the followings:

(1) all parts of the register of shareholders;

(2) personal profiles of the Company's Directors, Supervisors, General Manager and other members of senior management including:

① their present and former names and aliases;

② their principal addresses (residence);

③ their nationalities;

④ their full-time and all other part-time occupations and duties;

⑤ their identification documents and the numbers thereof.

(3) report(s) on the Company's share capital;

(4) the latest audited financial report, the report of the Board of Directors, the report of auditors, and the report of the Supervisory Committee of the Company;

(5) special resolutions of the Company;

(6) report(s) showing the aggregate par value, number, maximum and minimum price paid with respect to each class of shares repurchased by the Company since the end of the last financial year, and the aggregate amount incurred by the Company for this purpose;



(7) a copy of the annual inspection report that has been filed with the administration of industry and commerce or other competent authorities in China; and

(8) minutes of shareholders' general meetings, resolutions of Board meetings, and resolutions of the Supervisory Committee's meetings. The Company shall make available the documents mentioned in Clauses (1) to (8) other than Clause (2) above and other applicable documents at its Hong Kong office for inspection, free of charge, by the public and shareholders in accordance with requirements of the Listing Rules (the documents mentioned in Clause (8) shall be available for inspection by shareholders only).

Shareholders demanding inspection of the relevant information or copies of the materials mentioned above shall provide the Company with written documents indicating the class and number of shares they hold in the Company. After confirmation of the shareholder's identity, the Company shall provide such information based on the request of the shareholder.

(VI) the right to receive distribution of the remaining assets proportional to the number of shares held when the Company dissolves or liquidates;

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

The Company shall not otherwise stay or infringe any rights attached to any shares on the sole basis that the holders of such shares with direct or indirect interests in such shares have failed to disclose the said interests to the Company.

Provision 12 of Appendix 3 to the Listing Rules

**Article 60** Holders of ordinary shares of the Company shall assume the following obligations:

Mandatory Provisions 46

(1) To abide by the Articles of Association;

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

(3) Any 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 relevant shares on subscription.

**Article 61** In addition to the obligations imposed by laws, administrative regulations or listing rules of the stock exchange upon which the Company's shares are listed, a controlling shareholder (as defined in the following clause) shall not exercise his voting rights in respect to the following matters in a manner prejudicial to the interests of all or some of the shareholders of the Company:

Mandatory Provisions 47

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

(2) To approve the directors or supervisors (for their own account or for the account of other parties) to deprive the Company of its assets in any manner, including, but not limited to, any opportunity favourable to the Company;

(3) To approve the directors or supervisors (for their own account or for the account of other parties) to deprive another shareholder of his individual interest, including but not limited to any allocation right and voting right, but excluding any corporate restructuring proposal made at the shareholders' general meeting in accordance with the Articles of Association.

**Article 62** For the purposes of the above Article, a "controlling shareholder" means a shareholder who satisfies any one of the following conditions:

Mandatory Provisions 48

(1) Any person acting on his own or in concert with other parties has the power to elect not less than half of the directors;

(2) Any person acting on his own or in concert with other parties who has the power to exercise or control the exercise of 30% or more of the voting rights of the Company;

(3) Any person acting on his own or in concert with other parties who holds 30% or more of the outstanding shares of the Company;

(4) Any person acting on his own or in concert with other parties who has actual control over the Company in any other manner.

## Chapter 8 Shareholders' General Meetings

**Article 63** The shareholders' general meeting is the power of authority of the Company and shall exercise its functions and powers in accordance with the laws. Mandatory Provisions 49

**Article 64** The shareholders' general meeting shall have the following functions and powers:

(1) To decide the Company's operational directions and investment plans; Company Law 37, 99  
Mandatory Provisions 50

(2) To elect and replace directors and to determine matters relating to the remuneration of the directors;

(3) To elect and replace shareholders' representative Supervisors, and decide on matters relating the remuneration of the relevant Supervisors;

(4) To examine and approve reports of the Board of Directors;

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

(6) To examine and approve the Company's annual preliminary and final financial budgets;

(7) To examine and approve the Company's profit distribution and loss recovery plans;

(8) To decide on the increase or reduction of the Company's registered capital;

(9) To decide on such matters as merger, division, dissolution, liquidation or change in the form of the Company;

(10) To decide on the issuance of debentures by the Company;

(11) To decide on the engagement, dismissal or non-reappointment of the Company's accounting firm;

(12) To amend the Articles of Association;

(13) To consider any motions raised by shareholders who hold 5% or more of the voting shares of the Company;

(14) Other matters which are required to be determined at the shareholders' general meeting as required by laws, administrative regulations and the Articles of Association.

**Article 65** The Company shall not, without the prior approval at a shareholders' general meeting, enter into any contract with any party (other than the directors, supervisors, general manager and other senior management officers) pursuant to which such party shall be in charge of management of all of the Company's businesses or the Company's major businesses.

Mandatory Provisions 51

**Article 66** A general meeting shall either be an annual general meeting or an extraordinary general meeting. Annual general meetings shall be held once every year and within 6 months from the close of the preceding accounting year.

Company Law 100

Mandatory Provisions 52

The Board of Directors shall convene an extraordinary general meeting within 2 months from the occurrence of any of the following circumstances:

(1) When the number of directors is less than the number stipulated in the Company Law or two-thirds of the number specified in the Articles of Association;

(2) When the unrecovered losses of the Company amount to one-third of the total amount of its share capital;

(3) When shareholder(s) holding 10% or more of the Company's outstanding shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting;

(4) When deemed necessary by the Board of Directors or when requested by the Supervisory Committee;

**Article 67** When the Company convenes an annual general meeting, it shall notify the shareholders 20 days before the date of the meeting. When the Company convenes an extraordinary general meeting, it shall notify the shareholders 15 days before the date of the meeting. Company Law 102  
Official Reply

**Article 68** At the general meeting held by the Company, shareholders severally or jointly holding 3% or more of the total voting shares of the Company are entitled to propose new resolutions in writing to the Company. The Company shall place such resolutions on the agenda for such meeting if they are matters falling within the scope of duties of the shareholders' general meeting. Company Law 102

**Article 69** A general meeting shall not transact business not stated in the notice of meeting. Company Law 102

**Article 70** Notice of the shareholders' general meeting shall: Mandatory Provisions 56

- (1) Be given in writing;
- (2) Specify the time, place and date of the meeting;
- (3) Set out the matters to be considered at the meeting;
- (4) Provide shareholders with such information and explanation as necessary for them to make informed decisions on the matters to be considered. This principle includes, but is not limited to, a merger proposal, share repurchase, share capital restructuring or other restructuring. The specific terms and contract (if any) of the proposed transaction shall be provided, and the cause and effect of such proposal shall be properly explained;
- (5) Disclose the nature and extent of the material conflict of interest, if any, of any director, supervisor, general manager and other senior management officer in the matters to be considered; and provide an explanation of the differences, if any, between the way in which the matter to be considered will affect such director, supervisor, general manager and other senior management officer in his/her capacity as shareholders and the way in which such matter will affect other shareholders of the same class;

(6) Contain the full text of any special resolution proposed to be passed at the meeting;

(7) Contain a clear statement that a shareholder entitled to attend and vote has the right to appoint one or more proxies to attend and vote on his behalf and that such proxy need not be a shareholder of the Company;

(8) Specify the time and place for lodging proxy forms for the relevant meeting.

(9) State the name and telephone number of the permanent connected person.

**Article 71** A copy of the directors' report, accompanied by the balance sheet (including every document required by law to be annexed thereto) and profit and loss account or income and expenditure account, or the summary financial report shall, at least 21 days before the date of the shareholders' general meeting, be delivered or sent by electronic communication, post to the registered address of every member.

Provision 5 of Appendix 3 to the Listing Rules

**Article 72** Notice of a shareholders' general meeting shall be served on shareholders (whether or not entitled to vote at the shareholders' general meeting) by electronic communication, facsimile transmission or personal delivery or prepaid mail to their addresses as shown in the register of shareholders. For the holders of domestic, notice of the meeting may be issued by way of public notice.

Mandatory Provisions 57

The aforesaid public notice shall be published in media or newspapers designated by the securities regulatory authorities of the State Council 20 days before the date of the annual general meeting or 15 days before the date of the extraordinary general meeting. After the publication of such notice, the holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

**Article 73** The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the meeting or any resolution adopted at that meeting.

Mandatory Provisions 58

**Article 74** Any shareholder entitled to attend and vote at a shareholders' general meeting shall be entitled to appoint one or more persons (whether a shareholder or not) as his/her proxy to attend and vote on his/her behalf. According to the appointment of the shareholder, a proxy so appointed shall:

(1) have the same right as the shareholder to speak at the meeting;

(2) have right to individually or jointly in demanding a poll;

(3) have the right to vote by hand or on a poll, but when more than one proxy has been appointed, the proxies only have the right to vote on a poll. If the shareholder is an authorized clearing house or its agent as defined in the relevant regulation, such shareholder is entitled to authorize one or more persons as his proxy at any shareholders' general meeting or any class meeting as he thinks fit. However, if more than one person is authorized, the proxy forms shall state clearly the number of shares and the class of shares represented by each of the proxies and be signed by a person empowered by the recognized clearing house. The person so appointed may exercise the rights (without being required to present share certificate, certified statement of proxy and/or further evidence of due authorization) of the recognized clearing house (or its agent) to attend the meeting, as if he was or were (an) individual shareholder(s) of the Company.

Company Law 106  
Mandatory Provisions 59

**Article 75** The proxy form shall be in writing, either to be executed by the appointer or by power of attorney. Should the appointer be a legal entity, then such proxy form shall be executed with the company seal or by its Directors or the legal representative.

Mandatory Provisions 60

The form of proxy appointing another person to attend a shareholders' general meeting produced by a shareholder shall state the following:

(1) name of the proxy;

(2) whether he has the voting right;

(3) instructions as to vote for or vote against or abstain from voting in relation to each matter on the agenda to be examined at the shareholders' general meeting;

(4) issuing date and validity period of the proxy form;

(5) signature (or chop) of the appointor. If the appointor is a domestic corporate shareholder, the corporation's seal shall be affixed;

(6) the number of shares represented by each proxy on behalf of each appointer.

If several persons are authorized as the proxies of the shareholder, the proxy form shall specify the number of the shares to be represented by each proxy.

**Article 76** The proxy form shall be maintained at the residence of the Company or at such other locations as specified for that purpose in the notice regarding the convening of the meeting in no less than 24 hours prior to the time of the meeting at which the proxy proposes to vote, or the time appointed for voting. In the event that such instrument is signed by another person authorized by the appointer, the authorization or other authorization instrument shall be notarized, and such notarized authorization or other instrument shall be maintained at the residence of the Company or at such other locations as specified for that purpose in the notice regarding the convening of the meeting at the same time. In the event that an appointer is a legal entity, its legal representative or such person as authorized by a resolution of its Board of Directors or other governing body may attend the shareholders' general meeting of the Company in the capacity of a representative.

Mandatory Provisions 61  
Provision 11(2) of Appendix 3  
to the Listing Rules

**Article 77** Any form issued to a shareholder by the Board of Directors of the Company for the appointment of a proxy by the shareholder shall enable the shareholder to instruct the proxy to vote for or against each resolution with respect to businesses to be transacted at the meeting. Such forms shall contain a statement which states that, in the absence of instructions by the shareholder, the proxy may vote in his/her own discretion.

Mandatory Provisions 62  
Provision 11(1) of Appendix 3  
to the Listing Rules



**Article 78** Where the appointer has died, became incapacitated to act, withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to voting, a vote given by the proxy in accordance with the power of attorney shall remain valid until written notice of such event has been received by the Company.

Mandatory Provisions 63

**Article 79** A proxy who attends a shareholders' general meeting on behalf of a shareholder shall produce his identification document. If a shareholder who is a legal person appoints its legal representative to attend the meeting, the legal representative shall produce his identification document and a notarially certified copy of the resolution or form of proxy of the Board of Directors or other governing body of the legal person (other than a recognized clearing house or its nominee) authorizing the legal representative.

**Article 80** Resolutions of shareholders' general meetings are classified as ordinary resolutions and special resolutions.

Company Law 103

Mandatory Provisions 64

Ordinary resolutions of the shareholders' general meeting shall be passed by more than one half of the voting rights represented by the shareholders (including proxies) present at the meeting.

Special resolutions of the shareholders' general meeting shall be passed by more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting.

**Article 81** Shareholders (including proxies) shall exercise their voting rights in accordance with the number of shares with voting rights represented by them, and each share entitles the shareholder one voting right at the shareholders' general meeting. Where any shareholder is required under the Listing Rules to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, he shall abstain from voting according to such regulations, and any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

Company Law 103

Mandatory Provisions 65

Provision 14 of Appendix 3 to the Listing Rules

**Article 82** At any shareholders' general meeting, a resolution shall be decided on a show of hands unless a poll is demanded before or after any voting by show of hands by:

Mandatory Provisions 66

(1) the chairman of the meeting;

(2) at least two shareholders, who possess the right to vote, present in person or by proxy;

(3) one or more shareholders (including proxies) representing, either calculated separately or in aggregate, one-tenth or more of all shares carrying the right to vote at the meeting. Unless a poll be so demanded, a declaration by the chairman of the meeting that a resolution has on a show of hands been passed and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favor of or against such resolution passed in the meeting.

A demand for a poll may be withdrawn by the person who made the demand.

**Article 83** A poll demanded on such matters as the election of chairman or the adjournment of the meeting shall be taken immediately. A poll demanded on any other matter shall be taken at such time during the meeting as the chairman directs, and the meeting may proceed to discuss other matters. The results of the poll to be taken shall still be deemed to be a resolution passed at that meeting.

Mandatory Provisions 67

**Article 84** On a poll taken at a meeting, a shareholder (including a proxy) entitled to two or more votes need not cast all his votes in the same way.

Mandatory Provisions 68

**Article 85** In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall have a casting vote.

Mandatory Provisions 69

**Article 86** The following matters shall be resolved by way of ordinary resolutions at a shareholders' general meeting:

Company Law 103  
Mandatory Provisions 70

- (1) Work reports of the Board of Directors and the Supervisory Committee;
- (2) Plans for profit distribution and recovery of losses drafted by the Board of Directors;
- (3) Appointment or removal of members of the Board of Directors and the Supervisory Committee, and their remuneration and method of payment thereof;
- (4) The Company's annual financial budgets and final accounts, balance sheets, income statements and other financial statements;
- (5) Any matters other than those required by the laws, administrative regulations or the Articles of Association to be approved by special resolution.

**Article 87** The following matters shall be approved by special resolutions at a shareholders' general meeting:

- (1) Increase or reduction of the share capital, and issue of any class of shares, warrants and other similar securities of the Company;
- (2) Issuance of debentures of the Company;
- (3) Demerger, merger, dissolution and liquidation of the Company, and change of corporate form of the Company;
- (4) Amendment to the Articles of Association;
- (5) Any other matters approved by ordinary resolution at a shareholders' general meeting as having a material impact on the Company and are required to be approved by a special resolution.

Company Law 103  
Mandatory Provisions 71

**Article 88** Shareholders requesting the convening of extraordinary general meetings or class meetings shall follow the procedures listed below:

(1) Shareholders individually or jointly holding 10% or more of the shares carrying voting rights at the meeting sought to be held may sign one or more written requests of identical form of content requesting the Board of Directors to convene an extraordinary general meeting or a class meeting and stating the subject of the meeting. The Board of Directors shall convene an extraordinary general meeting or a class meeting as soon as possible after having received the aforesaid written request. The abovementioned shareholding shall be calculated as of the day on which the written request is made.

(2) If the Board of Directors fails to issue a notice of convening such meeting within 30 days upon receipt of the above written request, the shareholders who made such request may convene the meeting of their own accord within four months upon the Board of Directors having received such request. The convening procedures shall, to the greatest extent possible, be identical to procedures according to which shareholders' general meetings are to be convened by the Board of Directors.

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

**Article 89** A shareholders' general meeting shall be convened by the Board of Directors and presided and chaired by the chairman of the Board of Directors. If the chairman of the Board of Directors is unable to perform his duties or fails to perform his duties, more than half of the Directors shall jointly elect a Director to preside over the meeting, and shareholders present shall choose one person to be chairman of the meeting. If for any reason the shareholders fail to elect a chairman, the shareholder (including his proxy, with the exception of Hong Kong Securities Clearing Company Nominees) attending the meeting and holding the largest number of shares vested with voting rights shall be the chairman of the meeting.

Company Law 101  
Mandatory Provisions 73

Where the Board of Directors is unable to perform or fails to perform its duty of convening a general meeting, the Supervisory Committee shall promptly convene and preside over the meeting; where the Supervisory Committee does not convene and does not designate a chairman of the meeting, shareholders who individually or collectively hold more than ten percent of shares of the Company for more than ninety consecutive days may convene and preside over the meeting on its or their own, and designate a chairman of the shareholders' meeting.

**Article 90** The meeting chair shall determine whether a resolution at a shareholders' general meeting has been passed. His decision, which is final and conclusive, shall be announced at the meeting and recorded in the minutes of the meeting.

Mandatory Provisions 74

**Article 91** If the meeting chair has any doubt as to the result of any resolution put to the vote, he may have the votes counted. If the meeting chair does not count the votes counted, any attending shareholder or proxy who objects to the result announced by the meeting chair may demand that the votes be counted immediately after the declaration of the voting result, and the meeting chair shall have the votes counted immediately.

Mandatory Provisions 75

**Article 92** If votes are counted at the shareholders' general meeting, the counting result shall be recorded in the minutes of the meeting.

Company Law 107  
Mandatory Provisions 76

Minutes shall be kept in respect of all resolutions passed at a shareholders' general meeting and signed by directors present at the meeting.

The minutes of the meeting together with the attendance records signed by the attending shareholders and proxy forms shall be kept at the address of the Company.

**Article 93** Copies of the minutes of the meeting shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder demands from the Company a copy of such minutes, the Company shall send a copy to him within 7 days following the receipt of reasonable fees.

Mandatory Provisions 77

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

**Article 94** Shareholders holding different classes of shares are referred to as class shareholders

Mandatory Provisions 78  
Provisions 10(1) and 10(2) of  
Appendix 3 to the Listing Rules

A class shareholder shall enjoy rights and assume obligations in accordance with the laws, administrative regulations and the Articles of Association. Where the share capital of the issuer includes shares that do not carry voting rights, the words "non-voting" must appear on the name of such shares.

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

**Article 95** Rights conferred to class shareholders may not be varied or abrogated unless approved by way of a special resolution at a shareholders' general meeting and by the affected class shareholders at a separate shareholders' meeting convened in accordance with Articles 97 to 101 hereof. The quorum for a class meeting (other than an adjourned meeting) shall be the holders of at least one-third of the issued shares of the class.

Mandatory Provisions 79  
Rule 19A.49 of the Listing  
Rules

**Article 96** The following circumstances shall be deemed to be a variation or abrogation of the rights of shareholders of a particular class:

- (1) To increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to the shares of such class;
- (2) To effect a change of all or part of the shares of such class into those of another class or to effect an exchange or create a right of exchange of all or part of the shares of another class into those of such class;
- (3) To remove or reduce the rights in respect to accrued dividends or the cumulative dividends attached to shares of such class;
- (4) To reduce or remove the preferential rights attached to shares of such class to receive dividends or to the distribution of assets in the event that the Company is liquidated;
- (5) To add, remove or reduce the share conversion rights, options, voting rights, transfer rights, pre-emptive rights or rights to acquire securities of the Company attached to shares of such class;
- (6) To remove or reduce the rights to receive payables from the Company in a particular currency attached to shares of such class;
- (7) To create a new class of shares with voting right, distribution right or other privileges equal or superior to those of the shares of such class;
- (8) To restrict the transfer or ownership of shares of such class or to impose additional restrictions thereto;
- (9) To grant the right to subscribe for, or convert into, shares of such or another class;
- (10) To increase the rights and privileges of shares of another class;

(11) To make a restructuring scheme which will result in the holders of different classes of shares bearing a disproportionate burden of obligations under such restructuring;

(12) To vary or abrogate any provision of this Chapter.

**Article 97** Shareholders of the affected class, whether or not otherwise entitled to vote at the shareholders' general meetings, shall nevertheless be entitled to vote at class meetings in respect to matters concerning sub-paragraphs (II) to (VIII), (XI) and (XII) of Article 96 hereof, but the interested shareholder(s) shall not be entitled to vote at class meetings.

Mandatory Provisions 81

“Interested shareholder(s)” as mentioned herein means:

(I) In the case of a repurchase of shares by the Company by pro rata offers to all shareholders or by way of on-market dealing on the Stock Exchange under Article 33 hereof, a “controlling shareholder” as defined in Article 62 hereof;

(II) In the case of a repurchase of shares by the Company outside the Stock Exchange by way of agreement under Article 33 hereof, a shareholder who is related to the agreement;

(III) In the case of a restructuring of the Company, a shareholder within a class who bears less than a proportionate liability than other shareholders of such class or who has an interest different from those of other shareholders of such class.

**Article 98** Resolutions of a class meeting shall be passed by shareholders present at the meeting representing two-thirds or more of the voting rights in accordance with Article 97 hereof.

Mandatory Provisions 82

**Article 99** In the event that the Company convenes a class meeting, a written notice shall be issued to shareholders whose names appear on the register of shareholders of such class 20 days before the date of the annual general meeting, or 15 days before the date of the extraordinary general meeting, specifying the matters proposed to be considered and the date and place of the meeting.

Mandatory Provisions 83



**Article 100** The notice of the class meeting shall only be served to shareholders entitled to vote thereat.

Mandatory Provisions 84

A class meeting shall be held under procedures as similar as possible to a shareholders' general meeting. The provisions of the Articles of Associations which relate to the convening of shareholders' general meetings shall apply to class meetings.

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

Mandatory Provisions 85  
Supplementary Opinions 3  
Guidelines 3  
Section 1 f(i) and (ii) of  
Appendix 13D of Listing Rules

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

(I) Where the Company recognises, allocates or issues, upon approval by a special resolution of its shareholders in a general meeting (under an unconditional mandate or subject to terms and conditions provided by the resolution), either separately or concurrently every 12 months, not more than 20% of each of the existing issued domestic shares and overseas-listed shares;

(II) Where the Company's plan to issue domestic shares and overseas-listed shares at the time of its establishment is implemented within 15 months from the date of approval by the China Securities Regulatory Commission or the securities regulatory authority of the State Council.

(III) Subject to approval by securities regulatory authorities of the State Council and overseas stock exchanges (as necessary), non-listed shares of the Company may be listed and traded overseas,.

## Chapter 10 Board of Directors

**Article 102** The Company shall establish a Board of Directors, which shall comprise 9 directors. There shall be one chairman. There shall be 3 independent non-executive directors who are not shareholders of the Company and do not hold any positions within the Company.

Company Law 81, 108, 109  
Mandatory Provisions 86

**Article 103** Directors shall be elected at the shareholders' general meetings for a term of 3 years. Upon maturity of the term of office, a director shall be eligible for re-election and re-appointment.

Company Law 108  
Mandatory Provisions 87  
Supplementary Opinions 4

A written notification of intent to nominate a director and the candidate's willingness to be nominated should be submitted to the Company no less than seven days before the convention of the shareholders' general meeting.

Subject to the relevant laws and regulations, and the regulatory rules of the local authority where the Company's shares are listed, if the Board of Directors appoints a new director to fill a casual vacancy or as an addition to the Board of Directors, the term of office of the appointed director shall expire at the next shareholders' annual general meeting and shall then be eligible for re-election and re-appointment.

The minimum length of the period, during which notice to the issuer of the intention to propose a person for election as a director and during which notice to the issuer by such person of his willingness to be elected may be given, will be at least 7 days, which will commence the day after the dispatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting.

Provision 4(2) of Appendix 3 to the Listing Rules

The chairman of the Board of Directors shall be elected or removed by more than one half of all directors. The term of office of the chairman shall be three years and is renewable upon re-election.

Provisions 4(4) and 4(5) of Appendix 3 to the Listing Rules

Subject to the relevant laws and administrative regulations, a director may be removed by an ordinary resolution in a shareholders' general meeting, before the expiration of his term of office (but without prejudice to any claim which such director may here for damages under any contract).

Provision 4(3) of Appendix 3 to the Listing Rules

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

The number of independent non-executive directors shall not be less than three and shall represent one-third or above of the Board of Directors; and at least one independent non-executive director must possess appropriate professional qualification or demonstrate adequate accounting or relevant financial management expertise. Moreover, at least one of the independent non-executive directors must be ordinarily resident in Hong Kong.

Rule 19A.18(1) of the Listing Rules

**Article 104** The Board of Directors shall be accountable to the shareholders' general meeting and exercise the following functions and powers:

Mandatory Provisions 88  
Company Law 46

(I) To convene the shareholders' general meeting and report to the shareholders' general meeting;

(II) To implement the resolutions adopted at shareholders' general meetings;

(III) To decide on the Company's business plans and investment plans;

(IV) To formulate the Company's annual financial budgets and accounts;

(V) To formulate the Company's proposals on profit distribution and plan for recovery of losses;

(VI) To formulate proposals for increases or reductions of the Company's registered capital and proposals for the issue of the Company's securities;

(VII) To formulate plans for merger, demerger, and dissolution of the Company;

(VIII) To decide on the establishment of the Company's internal management structure;

(IX) To appoint or dismiss the Company's general manager; and to appoint or dismiss the deputy general manager and other senior management officers of the Company (including the chief financial officer) pursuant to the nomination of the general manager;

(X) To formulate the Company's basic management system;

(XI) To formulate proposals for amendment to the Articles of Association;

(XII) To exercise other functions and powers granted by the Articles of Association or the shareholders' general meeting.

With the exception of matters specified in sub-paragraphs (VI), (VII) and (XI) which shall be passed by two-thirds or more of the directors, the resolutions of the Board of Directors in respect to any other aforesaid matters may be passed by more than half of all directors.

**Article 105** The Company shall establish the audit committee, remuneration committee and nomination committee.

Rule 3.21 of the Listing Rules  
Rule 3.25 of the Listing Rules  
Provision A5.1 of Appendix 14  
to the Listing Rules

The audit committee must comprise a minimum of three members who shall all be non-executive directors only, and at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. The majority of the audit committee members must be independent non-executive directors of the Company. The audit committee must be chaired by an independent non-executive director.

The Company's remuneration committee shall be chaired by an independent non-executive director and comprise a majority of independent non-executive directors.

The Company's nomination committee shall be chaired by the chairman of the Board of Directors or an independent non-executive director and comprise a majority of independent non-executive directors.

**Article 106** The Board of Directors shall not, without the approval of shareholders in a general meeting, dispose of or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of fixed assets proposed for disposal and the value of fixed assets disposed of within 4 months before the proposed disposal exceeds 33% of the value of the Company's fixed assets as shown in the last balance sheet tabled before the shareholders in a general meeting.

For the purposes of this Article, the term "disposal of fixed assets" includes an act involving the transfer of an interest in certain assets, but does not include the provision of guarantees with fixed assets.

The validity of a transaction for disposal of fixed assets by the Company shall not be affected by a breach of the first paragraph of this Article.

**Article 107** The chairman of the Board of Directors shall exercise the following functions and powers:

(I) To preside over the shareholders' general meetings and to convene and preside over the meetings of the Board of Directors;

(II) To supervise and inspect the implementation of resolutions of the Board of Directors;

(III) To sign securities issued by the Company;

(IV) To exercise any other functions and powers granted by the Board of Directors.

In the event that the Chairman of the Board of Directors is unable to carry out his duties, more than half of the Directors shall jointly elect a Director to perform his duties.

**Article 108** The Board of Directors shall meet regularly, and meetings of the Board of Directors shall be held at least four times a year and convened by the chairman of the Board of Directors. Ten days' notice of meeting should be given to allow all directors to attend. In case of emergency matters, an extraordinary meeting of the Board of Directors shall be convened upon the recommendation of three or more directors or the chairman of the Board of Directors or the general manager of the Company, and reasonable notice shall be given in accordance with Article 108 of these Articles of Association. Regular meetings do not include the practice of approval through delivered written resolutions.

Company Law 110  
Mandatory Provisions 91

**Article 109** Written notice of a meeting and extraordinary meeting of the Board of Directors shall be served by hand, facsimile, express mail service, registered air mail. Notice of an extraordinary meeting of the Board of Directors shall be no less than five days.

Mandatory Provisions 92

**Article 110** The notice of meeting shall be deemed to have been issued to a director if he is present at the meeting even if he has not received such notice prior to or at the time of his arrival at the meeting.

**Article 111** Regular or extraordinary board meetings may be held by way of teleconference or by virtue of other communication devices. In such meetings, so long as the participating directors can hear and communicate with each other, all participating directors are deemed to have had participated in the meeting in person.

**Article 112** The board meeting shall be attended by more than half of the directors (including proxies).

Company Law 111  
Mandatory Provisions 93

Each director has one vote. Resolutions of the Board of Directors shall be passed by more than half of all directors.

In the case of an equality of votes, the chairman of the Board of Directors shall have a casting vote.

**Article 113** A director shall attend the board meetings in person.

Company Law 112  
Mandatory Provisions 94

If a director is not able to attend the meeting for any reason, he may appoint in writing other directors to attend the meeting on his behalf. The scope of authorisation shall be specified in the proxy.

The director attending the meeting on other's behalf shall only exercise the rights of director within the scope of authorization. If a director fails to attend a board meeting or appoint a representative to attend on his behalf, such director shall be deemed to have waived his right to vote at such meeting.

A director of the Company shall abstain from voting on any board resolution in which he or any of his associates (as defined in the Listing Rules) has an interest nor shall he be counted in the quorum present at the meeting.

Provision 4(1) of Appendix 3 to  
the Listing Rules

Subject to such exceptions as the Stock Exchange of Hong Kong Limited may approve, a director of the Company shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates has a material interest nor shall he be counted in the quorum present at the meeting.

**Article 114** Matters which require the approval of an extraordinary meeting of the Board of Directors may be passed as written resolutions in lieu of a meeting of the Board of Directors only after the Board of Directors has delivered the resolutions to all directors and such resolutions have been signed and approved by the required quorum of the directors for decision-making in accordance with Article 104 of these Articles of Association. Such written resolutions shall be deemed to have the same legal effect as resolutions passed at a board meeting held in accordance with the procedures set out in the relevant provisions of the Articles of Association.

**Article 115** The Board of Directors shall keep minutes of resolutions on matters discussed at the meeting. The attending directors and the recorder of meeting minutes shall sign the minutes of such meetings. Directors shall be liable for the resolutions of the Board of Directors. If the resolutions of the Board of Directors violate the laws, administrative regulations or the Articles of Association, and the Company suffers a material loss as a result thereof, the directors participating in the resolutions are liable to the Company for the losses. However, directors may be exempted from such liability if it is verified that such director has stated his objection when voting and the same was recorded in the minutes at the Board meeting.

Company Law 112  
Mandatory Provisions 95

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

**Article 116** The Company shall have a secretary to the Board of Directors. The secretary to the Board of Directors is a senior management officer of the Company.

Company Law 123  
Mandatory Provisions 96

**Article 117** The secretary to the Board of Directors of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be nominated by the Board of Directors. His primary duties include:

Company Law 123  
Mandatory Provisions 97

(I) To ensure that the Company has a complete set of organisational documents and records;

(II) To ensure proper preparation and submission of reports and files as required by the relevant authorities;

(III) To ensure the proper maintenance of the Company's register of shareholders, so as to ensure the persons who are entitled to obtain the relevant records and documents of the Company are able to obtain the same on a timely basis.

**Article 118** A director or other senior management officers of the Company may act as the secretary to the Board of Directors. The accountants of the accounting firm which has been appointed by the Company shall not concurrently act as the secretary to the Board of Directors.

Mandatory Provisions 98



If a director of the company concurrently serves as secretary to the Board of Directors, is in the event that an action must be carried out by a director and a secretary to the Board of Directors respectively, the person who holds the offices of director and secretary to the Board of Directors shall not act in dual capacity.

## Chapter 12 Company Secretary

**Article 119** The Company shall appoint an individual as company secretary, to ensure good information flow within the board and that board policy and procedures are followed. The company secretary should report to the board chairman and/or the chief executive, and is responsible for advising the board through the chairman and/or the chief executive on governance matters and should also facilitate induction and professional development of directors.

Rule 3.28 of the Listing Rules  
Provision F.1.3 of Appendix 14  
to the Listing Rules

**Article 120** The board should approve the selection, appointment or dismissal of the company secretary. A board meeting should be held to discuss the appointment and dismissal of the company secretary and the matter should be dealt with by a physical board meeting rather than a written resolution. A candidate for company secretary shall be an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Exchange, capable of discharging the functions of company secretary.

Rule 3.28 of the Listing Rules

The company secretary should be an employee of the Company and have day-to-day knowledge of the Company's affairs. Where the Company engages an external service provider as its company secretary, it should disclose the identity of a person with sufficient seniority (e.g. chief legal counsel or chief financial officer) at the issuer whom the external provider can contact.

Provisions F.1.1 and F.1.2 of  
the Appendix 14 to the Listing  
Rules

In each financial year the Company's company secretary must take no less than 15 hours of relevant professional training.

Rule 3.29 of the Listing Rules

All directors should have access to the advice and services of the company secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed.

Provision F.1.4 of Appendix 14  
to the Listing Rules

## Chapter 13 General Manager

**Article 121** The Company shall have one general manager who shall be appointed or removed by the Board of Directors. Mandatory Provisions 99

**Article 122** The general manager shall be accountable to the Board of Directors and exercise the following functions and powers: Mandatory Provisions 100

(I) To be in charge of the production, operation and management of the Company, and to arrange implementation of resolutions of the Board of Directors;

(II) To arrange implementation of the Company's annual business plans and investment plans;

(III) To propose plans for establishment of the Company's internal management organisation;

(IV) To formulate the Company's basic management system;

(V) To formulate the basic rules and regulations of the Company;

(VI) To propose the employment and dismissal of the deputy general managers and other senior management officers (including the chief financial officer);

(VII) To employ or dismiss the management officers other than those required to be employed or dismissed by the Board of Directors;

(VIII) To exercise other functions and powers conferred by the Articles of Association and the Board of Directors.

**Article 123** The general manager shall attend board meetings and, if the general manager is not a director, he shall not have voting right thereat. Mandatory Provisions 101

**Article 124** In the exercise of his powers, the general manager shall comply with the laws, administrative regulations and the Articles of Association, and fulfil his duties in good faith and with due diligence. Mandatory Provisions 102

## Chapter 14 Supervisory Committee

**Article 125** The Company shall establish the Supervisory Committee. The Supervisory Committee is responsible for monitoring the Board of Directors, the directors, the general manager and other senior management officers of the Company against any abuse of position and infringement of the rights of shareholders, the Company and employees of the Company.

Company Law 117  
Mandatory Provisions 103

**Article 126** The Supervisory Committee is comprised of 3 supervisors, one of whom shall act as the chairman of the Supervisory Committee. The term of office of supervisors shall be 3 years, renewable upon re-election and re-appointment.

Company Law 117  
Mandatory Provisions 104  
Company Law 81  
Supplementary Opinions 5  
Rule 1(d)(i) of Appendix 13D  
of the Listing Rules

The appointment and dismissal of the chairman of the Supervisory Committee shall be subject to the approval of two-thirds or more of its members by voting.

**Article 127** Members of the Supervisory Committee shall comprise two representatives of shareholders and one representative of staff and workers. The staff representative supervisor shall be elected by the employee representatives' meeting and workers and other democratic means.

Company Law 81, 117  
Mandatory Provisions 105  
Provision 1(d)(i) of Appendix  
13D to the Listing Rules

The chairman of the Supervisory Committee shall be elected by more than half of all supervisors. The chairman of the Supervisory Committee shall convene and preside over the meetings of the Supervisory Committee. If the chairman of the Supervisory Committee is unable to or does not perform his duty, the meetings of the Supervisory Committee shall be convened and presided over by a supervisor jointly designated by more than half of the supervisors.

**Article 128** The directors, general manager, chief financial officer and senior management officers of the Company shall not concurrently act as supervisors.

Company Law 117  
Mandatory Provisions 106

**Article 129** The Supervisory Committee shall convene at least once meeting every six months, which shall be convened by the chairman of the Supervisory Committee. The supervisors can propose to convene extraordinary meetings of the Supervisory Committee.

Company Law 119  
Mandatory Provisions 107

**Article 130** The Supervisory Committee shall be accountable to the shareholders' general meeting and exercise the following functions and powers:

Company Law 54, 55, 81  
Mandatory Provisions 108

- (I) To review the Company's financial position;
- (II) To monitor any acts on the part of directors, general manager and other senior management officers in their performance of duties that may violate the laws, administrative regulations and the Articles of Association;
- (III) To demand directors and senior management officers to make rectification if their conduct has damaged the Company's interest;
- (IV) To review financial information such as financial reports, operation reports and profit distribution plans to be submitted by the Board of Directors to the shareholders' general meetings; and if there is any doubt, engage certified public accountants and practicing auditors in the name of the Company to assist their review if necessary;
- (V) To propose the convening of an extraordinary general meeting;
- (VI) To represent the Company to deal with the directors or to bring action against the directors;
- (VII) To exercise other functions and powers granted by the shareholders' general meetings.

Supervisors may attend the board meetings.

**Article 131** The Supervisory Committee shall formulate the rules of procedure of the Supervisory Committee and specify its method of discussion and voting procedure to ensure its efficiency and organised decision-making. A meeting of the Supervisory Committee may be held subject to attendance by no less than two-thirds of its members.

Company Law 119  
Mandatory Provisions 109  
Supplementary Opinions 6

The Supervisory Committee shall keep minutes of resolutions on matters discussed at the meeting, and the attending supervisors shall sign on the minutes of the meeting. Resolutions of the Supervisory Committee shall be passed by the affirmative votes of two-thirds or more of the members of Supervisory Committee.

Provision 1(d)(ii) of Appendix 13D to the Listing Rules

**Article 132** In the event that the Supervisory Committee engages professionals, such as lawyers and accounting firms, in the exercise of its functions, any reasonable expenses incurred thereby shall be borne by the Company.

Company Law 118  
Mandatory Provisions 110

**Article 133** A supervisor shall carry out his supervisory duties honestly and faithfully in accordance with the law, administrative regulations and the Articles of Association.

Mandatory Provisions 111

### **Chapter 15 Qualifications and Obligations of Directors, Supervisors, General Managers and Other Senior Management Officers of the Company**

**Article 134** The following persons may not serve as a director, supervisor, the general manager, or other senior management officer of the Company:

Company Law 146  
Mandatory Provisions 112

(I) A person without or with limited capacity for civil conduct;

(II) A person who has been sentenced for corruption, bribery, infringement of property, misappropriation of property or damaging the social economic order, where less than 5 years have elapsed since the sentence was served, or who has been deprived of his political rights due to criminal offense, where less than 5 years have elapsed since the sentence was served;

(III) A person who is a former director, factory manager or manager of a company or enterprise which has become insolvent and has been liquidated and who is personally liable for the insolvency of such company or enterprise, and where less than 3 years have elapsed since the date of completion of the insolvency and liquidation of such company or enterprise;

(IV) A person who is a former legal representative of a company or enterprise the business license of which was revoked and ordered to close down due to violation of law and who is personally liable for such violation, where less than 3 years have elapsed since the date of the revocation of business license of such company or enterprise;

(V) A person who has a relatively large amount of debts which have become overdue;

(VI) A person who is currently under investigation by the judicial authorities for violation of criminal law, and the legal procedures are pending;

(VII) A person who, according to law and administrative regulations, is not permitted to be the leader of an enterprise;

(VIII) A person who is not a natural person;

(IX) A person who has been convicted by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where less than 5 years have elapsed since the date of such conviction.

**Article 135** The validity of an act carried out by a director, general manager and other senior management officer on behalf of the Company as against a bona fide third party shall not be affected by any irregularity in his employment, election or qualification.

Mandatory Provisions 113

**Article 136** In addition to the obligations imposed by law, administrative regulations or the listing rules of the stock exchange where the Company's shares are listed, each of the Company's directors, supervisors, general manager and other senior management officers owes the following obligations to each shareholder, in the exercise of the functions and powers entrusted to him by the Company:

Mandatory Provisions 114

(I) Not to exceed the Company's scope of business specified in its business license;

(II) To act bona fide in the best interests of the Company;

(III) Not to expropriate the Company's property in any way, including but not limited to opportunities beneficial to the Company;

(IV) Not to expropriate the personal rights and interests of shareholders, including but not limited to rights to distribution and voting rights, except in a restructuring of the Company which has been submitted to the shareholders' general meeting for approval in accordance with the Articles of Association.

**Article 137** Each of the Company's directors, supervisors, general managers and other senior management officers owes the duty that in the exercise of his powers or discharge of his obligations, to exercise the care, diligence and skill that a reasonably prudent person would exercise under similar circumstances.

Company Law 147  
Mandatory Provisions 115

**Article 138** Each of the Company's directors, supervisors, general manager and other senior management officers shall perform his duties on the principle of fiduciary responsibility, and shall not put himself in a position where his interests and his duties may conflict.

Company Law 147, 148  
Mandatory Provisions 116

This principle includes (but is not limited to) discharging the following obligations:

(I) To act bona fide in the best interests of the Company;

(II) To exercise his powers within his terms of reference and not to act ultra vires;

(III) To exercise the discretion vested in him personally and not to allow himself to act under the control of any other party; and unless permitted by laws, administrative regulations or with the informed consent of the shareholders given in a general meeting, not to delegate the exercise of his discretion;

(IV) To treat shareholders of the same class equally and to treat shareholders of different classes fairly;

(V) Unless otherwise provided in the Articles of Association or except with the informed consent of the shareholders given in a general meeting, not to enter into any contract, transaction or arrangement with the Company;

(VI) Not to use the Company's property in any way for his own benefit without the informed consent of the shareholders given in a general meeting;

(VII) Not to exploit his position to accept bribes or to obtain other illegal income, expropriate the Company's property in any way, including (but not limited to) opportunities beneficial to the Company;

(VIII) Not to accept commissions in connection with the Company's transactions without the informed consent of the shareholders given in a general meeting;

(IX) To comply with the Articles of Association, perform his duties faithfully, protect the Company's interests and not to exploit his position and power in the Company for his own benefit;

(X) Not to compete with the Company in any way without the informed consent of the shareholders given in a general meeting;

(XI) Not to misappropriate the Company's funds or lend the Company's funds to others, not to open any account in his own name or in any other name for the deposit of the Company's assets or funds, not to use such assets to provide guarantee for the debts of shareholders of the Company or other individuals;

(XII) Not to disclose any confidential information in relation to the Company which he has obtained during his term of office without the informed consent of the shareholders given at a general meeting; nor shall he use such information other than for the Company's benefit, save that disclosure of such information to the court or other governmental authorities is permitted if:

1. The law so requires;
2. Public interest so warrants;
3. The interests of the relevant director, supervisor, general manager and other senior management officers so requires.



**Article 139** Each director, supervisor, general manager or other senior management officer of the Company shall not direct the following persons or institutions (“**Related Parties**”) to do anything that is not permitted:

(I) The spouse or minor child of the Company’s director, supervisor, general manager or other senior management officer;

(II) The trustee of the Company’s director, supervisor, general manager or other senior management officer or any person referred to in sub-paragraph (I) of this Article;

(III) The partner of the Company’s director, supervisor, general manager or other senior management officer or any person referred to in sub-paragraphs (I) and (II) of this Article;

(IV) A company in which the Company’s director, supervisor, general manager or other senior management officer, whether alone or jointly with the persons referred to in sub-paragraphs (I), (II) or (III) of this Article or other directors, supervisors, general managers and other senior management officers of the Company, has de facto control;

(V) The directors, supervisors, general managers and other senior management officers of the controlled company referred to in sub-paragraph (IV) of this Article.

**Article 140** The fiduciary duties of a director, supervisor, general manager and other senior management officers of the Company do not necessarily cease upon termination of their tenure. The duty of confidentiality in respect to trade secrets of the Company survives the termination of their tenures. Other duties may continue for such period as the principle of fairness may require, depending on the length of time that has elapsed between termination and the act concerned and the circumstances and terms under which their relationship with the Company have been terminated.

**Article 141** Except for circumstances prescribed in Article 61 hereof, a director, supervisor, general manager and other senior management officers of the Company may be relieved of liability for specific breaches of his duty with the informed consent of the shareholders given in a general meeting.

Mandatory Provisions 119

**Article 142** Where a director, supervisor, general manager or other senior management officer of the Company is, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than appointment contracts between the Company and directors, supervisors, general managers or other senior management officers), he shall disclose the nature and extent of his interest to the Board of Directors at the earliest opportunity, whether or not such matters are subject to the approval of the Board of Directors under normal circumstances.

Mandatory Provisions 120

Unless the interested director, supervisor, general manager or other senior management officer of the Company has disclosed his interest to the Board of Directors as required by the first paragraph of this Article and relevant matters have been approved by the Board of Directors at a meeting in which he was not counted in the quorum and has abstained from voting, the contract, transaction or arrangement is voidable at the instance of the Company except as against a bona fide party thereto who does not have notice of the breach of duty by the interested director, supervisor, general manager or other senior management officer.

A director, supervisor, general manager or other senior management officer of the Company is deemed to be interested in a contract, transaction or arrangement in which his related party is interested.

**Article 143** Where a director, supervisor, general manager or other senior management officer of the Company gives the Board of Directors a notice in writing stating that, by reason of the facts specified in the notice, he is interested in the contract, transaction or arrangement which may subsequently be made by the Company, such notice shall be deemed to be a disclosure for the purpose of the preceding Article of this Chapter, so far as the content stated in such notice is concerned, provided that such notice shall have been given before the date on which the relevant contract conclusion, transaction or arrangement is first taken into consideration by the Company.

Mandatory Provisions 121

**Article 144** The Company shall not in any manner pay taxes for its directors, supervisors, general manager or other senior management officers.

Mandatory Provisions 122

**Article 145** The Company shall not directly or indirectly make a loan to or provide any guarantee for a loan to a director, supervisor, general manager or other senior management officer of the Company or the Company's controlling shareholders or any of their respective related parties.

Mandatory Provisions 123  
Company Law 16

The foregoing provision shall not apply to the following circumstances:

(I) The provision by the Company of a loan or a guarantee for a loan to its subsidiaries;

(II) The provision by the Company of a loan or a guarantee for a loan or any other funds to any of its directors, supervisors, general managers or other senior management officers pursuant to their employment contracts which were approved by the shareholders in a general meeting for him to settle expenditures incurred by him for expenses incurred in performing his duties and responsibilities;

(III) If the ordinary scope of business of the Company is expanded to include the provision of loans or guarantees for loans, the Company may provide a loan or a guarantee for a loan to any of the relevant directors, supervisors, general managers or other senior management officers or their respective related parties, provided that the provision of loans or guarantees for loans is on normal commercial terms.

**Article 146** A loan made by the Company in breach of the preceding Article shall be repayable forthwith by the recipient of the loan regardless of the terms of the loan. Mandatory Provisions 124

**Article 147** A guarantee for a loan provided by the Company in breach of the first paragraph of Article 145 shall not be enforceable against the Company, unless: Mandatory Provisions 125

(I) The lender was not aware of the relevant circumstances when he provided a loan to a related party of any of the directors, supervisors, general managers and other senior management officers of the Company;

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

**Article 148** For the purposes of the foregoing provisions of this Chapter, a guarantee includes an act of undertaking or property provided by the guarantor to secure the performance of obligations by the obligor. Mandatory Provisions 126

**Article 149** Where a director, supervisor, general manager or other senior management officer of the Company is in breach of his obligations owed to the Company, the Company has, in addition to any rights and remedies provided for in the laws and administrative regulations, the right to take the following measures: Mandatory Provisions 127

(I) To demand such director, supervisor, general manager or other senior management officer compensate for losses sustained by the Company as a result of such breach;

(II) To rescind any contract or transaction that has been entered into by the Company with such director, supervisor, general manager or other senior management officer, or with a third party (where such third party has known or should have known that such director, supervisor, general manager or other senior management officer that represents the Company has breached his duties owed to the Company);

(III) To demand such director, supervisor, general manager or other senior management officer to surrender profits obtained as a result of the breach of his obligations;

(IV) To recover any monies received by the director, supervisor, general manager or other senior management officer that should have been received by the Company, including (without limitation) commissions;

(V) To demand the return of interest earned or which may have been earned by such director, supervisor, general manager or other senior management officer on the monies that should have been paid to the Company.

**Article 150** The Company shall enter into a written contract with its directors, supervisors and senior management officers, which shall include at least the following provisions:

Rules 19A.54 and 19A.55 of the Listing Rules

(I) An undertaking by the director, supervisor and senior management officer to the Company to observe Company Law, the Special Regulations, the Articles of Association, the Codes on Takeover and Mergers and the Codes on Share Repurchases as approved and amended from time to time by the Hong Kong Securities and Futures Commission, and an agreement that the Company shall have the remedies provided in the Articles of Association, and that neither the contract nor his office is capable of assignment;

(II) An undertaking by the director, supervisor and senior management officer to the Company to each shareholder to observe and perform his obligations in accordance with the Articles of Association; and

(III) An arbitration clause as provided in Article 196 hereof, and that this arbitration agreement is entered into between the director or supervisor or senior management officer and the Company (for itself and each shareholder). Any arbitration submitted shall be deemed as authorising the arbitration court to conduct public hearing and publish its award.

**Article 151** The Company shall, with the prior approval of shareholders in a general meeting, enter into a written contract with its directors and supervisors regarding emoluments matters. The aforesaid emoluments include:

Mandatory Provisions 128

(I) Emoluments in respect to his service as director, supervisor or senior management officer of the Company;

(II) Emoluments in respect to his service as director, supervisor or senior management officer of any subsidiary of the Company;

(III) Emoluments in respect to the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries;

(IV) Payment to the director or supervisor as compensation for loss of office or as consideration in connection with his retirement.

No proceedings may be brought by a director or supervisor against the Company for any benefit due to him in respect to the matters mentioned in this Article except pursuant to the contract mentioned above.

**Article 152** The contracts entered into between the Company and its directors or supervisors concerning emoluments shall prescribe that in the event that the Company is being acquired, the Company's directors and supervisors shall, subject to the prior approval of shareholders in a general meeting, have the right to receive compensation or other payment in respect to his loss of office or retirement. For the purposes of the preceding paragraph, the acquisition of the Company includes any of the following:

Mandatory Provisions 129

(I) An offer made by any person to all shareholders;

(II) An offer made by any person such that the offeror will become the controlling shareholder. The term "controlling shareholder" has the same meaning as defined in Article 63 hereof.

If the relevant director or supervisor does not comply with this Article, any sum received by him shall belong to those persons who have sold their shares as a result of the acceptance of such offer, and the expenses incurred in distributing that sum on a pro rata basis among those persons shall be borne by the relevant director or supervisor and shall not be deducted from the distributed sum.

## Chapter 16 Financial and Accounting System and Profit Distribution

- Article 153** The Company shall establish its financial and accounting system in accordance with the law, administrative regulations and the provisions stipulated by the relevant authorities of the People's Republic of China.
- Company Law 163  
Mandatory Provisions 130
- Article 154** At the end of each accounting year, the Company shall prepare a financial report which shall be audited and verified according to law.
- Company Law 164  
Mandatory Provisions 131
- Article 155** The Company's Board of Directors shall make available before the shareholders at every annual general meeting such financial reports prepared by the Company in accordance with the relevant laws, administrative regulations and regulatory documents promulgated by the local government and the competent authorities. The Company shall lay its annual financial statements before its members at its annual general meeting within the period of 6 months after the end of the financial year or accounting reference period to which the annual financial statements relate.
- Mandatory Provisions 132  
Rule 13.46(2)(b) of the Listing Rules
- Article 156** The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days prior to the date of the annual general meeting. Each shareholder of the Company has the right to receive a copy of such financial reports mentioned herein.
- Company Law 165  
Mandatory Provisions 133
- Article 157** The Company shall send by prepaid mail or electronic communication a copy of the annual report, including the annual accounts and the auditor's report, and other financial reports mentioned herein to each holder of overseas-listed shares at the address recorded in the register of shareholders at least 21 days before the annual general meeting is convened and within 4 months of the end of the financial year.
- Mandatory Provisions 133  
Supplementary Opinions 7
- Article 158** The Company shall deliver or send by mail or electronic communication a copy of the annual report, including the annual accounts and the auditor's report or financial summary, and other financial reports mentioned herein to each shareholder at their registered address at least 21 days before the annual general meeting is convened and within 4 months of the end of the financial year.
- Provisions 5, 13.46(2)(a) and 48(1) of Appendix 3 to the Listing Rules

**Article 159** The financial statements of the company shall be prepared in accordance with China Accounting Standards and the laws and regulations of China as well as international accounting standards or the accounting standards of its overseas listing place. Any significant discrepancy between the two versions shall be illustrated in the notes to the financial statements. In distributing its after-tax profits of the relevant accounting year, the lower of the after-tax profits as shown respectively in the abovementioned two financial statements (i.e. (i) China Accounting Standards and the laws and regulations of China; or (ii) international accounting standards or the accounting standards of its overseas listing place) shall be adopted.

Mandatory Provisions 134

**Article 160** The interim results or financial information announced or disclosed by the company shall be prepared in accordance with China Accounting Standards and the laws and regulations of China as well as international accounting standards or the accounting standards of its overseas listing place.

Mandatory Provisions 135

**Article 161** The Company shall publish its financial reports twice every accounting year. Namely, the interim financial report shall be published within 60 days after the end of the first six months of each accounting year and the annual financial report shall be published within 120 days after the end of each accounting year.

Mandatory Provisions 136

Where the relevant provisions of the stock exchange and securities regulatory authorities of the place where the shares of the Company are listed stipulate otherwise, such provisions shall prevail.

**Article 162** The Company shall not maintain books of accounts other than those provided for by law.

Company Law 171  
Mandatory Provisions 137

The Company's assets shall not be deposited in an account maintained in the name of any individual.

**Article 163** The Company's after-tax profits shall be utilised in the following order:

Make up for losses;

Allocation to its statutory reserve fund;

Company Law 166



Subject to approval at the shareholders' general meeting, allocation to its discretionary reserve fund;

Payment of ordinary shares dividends. No dividends may be distributed nor any other distributions be made through bonuses if the Company has not made up for losses or allocated to its statutory reserve fund.

Provision 3(1) of Appendix 3 to the Listing Rules

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

Provision 3(1) of Appendix 3 to the Listing Rules

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

Provision 3(2) of Appendix 3 to the Listing Rules  
Provision 13(1) of Appendix 3 to the Listing Rules

Subject to the relevant laws and regulations of China and the rules of the Stock Exchange of Hong Kong Limited, the Company may exercise its right to claim over unclaimed dividends, provided that such right shall not be exercised until after the expiration of the applicable limitations period.

Provision 3(2) of Appendix 3 to the Listing Rules  
Rule 19A.47 of the Listing Rules

In relation to the exercise of right to issue warrants to bearer, no new warrant shall be issued to replace one that has been lost unless the Company is satisfied beyond a reasonable doubt that the original warrant has been destroyed.

The Company has the right to sell, by means considered appropriate by the Board of Directors, the shares of a holder of the overseas-listed foreign shares who is untraceable only if the following conditions are satisfied: (1) during a period of 12 years at least 3 dividends have become payable and no dividend during that period has been claimed; and (2) upon expiry of the 12 years, the Company gives notice of its intention to sell the shares by way of an announcement published in newspapers and notifies the Stock Exchange of Hong Kong Limited of such intentions.

Provision 13(2) of Appendix 3 to the Listing Rules

**Article 164** Capital reserve fund includes the following items:

Mandatory Provisions 138

(I) Premium received when shares are issued at a premium to their par value;

(II) Any other income required by the finance regulatory department of the State Council to be included in the capital reserve fund.

**Article 165** The common reserve fund of the Company can be applied for:

Company Law 168

(I) Making up for losses of the Company, but the capital reserve fund may not be used to make up the losses of the company.

(II) Increasing the capital of the Company. Where the statutory reserve fund is converted into capital through capitalisation, the balance of such reserve fund shall not fall below 25% of the Company's registered capital prior to such conversion.

(III) Expansion of the Company's production and operation.

**Article 166** Distribution of the Company's dividends may be determined by the shareholders' general meeting. Subject to consideration by the Board of Directors on the Company's financial position and compliance with the relevant laws and regulations, shareholders may authorise the Board of Directors to distribute and pay dividends through an ordinary resolution.

Company Law 81

**Article 167** The Company may distribute dividends in the form of:

(I) Cash;

(II) Shares.

The Company may exercise its right to claim over unclaimed dividends, provided that such right shall not be exercised until after the expiration of the applicable limitations period.

**Article 168** The cash dividends of ordinary shares shall be denominated and declared in Renminbi. The cash dividends of domestic shares shall be paid in Renminbi. The cash dividends and other distribution of overseas-listed shares shall be paid in the currency of the listing place of the foreign shares. If there is more than one listing place, payment shall be in the currency of the main listing place determined by the Board of Directors. Cash dividends of unlisted foreign shares shall be paid in Hong Kong Dollars.

**Article 169** If the cash dividends are to be paid in a foreign currency, the Company shall adopt the average offer price of the relevant foreign exchange quoted by the People's Bank of China for a calendar week preceding the date on which the dividend and other amount are declared as the exchange rate therefor.

**Article 170** The Company shall appoint a receiving agent in Hong Kong for holders of overseas-listed shares.

Rule 19A.51 of the Listing Rules

The receiving agent shall receive on behalf of such shareholders any dividends or other amounts payable by the Company to them in respect to the overseas-listed shares, and such payment shall be kept by the receiving agent on such shareholders' behalf for any payment to them. The receiving agent appointed by the Company shall satisfy requirements under the laws of the jurisdiction where the Company's shares are listed or the rules of relevant stock exchange. The receiving agent appointed by the Company for holders of H shares listed on the Hong Kong Stock Exchange shall be a trust company registered under the Trustee Ordinance of Hong Kong.

Mandatory Provisions 140  
Supplementary Opinions 8  
Section 1(c) of Appendix 13D  
of the Listing Rules

## Chapter 17 Appointment of Accounting Firm

**Article 171** The Company shall appoint an independent accounting firm which is qualified under the relevant national regulations to audit the Company's annual financial reports and verify other financial reports of the Company. For the purposes of these Articles, an accounting firm appointed by the Company from time to time shall be the Company's auditors. Mandatory Provisions 141

The first accounting firm of the Company may be appointed at the inaugural meeting prior to the first annual general meeting. The accounting firm so appointed shall hold the position until the conclusion of the first annual general meeting.

Where the inaugural meeting has not exercised its aforesaid power, such power shall be exercised by the Board of Directors.

**Article 172** The accounting firm appointed by the Company shall hold their position from the conclusion of the annual general meeting at which the appointment is made until the conclusion of the next annual general meeting. Mandatory Provisions 142

**Article 173** The accounting firm appointed by the Company shall have the following rights: Mandatory Provisions 143

(I) The right to review the books, records and documents of the Company at any time, the right to require the directors, general managers or other senior management officers of the Company to provide relevant information and explanation;

(II) The right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as necessary for the discharge of its duties;

(III) The right to attend general meetings and to receive all notices of, and other information relating to, any general meeting which any shareholder is entitled to receive, and to speak at any general meeting in relation to matters concerning its role as the Company's accounting firm.

<p><b>Article 174</b> If there is a vacancy in the position of accounting firm of the Company, the Board of Directors may appoint an accounting firm to fill such vacancy before the convening of the shareholders’ general meeting. Any other accounting firm which has been appointed by the Company may continue to act in this capacity during the period in which a vacancy exists.</p>	<p>Mandatory Provisions 144</p>
<p><b>Article 175</b> The shareholders in a general meeting may, by ordinary resolution, remove an accounting firm before the expiration of its term of office, irrespective of the provisions in the contract between the firm and the Company. However, the accounting firm’s right to claim for damages which arise from its removal shall not be affected thereby.</p>	<p>Company Law 169 Mandatory Provisions 145</p>
<p><b>Article 176</b> The remuneration of an accounting firm or the manner in which such remuneration is to be decided shall be determined by the shareholders’ general meeting. The remuneration of an accounting firm appointed by the Board of Directors shall be determined by the Board of Directors.</p>	<p>Mandatory Provisions 146</p>
<p><b>Article 177</b> The Company’s appointment, removal and non-reappointment of an accounting firm shall be resolved by a shareholder’ general meeting. Such resolution shall be filed with the securities authority of the State Council.</p>	<p>Company Law 169 Mandatory Provisions 147</p>
<p><b>Article 178</b> Where a resolution at a shareholders’ general meeting is passed to appoint an accounting firm other than the incumbent accounting firm to fill a casual vacancy in the office of the accounting firm, to re-appoint an accounting firm that was appointed by the Board of Directors to fill a casual vacancy, or to remove an accounting firm before the expiration of its term of office, the following provisions shall apply:</p>	<p>Company Law 169 Supplementary Opinions 9 Section 1(e)(i) of Appendix 13D of the Listing Rules</p>
<p>(I) Before notice of meeting is given to the shareholders, a copy of the appointment or removal proposal shall be sent to the accounting firm proposed to be appointed or proposed to leave its post or the accounting firm which has left its post in the relevant accounting year. Leaving includes leaving by removal, resignation and retirement.</p>	

(II) If the accounting firm leaving its post makes representations in writing and requests the Company to notify its shareholders of such representations, the Company shall (unless the written representations were received too late) take the following measures: (1) in any notice of meeting held for making the resolution, state the fact that the departing accounting firm has made such representations; (2) attach a copy of the representations to the notice and send it to every shareholder entitled to notice of general meeting in the manner stipulated in the Articles of Association.

(III) If the Company fails to send out the accounting firm's representations in the manner set out in sub-paragraph (II) of this Article, such accounting firm may require that the representations be read out at the shareholders' general meeting and may make further representations.

(IV) An accounting firm that is leaving its post shall be entitled to attend:

- (1) The shareholders' general meeting at which its term of office would otherwise have expired;
- (2) The shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal; and
- (3) The shareholders' general meeting that is convened as a result of its resignation.

The accounting firm that is leaving its post shall be entitled to receive all notices of, and other communications of sub-paragraph (IV) of this Article relating to, such meetings, and to speak at such meetings in relation to matters concerning its role as the former accounting firm of the Company.

**Article 179** If the Company proposes to remove the accounting firm or not to renew the appointment thereof, it shall notify the accounting firm in advance, and the latter has the right to state its opinions to the shareholders' general meeting. If the accounting firm resigns, it shall make clear to the shareholders' general meeting whether there is any impropriety on the part of the Company.

Company Law 169  
Mandatory Provisions 148

**Article 180** The accounting firm may resign from its office by depositing the written notice of resignation at the registered address of the Company. The notice shall become effective on the date of such deposit or on such later date as may be stated in the notice. The notice shall contain the following statements:

Supplementary Opinions 10  
Section 1(e)(ii) of Appendix  
13D of the Listing Rules

(I) A statement to the effect that there are no circumstances connected with its resignation that it considers must be brought to the attention of the shareholders or creditors of the Company; or

(II) A statement of any such circumstances that should be explained.

The Company shall, within 14 days of the receipt of the written notice referred to in sub-paragraph (II) of this Article, send a copy of the notice to the relevant competent authority. If the notice contains a statement under sub-paragraph (II) of the second paragraph of this Article, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every holder of overseas-listed shares (namely being the shareholder who is entitled to receive the financial report of the Company) at the address recorded in the register of shareholders.

Section 1(e)(iii) of Appendix  
13D of the Listing Rules

If the accounting firm's notice of resignation contains a statement under sub- paragraph (II) of the second paragraph of this Article, the accounting firm may request the Board of Directors to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances in connection with its resignation.

Section 1(e)(iv) of Appendix  
13D of the Listing Rules

## Chapter 18 Merger and Demerger of the Company

**Article 181** In the event of the merger or division of the Company, the Company's Board of Directors shall put forward a proposal and shall be approved in accordance with the procedures stipulated in the Company's Articles of Association. The Company shall then go through the relevant approval formalities pursuant to the law. Shareholders who oppose the plan of merger or division of the Company shall have the right to request the Company or the shareholders who consent to such plan to purchase their shares at a fair price. The content of the resolution of on the merger or division of the Company shall be contained in special documents which shall be available for inspection by the shareholders. The aforesaid documents shall be sent to each holder of overseas-listed shares by post. Mandatory Provisions 149

**Article 182** The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity. Company Law 172, 173  
Mandatory Provisions 150

In the event of a merger, the parties to the merger shall enter into a merger agreement, and prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days from the date of on which the resolution in favour of the merger is adopted and shall publish an announcement in a newspaper within 30 days from the date of such resolution.

Creditors have the right to demand the Company to settle its debts or provide corresponding guarantee within 30 days from the date it receives the above notice or within 45 days from the date of announcement if no such notice is received. The Company may not proceed with merger without settlement of its debts or provision of corresponding guarantee.

Upon the merger, claims and debts of each of the merged parties shall be assumed by the company which survives the merger or the newly established company resulting from the merger.



**Article 183** In the event of a division of the Company, its properties shall be divided up accordingly.

Company Law 175  
Mandatory Provisions 151

In the event of a division, the Company shall prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days from the date on which a resolution is adopted in favour of the division and shall publish an announcement in a newspaper within 30 days from the date of such resolution. Creditors have the right to demand the Company to settle its debts or provide corresponding guarantee within 30 days from the date it receives the above notice or within 45 days from the date of announcement if no such notice is received. The Company may not proceed with division without settlement of its debts or provision of corresponding guarantee.

The surviving companies after the division shall assume the indebtedness of the Company which has been incurred before such division according to agreement.

**Article 184** The Company shall, in accordance with the law, apply for change in its registration with the Zhejiang Provincial Administration for Market Regulation where there is a change in any item in its registration as a result of any merger or demerger. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with law. Where a new company is established, the Company shall apply for registration thereof in accordance with law.

Mandatory Provisions 152

## **Chapter 19 Dissolution and Liquidation of the Company**

**Article 185** In any of the following circumstances, the Company shall be dissolved:

Company Law 180  
Mandatory Provisions 153

(I) The shareholders' general meeting by special resolution dissolves the Company;

(II) Dissolution is necessary due to a merger or division of the Company;

(III) The Company is ordered to declare bankruptcy due to insolvency;

(IV) The Company is ordered to close due to breach of law or administrative regulations;

(V) The Company's term of business has expired.

**Article 186** Where the Company is dissolved pursuant to sub-paragraphs (I) and (V) of Article 185, a liquidation committee shall be formed within 15 days. The composition of the liquidation committee shall be determined by an ordinary resolution of the shareholders' general meeting. In case no such committee is established to timely proceed with liquidation, the creditors may make an application to a People's Court for appointing relevant persons to form the liquidation committee for liquidation.

Company Law 183  
Mandatory Provisions 154

Where the Company is dissolved pursuant to sub-paragraph (III) of Article 185, the People's Court shall appoint shareholders, relevant authorities and professionals to form a liquidation committee pursuant to the provisions of the relevant law for liquidation. Where the Company is dissolved pursuant to sub-paragraph (IV) of Article 185, the relevant competent authority shall appoint shareholders, relevant authorities and professionals to form a liquidation committee for liquidation.

**Article 187** Where the Board of Directors decides to liquidate the Company for any reason other than the Company's declaration of its own bankruptcy, the Board of Directors shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that the Board of Directors has conducted a comprehensive investigation into the affairs of the Company and is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation.

Mandatory Provisions 155

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

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

**Article 188** The liquidation committee shall notify creditors within 10 days from the date of its establishment and publish announcements in newspapers within 60 days. The liquidation committee shall register any claims.

Company Law 185  
Mandatory Provisions 156

**Article 189** The creditors may declare their claims to the liquidation committee within 30 days from the date it receives the above notice or within 45 days from the date of announcement if no such notice is received. When declaring the claims, the creditors shall specify the relevant matters about the claims and provide corresponding evidence.

Company Law 185

**Article 190** During the liquidation period, the liquidation committee shall exercise the following functions and powers:

Company Law 184  
Mandatory Provisions 157

(I) To liquidate the Company's assets and prepare a balance sheet and an inventory of assets respectively;

(II) To notify creditors by sending notice and making public announcement;

(III) To deal with and settle any outstanding businesses of the Company;

(IV) To pay outstanding taxes;

(V) To settle claims and debts;

(VI) To dispose of the remaining assets of the Company after the repayment of debts;

(VII) To represent the Company in any civil proceedings.

**Article 191** After sorting out the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit to the shareholders' general meeting or to the relevant competent authorities for confirmation.

Company Law 186  
Mandatory Provisions 158

The assets of the Company shall be submitted for liquidation in the order provided by the law and regulations. If there are no applicable laws, liquidation shall proceed in a fair and reasonable order determined by the liquidation committee.

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

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

**Article 192** If, after sorting out the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall immediately apply to a People's Court for declaration of bankruptcy. After the Company is declared bankrupt by a ruling from a People's Court, the liquidation committee shall handover the liquidation matters to the People's Court.

Company Law 187  
Mandatory Provisions 159

**Article 193** Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, a statement of the income and expenses during the liquidation period and financial accounts, which shall be verified by a certified public accountant of the People's Republic of China, and then submitted to the shareholders' general meeting or a People's Court for confirmation. Furthermore, within 30 days of the date of confirmation by the shareholders' general meeting or the People's Court, the aforesaid documents shall be submitted to the Zhejiang Provincial Administration for Market Regulation for application for cancelling the registration of the Company and a public announcement shall be made for the termination of the Company.

Company Law 188  
Mandatory Provisions 160

## Chapter 20 Amendments to the Articles of Association

**Article 194** The Company may amend the Articles of Association according to the provisions of the law, administrative regulations and the Articles of Association.

Company Law 12  
Mandatory Provisions 161

**Article 195** Amendments to the Articles of Association that involve the contents of the Mandatory Provisions shall become effective upon approval by the approving department authorised by the State Council and securities committee of the State Council. Where amendment involves the registered particulars of the Company, application shall be made for alteration of registration in accordance with the law.

Company Law 12  
Mandatory Provisions 162

## Chapter 21 Settlement of Disputes

**Article 196** The Company shall abide by the following principles for settlement of disputes:

Mandatory Provisions 163  
Supplementary Opinions 11  
Rule 19A.54 of the Listing  
Rules

(I) Whenever any disputes or claims arise from the Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company between (i) the Company and its directors or supervisors or officers; and (ii) a holder of overseas listed shares and the Company, a holder of overseas listed shares and the Company's directors, supervisors, managers or other senior management officers, a holder of overseas listed shares and a holder of non-listed foreign shares and a holder of domestic shares, the parties concerned shall resolve such disputes and claims through arbitration.

Where a dispute or claim involves the above parties, the entire claim or dispute must be referred to arbitration and all persons (being the Company or shareholders, directors, supervisors, general managers or other senior management officers of the Company), who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall submit to arbitration.

Disputes regarding definition of shareholders and registration of members may be resolved other than by way of arbitration.

(II) A claimant may elect that arbitration be carried out at 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 Securities Arbitration Rules.

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

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

(III) If any disputes or claims of rights arising from the subparagraph (I) above are settled by way of arbitration, the laws of the People's Republic of China shall apply, unless otherwise provided in the law and administrative regulations.

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

## Chapter 22 Supplementary Provisions

**Article 197** Unless otherwise provided by the Articles of Association, any notice, information or written statement issued by the Company to holders of H Shares shall be despatched to each holder of securities individually by electronic means in accordance with the applicable laws and regulations, and if the company is unable to despatch to the holder of securities due to the lack of their valid electronic contact information, it shall despatch a printed copy of the abovementioned documents to the holder of securities, and also request them to provide valid electronic contact information.

Mandatory Provisions 164  
Provision 7(1) of Appendix 3 to  
the Listing Rules

Publications of announcements referred to in the Articles of Association shall be publications specified or required by the relevant laws and administrative regulations of China.

**Article 198** In the Articles of Association, the meaning of the term “accounting firm” is the same as that of “auditor”.

Mandatory Provisions 165

**Article 199** The Articles of Association are written in Chinese and English with equal legal force. Should there be any discrepancy, the latest Chinese version to be approved and registered with the Zhejiang Provincial Administration for Market Regulation shall prevail.

**Article 200** The power of interpretation of the Articles of Association shall be vested in the Company's Board of Directors. Any matters not addressed in the Articles of Association shall be proposed by the Board of Directors at the shareholders' general meeting for approval.

**Article 201** In these Articles of Association, the meaning of "no less than", "within" or "no more than" includes the underlying number, while "more than" or "beyond" does not include the underlying number.

**Article 202** Upon approval at shareholders' general meeting, the Articles of Association will become effective.

(Remainder of the page intentionally left blank. Signature page to the Articles of Association of Wenling Zhejiang Measuring and Cutting Tools Trading Centre Company Limited\* follows)