

**ARTICLES OF ASSOCIATION**  
**OF**  
**HENAN JINMA ENERGY COMPANY LIMITED**

**(Note: Please note that these Articles of Association are written in Chinese and there is no official English version in respect thereof. This English version is for reference only. In case of any inconsistency between the English version and Chinese version, the Chinese version shall prevail.)**

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Note: In the margin notes to the provisions of the Articles of Association, “Company Law” means “The Company Law of the People’s Republic of China (中華人民共和國公司法)”; “Securities Law” means “The Securities Law of the People’s Republic of China (中華人民共和國證券法)”; “Reply” means “The Reply of the State Council on Adjusting the Notice Period Applicable to the Convening of Shareholders’ General Meetings of Overseas Listed Companies and Other Issues (Guo Han [2019] No. 97) (國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆(國函[2019]97 號))”; “Special Regulations” means “The Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (Order No. 160 of the State Council) (國務院關於股份有限公司境外募集股份及上市的特別規定(國務院令第 160 號))” promulgated by the General Office of the State Council; “Mandatory Provisions” means “The Mandatory Provisions for the Articles of Association of Companies Seeking a Listing Outside the PRC (Zheng Wei Fa [1994] No. 21) (到境外上市公司章程必備條款(證委發[1994]21 號))” jointly promulgated by the former Securities Commission of the State Council and the former State Economic System Reformation Commission; “Zheng Jian Hai Han” means “The Letter on the Opinion Regarding the Supplemental Amendments to the Articles of Association of Companies Seeking a Listing in Hong Kong (Zheng Jian Hai Han [1995] No.1) (關於到香港上市公司對公司章程作補充修改的意見的函) (證監海函[1995]1 號)” jointly promulgated by the Overseas Listing Department of China Securities Regulatory Commission and the Production System Department of the former State Economic System Reformation Committee; the “Opinion” means “the Opinion Regarding Further Conformity in Operations and Reform of Companies Listed outside the PRC (關於進一步促進境外上市公司規範運作和深化改革的意見)” jointly issued by the former State Economic and Trade Commission and the China Securities Regulatory Commission; and “Listing Rules” means “The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (香港聯合交易所有限公司證券上市規則)” promulgated by The Stock Exchange of Hong Kong Limited.

# HENAN JINMA ENERGY COMPANY LIMITED

## ARTICLES OF ASSOCIATION

### CHAPTER 1 GENERAL PROVISIONS

- Article 1** Henan Jinma Energy Company Limited (hereinafter referred to as the “Company”) is established as a joint stock company in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”) and other relevant laws and regulations of the PRC.
- Article 1 of Mandatory Provisions Section 1(a) of Appendix 13D to Listing Rules
- The Company was established by way of overall change from the former Henan Jinma Energy Co., Ltd. pursuant to the approval under “Yu Shang Zi Guan [2016] No. 56” issued by the Henan Provincial Department of Commerce (hereinafter referred to as the “Department of Commerce”) on July 5, 2016, and was registered with the Henan Provincial Administration for Industry and Commerce on August 3, 2016 and had obtained business license. The unified social credit code of the Company is 91410000750738573C.
- Unless specified otherwise, references to Mandatory Provisions and Zheng Jian Hai Han below are considered as references to Section 1(a) of Appendix 13D to Listing Rules
- Article 2** The Company’s registered names:
- Chinese name: 河南金馬能源股份有限公司
- English name: HENAN JINMA ENERGY COMPANY LIMITED
- Article 2 of Mandatory Provisions
- Article 3** The Company’s office: West First Ring Road South, Jiyuan, Henan Province, PRC
- Postal code: 459000
- Telephone number: 0391-6038000
- Fax number: 0391-6038222
- Article 3 of Mandatory Provisions
- Article 4** The chairman of the board of directors shall be the legal representative of the Company.
- Article 4 of Mandatory Provisions
- Article 5** The Company is a joint stock limited company with perpetual existence. The nature of the Company is a foreign-invested joint stock limited company.
- Article 5 of Mandatory Provisions
- The shareholders of the Company shall be liable to the Company to the extent of the shares they hold. The Company shall be liable for its debts to the extent of all of its assets.
- As an independent corporate legal person, the Company shall be governed and protected by PRC laws and administrative regulations.

**Article 6** The Articles of Association (“Articles of Association” or “these Articles of Association”) was formulated according to the Company Law, the Securities Law, the Special Regulations, the Mandatory Provisions, the Listing Rules, Zheng Jian Hai Han, the Reply and relevant requirements under other laws and regulations of the PRC by the Company. Unless otherwise specified in the Company Law and relevant laws and regulations, the Company may not amend or abolish the provisions which are required to be included in these Articles of Association under the Mandatory Provisions.

Article 6 of  
Mandatory  
Provisions

These Articles of Association, being the code of conduct for the Company, are considered as special resolutions and passed at the shareholders’ general meeting of the Company, and come into effect from that date. It will supersede the original Articles of Association filed with the registration authority of the Company.

**Article 7** Commencing from the date that the Articles of Association take effect, the Articles of Association shall become a binding legal document for regulating the organization and behavior of the Company, as well as the rights and obligations shared between the Company and its shareholders and between and among the Company’s shareholders.

Article 6 of  
Mandatory  
Provisions

**Article 8** The Articles of Association shall be binding upon the Company and its shareholders, directors, supervisors, general manager, and other senior management, who shall have the right to make any claims and propositions regarding the Company’s affairs in accordance with the Articles of Association.

Article 7 of  
Mandatory  
Provisions

**Article 9** Subject to the circumstance prescribed under Chapter 21 of these Articles of Association, shareholders may pursue actions against the Company pursuant to the Articles of Association; the Company may pursue actions against its shareholders; shareholders may pursue actions against other shareholders; shareholders may pursue actions against directors, supervisors, general manager and other senior management of the Company.

Article 7 of  
Mandatory  
Provisions

The actions, as referred to in the preceding paragraph, include instituting of legal proceedings with a court or filing with an arbitral authority for arbitration.

**Article 10** The Company may invest in other limited liability companies, joint-stock companies or other entities, and the Company’s liability towards such companies shall be limited to the amount of the Company invested.

Article 15  
of Company  
Law

The Company shall not become an unlimited liability shareholder of any other profit-making organization.

Article 8 of  
Mandatory  
Provisions

The Company shall not become a capital contributor that shall bear the joint liabilities for the debts of its investee, unless it is otherwise provided for by any law.

**Article 11** Provided that the relevant PRC laws and regulations and Listing rules are observed, the Company shall have the right to raise capital or seek loans, including (but not limited to) issuing corporate bonds, and to mortgage or pledge its property.

## **CHAPTER 2 BUSINESS OBJECTIVES AND SCOPE**

**Article 12** The business objectives of the Company is: to persist in becoming an enterprise full of sense of social responsibility, to adhere to the principle of harmonious development combining economic benefit and social benefit, to promote technological progress in the industry consistently and assume the social responsibility proactively. Article 9 of Mandatory Provisions

**Article 13** The Company's business scope shall be consistent with the business scope approved by the authority responsible for the Company's registration. Article 10 of Mandatory Provision

The business scope of the Company is "permitted projects: operation of fuel gas; power generation, transmission and supply businesses; production of dangerous chemicals (for any projects that are subject to approval in accordance with laws must be approved by the relevant departments before the commencement of their operation activities, and the specific business projects shall be as prescribed in the approval documents or permits by the relevant departments); general projects: coking; heat production and supply (except for any projects that are subject to approval in accordance with the laws, its business activities shall be conducted with the business license on its own in accordance with the laws)". Article 12 and 14 of Company Law

**Article 14** The Company may establish subsidiaries, branches, representative offices, etc. based on business needs.

The Company may, based on business needs and upon approval of relevant government agencies, adjust the scope and mode of businesses in due course and establish branches (whether wholly owned or not) and/or offices in foreign countries, Hong Kong Special Administrative Region ("Hong Kong"), Macao Special Administrative Region ("Macao") and Taiwan.

### CHAPTER 3 SHARE AND REGISTERED CAPITAL

**Article 15** The Company shall have common shares at all times. The common shares issued by the Company include domestic shares and foreign shares (as defined in Article 19 of these Articles of Association). With the approval of the competent securities regulatory authorities of the State Council, the Company may have other forms of shares when needed.

Article 11 of  
Mandatory  
Provisions

Article 126  
of Company  
Law Article  
12 of  
Mandatory  
Provisions

**Article 16** Shares of the Company adopt the form of equity. All shares issued by the Company shall have par values, with each share having a par value of RMB1.

Renminbi referred to in the preceding paragraph shall mean the legal tender of the PRC.

Article 126  
of Company  
Law

**Article 17** The shares of the Company shall be issued in accordance with the principles of fairness and impartiality, and same right is applied to each share of the same class.

The terms and issue price of shares of the same class issued in one issuance shall be same and same price shall be paid by each institution or individual for each share subscribed.

Each class of ordinary shares (domestic shares and foreign shares) issued by the Company shall rank pari passu with each other in respect of dividends and other distributions.

**Article 18** The Company may offer its shares to both domestic and foreign investors with the approval of the relevant securities regulatory authority under the State Council.

Article 13 of  
Mandatory  
Provisions

Foreign investors referred to in the preceding paragraph shall mean those investors in foreign countries, Hong Kong, Macau or Taiwan who subscribe for shares of the Company. Domestic investors shall mean those investors in the PRC, excluding the aforementioned regions, who subscribe for shares of the Company.

**Article 19** Shares issued by the Company to domestic investors for subscription in Renminbi shall be referred to as domestic shares. Shares issued by the Company to foreign investors for subscription in foreign currency and the shares of foreign investors transferred from domestic shareholders shall be referred to as foreign shares. Both the holders of domestic shares and foreign shares are the shareholders of ordinary shares, and have the same rights and obligations. Foreign shares which are listed outside the PRC shall be referred to as overseas listed foreign shares. Foreign shares not listed outside the PRC shall be referred to as unlisted foreign shares. Domestic shares and unlisted foreign shares shall be collectively referred to as unlisted shares. Shares listed on overseas stock exchanges with the approval of the competent securities regulatory authorities of the State Council shall be referred to as overseas listed shares.

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

With the approval of the competent securities regulatory authorities of the State Council, the shareholders of domestic shares and unlisted foreign shares may list and trade their unlisted shares, in whole or in part, outside the PRC. No voting at shareholders' general meeting or class meeting is required for listing and trading of such shares in overseas stock exchanges, subject to regulatory procedures and requirements of overseas securities market. Unlisted foreign shares and domestic shares held by the shareholders and approved to be listed and traded overseas will become overseas listed shares on the date on which such shares are listed overseas, which shall belong to the same class of shares as the overseas listed foreign shares then in issue.

**Article 20** The overseas listed foreign shares offered by the Company on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") are called "H Shares" for short. H Shares are stated in RMB and subscribed and traded in HK\$.



**Article 21** The Promoters of the Company are: Jinma Energy (Hong Kong) Limited (金馬能源(香港)有限公司, hereinafter referred to as “Jinma HK”), Maanshan Iron & Steel Company Limited (馬鞍山鋼鐵股份有限公司, hereinafter referred to as “Maanshan Steel”), Jiangxi PXSteel Industrial Co. Ltd. (江西萍鄉實業股份有限公司, hereinafter referred to as “Jiangxi PXSteel”) and Jiyuan Jinma Xingye Investment Co., Ltd. (濟源市金馬興業投資有限公司, hereinafter referred to as “Jinma Xingye”). With the approval of the approving department authorized by the State Council, the Company issued 400,000,000 ordinary shares in aggregate to four promoters upon establishment, representing one hundred percent (100%) of the then total issuable ordinary shares of the Company. All such shares were subscribed by the promoters, of which:

- (I) Among the 238,000,000 domestic shares, 144,000,000 shares were subscribed by Maanshan Steel, representing 36% of the entire share capital of the Company upon establishment; 54,000,000 shares were subscribed by Jiangxi PXSteel, representing 13.5% of the entire share capital of the Company upon establishment; 40,000,000 shares were subscribed by Jinma Xingye, representing 10% of the entire share capital of the Company upon establishment;
- (II) 162 million foreign shares are fully subscribed by Jinma HK, representing 40.5% of the total shares of the Company when it is established.

**Article 22** Upon the approval by the document No. Zheng Jian Xu Ke [2017] No. 1586 issued by China Securities Regulatory Commission (the “CSRC”) on 25 August 2017 and the approval by The Stock Exchange of Hong Kong Limited on 9 October 2017, the Company issued 135,421,000 ordinary shares, including those shares issued upon the exercise of the over-allotment option. All of such ordinary shares are overseas listed foreign shares at a par value of RMB1 each.

Upon completion of the issuance of the overseas listed foreign shares as aforementioned, the shareholding structure of the Company is: 535,421,000 ordinary shares, of which:

- (I) 238,000,000 domestic shares, all being promoter shares;
- (II) 162,000,000 unlisted foreign shares, being promoter shares;
- (III) 135,421,000 overseas listed foreign shares.

Upon the approval by the document No. Zheng Jian Xu Ke [2021] No. 569 issued by the CSRC on 25 February 2021 and the approval granted by the Hong Kong Stock Exchange on 6 July, 2021, 162,000,000 unlisted foreign shares held by Jinma HK, 144,000,000 domestic shares held by Maanshan Steel, 54,000,000 domestic shares held by Jiangxi PXSteel and 40,000,000 domestic shares held by Jinma Xingye (400,000,000 shares in total), all being shareholders of the Company, were converted into overseas listed shares and listed on the Hong Kong Stock Exchange on 12 July 2021.

After the conversion of the above shares into overseas listed shares, the capital structure of the Company includes 535,421,000 ordinary shares, all being overseas listed shares.

**Article 23** The Company's board of directors may take all necessary actions for the issuance of overseas listed foreign shares and domestic shares after proposals for issuance of the same have been approved by the securities regulatory authorities of the State Council. Article 17 of  
Mandatory  
Provisions

The Company may implement its proposal to issue overseas listed foreign shares and domestic shares pursuant to the preceding paragraph within fifteen (15) months from the date of approval by the securities regulatory authorities of the State Council.

**Article 24** Where the total number of shares stated in the proposal for the issuance of shares includes overseas listed foreign shares and domestic shares, such shares should be fully subscribed for at their respective offerings. If the shares cannot be fully subscribed for all at once due to special circumstances, the shares may, subject to the approval of the securities regulatory authorities of the State Council, be issued in separate offerings. Article 18 of  
Mandatory  
Provisions

**Article 25** The registered capital of the Company is RMB535,421,000. Article 19 of  
Mandatory  
Provisions

**Article 26** Unless otherwise provided by the laws or administrative regulations of the People's Republic of China and the securities regulatory authorities of the place(s) where the Company's shares are listed, fully paid shares in the Company are freely transferable, without any lien. Article 21 of  
Mandatory  
Provisions,

Transfer of overseas listed shares listed in Hong Kong requires registration by the share registrar in Hong Kong appointed by the Company.

## CHAPTER 4 INCREASE/DEDUCTION AND BUYBACK OF SHARES

**Article 27** Based on the requirements for operation and development, the Company may approve the capital increase according to relevant stipulations of the Articles of Association. Article 20 of  
Mandatory  
Provisions

The Company may increase capital by way of the following:

- (I) by issuing new shares to non-specified investors to raise fund;
- (II) by issuing new shares to specified investors to raise fund;
- (III) by issuing new shares to existing shareholders by means of placement;
- (IV) by distributing new shares to existing shareholders;
- (V) by transferring of reserve fund into capital;
- (VI) by other means permitted by the laws and administrative regulations.

The Company's issuance of new shares shall, after being approved in accordance with the provisions of the Articles of Association and the listing rules of the place where the shares of the Company are listed, be conducted in accordance with the procedures stipulated in relevant laws and administrative regulations of the People's Republic of China and the provisions of the listing rules of the place where the shares of the Company are listed.

**Article 28** The Company may reduce its registered capital in accordance with the provisions of the Articles of Association.

Articles 22  
and 23 of  
Mandatory  
Provisions

The Company shall prepare a balance sheet and a list of property inventory when reducing its registered capital. The Company may reduce its registered capital in accordance with the procedures provided in the Company Law and other relevant requirements and the Articles of Association.

The Company shall notify its creditors within ten (10) days and shall publish a notice in newspapers at least 3 times within thirty (30) days after the passing of resolution approving the reduction of capital. Creditors shall, within thirty (30) days after receiving the notice or forty-five (45) days after the first publication of the notice (for those who have not received the notification), have a right to require the Company to settle its debts or to provide guarantees for their settlement.

The registered capital of the Company after capital reduction shall not be less than the statutory minimum limit.

**Article 29**

The Company shall not repurchase its own shares. However, under the following circumstances, the Company shall, according to the laws and administrative regulations and by way of the procedure prescribed by the Articles of Association, report to the relevant authority of the PRC for approval to repurchase its shares in issue:

Article 142  
of Company  
Law, Article  
24 of  
Mandatory  
Provisions

- (I) To reduce the registered capital of the Company;
- (II) To merge with the other companies holding the shares of the Company;
- (III) To carry out employee stock ownership plans or share incentive schemes;
- (IV) To acquire shares held by dissident shareholders (if so requested) who vote against resolution made in shareholders' general meeting on the merger or division of the Company;
- (V) To convert convertible corporate bonds issued by the Company;
- (VI) As and when necessary to maintain the value of the Company and the interests of its shareholders;
- (VII) Other circumstances as permitted by laws and administrative regulations.

Where the Company acquires its own shares due to reasons as set out in clauses (I) and/or (II) in the preceding paragraph, it shall obtain the approval of the shareholders' general meeting. Where the Company acquires its own shares due to reasons as set out in clauses (III), (V) and/or (VI) above, a resolution thereon may, pursuant to the requirements of the Articles of Association or the mandate of the shareholders' general meeting, be resolved at a Board meeting that is attended by at least two-thirds of all directors.

After the Company acquires its shares pursuant to the first paragraph of this article, the shares in respect of the circumstances described in clause (I) shall be cancelled within ten (10) days from the date of acquisition; the shares in respect of the circumstances described in clauses (II) or (IV) shall be transferred or cancelled within six (6) months; and the total number of shares held by the Company in respect of the circumstances described in clauses (III), (V) or (VI) shall not exceed ten percent (10%) of its total issued shares, and shall be transferred or cancelled within three years.

Repurchase of the issued shares by the Company shall be in compliance with the provisions of Articles 30 to 34 of the Articles of Association.

**Article 30** The Company may, with the approval of the securities regulatory authorities of the State Council for repurchasing its shares, conduct the repurchase in one of the following ways: Article 25 of Mandatory Provisions

- (I) making a pro rata general offer of repurchase to all its shareholders;
- (II) repurchase through public dealing on a stock exchange;
- (III) repurchase by an off-market agreement outside a stock exchange;
- (IV) other ways permitted by the laws, administrative regulations and approved by regulatory authorities.

**Article 31** Where the Company repurchases its shares by an off-market agreement outside a stock exchange, the prior sanction of shareholders' general meeting shall be obtained in accordance with the Articles of Association. The Company may release or vary a share repurchase contract so entered into in such manner or waive any right thereunder with the prior approval of shareholders' general meeting obtained in the same manner. Article 26 of Mandatory Provisions

The aforesaid share repurchase contract includes but not limited to an agreement to become obliged to repurchase shares or to acquire the right to repurchase shares.

A share repurchase contract for the Company or any rights thereunder shall not be assignable.

**Article 32** After the shares are bought back by the Company pursuant to the laws, the Company shall cancel such shares that are required to be cancelled within the period prescribed by laws and administrative regulations of the People’s Republic of China, and shall apply to the original company registration authority for registration of the change in its registered capital.

The Company shall deduct the total nominal value of the shares cancelled from its registered capital.

**Article 33** The Company shall not accept the shares of the Company as the subject of pledge.

Article 27 of  
Mandatory  
Provisions

**Article 34** Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to repurchase of its issued shares:

Article 142  
of Company  
Law

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

Article 28 of  
Mandatory  
Provisions

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

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

- (III) payment by the Company in consideration of the following shall be made out of the Company's distributable profits:
1. acquisition of rights to repurchase its shares;
  2. variation of any contract to repurchase its shares;
  3. release of its obligation under any contract to repurchase its shares.
- (IV) after the par value of the cancelled shares has been deducted from the registered capital of the Company in accordance with the relevant regulations, the amount deducted from the distributable profits for payment for repurchasing shares at their par value shall be accounted for in the Company's capital common reserve account.

Where the laws, regulations and relevant requirements of the securities regulatory authorities in the place where the shares of the Company are listed have any other provisions in respect of the financial arrangement related to the aforementioned share buy-back, such provisions shall prevail.

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

**Article 35** The Company and its subsidiaries shall not, by any means and at any time, provide any kind of financial assistance to any person who acquired or proposed to acquire shares in the Company. The said acquirer of shares in the Company includes a person who directly or indirectly incurs any obligations due to the acquisition of shares in the Company.

Article 29 of  
Mandatory  
Provisions

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

This Article shall not apply to the circumstances specified in Article 37 of the Articles of Association.

**Article 36** For the purpose of the Articles of Association, “financial assistance” includes but not limited to the following means:

- (I) gift;
- (II) guarantee (including the undertaking of liability or provisions of property by the guarantor to secure the performance of the obligation by the obligator), or indemnity (other than indemnity arising from the Company’s own fault) and release or waiver of rights;
- (III) provision of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled prior to the obligations of the other party to the contract, and a change in the parties to, and the assignment of rights arising under, such loan or contract;
- (IV) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when such assistance would lead to significant reduction in the Company’s net assets.

For the purpose of the Articles of Association, “assuming an obligation” includes the assumption of obligations by way of contract or the entering into an arrangement (whether enforceable or not, and whether entered into on its own account or with any other persons), or by the changing of the obligor’s financial position by any other means.

**Article 37** The following activities shall not be deemed to be activities prohibited under Article 35 of the Articles of Association:

- (I) the financial assistance by the Company is given in good faith and in the interest of the Company, and the principal purpose of the financial assistance is not for the acquisition of shares of the Company, or the financial assistance is an ancillary part of a master plan of the Company;
- (II) the lawful distribution of the Company’s assets by way of dividends;
- (III) the allotment of shares as dividends;
- (IV) a reduction of registered capital, a repurchase of shares or a reorganization of the capital structure of the Company in accordance with the Articles of Association;



- (V) the provision of a loan by the Company within its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are reduced, the financial assistance is paid out of the distributable profits of the Company);
- (VI) the provision of money by the Company for an employee stock ownership plan (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is paid out of the distributable profits of the Company).

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

**Article 38** A share certificate is the evidence issued by the Company that the named shareholder is the holder of the related shares.

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

Share certificates of the Company shall contain the following major particulars:

- (I) name of the Company;
- (II) date of incorporation of the Company;
- (III) class of the shares, nominal value and number of shares represented;
- (IV) serial number of the share certificates;
- (V) other items to be contained as required by the Company Law, the Special Regulations and the stock exchange on which the shares of the Company are listed.

Article 128  
of Company  
Law, Article  
32 of  
Mandatory  
Provisions,  
Article 3  
of Special  
Provisions

The Company may issue overseas listed shares in form of foreign depository receipts or other derivative means of shares in accordance with the laws and the practice of registration and depository of securities in the listing place.

**Article 40** The Company's shares may be transferred, given as gift(s), inherited and charged in accordance with the provisions of relevant laws, administrative regulations and the Articles of Association.

Rule 1(1) of  
Appendix 3 to  
Listing Rules

The assignment and transfer of shares shall be registered with the share registrar commissioned by the Company.

**Article 41** The share certificates shall be signed by the chairman of the board of directors. Where the signatures of other senior management of the Company are required by the stock exchanges on which the Company's shares are listed, the share certificates shall also be signed by such other senior management. The share certificates shall become effective after the Company seal (including the Company securities seal) is affixed thereto. The share certificates shall only be affixed with the Company's seal or the Company securities seal under the authorization of the board of directors. The signature of chairman of the board of directors or other senior management on the share certificates may also be in printed form.

Article 33 of  
Mandatory  
Provisions  
Article 1 of  
Zheng Jian  
Hai Han

In case of scriptless issue and trading of the shares of the Company, the applicable provisions provided by the securities regulatory authorities or the stock exchanges where the shares of the Company are listed shall prevail.

**Article 42** The Company shall maintain a register of shareholders, which shall contain the following particulars:

Article 34 of  
Mandatory  
Provisions

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

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

**Article 43** The Company may, pursuant to the understanding and agreements made between the securities regulatory authorities of State Council and overseas securities regulatory authorities, keep the register of shareholders of overseas listed shares outside the PRC and appoint overseas agent(s) for management. The original register of holders of overseas listed shares listed in Hong Kong shall be kept in Hong Kong. The Hong Kong branch register of the register of shareholders (that is, the register of shareholders of overseas listed foreign shares) must be made available for inspection by shareholders, but the Company is permitted to close the register on terms equivalent to section 632 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong).

Article 35 of  
Mandatory  
Provisions

Article 2 of  
Zheng Jian  
Hai Han

Rule 20 of  
Appendix 3 to  
Listing Rules

Section 1(b)  
of Appendix  
13D to  
Listing Rules

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

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

Article 36 of  
Mandatory  
Provisions

**Article 44** The Company shall keep a complete register of shareholders.

The register of shareholders shall include the followings:

- (I) The register of shareholders kept at the Company's address other than those parts specified in items (II) and (III) of this Article;
- (II) The registers of shareholders of overseas listed shares of the Company kept in the places of the stock exchange(s) outside the PRC on which the shares are listed;
- (III) The registers of shareholders kept in other places as the board of directors may decide necessary for the listing of the Company's shares.

**Article 45** Different parts of the register of shareholders shall not overlap. No transfer of the shares registered in any part of the register shall be, during the continuance of the registration of such shares, registered in any other part of the register of shareholders at the same time. This Article shall not be applicable to the registration of changes in shareholder's register in issuing new shares by the Company in accordance with Article 27 of the Articles of Association.

Article 142  
of Company  
Law

Article 37 of  
Mandatory  
Provisions

Article 12 of  
Zheng Jian  
Hai Han

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

All overseas listed shares which have been fully paid-up may be freely transferred in accordance with the Articles of Association. However, unless such transfer complies with the following requirements, the board of directors may refuse to recognize any instrument of transfer and would not need to provide any reason therefore:

- (I) the registration fee for each instrument of transfer (subject to the maximum amount stipulated by The Stock Exchange of Hong Kong Limited in the Listing Rules from time to time) which represents the maximum amount according to the then requirements of the Listing Rules has been paid to the Company for the purpose of registering the instruments of transfer and other documents relating to or affecting the title to shares;
- (II) the instrument of transfer only involves overseas listed shares;
- (III) the stamp duty chargeable on the instrument of transfer has been paid;
- (IV) the relevant share certificate and, upon the reasonable request of the board of directors, any evidence in relation to the transferor's right to transfer has been submitted;
- (V) if the shares are to be transferred to joint holders, then the maximum number of joint holders shall not exceed four (4); and
- (VI) there is no lien on the relevant shares.

Should the Company refuse to register any transfer of shares, it shall, within two months from the date of the formal application for the transfer, provide the transferor and the transferee with a written notice stating its refusal of registration of such transfer.

The instrument of transfer for overseas listed shares of the Company shall be in writing and in ordinary or usual form or in such other form acceptable by the board of directors (including standard transfer form or other form of transfer as prescribed by The Stock Exchange of Hong Kong Limited from time to time); and the instrument of transfer can be signed by hand only (where the transferor or transferee is a natural person) or under seal (where the transferor or transferee is a corporation), and in case that the transferor or transferee is a clearing agency or its nominee, it can be signed by hand or by machine imprinted signature. All instruments of transfer must be placed at the legal address of the Company, the share registrar or elsewhere specified by the board of directors from time to time.

**Article 46** No change may be made in the register of shareholders as a result of a transfer of shares within twenty (20) days prior to the date of a shareholders' general meeting or within five (5) days before the base determination date for the Company's distribution of dividends. Article 38 of Mandatory Provisions

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

**Article 47** When the Company intends to convene a shareholders' general meeting, distribute dividends, liquidate and engage in other activities that involve determination of shareholdings, the board of directors shall decide on a date for the determination of shareholdings. Shareholders whose names appear in the register of members at the end of such date are shareholders of the Company. This Article shall not be applicable to the registration of changes in shareholder's register in issuing new shares by the Company in accordance with Article 27 of the Articles of Association. Article 39 of Mandatory Provisions

**Article 48** Any person who disputes the register of shareholders and requests to have his/its name entered in or removed from the register of shareholders may apply to a competent court for rectification of the register. Article 40 of Mandatory Provisions

**Article 49** Any shareholder who is registered in, or any person who requests to have his name entered in, the register of shareholders may apply to the Company for issue of a replacement share certificate in respect of such shares (the "Relevant Shares") if his share certificate (the "Original Certificate") is lost. Article 41 of Mandatory Provisions

If a shareholder who has lost his share certificate of unlisted shares applies for a replacement share certificate, it shall be dealt with in accordance with the provisions under Article 143 of the Company Law.

If a shareholder who has lost his share certificate of overseas listed shares applies for a replacement share certificate, it shall be dealt with in accordance with the laws, rules of the stock exchange(s) or other relevant provisions of the place where the original register of holders of overseas listed shares is kept.

Holders of overseas listed shares who have lost their share certificates and applied for replacement of share certificates, such replacement shall comply with the following requirements:

- (I) The applicant shall submit an application to the Company in prescribed form accompanied by a notarial certificate or statutory declaration containing the reason for the application and the circumstances and evidence of the lost share certificates as well as a declaration that no other person shall be entitled to request for registration as the shareholder in respect of the Relevant Shares.
- (II) No statement has been received by the Company from a person other than the applicant who request to have his/its name registered as a holder of these shares before the Company decided to issue the replacement share certificate.
- (III) The Company shall, if it decides to issue a replacement share certificate to the applicant, publish an announcement of its intention to issue the replacement share certificate in such newspapers designated by the board of directors. The announcement shall be published repeatedly at least once every thirty (30) days within the period of the announcement of ninety (90) days.
- (IV) The Company shall have, prior to the publication of its announcement of intention to issue a replacement share certificate, delivered a copy of the announcement to be published to the stock exchange on which its shares are listed. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited at the premises of the stock exchange. The announcement shall be exhibited at the premises of the stock exchange for a period of ninety (90) days.

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

- (V) If, upon expiration of the ninety (90)-day period referred to in items (III) and (IV) of this Article, the Company has not received from any person any objection to such issue of a replacement share certificate, the Company may issue a replacement share certificate to the applicant according to his application.
- (VI) Where the Company issues a replacement share certificate under this Article, it shall immediately cancel the Original Certificate and record such cancellation and issue in the register of shareholders accordingly.
- (VII) All expenses relating to the cancellation of an Original Certificate and the issue of a replacement share certificate by the Company shall be borne by the applicant. The Company shall be entitled to refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

**Article 50** Where the Company issues a replacement share certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned replacement share certificate or a shareholder who thereafter registers as the owner of such shares (provided that he is a bona fide purchaser) shall not be removed from the register of shareholders. Article 42 of  
Mandatory  
Provisions

**Article 51** The Company shall not be liable for any damages sustained by any person due to the cancellation of the Original Certificate or the issue of the replacement share certificate, unless the claimant can prove fraud on the part of the Company. Article 43 of  
Mandatory  
Provisions

## CHAPTER 7 SHAREHOLDERS' RIGHTS AND OBLIGATIONS

**Article 52** A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is registered in the register of shareholders. Article 44 of  
Mandatory  
Provisions

Shareholders shall enjoy rights and have obligations in accordance with the class and number of shares held by them. Shareholders holding the same class of shares shall be entitled to equal rights and have equal obligations.

Holders of unlisted foreign shares and domestic shares are in the same class of shareholders despite other provisions of the Articles of Association, especially for the holders of unlisted foreign shares who shall be entitled to attend and vote at the same class of shareholders' general meeting with holders of domestic shares and receive the notice convening the same class of shareholders' general meeting, providing that the holders of unlisted foreign shares shall enjoy the following rights:

- (I) to receive dividends declared by the Company in foreign currencies; and
- (II) in the event of the winding-up of the Company, to remit their respective shares in the remaining assets (if any) of the Company out of the PRC in accordance with the applicable foreign exchange control laws and regulations in the PRC.

In case of joint shareholders, all the joint holders of any share(s) shall be jointly and severally liable for payment of all amounts due from such share(s). If one of the joint shareholders is deceased, only the surviving persons among the joint shareholders shall be regarded as the owners of relevant shares of the Company, provided that the board of directors shall have the right to require the surviving persons to provide a certificate of death which the board of directors deem appropriate for the purpose of changing the register of shareholders. As far as joint shareholders of any shares are concerned, only the joint shareholder whose name appears first in the register of shareholders has the right to receive the share certificates of the Relevant Shares from the Company, to receive notices of the Company, to attend the shareholders' general meeting of the Company and exercise voting rights; and any notice served on such a shareholder shall be deemed as having been served on all the other joint shareholders of those shares.

**Article 53** Shareholders of ordinary shares of the Company shall enjoy the following rights:

Article 97 and Article 102 of Company Law

- (I) The rights to receive dividends and other forms of distribution in proportion to the number of fully-paid shares held by them;
- (II) The rights to attend or appoint proxy to attend shareholders' meetings and exercise voting rights;
- (III) The rights to supervise the operation of the Company and to put forward proposals and raise inquiries;
- (IV) The rights to transfer shares in accordance with laws, administrative regulations and the Articles of Association;

Article 45 of Mandatory Provisions Rule 14(3) of Appendix 3 to Listing Rules



- (V) The rights to obtain relevant information in accordance with the Articles of Association of the Company, including:
1. to obtain a copy of the Articles of Association upon payment of the cost of such copy;
  2. to inspect and photocopy upon payment of a reasonable charge, of:
    - (i) all parts of the register of shareholders;
    - (ii) personal particulars of each of the directors, supervisors, general manager and other senior management of the Company, including:
      - (a) current and previous names and aliases;
      - (b) main address (domicile);
      - (c) nationality;
      - (d) full-time and all other part-time occupations and duties;
      - (e) identification documents and their numbers.
    - (iii) the status of the Company's share capital;
    - (iv) reports of the aggregate par value, number of shares, highest and lowest prices paid by the Company in respect of each class of shares bought back by the Company since the end of the last financial year and all the expenses paid by the Company therefor;
    - (v) minutes of shareholders' general meetings and resolutions of meetings of the board of directors and the supervisory committee;
    - (vi) corporate bond counterfoils;
    - (vii) financial reports previously published or disclosed.

- (VI) The rights to participate in the distribution of remaining assets of the Company corresponding to the number of shares held in the event of the termination or liquidation of the Company;
- (VII) The rights to demand the Company to acquire the shares held by them with respect to shareholders voting against any resolution adopted at the shareholders' general meeting on the merger or division of the Company;
- (VIII) Shareholders individually or jointly holding 3% (three percentage) or more of the shares of the Company may propose ad hoc proposals and submit to the board of directors in writing 10 (ten) days before the convening of the shareholders' general meeting;
- (IX) Other rights conferred by laws, administrative regulations and the Articles of Association.

Where shareholders request for inspection of the relevant information or demand for materials as mentioned in the previous Article, they shall provide the Company with written documents evidencing the class and number of shares of the Company they hold. Upon verification of the shareholder's identity, the Company shall provide information requested by such shareholder.

**Article 54** Shareholders of ordinary shares of the Company shall have the following obligations:

Article 83  
of Company  
Law Article  
46 of  
Mandatory  
Provisions

- (I) To abide by laws, administrative regulations and the Articles of Association;
- (II) To pay for the shares based on the shares subscribed for and the manners in which they became shareholder;
- (III) To assume liability of the Company based on the shares held by them;
- (IV) Not to withdraw their fund contribution after approval and registration by the Company, except as provided in laws and regulations;
- (V) Other obligations imposed by laws, administrative regulations and the Articles of Association.

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

**Article 55** In addition to obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchange where the Company's shares are listed, a controlling shareholder shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests the shareholders generally or partially:

- (I) to relieve a Director or Supervisor of his/her duty to act honestly in the best interests of the Company;
- (II) to approve the expropriation by a Director or Supervisor (for his/her own benefit or for the benefit of another person), in any guise, of the Company's property, including (without limitation) opportunities beneficial to the Company; or
- (III) to approve the expropriation by a Director or Supervisor (for his/her own benefit or for the benefit of another person) of the individual rights or interests of other shareholders, including (without limitation) rights to distributions and voting rights save for the Company's restructuring submitted to shareholders for approval and adopted by the shareholders' general meeting in accordance with the Articles of Association.

**Article 56** A "controlling shareholder" mentioned in the precious Article means a person who satisfies any one of the following conditions:

- (I) he alone, or acting in concert with others, has the power to elect more than half of the board of directors;
- (II) he alone, or acting in concert with others, has the power to exercise or to control the exercise of thirty percent (30%) (inclusive) or more of the voting rights in the Company;
- (III) he alone, or acting in concert with others, holds thirty percent (30%) (inclusive) or more of the issued outstanding shares of the Company; or
- (IV) he alone, or acting in concert with others, in any other manner has de facto control of the Company.

## CHAPTER 8 SHAREHOLDERS' GENERAL MEETING

**Article 57** The shareholders' general meeting is the organ of authority of the Company, which exercises its functions and powers in accordance with Law. Article 49 of Mandatory Provisions

**Article 58** The shareholders' general meeting exercises the following functions and powers: Articles 37, 99, 102 and 121 of Company Law

- (I) to decide on operational policies and investment plans of the Company; Article 50 of Mandatory Provisions
- (II) to elect and replace the directors and to determine matters relating to the remuneration of the directors;
- (III) to elect and replace supervisors who are appointed by the shareholders, and to determine matters relating to the remuneration of the supervisors;
- (IV) to consider and approve reports of the board of directors;
- (V) to consider and approve reports of the board of supervisors;
- (VI) to consider and approve annual financial budget plans and final accounting plans of the Company;
- (VII) to consider and approve the profit distribution plan and loss recovery plan of the Company;
- (VIII) to determine the increases or decrease of the registered capital of the Company;
- (IX) to determine matters such as the merger, division, dissolution, liquidation or change of corporate form of the Company;
- (X) to determine the issuance of corporate bonds by the Company;
- (XI) to determine the appointment of, removal of and non-reappointment of an auditor by the Company;
- (XII) to amend the Articles of Association;
- (XIII) to consider and approve the proposal raised by shareholders who represent three percent (3%) or more of the total number of voting shares of the Company;

- (XIV) to consider and approve the matters regarding providing guarantees to shareholders;
- (XV) to consider and approve external guarantees, among which the amount of the single guarantee exceeds 10% of the latest audited net assets of the Company and the accumulated amount of the guarantees exceeds 30% of the latest audited total assets of the Company;
- (XVI) to consider matters relating to the purchases and disposals of material assets, which are more than 30% of the latest audited total assets of the Company, within one year;
- (XVII) to consider and approve share incentive plans;
- (XVIII) other matters that required to be resolved by the shareholders' general meeting pursuant to laws, regulations, the listing rules of the stock exchange where the Company's shares are listed and the Articles of Association.

Matters which, as required by laws, administrative regulations as well as the Articles of Association, shall be resolved at shareholders' general meetings shall be considered and reviewed at shareholders' general meetings so as to protect the decision-making rights of shareholders of the Company on such matters. Under necessary and reasonable circumstances, the shareholders' general meeting may authorize the board of directors to decide, within the scope of authorization as delegated at the shareholders' general meeting, specific issues relating to matters to be resolved on by the shareholders' general meeting which may not be decided upon immediately at the shareholders' general meeting.

Notwithstanding the provisions under clause (VII) of paragraph 1 and under paragraph 2 of this article, the board of directors may, in accordance with the mandate granted thereto by the shareholders of the Company at the annual general meeting, determine the plan to distribute the interim dividends for the following year for the purpose of paying the shareholders of the Company the interim dividends that the board of directors considers to be allowable by the Company's profitability without further consent from the shareholders' general meeting before determining and declaring the relevant interim dividends.

**Article 59** Unless prior approval by the shareholders' general meeting is obtained, the Company shall not enter into any contract with any person other than a Director, Supervisor, our General Manager or other member of senior management of the Company whereby the management and administration of the whole or any substantial part of the business of the Company is to be handed over to such person.

Article 51 of  
Mandatory  
Provisions

**Article 60** Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. Shareholders' general meeting shall be convened by the board of directors. Annual general meetings shall be held once every accounting year and within six (6) months from the end of the preceding accounting year.

Article 100  
of Company  
Law Article  
52 of  
Mandatory  
Provisions

Under any of the following circumstances, the board of directors shall convene an extraordinary general meeting within two (2) months:

Rule 14(1) of  
Appendix 3 to  
Listing Rules

Article 6 of  
the Opinions

- (I) when the number of Directors is less than the number of Directors required by the Company Law or two-thirds (2/3) of the number of Directors specified in the Articles of Association;
- (II) when the unrecovered losses of the Company amount to one-third (1/3) of the total amount of its share capital;
- (III) when shareholder(s) holding ten percent (10%) or more of the Company's outstanding shares carrying voting rights request(s) the convening of an extraordinary general meeting;
- (IV) when deemed necessary by the board of directors or as requested by the supervisory committee;
- (V) when proposed by at least two (2) independent non-executive Directors;
- (VI) the other circumstance as stipulated by laws, administrative regulations, departmental rules, securities regulations of the locality where the Company's shares are listed and the Articles of Association.

- Article 61** When the Company convenes an annual general meeting, a written notice shall be given twenty (20) days before the meeting, and when the Company convenes an extraordinary general meeting, a written notice shall be given fifteen (15) days before the meeting, to the shareholders of the Company. The aforesaid notice shall notify all of the shareholders in the share register of the matters to be considered and the date and the place of the meeting. Should the securities regulatory authorities of the place where the shares of the Company are listed require otherwise, such requirement shall prevail. Article 53 of  
Mandatory  
Provisions  
  
Rule 14(2) of  
Appendix 3 to  
Listing Rules
- Article 62** When the Company convenes a shareholders' general meeting, shareholders who individually or in aggregate hold three percent (3%) or more of the total number of voting shares shall be entitled to propose new proposal in writing to the Company. The Company shall include the proposals falling within the scope of power of the shareholders' general meeting into the agenda of such meeting. Article 102  
of Company  
Law Article  
54 of  
Mandatory  
Provisions
- Article 63** An extraordinary general meeting shall not decide on those matters not stated in the notice of meeting. Article 56 of  
Mandatory  
Provisions
- Article 64** Notice of meeting of shareholders shall be required to: Article 56 of  
Mandatory  
Provisions
- (I) be in writing;
  - (II) specify the place, the date and the hour of the meeting;
  - (III) state the matters to be discussed at the meeting;
  - (IV) provide such information and explanations as are necessary for the shareholders to exercise a sensible judgment on the proposals. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase shares, to reorganize the share capital or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such proposal must be properly explained;
  - (V) contain a disclosure of the nature and extent, if any, of the material interests of any Director, Supervisor, our General Manager or other member of senior management in the transaction proposed and the effect of the proposed transaction on them in their capacity as shareholders in so far as it is different from the effect on the interests of the shareholders of the same class;

- (VI) contain the full text of any special resolution proposed to be voted at the meeting;
- (VII) contain conspicuously a statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote on behalf of him/her and that a proxy need not be a shareholder; and
- (VIII) specify the time and place for delivering proxy forms for the relevant meeting.

**Article 65** Notice of shareholders' general meeting of the Company shall be given to the shareholders by means of announcement or in any other manner that complies with the provisions of the securities regulatory rules of the place where the Company's shares are listed.

Article 57 of  
Mandatory  
Provisions

The announcement in the previous article shall be published in the media and/or website recognised by the stock exchange where the Company's shares are listed as designated by the Company. After the publication of such notice, all shareholders shall be deemed to have received the notice of the relevant shareholders' general meeting.

Approval Reply

**Article 66** 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 proceedings at that meeting and the resolution adopted thereat.

Article 58 of  
Mandatory  
Provisions

**Article 67** Any shareholder entitled to attend and vote at the shareholders' general meeting (including Hong Kong Securities Clearing Company Limited) shall be entitled to appoint one or more other persons (whether a shareholder or not) as his/her proxy to attend and vote on his/her behalf, and if a corporation being a shareholder has appointed a proxy to attend any meeting on its behalf, the shareholder shall be deemed as attending in person, and a proxy so appointed may exercise the following rights according to the authorization of the shareholder:

Article 59 of  
Mandatory  
Provisions

Rules 14(3),  
18 and 19 of  
Appendix 3 to  
Listing Rules

- (I) have the same right as the shareholder to speak at the meeting;
- (II) have the right by himself or in conjunction with others to make a resolution by voting; and
- (III) have the right to vote by hand or on a poll, but a proxy of a shareholder who has appointed more than one proxy may only vote on a poll.



If the shareholder is a recognized clearing house as defined in the relevant laws and regulations of the locality where the shares of the Company is listed, he/she may authorize one or more proxy(ies) as he/she thinks fit to act as his/her proxy(ies) at any shareholders' general meeting or class meeting or creditors' meeting, and this/these proxy(ies) shall enjoy the same legal rights as other shareholders, including the right to speak and the right to vote. However, if more than one proxy is appointed, the proxy form shall specify the number and class of shares represented by each of such proxies under the authorization. Such authorized proxies are entitled to exercise the rights on behalf of the recognized clearing house or their agent (without presentation of evidence of their shareholding, notarized authorization and/or further proof demonstrating the duly granting of the same), as if they were the individual shareholders of the Company.

**Article 68** Shareholders shall appoint proxy in writing. The proxy form shall be signed by the appointer or its authorized representative who has been authorized in writing. If the appointer is a legal person, the document shall be affixed with the legal person's seal or signed by its director or duly authorized representatives. Such proxy form must clearly indicate the number of shares which are represented by the proxy and complies with the content and forms required in the Articles of Association. Where a shareholder appoints more than one proxy, he/she shall specify the number of shares represented by each proxy in the proxy form.

Article 60 of  
Mandatory  
Provisions

**Article 69** The proxy form for voting shall be placed at the domicile of the Company, or at other place designated in the notice of meeting, at least twenty-four (24) hours prior to convening of the meeting which the relevant matters will be voted on, or twenty-four (24) hours prior to the designated voting time. If the proxy form is signed by a person authorized by the appointer, the power of attorney or other authorization document shall be notarized. The notarized power of attorney or other authorization document shall be placed together with the proxy form authorizing the proxy to vote at the domicile of the Company or other place designated in the notice of meeting.

Article 61 of  
Mandatory  
Provisions

If the appointer is a legal entity, its legal representative or such person as is authorized by resolution of its board of directors or other governing body to act as its representative may attend at any meeting of shareholders of the Company as a representative of the appointer.

**Article 70** Any form issued to a shareholder by the board of directors of the Company for use by him/her for appointing a proxy to attend and vote at a meeting of the Company shall be such as to enable the shareholder according to his/her intention, to instruct the proxy to vote in favor of or against each resolution dealing with matters to be voted at the meeting. Such a form shall contain a statement that in the absence of instructions by the shareholder the proxy may vote as he thinks fit.

Article 62 of  
Mandatory  
Provisions

**Article 71** A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or loss of capacity of the appointer or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that no notice in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company before the commencement of the meeting at which proxy is used.

Article 63 of  
Mandatory  
Provisions

**Article 72** The proxy who attend the shareholders' general meeting on behalf of a shareholder shall produce his/her own identity documents and the proxy signed by the appointer or legal representative of the appointer, and the proxy shall be dated to indicate of date of issuance. If the legal representative of a legal entity which is a shareholder is appointed to attend the meeting, the legal representative shall produce his/her personal identity certification and a notarized certified copy of the resolution of the board of directors or other institution of authority of the legal entity appointing the legal representative or other certified true copies permitted by the Company (excluding recognized clearing house or their agent).

**Article 73** Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions.

Article 64 of  
Mandatory  
Provisions

To adopt an ordinary resolution, votes representing more than half (1/2) of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favor of the resolution in order for it to be passed.

To adopt a special resolution, votes representing more than two-thirds (2/3) of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favor of the resolution in order for it to be passed.

The shareholders (including their proxies) attending the meeting shall clearly show approval or objection to every matter to be voted on. As for the unpolled vote or abstention, the Company will not treat it as the vote with voting right when calculating the voting result of this matter.

**Article 74** A shareholder (including proxy) when voting at a shareholders' general meeting may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote. However, shares of the Company held by the Company shall not enjoy voting rights and shall not be calculated in the total number of shares with voting rights held by the present shareholder.

Article 103  
of Company  
Law Article  
65 of  
Mandatory  
Provisions

**Article 75** At any shareholders' general meeting a resolution shall be decided by a show of hands unless a poll is (before or after any vote by show of hands) demanded:

Article 66 of  
Mandatory  
Provisions

- (I) by the chairman of the meeting;
- (II) by at least two (2) shareholders entitled to vote present in person or by proxy; or
- (III) by one or more shareholders present in person or by proxy and representing more than ten percent (10%) of all shares carrying the right to vote at the meeting singly or in aggregate.

Unless a poll be so demanded, a declaration by the chairman that a resolution has on a show of hands been carried, unanimously, or carried by a particular majority, or lost, 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.

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

**Article 76** A poll demanded on the election of the chairman of the meeting, or on an issue of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other issue shall be taken at such time as the chairman of the meeting directs, and any business, other than that upon which a poll has been demanded may be preceded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

Article 67 of  
Mandatory  
Provisions

**Article 77** On a poll taken at a meeting, a shareholder (including proxy) entitled to two (2) or more votes need not cast all his/her votes in the same way.

Article 68 of  
Mandatory  
Provisions

**Article 78** In the case of an equality of votes, no matter by show of hands or by way of poll, the chairman of the Board shall be entitled to one additional vote.

Article 69 of  
Mandatory  
Provisions

**Article 79** The following matters shall be passed by way of an ordinary resolution at a shareholders' general meeting:

Article 70 of  
Mandatory  
Provisions

- (I) Work reports of the board of directors and the supervisory committee;
- (II) Profit distribution plan and loss recovery plan formulated by the board of directors;
- (III) Appointment and removal of members of the board of directors and members of the supervisory committee, their remuneration and method of payment thereof;
- (IV) Proposed annual preliminary financial budgets, final account reports, balance sheets, statement of income and other financial statements of the Company;
- (V) Matters other than those requiring the approval by way of special resolutions in accordance with the laws, administrative regulations, provisions or provisions of the Articles of Association.

**Article 80** The following matters shall be passed by way of a special resolution at a shareholders' general meeting:

Article 71 of  
Mandatory  
Provisions

- (I) The increase or reduction of the capital and the issuance of any kinds of shares, warrants and other similar securities by the Company;
- (II) The issuance of corporate bonds;
- (III) The division, merger, dissolution, liquidation and change of corporate form of the Company;
- (IV) To consider and approve the external guarantee matters which should be approved by the shareholders' general meeting;
- (V) To consider and approve the Company's purchases or disposals of material assets within one year, which are more than 30% of the latest audited total assets of the Company;
- (VI) To consider and approve Share incentive plan;
- (VII) The amendment to the Articles of Association;

Rules 16, 17  
and 21 of  
Appendix 3 to  
Listing Rules

- (VIII) Other matters required by laws, administrative regulations, the listing rules of the place where the shares of the Company are listed and the Articles of Association and those that the shareholders' general meeting by way of an ordinary resolution concluded that may have a material impact on the Company and require adoption by way of a special resolution.

**Article 81** Any resolution passed by the shareholders' general meeting shall comply with relevant requirements of laws, administrative regulations and the Articles of Association.

**Article 82** Shareholders who hold minority interests as required under Article 62 of these Articles of Association may add proposal(s) into the agenda of a meeting.

Article 72 of  
Mandatory  
Provisions

Rule 14(5) of  
Appendix to  
Listing Rules

Shareholders who request to convene an extraordinary general meeting or class general meeting shall follow the procedures below:

- (I) The shareholders who hold in aggregate more than ten percent (10%) (inclusive) shares with the rights to vote at such proposed meeting may, upon signing one or several written requests with the same content and format, request the board of directors to convene an extraordinary general meeting or class general meeting and state the subject of the meeting. Shares held by the above shareholders shall be calculated as at the date of submitting the written request.
- (II) After receiving the aforesaid documentary requirements, by combining concrete situations, the board of directors shall determine whether to hold shareholders' general meeting according to laws, administrative rules, and the regulations of the Articles of Association; give written feedback opinion on whether to convene shareholders' general meeting within ten (10) days after receiving the aforesaid documentary requirements to the proposer.
- (III) If the board of directors agrees to hold shareholders' meeting, it shall send out notice of meeting. If the notice changes the original proposal, the board of directors shall obtain the consent of the proposers. After sending out the notice, the board of directors shall not add new proposals any longer. No change shall be made to the convene time of the shareholders' general meeting without the consent of the proposers.

- (IV) If the board of directors disagrees to hold shareholders' meeting, or fails to give a notice of convening the meeting within thirty(30) days after receiving the aforesaid documentary requirements, and if the shareholders who hold in aggregate more than 10% (inclusive) shares with the rights to vote at such proposed meeting decide to convene the shareholders' general meeting, they can convene and preside the meeting by themselves within four (4) months after the board receiving the requirement.
  
- (V) Shareholders who hold in aggregate more than ten percent (10%) (inclusive) shares with the rights to vote at such proposed meeting making such requests which decide to convene an extraordinary general meeting shall serve a written notice on the board of directors. Such notice of meeting shall comply with the requirements of Chapters 61, 62, 64 and 65 of these Articles of Association. No new proposal shall be added to the notice of meeting. Otherwise, shareholders making such requests shall re-submit their requests to the board of directors to convene a shareholders' general meeting in accordance with the procedures in paragraph (1) of this Article.
  
- (VI) Shareholders who hold in aggregate more than ten percent (10%) (inclusive) shares with the rights to vote at such proposed meeting convening a shareholders' general meeting shall pay reasonable attention to ensure that all shareholders can receive reasonable notice of the convening of the meeting and the matters to be considered at the meeting and shall cause the procedures for convening the meeting to, as far as possible, be the same as those for convening a shareholders' general meeting by the board of directors.

Where the shareholders who hold in aggregate more than ten percent (10%) (inclusive) shares with the rights to vote at such proposed meeting convene and hold a shareholders' general meeting by themselves as a result of the failure of the board of directors to held a shareholders' general meeting as aforesaid requirement, the expenses reasonably accrued therefrom shall be borne by the Company and be deducted from the amounts due for payment to the directors as a result of their negligent manners.

**Article 83** Where the shareholders' general meeting is convened by the board of directors, the chairman of the board of directors shall act as the chairman of the meeting and preside over the meeting. In the event that the chairman of the board of directors is unable to attend the meeting, the vice chairman shall act as the chairman of the meeting and preside over the meeting. In the event that both the chairman and the vice chairman are unable to attend the meeting, the board of directors can specify a director of the Company to convene the meeting and act as the chairman on behalf of them. In the event that no chairman is specified, the shareholders being present can elect one to be the chairman; if the shareholders fail to elect for any reason, the shareholder who holds the most voting shares (include the proxy) being present shall act as the chairman of the meeting.

If a shareholders' general meeting is convened by the shareholders themselves, the convener will nominate a representative to preside over the meeting.

If a shareholders' general meeting is convened by the supervisory committee, the chairman of the supervisory committee shall preside over the meeting. If the chairman of the supervisory committee is unable or fails to discharge his/her duties, the meeting shall be presided over by the vice chairman of the supervisory committee. Where the position of vice chairman does not exist, or where the vice chairman of the supervisory committee is unable to discharge or fails to discharge his/her duties, half or more of the supervisors shall designate a supervisor to preside over the meeting.

When a shareholders' general meeting is convened, if the chairman of the meeting contravenes the Rules of Procedures for Shareholders' General Meetings, rendering the meeting impossible to proceed, with the consent from half or more of the attending shareholders with voting rights, one person may be nominated at the shareholders' general meeting to serve as the chairman and the meeting may proceed.

**Article 84** The chairman of the meeting shall be held responsible for announcing whether or not a resolution has been passed. His/her decision shall be final and shall be announced on the meeting and be recorded in the minutes of meeting.

**Article 85** If the chairman of the meeting has any doubts about the voting result of a resolution, he may arrange the recounting of the votes. If the chairman of the meeting does not arrange the recounting of the votes, a shareholder or proxy attending the meeting who dissents from the result announced by the chairman of the meeting shall be entitled to request the recounting of votes immediately after the announcement, in which case the chairman of the meeting shall immediately arrange the re-counting of the votes.

**Article 86** If the counting of votes is conducted at a shareholders' general meeting, the result of the counting shall be recorded in the minutes of meeting.

Article 76 of  
Mandatory  
Provisions

The minutes of meeting, the attendance register and proxy forms shall be kept at the Company's domicile.

**Article 87** Shareholders may examine photocopies of the minutes of meetings during the Company's office hours free of charge. If any shareholder requests for a photocopy of the relevant minutes of meetings, the Company shall send such photocopies within Seven (7) days upon receipt of the payment for reasonable charges.

Article 77 of  
Mandatory  
Provisions

**Article 88** If any shareholder is required to abstain from voting on any particular resolution or restricted to vote only for (or against) any particular resolution under the Listing Rules, any votes given by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

Rule 14(4) of  
Appendix 3 to  
Listing Rules

## **CHAPTER 9 SPECIAL PROCEDURES FOR VOTING AT CLASS MEETINGS**

**Article 89** Shareholders who hold different classes of shares shall be shareholders of different classes.

Article 78 of  
Mandatory  
Provisions

Shareholders of different classes shall enjoy rights and undertake obligations in accordance with the laws, administrative regulations and the Articles of Association.

**Article 90** The Company shall not proceed to change or abrogate the shareholders' rights of a class of shares unless such change or abrogation has been approved by way of a special resolution at the shareholders' general meeting and at a separate class meeting by the shareholders of the affected class in accordance with Articles 92 to 96 of the Articles of Association. For the avoidance of doubt, the conversion of unlisted shares into overseas listed shares and the listing and trading of such shares in overseas stock exchanges shall not subject to such limitation.

Article 79 of  
Mandatory  
Provisions

In respect of changes to or abolishment of the rights of class shareholders due to changes in applicable domestic laws, administrative regulations and the Listing Rules and decisions made by the relevant regulatory authorities according to laws, no further approval by the shareholders' general meetings or class shareholders' meetings is required.



**Article 91** Unless otherwise required by laws, administrative regulations and the Articles of Association, the rights of shareholders of a certain class shall be deemed to have been changed or abrogated in the following circumstances:

- (I) an increase or decrease in the number of shares of such class or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (II) conversion of all or part of the shares of such class into shares of another class or conversion of all or part of the shares of another class into shares of such class or the grant of the rights to such conversion;
- (III) a removal or reduction of rights to accrued dividends or cumulative dividends attached to the shares of such class;
- (IV) a reduction or removal of a dividend preference or property distribution preference during the liquidation of the Company, attached to the shares of such class;
- (V) an addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, preemptive rights or rights to acquire the securities of the Company attached to the shares of such class;
- (VI) a removal or reduction of rights to receive amounts payable by the Company in a particular currency attached to the shares of such class;
- (VII) creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that class;
- (VIII) an imposition of restrictions or additional restrictions on the transfer of or ownership of the shares of such class;
- (IX) an issuance of rights to subscribe for, or convert into, the shares of such class or another class;
- (X) an increase in the rights and privileges of the shares of another class;

- (XI) a restructuring plan of the Company that causes shareholders of different classes to bear liability to different extents during the restructuring;
- (XII) any amendment to or repeal of the provisions of this chapter.

**Article 92** Shareholders of the affected class, whether or not having the rights to vote at the shareholders' general meeting, shall have the rights to vote at class meetings in respect of matters referred to in paragraphs (II) to (VIII) and (XI) to (XII) in Article 91, except that interested shareholders shall not vote at class meetings.

Article 81 of  
Mandatory  
Provisions

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

- (I) if the Company has made a tender offer to all shareholders in the same proportion or has bought back its own shares through open market transactions on a stock exchange in accordance with Article 30 in the Articles of Association, the controlling shareholders as defined in Article 56 in the Articles of Association shall be the "interested shareholders";
- (II) if the Company has bought back its own shares by an agreement outside of a stock exchange in accordance with Article 30 in the Articles of Association, shareholders in relation to such agreement shall be the "interested shareholders";
- (III) under a restructuring proposal of the Company, shareholders who will bear liability in a proportion smaller than that of the liability borne by other shareholders of the same class, or shareholders who have an interest different from that interest of other shareholders of the same class shall be the "interested shareholders".

**Article 93** Resolutions of a class meeting shall be passed only by more than two-thirds (2/3) of the voting rights of that class represented by the shareholders attending the meeting in accordance with Article 92 in the Articles of Association.

Article 82 of  
Mandatory  
Provisions  
Rule 15 of  
Appendix 3 to  
Listing Rules

**Article 94** When the Company is to hold a class meeting, it shall, within the same timeline for giving notice for the convening of a general meeting as set out under these Articles, inform all the registered shareholders of that class of the matters to be considered at the meeting as well as the date and venue of the meeting.

Article 83 of  
Mandatory  
Provisions

If the number of the voting shares represented by the shareholders intending to attend the meeting is more than half (1/2) of the total number of voting shares of that class at the meeting, the Company may hold the class meeting. If not, the Company shall within five (5) days inform the shareholders once again of the matters to be considered at the meeting and the date and venue of the meeting in the form of a public announcement. Upon notification by a public announcement, the Company may hold the class meeting.

The quorum for a separate class shareholders' meeting (other than an adjourned meeting) to consider a variation of any class of shares shall be the holders of at least one-third (1/3) of the issued shares of the class.

**Article 95** The notice of the class meeting shall be delivered only to the shareholders entitled to voting thereat.

Article 84 of  
Mandatory  
Provisions

The procedures of a class meeting shall, to the extent possible, be identical with the procedures of a shareholders' general meeting. The provisions of the Articles of Association in relation to the procedures for the holding of a shareholders' general meeting shall be applicable to a class meeting.

**Article 96** In addition to the holders of other classes of shares, holders of domestic shares and unlisted foreign shares are deemed to be the same classes of shareholders, but holders of domestic shares and overseas listed shares are deemed to be different classes of shareholders.

Article 85 of  
Mandatory  
Provisions  
Article 3 of  
"Zheng Jian  
Hai Han"  
Section (1) (f)  
of Appendix  
13D to  
Listing Rules

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

- (I) Where the Company issues domestic shares, unlisted foreign shares and overseas listed shares, upon approval in the form of a special resolution by its shareholders at a shareholders' general meeting, either separately or concurrently, once every twelve (12) months and the number of each of the domestic shares, unlisted foreign shares and overseas listed shares to be issued is not more than twenty percent (20%) of the same type of shares in issue; or

- (II) Where the Company’s plan to issue domestic shares and overseas listed foreign shares upon its incorporation is implemented within fifteen (15) months from the date of approval by the securities regulatory authorities under the State Council.
- (III) Where upon approval from the securities regulatory authorities of the State Council, the domestic shares and unlisted foreign shares are listed and traded on the overseas stock exchanges by Company shareholders.

## CHAPTER 10 THE BOARD OF DIRECTORS

**Article 97** The Company shall establish a board of directors consisting of nine (9) directors, of which more than half (1/2) of the Board are external directors, and there shall be more than two (2) independent non-executive directors. Article 86 of Mandatory Provisions Article 6 of the Opinions

There shall be one (1) chairman in the board of directors and one (1) vice-chairmen.

The board of directors may set up special committees thereof in accordance with the requirements of laws, administrative regulations, regulatory authorities or according to the Company’s needs.

**Article 98** A director shall be elected at the shareholders’ general meeting, with a term of three (3) years. At the expiry of his/her term, a director is eligible for reelection. Article 87 of Mandatory Provisions Article 4 of “Zheng Jian Hai Han”

Any director may be removed by an ordinary resolution passed at a shareholders’ general meeting prior to the expiry of his/her term of office in accordance with relevant laws and administrative regulations (but the director’s right to claim damages based on any contract shall not be affected). Rule 4(2)(3) of Appendix 3 to Listing Rules Article 6 of the Opinions

Any person appointed as a director by the board of directors to fill a temporary vacancy or to increase the number of members of the board of directors shall only serve his/her office till the first annual general meeting of the Company after his/her appointment and be eligible for re- election thereat in accordance with relevant PRC laws and regulations and other regulations of the Articles of Association.

Provided that there is no violation of the relevant requirements under the PRC laws, shareholders are entitled to remove any director (including the managing director or other executive directors) prior to the expiration of his/her term of office by passing an ordinary resolution at a shareholders' general meeting; however such removal shall not prejudice such director from making claims for damages under any contract.

The chairman and vice-chairman of the Board shall be elected and removed by more than half of all of the Directors. The term of office of each of the chairman and the vice-chairman is three (3) years and is renewable upon re-election.

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

Directors may resign before the expiry of their terms. When resigning, a director shall submit written resignation report to the Board. Where the number of directors falls below the quorum due to any director's resignation during his/her term of office, the resigning director shall perform his/her duties as a director in accordance with the laws, administrative regulations as well as the provisions of these Articles, until the newly-elected director assumes office.

**Article 99** The Board shall be accountable to the general meeting and shall exercise the following functions and powers:

- (I) to be responsible for convening general meeting and reporting its work to the general meeting;
- (II) to implement resolutions approved at general meetings;
- (III) to decide the Company's business operating plans and investment proposals;
- (IV) to formulate the Company's proposed annual financial budget and final accounts;
- (V) to formulate the Company's profit distribution plan and plan for recovery of losses;
- (VI) to formulate debt and finance policies as well as proposals for the increase in or reduction of the Company's registered capital and the issuance of corporate bonds;

Article 88 of  
Mandatory  
Provisions

- (VII) to draft proposals for the material acquisitions or disposals by the Company and proposals for the merger, division or dissolution of the Company;
- (VIII) to decide the establishment of the Company's internal management structure;
- (IX) to appoint or dismiss the Company's general manager and, according to the general manager's nomination, to appoint or dismiss deputy general managers, chief financial officer of the Company; to appoint or dismiss the secretary to the Board and to decide their remuneration;
- (X) to formulate proposals for amendments to these Articles;
- (XI) to consider and approve external guarantees other than those which are required to be approved by the general meeting;
- (XII) to consider and approve material purchase and disposal of assets other than those which should be approved by the general meeting;
- (XIII) to formulate the Company's basic management systems;
- (XIV) to determine other material matters and administrative issues (other than those required by the Company Law and these Articles to be resolved on by the general meeting) of the Company, and to sign other important agreements;
- (XV) to exercise other functions and powers vested by the general meeting and these Articles;
- (XVI) to approve the Company's appointment or replacement of directors and shareholders representing supervisors of the Company's wholly-owned subsidiaries, and the appointment, replacement or nomination of shareholder representatives, directors (candidates) and shareholders representing supervisors (candidates) of the Company's controlled subsidiaries and associated companies;
- (XVII) to advise the general meeting to engage or dismiss the accounting firm which handles the accounting affairs for the Company;

(XVIII) to manage the Company's information disclosure;

(XIX) to determine the Company's risk management system (including risk assessment, financial control, internal auditing and legal risk control) and monitor the implementation thereof.

Subject to Article 105 of these Articles of Association, resolutions for matters listed in paragraphs (6), (7) and (10) of this article shall be passed by a two-thirds (2/3) of the directors at a Board meeting, and resolutions for matters listed in other paragraphs shall be passed by more than half of the directors.

**Article 100** In disposing of fixed assets, if the sum of the expected value of the fixed assets to be disposed of and the total value of the fixed assets already disposed of in four (4) months before the proposed disposal exceeds thirty-three percent (33%) of the fixed assets value shown in the latest balance sheet reviewed by the general meeting, the Board shall not dispose of or approve the disposal of such fixed assets without approval by the general meeting.

Article 104  
of Company  
Law Clause  
89 of  
Mandatory  
Provisions

The disposal of fixed assets referred to in this article shall include the act of transferring certain rights and interests of assets but exclude the act of providing guarantee with fixed assets.

The effectiveness of transactions concerning the disposal of fixed assets by the Company shall not be affected by the breach of the first paragraph of this article.

Where these Articles require that matters such as the Company's material purchase or disposal of assets or provision of external guarantees must be resolved on by the general meeting, the Board shall timely convene a general meeting, which will resolve on the afore-said matter.

**Article 101** The chairman of the Board shall exercise the following functions and powers:

Article 109  
of Company  
Law Article  
e 90 of  
Mandatory  
Provisions

- (I) to preside over general meetings and to convene and preside over meetings of the Board;
- (II) to review the implementation of resolutions passed by meetings of the Board;
- (III) to sign the certificates of securities issued by the Company; and
- (IV) to exercise other powers conferred by the Board.

Where the chairman is unable to perform his/her duties, the chairman may designate the vice chairman to perform the duties on behalf of the chairman. Where the vice chairman is unable or fail to perform his/her duties, more than half of the directors may jointly elect one (1) director to perform the duties.

**Article 102** The Board shall convene board meetings at least four (4) times a year. Board meetings shall be convened by the chairman. A notice shall be given to all directors and supervisors at least fourteen (14) days before the date of the proposed meeting. A regular Board meeting shall not be convened by way of circulation of written resolutions to obtain approval from the Board. In case of emergency, an extraordinary board meeting may be held upon requisition by either the chairman or more than one third (1/3) of the directors or board of supervisors or shareholders representing more than one tenth (1/10) voting rights or the general manager of the Company. In such case, an extraordinary Board meeting is not subject to the meeting notice restrictions set forth in Article 103 of these Articles. All reasonable expenses incurred by the directors for attending the Board meeting shall be borne by the Company.

Article 110 of  
Company  
Law  
  
Clause 91 of  
Mandatory  
Provisions  
  
Appendix  
14 A.1.1 &  
Appendix 14  
A.1.3 to  
Listing Rules

Board meetings shall in principle be held at the domicile of the Company or the venue where the subsidiaries are located at. However, as resolved by the Board, Board meetings may be held in other places within or outside the territory of the PRC based on actual needs. Board meetings shall be conducted in Chinese. Where necessary, interpreters may be present to provide simultaneous Chinese and English interpretation.

**Article 103** Notice of board meetings shall be given in the following ways:

- (1) Where the time and venue of regular Board meetings have been specified in advance by the Board, the notice of meeting is not required.
- (2) Where the time and venue of regular Board meetings have not been specified in advance by the Board, the chairman of the Board shall give a notice of the time and venue of the meeting to directors and supervisors by telephone, telex, telegraph, fax, email, express or registered mail or by hand or other means accepted by relevant supervisory authorities at least ten (10) days in advance, unless otherwise provided in Article 102 of these Articles.
- (3) The notice shall be in Chinese and, if necessary, an English version of the same shall be enclosed therein and the notice shall include agenda of the meeting. Any director may waive the right to receive notice of the meeting of the Board.

Article 92 of  
Mandatory  
Provisions



**Article 104** Any significant matters which need to be decided by the Board must be considered in strict accordance with the stipulated procedures with sufficient information provided. The directors may require supplemental information to be provided. When more than a quarter (1/4) of the directors or more than two (2) external directors consider the information is insufficient or the discussion is ambiguous, such directors may jointly propose a postponement of the Board meeting or a postponement of part of the matters to be considered at the Board meeting and such proposal shall be adopted by the Board.

Article 3 of  
the  
Opinions  
Appendix  
14A. 7.1 to  
Listing Rules

The agenda of regular Board meetings and its related documents shall be submitted to all directors in full and in time and shall be delivered at least three (3) days (or within other days agreed) before the dates of the planned Board meeting or meeting of any Board committees.

Where a director is present at the meeting and has not raised any objection that he/she has not received notice of the meeting before or at the meeting, such director shall be deemed to have been notified of the meeting.

Regular or extraordinary Board meetings may be held in the form of telephone conference or by similar means like audio or video communication. So long as the directors participating in the meeting are able to hear the speech of other directors clearly and communicate with each other, all the directors participating in the meeting shall be deemed to have attended the meeting in person.

**Article 105** Board meetings shall be held only if more than half (1/2) of all the directors (including any other director attending the meeting on their behalf appointed by written authorization in accordance with Article 106 of these Articles) are present.

Article 93 of  
Mandatory  
Provisions

Each director shall have one vote. The manner of voting of the Board resolution shall be open ballot or a show of hands. The Board's resolutions must be voted for by more than half of all directors. In the case of an equality of votes, the chairman of the meeting shall be entitled to a casting vote.

Appendix  
14A.1.7 to  
Listing Rules

Save for certain exceptions permitted under Rule 13.44 of the Listing Rules or by the Hong Kong Stock Exchange, if a director or any of his/ her close associate(s) is materially interested in any contract, arrangement or any other proposal, the relevant director shall abstain from voting on any Board resolution(s) in connection with the approval of such contract, arrangement or other proposal, and shall not be counted in the quorum of that meeting. If the relevant transaction or arrangement is a connected transaction under Chapter 14A of the Listing Rules, the references to “close associate(s)” herein shall be changed to “associate(s)”. The terms “associate(s)” and “close associate(s)” referred to in this Article shall have the same meanings ascribed to them under the Listing Rules.

If a substantial shareholder (as defined in the Listing Rules) or a director has a conflict of interest in a matter to be considered by the Board meeting which the Board has determined to be material, the matter shall be dealt with through the convention of a board meeting (other than written resolution). Independent non-executive directors who and whose close associates (as defined in the Listing Rules) have no material interest in the transaction shall be present at such Board meeting.

**Article 106** Directors shall attend the Board meeting in person. If a director is unable to attend the meeting in person due to some reasons, he/she may entrust another director in writing to attend the meeting on his/her behalf and the proxy letter shall specify the scope of the authority.

Article 94 of  
Mandatory  
Provisions

The director who attends the Board meeting on behalf of another director shall exercise the right of the entrusting party within the scope of authorization. If a director fails to attend a Board meeting and does not entrust a proxy to be present on his/her behalf, he/she shall be deemed to have waived his/her voting rights at that meeting.

Expenses incurred by a director for attending a meeting of the Board shall be paid by the Company. These expenses include the costs of transportation between the premises of the director and the venue of the meeting in different cities and accommodation expenses during the meeting. Rent of the meeting place, local transportation costs and other out-of-pocket expenses shall be paid by the Company.

**Article 107** Unless otherwise specified in these Articles, the Board may accept a written resolution in lieu of a board meeting provided that a draft of such written proposal shall be delivered to each director by hand, mail, telegram or facsimile. If the Board has delivered such proposed written resolution to all the directors and the directors who have delivered the signed and approved resolution to the secretary of the board of directors have reached the required quorum, such resolution shall become a Board resolution and a Board meeting need not be convened.

**Article 108** The decisions on the matters considered at Board meetings convened or not convened shall be recorded as minutes in Chinese. The independent (non – executive) directors’ opinions shall be set out in the resolutions of the Board meetings. The minutes of each Board meeting shall be provided to all the directors for review as soon as possible. Directors who wish to make supplementary amendments to the minutes shall report their opinions on the proposed amendments to the chairman within one (1) week upon receipt of the minutes. After the minutes are finalized, all the directors present at the meeting and the recorders shall sign the minutes. Minutes of the Board meetings shall be kept at the domicile of the Company in the PRC, and a complete copy shall be sent to every director as soon as possible. Any written resolution not formed and signed by directors in line with the statutory procedures shall not have the same legal effect as the resolution of the Board, even if every director has expressed his/her opinion in different ways.

Article 95 of  
Mandatory  
Provisions

Article 3 of  
the  
Opinions

Appendix  
14A.1.5 to  
Listing Rules

Directors shall be responsible for the resolutions of Board meetings. Where a resolution of the Board meeting violates laws, administrative regulations or these Articles and causes serious losses to the Company, the directors who have taken part in such a resolution shall be liable to compensate the Company. However, if a director can prove that he/she had expressed his/her opposition to such resolution when it was put to the vote and such opposition is recorded in the minutes of the meeting, the director may be relieved of such liability. Any director who abstains from voting or does not attend and does not entrust a proxy to attend the meeting shall not be relieved of such liability; any director who has clearly expressed his/her disagreement at discussion but has not voted against a resolution shall not be exempted from liability.

Minutes of Board meetings and meetings of Board committees shall be kept by a duly appointed secretary to the meeting and such minutes shall be open for inspection at any reasonable time on reasonable notice by any director.

**Article 109** The Board of the Company has an audit committee, which is comprised of non-executive directors and has no less than three members (most of whom should be independent non-executive directors). The chairman of the audit committee must be an independent non-executive director. At least one member of the audit committee shall have appropriate professional qualifications or relevant financial and management knowledge.

Main responsibilities of the audit committee include:

- (I) to propose the appointment or replacement of the external audit firm;
- (II) to supervise the Company's internal audit system and its implementation;
- (III) to be responsible for the communication between internal and external auditors;
- (IV) to review the Company's financial information and its disclosure;  
and
- (V) the Company's internal control system.

**Article 110** The Board of the Company has a remuneration committee, which shall be comprised of directors and shall have a least three members. Independent non-executive directors shall account for a majority of this committee and one of them shall serve as the chairman of the committee.

Main responsibilities of the remuneration committee include:

- (I) to recommend to the Board with respect to the remuneration policies for all directors and senior management, and the formulation of procedures for such policies in a proper and transparent manner;
- (II) to review the remuneration of the directors and senior management in accordance with the corporate objectives formulated by the Board;
- (III) to review the compensation to be paid to the directors or senior management with respect to their removal or appointment;

- (IV) to ensure no directors or any of its associates may decide their own remuneration;
- (V) other responsibilities as delegated by the Board.

**Article 111** The Board of the Company has a nomination committee, which shall be fully comprised of directors and shall have at least three members. Independent non-executive directors shall account for a majority of this committee and the chairman of the Board or an independent non-executive director shall serve as the chairman of the committee.

Appendix  
14A.5 to  
Listing Rules

Main responsibilities of the nomination committee include:

- (I) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually based on the Company's operating activities, asset size and shareholding structure, and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (II) to examine the selection criteria and procedures of directors, the general manager and secretary to the Board and to make recommendations to the Board;
- (III) to identify individuals who are suitably qualified to become directors, the general manager and secretary to the Board and select or nominate relevant individuals as directors or make recommendations to the Board on this issue;
- (IV) to examine the candidates for directors, the general manager and secretary to the Board, and put forward opinions;
- (V) to examine the candidates for other senior management that must be recommended to the Board for appointment, and put forward opinions;
- (VI) to assess the independence of independent non-executive directors;
- (VII) to put forward suggestions to the Board on the appointment or reappointment of directors and the succession plan for directors (especially the Chairman and the CEO); and
- (VIII) other matters authorized by the Board.

## CHAPTER 11 SECRETARY TO THE BOARD OF THE COMPANY

**Article 112** The Company shall have one (1) secretary to the Board, who shall be appointed or dismissed by the Board. The secretary to the Board shall be a senior management of the Company and shall be accountable to the Board. The secretary to the Board shall serve a term of three (3) years and may serve consecutive terms upon reappointment.

Article 96 of  
Mandatory  
Provisions

Where necessary, the Board may establish a secretarial office of the Board.

**Article 113** The secretary to the Board of the Company shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the Board. His/Her main duties include:

Article 97 of  
Mandatory  
Provisions

- (I) to ensure that the Company has complete organisational documents and records;
- (II) to ensure the Company prepares and delivers such reports and documents as required by competent authorities in compliance with laws;
- (III) to ensure the Company's registers of shareholders are properly incorporated, and that persons entitled to access the relevant records and documents are furnished with such records and documents in a timely manner.

**Article 114** A director or other senior management of the Company may also act as the secretary to the Board. Accountants of the accounting firm appointed by the Company shall not act as the secretary to the Board.

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

Article 98 of  
Mandatory  
Provisions

**Article 115** The secretary to the Board shall diligently exercise his duties in accordance with the relevant provisions of these Articles.

The secretary to the Board shall assist the Company in complying with the relevant PRC laws and the rules of the security exchange on which the shares of the Company are listed.

## **CHAPTER 12 GENERAL MANAGER AND OTHER SENIOR MANAGEMENT OF THE COMPANY**

**Article 116** The Company shall have one (1) general manager who shall be appointed or dismissed by the Board. Article 99 of  
Mandatory  
Provisions

The Company shall have several deputy general managers and one (1) Chief Financial Officer who shall assist the general manager. The deputy general managers and the Chief Financial Officer shall be nominated by the general manager and shall be appointed or dismissed by the Board.

**Article 117** The general manager shall be accountable to the board of directors and exercise the following powers: Article 100  
of Mandatory  
Provisions

- (I) to be in charge of the Company's operation and management and to organize the implementation of the resolutions of the board of directors;
- (II) to organize the implementation of the Company's annual business plan and investment plan;
- (III) to draft plans for the establishment of the internal organizational structure of the Company;
- (IV) to draft plans for the establishment of the Company's branches;
- (V) to draft the Company's basic management system;
- (VI) to formulate basic rules and regulations for the Company;
- (VII) to propose the appointment or dismissal of the deputy general manager and the chief financial officer of the Company;
- (VIII) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors;
- (IX) to exercise other powers conferred by the Articles of Association and the board of directors.

**Article 118** The general manager shall be entitled to attend meetings of the board of directors and receive the notice of the meeting and relevant documents. However, the general manager shall have no voting rights at the meetings unless he is also a director. Article 101  
of Mandatory  
Provisions

**Article 119** The general manager, the deputy general manager and the chief financial officer in performing his/her functions and powers, shall not depart from the resolutions of the shareholders' general meetings or the board of directors, or exceed their respective authority.

**Article 120** The general manager, the deputy general manager and the chief financial officer in performing his/her functions and powers, shall act honestly and diligently and in accordance with laws, administrative regulations and the Articles of Association.

Article 102  
of Mandatory  
Provisions

**Article 121** The general manager, the deputy general manager, the chief financial officer and other members of senior management who wish to resign shall give a three-month written notice to the board of directors.

### CHAPTER 13 SUPERVISORY COMMITTEE

**Article 122** The Company shall have a supervisory committee. The Supervisory Committee is a permanent supervisory body of the Company responsible for supervising the board of directors and its members, the general manager, the deputy general managers, the chief financial officer and other members of senior management of the Company to prevent them from abusing their powers and infringing the legitimate rights and interests of the shareholders, the Company and its employees.

Article 103  
of  
Mandatory  
Provisions

**Article 123** The Supervisory Committee shall be composed of six (6) supervisors. The Supervisory Committee shall include shareholder representative supervisors and employee representative supervisors. The proportion of employee representative supervisors in the Supervisory Committee shall be no less than one third (1/3) of the supervisors appointed. One (1) of the members of the Supervisory Committee shall act as the chairman. The term of office of supervisors shall be three (3) years, renewable upon re-election and reappointment.

Article 104  
of  
Mandatory  
Provisions

Article 7  
of  
the  
Opinions

The proportion of external supervisors who do not hold any positions within the Company shall be more than one half (1/2) of the number of members of the Supervisory Committee, including more than two (2) independent supervisors (supervisors who are independent from the Company's shareholders and do not hold any positions within the Company). The Company's external supervisors shall independently report to the shareholders' general meeting on the members of the senior management's performance in respect of their fiduciary obligation and duty of due diligence.

Article 5  
of  
Zheng  
Jian  
Hai Han

Section 1d(i)  
of Appendix  
13D to  
Listing  
Rules



The election or removal of the chairman of the Supervisory Committee shall be determined by more than two-thirds (2/3) of the members of the Supervisory Committee.

The chairman of the Supervisory Committee shall organize the implementation of the committee's duties and responsibilities.

**Article 124** The Supervisory Committee shall comprise two (2) representatives of shareholders, two (2) representatives of employees of the Company and two (2) independent supervisors. The representatives of shareholders and independent supervisors shall be elected and removed by shareholders' general meeting. The representatives of employees shall be elected and removed by the employees of the Company democratically thereby.

Article 105 of Mandatory Provisions

Article 7 of the Opinions

The Supervisory Committee shall, according to its needs, establish its offices to be responsible for the daily affairs of the committee.

**Article 125** Directors, general manager, deputy general manager, chief financial officer and other members of senior management of the Company shall not act as supervisors.

Article 106 of Mandatory Provisions

**Article 126** Meetings of the Supervisory Committee shall be held at least twice (2) every year, and shall be convened and presided by the chairman of the committee.

Article 119 of Company Law

Where the chairman of the Supervisory Committee cannot or does not fulfill the duty thereof, the vice chairman of the Supervisory Committee shall convene and preside meetings of the Supervisory Committee; where no vice chairman is available or the vice chairman cannot or does not fulfill the duty thereof, more than half of the supervisors may elect a supervisor to convene and preside meetings of the Supervisory Committee.

Article 107 of Mandatory Provisions

**Article 127** The Supervisory Committee shall be accountable to the shareholders' general meeting and exercise the following powers in accordance with laws:

Article 108 of Mandatory Provisions

- (I) to examine the Company's financial situation;
- (II) to supervise the performance by the directors, the general manager and other members of senior management of the Company of their duties, and proposed to remove the aforesaid personnel for violation of the applicable laws, administrative regulations or the Articles of Association;

Article 7 of the Opinions

- (III) to demand rectification from a director, general manager and other members of senior management of the Company when the acts of such persons are harmful to the Company's interest;
- (IV) to verify the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the board of directors to the shareholders' general meetings and, should any queries arise, to engage, in the name of the Company, the qualified accounting and auditing firms for a re-rectification on aforesaid information;
- (V) to propose to convene an extraordinary shareholders' general meeting;
- (VI) to represent the Company in communication with directors or institute proceedings against the directors;
- (VII) to exercise other powers specified in laws, administrative regulations, normative documents and the Articles of Association.

The Supervisory Committee may give advice on the Company's engagement of accounting firms. When necessary, the committee may authorize, in the Company's name, accounting firms to review the Company's financial position independently and may report the situation directly to the securities regulatory organ of the State Council and other relevant departments.

Members of the Supervisory Committee may sit in meetings of the board of directors.

**Article 128** Rules of procedure for the Supervisory Committee: On voting at the meeting of the Supervisory Committee, each person shall have one vote. The voting can be conducted by open ballot in writing or otherwise.

Article 109  
of Mandatory  
Provisions

Article 6 of  
Zheng Jian  
Hai Han

Voting procedure: A supervisor may vote for, against or abstain from voting on a proposal. Each supervisor shall choose from one of the above options. In the event that a supervisor does not choose any option or chooses two or more options at the same time, the chairperson shall require the supervisor to make a choice again, otherwise he/she shall be deemed as having abstained from voting; any supervisor who leaves during the meeting without returning and has not casted his/her vote shall be deemed as having abstained from voting.

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

Decisions of the Supervisory Committee shall be made by the affirmative vote of two-thirds (2/3) or more of the supervisors. The Supervisory Committee shall record decision on matters discussed in the minutes for the meeting. Supervisors who attended the meeting shall sign on the minutes for the meeting.

A supervisor is entitled to request for some descriptive record to be made with regard to his/her speech in the meeting. The minutes of the Supervisory Committee's meeting shall be kept for at least 20 years as document of the Company.

**Article 129** The Company shall bear all reasonable fees incurred in the retaining of such professionals as lawyers, certified public accountants, and practicing auditors by the Supervisory Committee in the exercise of its functions and powers. Article 110 of Mandatory Provisions

**Article 130** A supervisor shall carry out his/her supervisory duties honestly and faithfully in accordance with laws, administrative regulations and the Articles of Association. Article 111 of Mandatory Provisions

#### **CHAPTER 14 THE QUALIFICATIONS AND OBLIGATIONS OF THE COMPANY'S DIRECTORS, SUPERVISORS, GENERAL MANAGER AND OTHER SENIOR MANAGEMENT**

**Article 131** A person may not serve as a director, supervisor, general manager and any other member of senior management of the Company if any of the following circumstances apply: Article 112 of Mandatory Provisions

- (I) a person without or with restricted capacity of civil conduct;
- (II) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence; or who has been deprived of his/her political rights, in each case where no more than five (5) years has elapsed since the date of the completion of implementation of such punishment or deprivation;
- (III) a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation because of mismanagement and he is personally liable for the insolvency of such company or enterprise, where no more than three (3) years has elapsed since the date of the 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 which had its business license revoked due to a violation of the law and who incurred personal liability, where no more than three (3) years has elapsed since the date of the revocation of the business license;
- (V) a person who has a relatively large amount of debts due and outstanding;
- (VI) a person who is under criminal investigation or prosecution by judicial organization for violation of the criminal law which investigation or prosecution is not yet concluded;
- (VII) a person who is not eligible for enterprise leadership according to laws and administrative regulations;
- (VIII) a non-natural person;
- (IX) a person convicted of the contravention of provisions of relevant securities regulations by a relevant government authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five (5) years has elapsed since the date of the conviction; or
- (X) a person who is restricted according to laws, regulations, requirements of relevant securities regulatory organ, or the listing rules.

**Article 132** Independent non-executive directors shall not be related to the Company or have conflict of interests with the Company or any other circumstances which may hinder their independent and objective judgment. The following persons shall not act as the independent non-executive directors of the Company:

- (I) the person who works in the Company or its related party and his/her close relatives, and persons who have important social relationship with him;
- (II) the person who works in the following institutions and his/her close relatives and persons that have important social relationship with him: an entity that holds or controls 5% or more of the shares of the Company, the top five corporate shareholders of the Company, and an institution that has business relationship with or is an interested party of the Company;

- (III) a natural person holding or controlling 1% or more of the Company's shares, the Company's top 10 shareholders in the capacity of natural persons, natural persons controlling 5% or more of the Company's shares, and the close relatives of the aforementioned persons;
- (IV) the person providing services such as financial, legal or consulting services to the Company and its related parties and the close relatives of such persons;
- (V) the person who falls within the four preceding paragraphs during the past year;
- (VI) other persons prescribed by China Securities Regulatory Commission and the Articles of Association.

**Article 133** The validity of an act of a director, general manager or other member of senior management of the Company on behalf of the Company with respect to, a bona fide third party shall not be affected by any irregularity in his/her appointment, election or any defect in his/her qualification. Article 113  
of Mandatory  
Provisions

**Article 134** In addition to obligations imposed by laws, administrative regulations or required by the stock exchanges on which shares of the Company are listed, each of the Company's directors, supervisors, general manager and other members of senior management owes a duty to each shareholder, in the exercise of the functions and powers that the Company entrusted to him/her: Article 114  
of Mandatory  
Provisions

- (I) not to cause the Company to exceed the scope of the business stipulated in its business license;
- (II) to act honestly in the best interest of the Company;
- (III) not to expropriate the Company's property, including (without limitation) usurpation of opportunities advantageous to the Company;
- (IV) not to expropriate the individual rights of shareholders, including (without limitation) rights to distribution and voting rights, save pursuant to a restructuring of the Company approved by the shareholders' general meeting in accordance with the Articles of Association.

**Article 135** Each of the Company's directors, supervisors, general manager and other members of senior management owes a duty, in the exercise of his/her powers and discharge of his/her duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Article 136** Each of the Company's directors, supervisors, general manager and other members of senior management shall exercise his/her powers or carry on his/her duties in accordance with the principle of fiduciary and shall not put himself/herself in a position where his/her duty and his/her interest may conflict. This principle includes (without limitation) discharging the following obligations:

- (I) to act honestly in the best interests of the Company;
- (II) to exercise powers within the scope of his/her powers and not to exceed those powers;
- (III) to exercise the discretion vested in him/her personally and not to allow himself/herself to act under the control of another, and unless to the extent permitted by laws, administrative regulations or with the informed consent of shareholders' general meeting, not to delegate the exercise of his/her discretion to others;
- (IV) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (V) except in accordance with the Articles of Association or with the informed consent of shareholders' general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (VI) without the informed consent of shareholders' general meeting, not to use the Company's property for his/her own benefits;
- (VII) not to exploit his/her position to accept bribes or other illegal income or expropriate the Company's property by any means, including (without limitation) opportunities advantageous to the Company;
- (VIII) without the informed consent of shareholders' general meeting, not to accept commissions in connection with the Company's transactions;

- (IX) to abide by the Articles of Association, faithfully execute his/her official duties and protect the Company's interests, and not to exploit his/her position and power in the Company to advance his/her own private interests;
- (X) not to compete with the Company in any form without the informed consent of shareholders' general meeting;
- (XI) not to misappropriate the Company's funds or lend such funds to others, not to open accounts in his/her own name or other names for the deposit of the Company's assets and not to provide a security for debts of a shareholder of the Company or other individual(s) with the Company's assets;
- (XII) unless otherwise permitted by informed consent of shareholders' general meeting, not to disclose any confidential information acquired by him/her in the course of and during his/her tenure of office and not to use the information other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:
  1. disclosure is required by law;
  2. the interests of the public require disclosure;
  3. the interests of the relevant director, supervisor, general manager or other member of senior management require disclosure.

**Article 137** Each director, supervisor, general manager or other member of senior management of the Company shall not cause the following persons or institutions (the "Related Persons") to do what he is prohibited from doing:

Article 117  
of Mandatory  
Provisions

- (I) the spouse or minor children of that director, supervisor, general manager or other member of senior management;
- (II) a trustee of that director, supervisor, general manager or other member of senior management of the Company or any person referred to in item (I) of this Article;

- (III) a partner of that director, supervisor, general manager or other member of senior management of the Company or any person referred to in paragraphs (I) and (II) above;
- (IV) a company in which that director, supervisor, general manager or other member of senior management of the Company, alone or jointly with one or more persons referred to in paragraphs (I), (II) and (III) above and other directors, supervisors, general manager and other members of senior management of the Company have a de facto controlling interest;
- (V) the directors, supervisors, general manager and other members of senior management of the controlled company referred to in the paragraph (IV) of this Article.

**Article 138** The fiduciary duties of the directors, supervisors, general manager and other members of senior management of the Company do not necessarily cease upon the termination of their tenure. The duty of confidence in relation to trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period on a fair basis depending on the time lapse between the termination and the act concerned and the circumstances and conditions under which the relationships between them and the Company are terminated. Article 118  
of Mandatory  
Provisions

**Article 139** Except in circumstances referred to in Article 55 of the Articles of Association, liabilities of a director, supervisor, general manager and other members of senior management of the Company arising from the violation of a specified duty may be released by informed shareholders' general meeting. Article 119  
of Mandatory  
Provisions

**Article 140** Where a director, supervisor, general manager or other member of senior management of the Company (or any of their respective close associates) is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, (other than his/her contract of service with the Company), he shall declare the nature and extent of his/her interests to the board of directors at the earliest opportunity, regardless whether or not the contract, transaction or arrangement or proposal is otherwise subject to the approval of the board of directors under normal circumstances. Article 120  
of Mandatory  
Provisions



Unless the interested director, supervisor, general manager or other member of senior management of the Company discloses his/her interests to the board of directors in accordance with the preceding paragraph and the contract and transaction or arrangement is approved by the board of directors at a meeting in which the interested director, supervisor, general manager or other member of senior management is not counted in the quorum and refrains from voting, a contract, transaction or arrangement in which that director, supervisor, general manager or other member of senior management is materially interested is voidable at the option of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the interested director, supervisor, general manager or other member of senior management.

A director, supervisor, general manager or other member of senior management of the Company is deemed to be interested in a contract, transaction or arrangement in which his/her Related Person is interested.

- Article 141** Where a director, supervisor, general manager or other member of senior management of the Company gives to the board of directors a general notice in writing stating that, by reason of the facts specified in the notice, he/she is interested in contracts, transactions or arrangements of any description, which may subsequently be made by the Company, such notice shall be deemed for the purposes of the preceding Article of the Articles of Association to be a sufficient declaration of his/her interests, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the question of entering into the relevant contract, transaction or arrangement is first taken into consideration by the Company. Article 121  
of Mandatory  
Provisions
- Article 142** The Company shall not in any manner pay taxes for or on behalf of a director, supervisor, general manager and any other senior management. Article 122  
of Mandatory  
Provisions
- Article 143** The Company shall not directly or indirectly extend a loan to or provide any guarantee in connect with the extension of a loan to a director, supervisor, general manager and other senior management of the Company or of the Company's shareholders or related persons of the aforementioned. Article 123  
of Mandatory  
Provisions

The following transactions are not subject to the above prohibition:

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

- (II) the provision by the Company of a loan or a guarantee of a loan or any other funds to any of its directors, supervisors, general manager and other senior management to meet expenditure incurred by him/her for the purposes of the Company or for the purpose of enabling him/her to perform his/her duties, in accordance with the service contract approved by the shareholders in general meeting;
- (III) the Company may make a loan to or provide a loan guarantee to any of the relevant directors, supervisors, general manager and other senior management or their respective associates on normal commercial terms, provided that the ordinary course of business of the Company should include the lending of money or the provision of loan guarantees.

**Article 144** A loan made by the Company in breach of the preceding Article shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan. Article 124  
of Mandatory  
Provisions

**Article 145** A loan guarantee provided by the Company in breach of paragraph 1 of Article 143 shall not be enforceable against the Company unless: Article 125  
of Mandatory  
Provisions

- (I) the guarantee was provided in connection with a loan to an associate of any of the directors, supervisors, general manager and other senior management of the Company or its shareholders and the lender were not aware of the relevant circumstances;
- (II) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

**Article 146** For the purposes of the preceding Articles of this Chapter, the term “security” shall include an act whereby a guarantor assumes its liability or provides property to guarantee in order to secure the performance of obligations by an obligator. Article 126  
of Mandatory  
Provisions

**Article 147** In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor, general manager or other senior management of the Company is in breach of his/her duties to the Company, the Company has rights to: Article 127  
of Mandatory  
Provisions

- (I) claim damages from the director, supervisor, general manager and other senior management in compensation for losses incurred by the Company as a result of such breach;

- (II) rescind any contract or transaction entered into by the Company with the directors, supervisors, general manager and other senior management, and with a third party (where such third party knows or should know that there is such a breach of duties to the Company by such directors, supervisors, general manager and other senior management representing the Company);
- (III) demand an account of the profits made by the directors, supervisors, general manager and other senior management in breach of his/her duties;
- (IV) recover any monies received by the directors, supervisors, general manager and other senior management which should otherwise have been received by the Company, including but not limited to commissions;
- (V) request the directors, super visors, general manager and other senior management to return the interests accrued or may be accrued on the monies which should have been paid to the Company.

**Article 148** The Company shall enter into a contract in writing with a director or supervisor to determine his/her emoluments subject to prior approval of shareholders' general meeting. The above emoluments include: Article 128  
of Mandatory  
Provisions

- (I) emoluments in respect of his/her service as a director, supervisor or senior management of the Company;
- (II) emoluments in respect of his/her service as a director, supervisor or senior management of a subsidiary of the Company;
- (III) emoluments in respect of other services for the management of the Company and its subsidiaries;
- (IV) funds received by such directors or supervisors as compensation for their loss of office or for their retirement.

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

**Article 149** The contract regarding emoluments entered into by and between the Company and its directors and supervisors shall provide that in the event of a takeover of the Company, the Company's directors and supervisors shall, subject to the prior approval of the shareholders' general meeting, have the rights to receive compensation or other payment for loss of their office or for their retirement. For the purposes of the preceding paragraph, the term "a takeover of the Company" shall refer to any of the following occasions:

- (I) anyone makes a tender offer to all the shareholders;
- (II) anyone making a tender offer aims at that the offeror becomes a controlling shareholder which has the same definition as that provided in Article 56 of the Articles.

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

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

**Article 150** The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and PRC accounting standards formulated by the finance regulatory department of the State Council.

**Article 151** The accounting year of the Company shall follow the calendar year, that is, the period from 1 January to 31 December each year shall be counted as one financial year.

The Company shall use Renminbi as the currency for its accounts, and the accounts shall be prepared in the Chinese language.

The Company shall prepare its financial report at the end of each accounting year and such reports shall be verified in accordance with the law.

- Article 152** The board of directors shall place before the shareholders at every annual general meeting such financial report as is required by law, administrative regulations or normative provisions promulgated by competent regional government authorities and departments in charge to be prepared by the Company. Such reports shall be examined and verified. Article 132 of Mandatory Provisions Rule 5 of Appendix 3 to Listing Rules
- Article 153** Twenty (20) days prior to the convening of the annual general meeting, the Company shall make available the financial report for inspection by shareholders at the Company. Every shareholder of the Company shall have the right to receive the financial report as referred to in this Chapter. Article 133 of Mandatory Provisions Article 7 of Zheng Jian Hai Han
- Article 154** The financial statements of the Company shall be prepared not only in accordance with the PRC accounting standards and regulations but also be prepared in accordance with international accounting standards or the accounting standards of the place where the overseas shares are listed. If there are material differences in the financial statements using different accounting standards, the differences should be set out in the financial statements. In distributing the after-tax profits of the relevant financial year, the after-tax profits shall be the smaller amount in either of the financial statements. Article 134 of Mandatory Provisions
- Article 155** Any interim results or financial information announced or disclosed by the Company shall be prepared and presented in accordance with the PRC accounting standards and regulations and shall also be prepared in accordance with the international accounting standards or the accounting standards of the place where the shares are listed. Article 135 of Mandatory Provisions
- Article 156** The Company shall disclose two financial reports in each accounting year, i.e., its interim financial reports within sixty (60) days of the end of the first six (6) months of an accounting year and its annual financial reports within one hundred and twenty (120) days after the end of the accounting year. Article 136 of Mandatory Provisions
- Article 157** The Company shall not establish account books other than the statutory account books. Article 137 of Mandatory Provisions
- Article 158** In the distribution of after-tax profit of a year, ten percent (10%) of the profits shall be allocated to the statutory reserve fund of the Company. No further allocation to the statutory reserve fund is required where the accumulated amount of such reserve exceeds fifty percent (50%) of the registered capital of the Company. Article 166 of Company Law

Where the statutory reserve fund is insufficient to make up losses of previous financial years, the profits for the current year shall be applied to make up such losses before allocation to the statutory reserve fund shall be made in accordance with the preceding Article.

Upon the approval of the shareholders in a shareholders' general meeting, where the Company has made allocation to the statutory reserve fund from the profit after tax, the Company may also make allocation to the discretionary reserve for such profits.

Any surplus of profits after the Company has made up losses and made allocations to the statutory reserve fund may be distributed to shareholders in proportion to their shareholdings.

**Article 159** No profit shall be distributed before making up losses and being made allocations to the statutory reserve fund.

**Article 160** Capital reserve includes the following items:

Article 138  
of Mandatory  
Provisions

- (I) premium on shares issued at a premium price;
- (II) any other income designated for the capital reserve by the regulations of the finance regulatory department of the State Council.

**Article 161** The reserve funds of the Company can only be used for the following purposes: making up losses; expansion of the Company's production and operation; and increasing the capital of the Company.

Article 168  
of Company  
Law

The Company may convert its reserve funds into capital upon a resolution being passed at a shareholders' general meeting and issue new shares to existing shareholders in proportion to their respective shareholdings, provided, however, that when the statutory reserve fund is converted into capital, the balance of the statutory reserve fund shall not fall below twenty-five percent (25%) of the Company's registered capital.

**Article 162** The Company may distribute dividends in the form of:

- (I) Cash;
- (II) Shares;
- (III) or by the combination of cash and share.

Article 139  
of Mandatory  
Provisions

**Article 163** The Company shall pay cash dividends and other amounts to holders of domestic shares in Renminbi. The Company shall calculate and declare cash dividends and other payments which are payable to holders of overseas listed shares in Renminbi, and shall pay such amounts in Hong Kong dollar. Dividends on unlisted foreign shares should be paid in foreign currency. The Company shall pay foreign currency to holders of foreign shares in accordance with the relevant foreign exchange control regulations of the State.

**Article 164** Unless otherwise provided in law and administrative regulations, the exchange rate used for the payment of cash dividend and other payments in foreign currency shall be the average middle rate announced by the People's Bank of China in the calendar week before the declaration of dividend.

**Article 165** When distributing dividends to its shareholders, the Company shall, in accordance with the tax law of the PRC, withhold and pay on behalf of shareholders the taxes payable on their dividend income.

**Article 166** The Company shall appoint receiving agents on behalf of the holders of overseas listed shares to receive on behalf of such shareholders dividends declared and other monies owing by the Company in respect of such shares.

The receiving agents appointed by the Company shall satisfy the relevant requirements of the laws of the place and relevant regulations of the stock exchange where the Company's shares are listed.

Article 140  
of Mandatory  
Provisions  
Section 1(c)  
of Appendix  
13D to  
Listing  
Rules Article  
8 of Zheng  
Jian Hai Han

The receiving agents appointed on behalf of holders of overseas listed shares listed in Hong Kong by the Company shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

Provided that the relevant PRC laws and regulations are observed, the Company may exercise the right to seize dividends not collected (and hold dividends for any corporation purpose), but the said right shall not be exercised before expiry of the applicable validity period.

## CHAPTER 16 APPOINTMENT OF ACCOUNTANTS' FIRM

**Article 167** The Company shall appoint an independent firm of certified public accountants which is qualified under the relevant regulations of the State to audit the Company's annual financial statements and review the Company's other financial reports. Article 141 of Mandatory Provisions

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

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

**Article 168** The accountants' firm appointed by the Company shall hold office from the conclusion of the annual general meeting at which the appointment is made until the conclusion of the next annual general meeting. Article 142 of Mandatory Provisions

**Article 169** The accountants' firm appointed by the Company shall have the following rights: Article 143 of Mandatory Provisions

- (I) the right to inspect at any time the books, records and vouchers of the Company, and to require the Directors, managers and other members of senior management of the Company to provide any relevant information and explanation thereof;
- (II) the right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the performance of duties of such accountants' firm; and
- (III) the right to attend shareholders' general meetings and to receive all notices of, and other communications relating to, any shareholders' general meeting which any shareholder is entitled to receive, and to be heard at any shareholders' general meeting in relation to matters concerning its role as the accountants' firm of the Company.

**Article 170** Before the convening of the shareholders' general meeting, the Board may fill any casual vacancy in the office of the accountants' firm by appointing other accountants' firm but while there is still any such vacancy, the surviving or continuing accountants' firm, if any, may continue to act. Article 144 of Mandatory Provisions



**Article 171** The shareholders in a shareholders' general meeting may, by ordinary resolution, remove an accountants' firm before the expiration of its office, notwithstanding the stipulations in the contract between the Company and the firm, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.

Article 145  
of Mandatory  
Provisions

**Article 172** The remuneration of an accountants' firm or the manner in which such remuneration is to be fixed shall be determined by the shareholders in a shareholders' general meeting. The remuneration of an accountants' firm appointed by the Board shall be determined by the Board.

Article 146  
of Mandatory  
Provisions  
Rule 17 of  
Appendix 3 to  
Listing Rules

**Article 173** The Company's appointment, removal and non-reappointment of an accountants' firm shall be resolved by shareholders in a shareholders' general meeting. The shareholders' resolution of the general meeting shall be filed with the securities regulatory authority of the State Council.

Article 147  
of Mandatory  
Provisions  
Article 9  
of Zheng  
Jian Hai  
Han Section  
1(e) (i) of  
Appendix  
13D to  
Listing Rules

Where it is proposed that any resolution be passed at a shareholders' general meeting concerning the appointment of an accountants' firm, which is not an incumbent firm, to fill a casual vacancy in the office of the accountants' firm, or to reappoint a retiring accountants' firm which was appointed by the Board to fill a casual vacancy, or to remove the accountants' firm before the expiration of its term of office, the following provisions shall apply:

- (I) A copy of the proposal about appointment or removal shall be sent to the firm proposed to be appointed or proposing to cease to act or the firm which has ceased to act in the relevant financial year before notice of meeting is given to the shareholders. Ceasing to act includes leaving by removal, resignation and retirement.
- (II) If the firm which is about to cease to act makes representations in writing and requests the Company to notify the shareholders of such representations, the Company shall (unless the representations are received too late):
  1. in any notice given to shareholders about a resolution to be made, state the representations that have been made by such accountants' firm; and
  2. attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in the Articles of Association.

- (III) If the firm's representations are not sent in accordance with paragraph (II) above, the relevant firm may require that the representations be read out at the shareholders' general meeting and may lodge further complaints.
- (IV) An accountants' firm which is about to cease to act shall be entitled to attend:
  - 1. the shareholders' general meeting relating to the expiry of its term of office;
  - 2. any shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal; and
  - 3. any shareholders' general meeting convened on its resignation, and to receive all notices of, and other communications relating to, any such meetings,

and to speak at any such meeting in relation to matters concerning its role as the former accountants' firm of the Company.

**Article 174** In dismissing or discontinuing the appointment of an accountant firm, the Company shall notify the said accountant firm in advance and the said accountant firm has the right to make representations to the shareholders at a shareholders' general meeting. If an accountant firm resigns from the post, it shall clarify to the shareholders at a shareholders' general meeting whether or not there is any improper affair in the Company.

Article 148  
of Mandatory  
Provisions  
Article 10  
of Zheng  
Jian Hai Han  
Section 1(e)  
(ii) (iii) (iv)  
of Appendix  
13D to  
Listing Rules

An accountant firm may resign from its position by depositing its written notice of resignation at the business premises of the Company. The notice shall take effect from the date of deposit at the business premises of the Company or any later date specified in such written notice. Such notice shall contain the following statements:

- (I) declaration that its resignation did not involve any circumstances which should be brought to the attention of the shareholders or creditors of the Company; or
- (II) a description of such circumstances.

The Company shall send a copy of the written notice specified in the preceding paragraph to the relevant competent authority within fourteen (14) days after receiving such notice. If the notice contains the representations referred to in paragraph (II) above, the Company shall deposit the aforesaid copy at the Company for inspection by the shareholders and send it to each holder of overseas listed shares by pre – paid mail. The addresses of addressees shall be those registered in the register of members.

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

## CHAPTER 17 MERGER AND DIVISION OF THE COMPANY

**Article 175** In the event of the merger or division of the Company, a proposal shall be presented by the Company's board of directors and shall be approved in accordance with the procedures stipulated in the Company's Articles of Association. The Company shall then undertake the relevant approval process in a manner prescribed by law. A shareholder who objects to the proposal of merger or division shall be entitled to demand the Company or the shareholders who consent to the proposal of merger or division to acquire such dissenting shareholders' shareholding at a fair price.

Article 149  
of Mandatory  
Provisions

The contents of the resolution of merger or division of the Company shall be compiled into special documents which shall be available for inspection by the shareholders of the Company. Such special documents shall be sent by post to holders of overseas listed shares.

**Article 176** The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

Article 150  
of Mandatory  
Provisions  
Article 173  
of Company  
Law

In the event of a merger, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days after the date of the Company's resolution approving the merger and shall publish a public notice in a newspaper at least three times within thirty (30) days thereafter. The creditors are entitled to require the Company to settle the loans or to provide corresponding guarantees within thirty (30) days after the receipt of the written notification, or in the event that no such notification is received, within forty – five (45) days after the date of the announcement.

Upon the merger, receivables and indebtedness of each of the merger parties shall be assumed by the company which survives the merger or the newly established company.

**Article 177** Where there is a division of the Company, its assets shall be divided up accordingly. Article 151  
of Mandatory  
Provisions

In the event of division of the Company, the parties to such division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days after the date of the Company's resolution approving the division and shall publish a public announcement in a newspaper at least three times within thirty (30) days thereafter.

Debts of the Company prior to division shall be assumed by the companies which exist after the division in accordance with the agreement of the parties.

**Article 178** The Company shall, in accordance with law, apply for change in its registration particulars with the company's registration authority where a change in any item in its registration arises as a result of any merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with law. Where a new company is established, that company shall apply for registration in accordance with the law. Article 152  
of Mandatory  
Provisions

## **CHAPTER 18 DISSOLUTION AND LIQUIDATION OF THE COMPANY**

**Article 179** The Company shall be dissolved and liquidated in accordance with the law upon the occurrence of any of the following events: Article 182  
of Company  
Law  
Article 153  
of Mandatory  
Provisions

- (1) expiry of the Company's term of business operations;
- (2) a resolution for dissolution is passed by shareholders at a shareholders' general meeting;
- (3) dissolution is necessary due to a merger or division of the Company;
- (4) the Company is legally declared insolvent due to its failure to repay debts as they become due;

- (5) the Company is legally ordered to close or its business license is suspended or revoked;
- (6) the Company is dissolved by the People's Court according to Section 182 of Company Law.

**Article 180** The Company may continue to exist by amending these Articles in the event of the circumstance as set forth in item (1) of Article 179. Article 181  
of Company  
Law

The amendment to these Articles according to the preceding article shall be passed by two-thirds (2/3) of the voting rights held by shareholders present at the shareholders' general meeting.

**Article 181** In the case of dissolution of the Company under items (1), (2), (5) and (6) of Article 179, a liquidation committee shall be formed within fifteen Article 183  
of Company  
Law

(15) days thereafter and the members of the liquidation committee shall be determined by shareholders' general meeting through ordinary resolution. Where a liquidation committee is not established according to schedule, the creditors may apply to the people's court to organize the relevant personnel to establish a liquidation committee to proceed with the liquidation. Article 154  
of Mandatory  
Provisions

In the case of dissolution of the Company under item (4) of the preceding article, the people's court shall, according to relevant legal provisions, organize the shareholders, relevant departments and professionals to form a liquidation committee to carry out liquidation.

**Article 182** If the board of directors decides the Company shall carry out liquidation (except for liquidation resulting from the Company's declaration of bankruptcy), it shall state in the notice of shareholders' general meeting convened for this purpose that the board of directors has conducted comprehensive investigation on the Company's conditions and believes that the Company is able to pay off all its debts within twelve (12) months following the commencement of liquidation. Article 155  
of Mandatory  
Provisions

The functions and powers of the board of directors of the Company shall terminate immediately when the shareholders' general meeting adopts the resolution on liquidation.

The liquidation committee shall follow the directions of the shareholders' general meeting to report on its income and expenditures, the Company's business and progress of liquidation at least once a year to the shareholders' general meeting and make a final report to the shareholders' general meeting at the end of liquidation.

**Article 183** The liquidation committee shall inform the creditors within ten (10) days following its establishment, and shall publish a public notice in newspaper at least three times within sixty (60) days. The creditors shall report their rights to the liquidation committee within thirty (30) days after the receipt of the written notification, or in the event that no such notification is received, within forty-five (45) days after the date of the announcement. When the creditors report their rights, they shall make clear relevant matters regarding the rights and provide supporting evidence. The liquidation committee shall register the creditors' rights. The liquidation committee shall not make repayments to such creditors during the period of such creditors' claims.

Article 185 of  
Company  
Law  
Article 156  
of Mandatory  
Provisions

**Article 184** The liquidation committee shall exercise the following functions and powers during the period of liquidation:

Article 157  
of Mandatory  
Provisions

- (1) to categorize the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify the creditors or to publish public announcements;
- (3) to dispose of and liquidate any unfinished businesses of the Company;
- (4) to pay all outstanding taxes;
- (5) to settle claims and debts;
- (6) to deal with the residual assets remaining after repayment by the Company of its debts;
- (7) to represent the Company in any civil proceedings.

**Article 185** After the liquidation committee has sorted the Company's assets and prepared a balance sheet and an inventory of assets, it shall prepare a liquidation plan and submit it to the shareholders' general meeting or the relevant competent authority for confirmation.

Article 186 of  
Company  
Law  
Article 158  
of Mandatory  
Provisions

The Company's assets, after having paid the liquidation expense, shall be used to pay off its debts in the following order: (i) the Company's employee salary and labor insurance costs; (ii) outstanding taxes; and (iii) bank loans, the Company's debentures and other debts of the Company.

Any surplus assets of the Company remaining after payment referred to in the preceding paragraph shall be distributed to its shareholders according to the class of shares and the proportion of shares held in the following sequence:

- (1) In the case of preferential shares, distribution shall be made to holders of such preferential shares according to the par value thereof; if the surplus assets are not sufficient to repay the amount of preferential shares in full, the distribution shall be made to holders of such shares in proportion to their respective shareholdings;
- (2) In the case of ordinary shares, distribution shall be made to holders of such shares in proportion to their respective shareholdings.

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

**Article 186** In the case of liquidation as a result of dissolution of the Company, if the liquidation committee, having sorted the Company's assets and prepared the balance sheet and an inventory of assets, discovers that there are insufficient assets in the Company to pay off its debts, it shall apply to the people's court immediately for a declaration of bankruptcy of the Company. Article 159  
of Mandatory  
Provisions

Upon the declaration of bankruptcy of the Company by the people's court, the liquidation committee shall hand over the liquidation matters to the people's court.

**Article 187** Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, a statement of income and expenses received and made during the liquidation period and a financial report, which shall be verified by a Chinese registered accountant and submitted the same to the shareholders' general meeting or the relevant governing authority for confirmation. Article 160  
of Mandatory  
Provisions

The liquidation committee shall, within thirty (30) days after such confirmation, submit the documents referred to in the preceding paragraph to the companies registration authority and apply for cancellation of registration of the Company, and publish a public announcement relating to the termination of the Company.

## CHAPTER 19 AMENDMENTS OF ARTICLES OF ASSOCIATION

**Article 188** The Company may amend its Articles of Association in accordance with the requirements of laws, administrative regulations and the Articles of Association.

Article 161 of  
Mandatory  
Provisions

**Article 189** Save for the requirements under Article 62 and Article 82 to these Articles, the amendment to the Articles of Association shall be handled in accordance with the following procedures:

- (1) The board of directors shall adopt a resolution therefor in accordance with these Articles of Association and formulate the proposal for the amendment of the Articles of Association;
- (2) The shareholders shall be notified of the amendment proposal and a shareholders' general meeting shall be convened to reach a resolution;
- (3) Content of the amendment to the Articles of Association shall be adopted by special resolutions.

**Article 190** The amendment to the Articles of Association after taking into effect shall be effective upon the passing of relevant resolution on the shareholders' general meeting.

**Article 191** Amendment of the Articles of Association which involve the contents of the Mandatory Provisions and "Zheng Jian Hai Han" shall become effective upon receipt of approvals from the companies approving department authorized by the State Council and China Securities Regulatory Commission; where amendments of the Articles of Association involve the registered particulars of the Company, procedures for change of registration shall be handled in accordance with the law.

Article 162  
of  
Mandatory  
Provisions

## CHAPTER 20 NOTICE

**Article 192** A notice (for the purpose of this chapter, "notice" includes a notice of meeting, corporate communication (as defined in the Listing Rules of the Hong Kong Stock Exchange as amended from time to time) or other written documentation delivered by the Company to the shareholders of the Company) may be delivered in one or more of the following forms:

- (i) By personal delivery;
- (ii) By mail;
- (iii) By any electronic means (including but not limited to email, facsimile, etc.) or message carrier;
- (iv) By announcement;
- (v) By publication on the websites designated by the Company and the Hong Kong Stock Exchange, subject to compliance with laws, administrative



egulations and securities regulatory rules of the place where the Company's shares are listed;

(vi) In such other forms as may be prescribed by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and these Articles of Association.

Notice of shareholders' general meeting of the Company shall be delivered by way of an announcement or other means in compliance with the provisions of the securities regulatory rules of the place where the Company's shares are listed.

Subject to the securities regulatory rules of the place where the Company's shares are listed, if the notice issued by the Company is delivered by way of an announcement, all relevant persons shall be deemed to have received the notice once it is announced.

**Article 193** When the notice is delivered by personal delivery, the recipient shall sign (or seal) on the deliver receipt and the date of signature affixed by the recipient and the date of signature affixed by the recipient shall be deemed as the date of service; when the notice is delivered by mail, it is deemed to be received within forty-eight (48) hours after the delivery as long as the address is clearly written, the postage is paid, the notice is put in an envelope, and the envelope is deposited to the mailbox ; when the notice is delivered by email, the date of service shall be the time when the email first enters the server system where the email box of the party to be notified is located; when the notice is delivered by facsimile, the date of service shall be the date of the facsimile report indicating that the facsimile has been successfully faxed as printed by the facsimile machine to which the facsimile was sent by the Company; when the notice is delivered by way of announcement, the date of service shall be the date on which the first announcement is published; and when the notice is delivered by publication on a website designated by the Company and the Hong Kong Stock Exchange, the date of service shall be the date on which the notice is first published on the website.

**Article 194** Any notice, documents, information or written declaration to be given by shareholders or directors to the Company shall be delivered by person service or sent by registered mail to the Company at its legal address.

**Article 195** Service of any notice, documents, information or written declaration upon the Company by a shareholder or a director may be proved by showing evidences that such notice, documents, information or written declaration has been served within the specified service period in the manner as provided in the Articles of Association, that is, the receipt confirmation of the Company if it was given by personal service and the evidence that it was correctly addressed and the postage was repaid if it was sent by registered mail.

## CHAPTER 21 DISPUTE RESOLUTIONS

**Article 196** The Company shall abide by the following principles for dispute resolution:

- (1) Whenever any disputes or claims arise between: holders of the overseas listed shares and the Company; holders of the overseas listed shares and the Company's directors, supervisors, managing directors or other senior management; or holders of the overseas listed shares and holders of domestic shares and holders of unlisted foreign shares, in respect of any rights or obligations arising from Articles of Association, the Company Law or any rights or obligations conferred or imposed by the Company Law and other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons 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, where such person is the Company, the Company's shareholders, directors, supervisors, managing directors or other senior management of the Company, comply with the arbitration. Disputes in respect of the definition of shareholders and disputes in relation to the register of members need not be resolved by arbitration.

Article  
163  
of  
Mandatory  
Provisions

Article 11  
of  
Zheng Jian  
Hai Han

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

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

- (3) If any disputes or claims of rights are settled by way of arbitration in accordance with sub-paragraph (1) of this Article, the laws of the PRC shall apply, save as otherwise provided in the laws and administrative regulations.
- (4) The award of an arbitral body shall be final and conclusive and binding on all parties.

## CHAPTER 22 SUPPLEMENTARY ARTICLES

**Article 197** Upon the listing of the overseas listed shares in issue of the Company on The Stock Exchange of Hong Kong Limited, these Articles shall comply with the provisions of the Listing Rules and other applicable laws and regulations of Hong Kong Special Administrative Region of the PRC, as amended from time to time. If these Articles are not consistent with, contravene or in conflict with any applicable laws, regulations or the Listing Rules, the strictest requirements shall be followed.

**Article 198** These Articles are written in Chinese and English. If there is any discrepancy between the Chinese version and the English version, the latest Chinese version of these Articles approved by and registered/filed with the company's registration authority shall prevail.

**Article 199** The term "accounting firm" referred to in these Articles shall have the same meaning as "auditors".

Article 165  
of Mandatory  
Provisions

**Article 200** The transactions involved “purchase or disposal of material assets” referred in item (16) in paragraph 1 of Article 58, item (5) of Article 80 and item (12) in paragraph 1 of Article 99 in these Articles include:

- (1) Transfer, assign and substitute equity and non-equity asset;
- (2) Capital increase or decrease of enterprise newly set with others or the established enterprise;
- (3) operate and lease assets of other enterprises on trust or entrust others to operate and lease operating assets;
- (4) Accept asset donation with obligation or donate assets to others;
- (5) Other transaction recognized by the stock exchange under the principle of prudent supervision.

**Article 201** In these Articles, the words of “under”, “above”, “below” and “more than” do not include its underlying number.

**Article 202** The draft amendments to the Articles of Association shall be prepared by the board of directors and shall take effect upon the approval at a shareholders’ general meeting.

**Article 203** The right to interpret these Articles vests with the board of directors of the Company and the right to amend these Articles vests with the shareholders’ general meeting.

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