

**Articles of Association of  
Legend Holdings Corporation**

**June 2024**

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# Articles of Association of Legend Holdings Corporation

## Chapter 1 General Provisions

**Article 1** For the purpose of upholding the legal rights and interests of Legend Holdings Corporation (the “Company”) and its shareholders and creditors as well as regulating Company’s organization and activities, the Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and other applicable rules.

**Article 2** The Company is a joint stock limited company established in accordance with the Company Law and other applicable rules.

Pursuant to the approval of the document entitled “The Approval of the Entire Transformation of Legend Holdings Limited into a Joint Stock Limited Company”《關於同意聯想控股有限公司整體變更設立股份有限公司的批覆》(Ke Fa Han Zi [2014] No. 9) issued by the Chinese Academy of Sciences on January 23, 2014, the Company was established by way of promotion on the base of Legend Holdings Limited. The Company was registered with the Beijing Administration for Industry and Commerce on February 18, 2014 and obtained its business license. The current unified social credit code of the Company is: 911100001011122986.

**Article 3** As approved by the competent securities regulatory authority of the State Council, the Company issued 352,944,000 foreign shares through an initial public offering to overseas investors. As approved by the competent securities regulatory authority of the State Council and the National Council for Social Security Fund, the state-owned shareholder of the Company transferred 35,294,400 state-owned shares to the National Council for Social Security Fund in accordance with relevant PRC regulations on the reduction of state-owned shareholdings. On June 29, 2015, the aforesaid aggregate of 388,238,400 foreign shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the “HK Stock Exchange”).

As approved by the resolutions passed at the First Extraordinary General Meeting of the Company in 2015 and the competent securities regulatory authority of the State Council, an additional 3,286,900 foreign shares were allotted following the partial exercise of the over-allotment option by the Joint Global Coordinators. In addition, the state-owned shareholder of the Company transferred 328,690 state-owned shares to the National Council for Social Security Fund in accordance with relevant PRC regulations on the reduction of state-owned shareholdings. On July 21, 2015, the aforesaid aggregate of 3,615,590 shares were listed on the main board of the HK Stock Exchange.

Upon the completion of the above issuance of shares, the shareholding structure of the Company shall be as follows: an aggregate of 1,964,376,910 domestic shares were held by Chinese Academy of Sciences Holdings Co., Ltd. (中國科學院控股有限公司, formerly known as “中國科學院國有資產經營有限責任公司”) (“CAS Holdings”), Beijing Lian Chi Zhi Yuan Management Consulting Center Limited Partnership (北京聯持志遠管理諮詢中心(有限合夥)) (“Lian Chi Zhi Yuan”), China Oceanwide Holdings Group Co., Ltd. (中國泛海控股集團有限公司) (“China Oceanwide”), Beijing Lian Heng Yong Xin Investment Center Limited Partnership (北京聯恆永信投資中心(有限合夥)) (“Lian Heng Yong Xin”), Liu Chuanzhi, Zhu Linan, Chen Shaopeng, Tang Xudong, Ning Min and Huang Shaokang, representing 83.37% of total ordinary shares in issue; 35,623,090 shares were held by the National Council for Social Security Fund, representing 1.51% of total ordinary shares in issue; and 356,230,900 shares were held by other shareholders, representing 15.12% of total ordinary shares in issue.

As approved by the competent securities regulatory authority of the State Council in Zheng Jian Xu Ke [2018] No. 738, all of the 880,000,000 domestic shares held by Lian Chi Zhi Yuan, Lian Heng Yong Xin, Liu Chuanzhi, Zhu Linan, Ning Min, Huang Shaokang, Chen Shaopeng and Tang Xudong were converted into overseas-listed shares. On June 7, 2018, the aforesaid aggregate of 880,000,000 shares were listed on the HK Stock Exchange.

**Article 4** The Company’s registered names are: Full name in Chinese: 聯想控股股份有限公司

Full name in English: Legend Holdings Corporation

**Article 5** The Company’s address: Room 1701, 17/F, Block 1, Court No. 2, Ke Xue Yuan Nanlu, Haidian District, Beijing.

Postal code: 100190

**Article 6** The registered capital of the Company is RMB2,356,230,900.

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

**Article 8** The legal representative of the Company is the chairman of the Board of Directors.

**Article 9** The Company shall undertake its liabilities with all of its assets that are divided into equal shares, while the liability of a shareholder of the Company shall be limited to the shares subscribed by him/her.

**Article 10** From the date of the Articles of Association becoming effective, the Articles of Association constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations between the Company and each shareholder and among the shareholders *inter se*, and the Company, shareholders, directors, supervisors and senior management officers are legally-bound. Pursuant to the Articles of Association, shareholders may institute legal proceedings *inter se* or against the directors, supervisors, chief executive officer, other senior management officers of the Company and the Company; and the Company itself may institute legal proceedings against its shareholders, directors, supervisors, chief executive officer and other senior management officers.

**Article 11** "Senior management officers" referred to in the Articles of Association include the chief executive officer, executive vice president, senior vice president, person in charge of finance, secretary to the Board of Directors and other senior management officers designated by the Board of Directors of the Company.

**Article 12** Pursuant to the requirements under the constitution of the Communist Party of China, the Company shall set up a committee of the Communist Party of China to carry out the Party's activities. Such Party committee shall perform political leadership functions and establish policies to enable it to play its role. The establishment, cessation and merger of the Company's Party committee shall be approved by its superior Party committee. The Company's Party committee should accept the leadership of its superior Party committee, establish related Party's working committees, equip with sufficient number of Party staff and maintain sufficient working funds for such Party committees.

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

**Article 13** The objectives of the Company are to strive to make contributions to the nation of the PRC through its business and endeavor to become a trusted, respectable and influential holding company with its equity in leading enterprises across various industries.

**Article 14** The business scope of the Company includes: Project investment, investment management, asset management, economic and trade consultation, investment consultation, corporate management consultation, development of technology, transfer of technology, promotion of technology, property management, sale of chemical products (excluding hazardous chemical products and type I drug precursor chemical products), mineral products, import and export of cargoes, import and export of technology, agent for import and export agency; computing system services, data processing.

The business scope referred to in the preceding paragraph shall be such items as audited by the relevant company registration authority.

The Company may, based on any changes in domestic and international markets, business development and its own capability, adjust its scope of business and handle relevant formalities of industry and commerce administration registration for such an adjustment according to relevant provisions.

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## Chapter 3 Shares

### Section 1 Issuance of Shares

**Article 15** The share of the Company is in the form of stock. The shares issued by the Company shall be denominated in Renminbi with a par value of Renminbi one per share.

Renminbi referred to in the preceding paragraph shall mean the lawful currency of the People's Republic of China.

**Article 16** Shares of the Company shall be issued in a transparent, fair and equal manner and shall rank *pari passu* in all respects with the shares of the same class.

Each of the shares of the same class shall be issued under the same conditions and at the same price in each issuance, and the same price shall be paid for each of the shares subscribed for by any entity or individual.

**Article 17** The non-overseas-listed shares issued by the Company shall be centrally deposited with and maintained by China Securities Depository and Clearing Corporation Limited. The overseas-listed shares issued by the Company are mainly kept in the securities registration and clearing institution in Hong Kong and may be held by the shareholders in their own names.

**Article 18** The shares issued onshore or offshore by the Company shall be registered at or filed with the China Securities Regulatory Commission (the "CSRC").

Shares which the Company issues to domestic investors for subscription in Renminbi shall be referred to as domestic shares. Shares which the Company issues to foreign investors for subscription in foreign currencies shall be referred to as foreign shares. Foreign shares which are listed overseas are called overseas-listed foreign shares.

Foreign currencies aforesaid refer to the lawful currencies (other than Renminbi) of other countries or regions which are recognized by the foreign exchange authority of the PRC and can be used to pay the share price to the Company.

Both holders of domestic shares and holders of foreign shares are holders of ordinary shares, and have and bear the same rights and obligations.

Holders of domestic shares of the Company who convert non-overseas-listed shares into shares listed and traded on overseas stock exchange(s) shall conform to relevant regulations promulgated by the CSRC, and authorize the Company to file with the CSRC on their behalf. They shall also comply with the regulatory procedures, provisions and requirements of the overseas securities market. The conversion of domestic shares into overseas-listed shares for listing and trading on overseas stock exchange(s) is not subject to the holding of a shareholders' general meeting for voting. The overseas-listed shares converted from domestic shares shall be of the same class as the existing overseas-listed shares.

**Article 19** The promoters of the Company are CAS Holdings, Lian Chi Zhi Yuan, Oceanwide Group, Lian Heng Yong Xin, Liu Chuanzhi, Zhu Linan, Chen Shaopeng, Tang Xudong, Ning Min and Huang Shaokang, who subscribed and held all 2,000,000,000 ordinary shares issued by the Company at its establishment, among which:

CAS Holdings subscribed and held 720,000,000 shares, representing 36% of the total number of ordinary shares issued by the Company at the time of its establishment;

Lian Chi Zhi Yuan subscribed and held 480,000,000 shares, representing 24% of the total number of ordinary shares issued by the Company at the time of its establishment;

Oceanwide Group subscribed and held 400,000,000 shares, representing 20% of the total number of ordinary shares issued by the Company at the time of its establishment;

Lian Heng Young Xin subscribed and held 178,000,000 shares, representing 8.9% of the total number of ordinary shares issued by the Company at the time of its establishment;

Liu Chuanzhi subscribed and held 68,000,000 shares, representing 3.4% of the total number of ordinary shares issued by the Company at the time of its establishment;

Zhu Linan subscribed and held 48,000,000 shares, representing 2.4% of the total number of ordinary shares issued by the Company at the time of its establishment;

Chen Shaopeng subscribed and held 20,000,000 shares, representing 1.0% of the total number of ordinary shares issued by the Company at the time of its establishment;

Tang Xudong subscribed and held 20,000,000 shares, representing 1.0% of the total number of ordinary shares issued by the Company at the time of its establishment;

Ning Min subscribed and held 36,000,000 shares, representing 1.8% of the total number of ordinary shares issued by the Company at the time of its establishment;

Huang Shaokang subscribed and held 30,000,000 shares, representing 1.5% of the total number of ordinary shares issued by the Company at the time of its establishment.

**Article 20** The total number of shares of the Company is 2,356,230,900, all of which are ordinary shares.

**Article 21** The Company or its subsidiaries (including affiliates of the Company) shall not provide any financial assistance to a person who acquires or is proposing to acquire shares of the Company by ways of, *inter alia*, gift, advance, guarantee, indemnity or a loan.



## Section 2 Increase, Reduction and Repurchase of Shares

**Article 22** Based on its operating and development needs, the Company may, pursuant to the laws, regulations and the Articles of Association and with the approval by special resolution in the shareholders' general meeting, increase its capital in the following ways:

- (1) offering new shares to non-specially-designated investors for subscription;
- (2) placing new shares to its existing shareholders;
- (3) distributing bonus shares to its existing shareholders;
- (4) issuing new shares to specially-designated investors;
- (5) conversion of capital reserve into share capital;

(6) any other means which are stipulated by laws and administrative regulations and approved by the relevant regulatory authority.

After the Company's increase of share capital by means of the issuance of new shares has been approved in accordance with the provisions of the Articles of Association, the issuance thereof should be made in accordance with the procedures set out in the relevant PRC laws and administrative regulations.

**Article 23** The Company may reduce its registered capital. Such reduction shall be made in accordance with the procedures set out in the Company Law, other relevant requirements and the Articles of Association.

**Article 24** The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within 10 days from the date of the Company's resolution for reduction of registered capital and shall publish an announcement in a newspaper within 30 days from the date of such resolution. A creditor has the right within 30 days from the date its receives the above notice or, in the case of a creditor who does not receive such notice, within 45 days from the date of the announcement, to require the Company to repay its debts or to provide a corresponding guarantee for such debts.

**Article 25** The Company may, in accordance with the provisions set out in the laws, administrative regulations, the Listing Rules, departmental rules and the Articles of Association and subject to the approval of the relevant governing authorities of the PRC, repurchase its shares under the following circumstances:

- (1) cancellation of its shares for the purpose of reducing its registered capital;
- (2) merging with another company which holds the shares of the Company;



(3) where the Company acquires its own shares for employee stock ownership plans or equity incentives;

(4) acquiring the shares upon request by shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or demerger of the Company; or

(5) where the Company acquires its own shares to convert the corporate bonds issued thereby that are convertible to shares;

(6) where the Company needs to acquire its own shares to maintain its value and the rights and interests of shareholders;

(7) any other ways permitted by the laws and administrative regulations and approved by the governing authorities.

**Article 26** Where the Company obtains approval of the relevant governing authorities of the PRC to repurchase its shares by reason of those circumstances mentioned in subparagraph (1), (2) or (4) of Article 25 of the Articles of Association, it may do so in one of the following ways:

(1) making a *pro rata* general offer of repurchase to all its shareholders;

(2) repurchasing shares through public trading on a stock exchange;

(3) repurchasing by an off-market agreement outside a stock exchange;

(4) any other circumstances recognized by the laws, administrative regulations and the governing authorities.

Where the Company repurchases its shares by reason of those circumstances mentioned in subparagraph (3), (5) or (6) of Article 25 of the Articles of Association, it shall do so through open and centralized transactions.

The Company must obtain the prior approval of the shareholders' general meeting, in the manner stipulated in the Articles of Association, before it can repurchase its shares by reason of those circumstances mentioned in subparagraphs (1) or (2) of Article 25 of the Articles of Association. A resolution shall be passed at a meeting of the Board of Directors attended by more than two-thirds of the Directors, before the Company can repurchase its shares by reason of those circumstances mentioned in subparagraph (3), (5) or (6) of Article 25 of the Articles of Association.

**Article 27** Shares lawfully repurchased by the Company under subparagraph (1) of Article 25 herein shall be cancelled within 10 days from the date of repurchase; shares repurchased under subparagraph (2) or (4) of Article 25 herein shall be transferred or cancelled within 6 months thereafter; and the shares acquired by the Company in accordance with subparagraph (3), (5) or (6) of Article 25 herein shall not exceed 10% of the total issued share capital of the Company, and the shares repurchased shall be transferred or cancelled within three years.

### **Section 3 Transfer of Shares**

**Article 28** Shares of the Company may be lawfully transferred.

**Article 29** The Company shall not accept any share of the Company as the subject of the pledge.

**Article 30** Shares held by promoters of the Company shall not be transferred within one year after the Company's establishment. Shares issued prior to the public offering shall not be transferred within one year upon the listing and trading of the shares on the stock exchange(s).

The directors, supervisors and senior management officers of the Company shall report to the Company the number of shares held by them in the Company and the subsequent changes in their shareholdings. The number of shares which such persons may transfer each year during their terms of office shall not exceed 25% of the total number of the Company's shares in his or her possession. Such personnel shall not transfer the Company's shares in their possession within half year after they have terminated their employment with the Company.

## **Chapter 4 Shareholders and Shareholders' General Meetings**

### **Section 1 Shareholders**

**Article 31** The Company shall maintain a register of shareholders based upon the evidence provided by the securities registration authority. The register of shareholders shall be the sufficient evidence for the shareholders' shareholding in the Company. A shareholder shall enjoy rights and assume obligations according to the class of shares held by him/her; shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

**Article 32** Where the Company convenes a shareholders' general meeting, distributes dividends, liquidates and carries out other activities which would require the identification of a shareholder, the Board of Directors shall fix a date for the registration of the shareholding. Shareholders whose names remain on the register on the date for shareholding registration are entitled to relevant rights and interests.

**Article 33** Shareholders of the Company shall have the following rights:

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

(2) the right to request, convene and chair a shareholders' general meeting as well as attend and exercise the relevant voting right in person or appoint a proxy to attend and vote on his/her behalf at shareholders' general meetings;

(3) the right to supervise the Company's operations, and to put forward proposals and raise inquiries;

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

(5) the right to inspect the Articles of Association, the register of shareholders, corporate bond counterfoils, minutes of the shareholders' general meetings, resolutions of the board meetings and of meetings of the Board of Supervisors as well as financial and accounting reports;

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

(7) with respect to shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or demerger of the Company, the right to demand the Company to acquire the shares held by them;

(8) any other rights conferred by laws, administrative regulations, departmental rules or the Articles of Association.

Shareholders requesting to inspect the foresaid information or obtain such materials shall provide the Company with written documents evidencing the class and number of the shares he/she holds. The Company shall provide the information or materials at the request of such shareholder when the shareholder's identity is verified.

**Article 34** Shareholders are entitled to petition to a people's court to invalidate any resolution of the shareholders' general meetings or meetings of the Board of Directors if its contents contradicts the laws and administrative regulations.

If the procedure for convening the shareholders' general meeting or the meeting of the Board of Directors, or the method of voting violates laws, administrative regulations or the Articles of Association, or if the contents of a resolution violate the Articles of Association, a shareholder may, within 60 days of passing of the resolution, petition to a people's court for cancellation of resolution.

**Article 35** If any director and senior management officer violates the laws, administrative regulations or the Articles of Association during the course of performing his/her duties and causes losses to the Company, shareholders individually or collectively holding 1% or more of the shares of the Company for more than 180 consecutive days may submit a written request to the Board of Supervisors to institute proceedings to the people's court. If the Board of Supervisors, violates the laws, administrative regulations or the Articles of Association during the course of performing his/her duties and causes losses to the Company, shareholders may submit a written request to Board of Directors to institute proceedings to the people's court.

If the Board of Supervisors and the Board of Directors refuse to institute proceedings after receipt of the written request, or fail to institute proceedings within 30 days of the date of receipt, or if the matter is urgent and failure in the immediate institution of proceedings would result in damage to the interests of the Company that is difficult to remedy, the shareholder(s) specified in the preceding paragraph shall have the right to directly institute proceedings in his or her or their name in a people's court for the interests of the Company.

In the event that a breach of the Company's lawful interests and rights by any other person causes losses to the Company, shareholders specified in paragraph 1 of this Article may institute a proceeding as stipulated in the preceding two paragraphs.

**Article 36** If the shareholders' interests are jeopardized owing to the violation of the laws, administrative regulations or the Articles of Association by the directors and senior management officers, shareholders may institute proceedings in a people's court.

**Article 37** Shareholders of the Company shall assume the following obligations:

- (1) to abide by the laws, administrative regulations and the Articles of Association;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) not to withdraw their shares unless otherwise specified by the laws and regulations;
- (4) not to abuse shareholders' rights to infringe upon the interests of the Company or other shareholders; and not to abuse the independent status of the company legal person and the limited liability of shareholders to infringe upon the interests of the creditors of the Company;
- (5) other obligations imposed by laws, administrative regulations and the Articles of Association.

If a shareholder of the Company abuses its shareholder's rights, thereby causing losses to the Company or other shareholders, the shareholder shall be liable for compensation according to the law. If a shareholder of the Company abuses the independent status of the company legal person and the limited liability of shareholders to evade debts and seriously harms the interests of the creditors of the Company, it shall bear joint and several liability for the debts of the Company.

## **Section 2 General Rules for the Shareholders' General Meetings**

**Article 38** The shareholders' general meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with laws:

- (1) to decide the Company's operational guidelines and investment schemes;
- (2) to elect and remove directors and supervisors not being staff representatives and to determine matters relating to the remuneration of the directors and the supervisors;
- (3) to consider and approve the reports of the Board of Directors;
- (4) to consider and approve the reports of the Board of Supervisors;
- (5) to consider and approve the Company's annual financial budgets and final accounts;
- (6) to consider and approve the Company's profit distribution plan and plan for recovery of losses;
- (7) to resolve on increase or reduction in the Company's registered capital;
- (8) to resolve on the issue of debentures, any kind of shares, warrants or other similar securities by the Company;
- (9) to resolve on the merger, demerger, dissolution, liquidation or change of form of business of the Company;
- (10) to amend the Articles of Association;
- (11) to decide the engagement, re-appointment or dismissal of the accounting firms;
- (12) to consider and approve the external guarantees subject to the approval of the shareholders' general meeting;
- (13) to consider and approve the purchase or disposal of material assets or provision of guarantee by the Company within a year of a value exceeding 30% of the Company's latest audited total assets;
- (14) to consider and approve changes in use of proceeds;
- (15) to consider and approve the share incentive plan and the employee stock ownership plans;

(16) to resolve on the repurchase of the Company's shares by reason of those circumstances stipulated in sub-paragraphs (1) and (2) of Article 25 of the Articles of Association;

(17) to resolve on any other matters to be resolved thereby as required by laws, administrative regulations and the Articles of Association;

(18) to consider other matters as required by the listing rules of the stock exchange of the locality on which the Company's shares are listed.

The shareholders' general meeting may authorize or delegate the Board of Directors to transact the matters authorized or delegated by it, including but not limited to carrying out the following matters at the shareholders' general meeting:

i. subject to the applicable laws, regulations and listing rules, to give a general mandate to the Board of Directors to issue, allot and deal with additional overseas-listed shares not exceeding 20% of the total shares of the Company in issue (or other proportions as required by the applicable laws, regulations and listing rules) and authorize the Board of Directors to make corresponding amendments to the Articles of Association as it thinks fit so as to reflect the new capital structure upon the allotment or issuance of shares;

ii. to authorize the Board of Directors, within the cap amount of debt issuance, to determine the specific terms and the relevant matters in relation to the issuance of the debt financing instrument(s) such as domestic short-term financial instruments, mid-term financial notes, corporate bonds, overseas USD bonds in accordance with the needs of production, operation and capital expenditure as well as the market conditions, including but not limited to the determination of the value, interest rate, term, targeted group and use of proceeds of the bond(s), as well as the preparation for, execution and disclosure of all necessary documents thereof subject to the aforementioned limits.

**Article 39** The provision of external guarantees by the Company shall be considered and approved by the Board of Directors. The guarantee offered by the Company to a shareholder or de facto controller of the Company shall be resolved by the shareholders' general meeting.

When the shareholders' general meeting is considering a proposal to provide guarantee for any shareholder or de facto controller, the said shareholder or the shareholders controlled by the said de facto controller shall be abstained from voting on the proposal, and the proposal shall be subject to approval by more than half of the voting rights of the other attending shareholders.

If a director or senior management officer violates a provision on the approval authority or consideration procedure for the provision of external guarantees as specified in laws, administrative regulations or the Articles of Association, thereby causing the Company to sustain a loss, he or she shall be liable for damages and the Company may institute a legal action against him or her in accordance with the law.

**Article 40** Save as under circumstances such as crisis, the Company shall not, without the approval of the shareholders' general meeting through special resolutions, enter into any contract with any party (other than the directors and senior management officers) pursuant to which such party shall be in charge of management of the whole or any substantial part of the Company's business.

**Article 41** A general meeting shall either be an annual general meeting or an extraordinary general meeting. Annual general meetings shall be held once every year and within 6 months from the close of the preceding accounting year.

**Article 42** The Board of Directors shall convene an extraordinary general meeting within 2 months from the occurrence of any of the following events:

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

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

(3) where any shareholder(s) holding individually or collectively 10% or more of the Company's shares request(s) in writing for the convening of an extraordinary general meeting;

(4) when deemed necessary by the Board of Directors or when requested by the Board of Supervisors;

(5) when proposed by two or more of independent directors;

(6) other situations stipulated by laws, administrative regulations, departmental rules, the listing rules of the stock exchange of the locality where the Company's securities are listed or the Articles of Association.

### **Section 3 Convening of the Shareholders' General Meetings**

**Article 43** The Board of Supervisors is entitled to make a written proposal to the Board of Directors requesting the convening of an extraordinary general meeting. The Board of Directors shall, as stipulated by the laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within 10 days of the receipt of the proposal.

In the event that the Board of Directors agrees to convene an extraordinary general meeting, it shall serve a notice of the general meeting within five days after such resolution was passed by the Board of Directors; any changes to the original proposal in the notice shall be subject to the consent of the Board of Supervisors.



In the event that the Board of Directors disagrees to convene an extraordinary general meeting, or no reply was furnished within 10 days upon the receipt of the proposal, the Board is deemed to be unable or fail to perform the duty of convening a general meeting, in which case the Board of Supervisors may convene and preside over such meeting by itself.

**Article 44** Shareholders individually or collectively holding 10% or more of the shares of the Company are entitled to make a written proposal to the Board of Directors requesting the convening of an extraordinary general meeting. The Board of Directors shall, as stipulated by the laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within 10 days of the receipt of the proposal.

In the event that the Board of Directors agrees to convene an extraordinary general meeting, it shall serve a notice of the general meeting within five days after such resolution was passed by the Board of Directors; any changes to the original proposal in the notice shall be subject to the consent of the relevant shareholders.

In the event that the Board of Directors disagrees to convene an extraordinary general meeting, or no reply was furnished within 10 days upon the receipt of the proposal, shareholders individually or collectively holding 10% or more of the shares of the Company are entitled to make a written proposal to the Board of Supervisors requesting the convening of an extraordinary general meeting.

In the event that the Board of Supervisors agrees to convene an extraordinary general meeting, it shall serve a notice of the general meeting within five days of the receipt of the request; any changes to the original proposal in the notice shall be subject to the consent of the relevant shareholders.

In the event that the Board of Supervisors does not serve a notice of the general meeting within the stipulated period, the Board of Supervisors is deemed to fail in convening and presiding a general meeting, in which case shareholders individually or collectively holding 10% or more of the shares of the Company for 90 consecutive days may convene and preside over such meeting by themselves.

**Article 45** The Board of Directors shall be informed in writing if the Board of Supervisors or shareholders decide on their own to convene a general meeting.

Shareholders convening the general meeting shall hold no less than 10% of the shares of the Company prior to the announcement of the resolutions of such meetings.

**Article 46** The Board of Directors and its secretary shall provide any assistance necessary for the general meeting convened by the Board of Supervisors or shareholders. The Board of Directors shall provide the register of shareholders on the date for shareholding registration.

**Article 47** All necessary expenses incurred for the general meeting convened by the Board of Supervisors or shareholders shall be borne by the Company.

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## Section 4 Proposals and Notice of the Shareholders' General Meetings

**Article 48** The contents of the resolution shall be within the scope of authority of the shareholders' general meeting, have a clear subject and specific matters for resolution, and shall comply with the laws, administrative regulations, Listing Rules and the Articles of Association.

**Article 49** When the Company convenes a shareholders' general meeting, the Board of Directors, the Board of Supervisors and shareholders individually or collectively holding 3% or more of the shares of the Company are entitled to submit a proposal to the Company.

Shareholders individually or jointly holding 3% or more of the total voting shares of the Company shall be entitled to propose new resolutions in writing to the Company and submit to the convener 10 days prior to the convening of the shareholders' general meeting. The convener of the shareholders' general meeting shall issue a supplemental notice of shareholders' general meeting regarding the content of new proposal and announce the same within two days after the receipt of such proposal.

Save for the circumstances referred to in the preceding paragraphs, the convener shall not alter or make any addition to the proposals set out in the notice of the general meeting.

**Article 50** Resolutions not included in the notice of the general meeting or contravening Articles 48 and 49 in the Articles of Association shall not be voted and passed as resolutions at the meeting.

**Article 51** To convene an annual general meeting, the Company shall give notice to each shareholder 21 days before the date of meeting. To convene an extraordinary general meeting, the Company shall notify each shareholder 15 days before the date of meeting.

**Article 52** Notice of a shareholders' general meeting shall include the following:

- (1) the time and the place of the meeting;
- (2) matters and proposals to be considered at the meeting;
- (3) explicit statement on the rights of all shareholders of ordinary shares (including preference shareholders with restored voting rights) to attend and vote in person or by proxy at the shareholders' general meeting; the proxy shall be appointed in writing and may not be a shareholder of the Company;
- (4) other matters as stipulated by the laws, administrative regulations, departmental rules or the Listing Rules.

## Section 5 Holding of the Shareholders' General Meetings

**Article 53** A shareholder who is entitled to attend and vote at a shareholders' general meeting may appoint one or more persons (whether or not a shareholder) as his/her proxy to attend and vote on his/her behalf. A proxy so appointed shall be entitled to exercise the following rights in accordance with the authorization from that shareholder:

- (1) the shareholder's right to speak at the meeting;
- (2) the right to demand, whether on his/her own or together with others, a poll;
- (3) the right to vote on a poll.

**Article 54** Individual shareholders who attend the meeting in person shall produce his/her identity card or other valid documents or proof of identification; the proxy so appointed to attend the meeting shall produce his/her identity card and the instrument appointing the voting proxy.

A legal person shareholder shall be represented at a meeting by its legal representative or his/her proxy so appointed. The legal representative who attend the meeting shall produce his/her identity card and valid certificates of his/her capacity as the legal representative. The proxy so appointed to attend the meeting shall produce his/her identity card and the instrument appointing the voting proxy in writing completed by the legal representative of such legal person shareholder according to the laws.

**Article 55** The instrument appointing the voting proxy to attend a general meeting completed by the shareholder shall include:

- (1) name of the proxy;
- (2) whether voting rights are carried;
- (3) instructions for whether to vote in favor of or against or abstain from each matter set out in the shareholders' general meeting's agenda;
- (4) date of the proxy form and its effective period;
- (5) signature (or seal) of the appointor, and the seal of the legal entity in the case of a legal person shareholder.

**Article 56** The proxy form shall specify whether the proxy can vote at his/her discretion if no specific instruction is given.

**Article 57** If the instrument appointing the voting proxy is signed by another person under a power of attorney or other authorization documents given by the appointor, such power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the instrument appointing the voting proxy, be deposited at the Company's domicile or at such other place as specified in the notice convening the meeting.

If the appointor is a legal person, its legal representative or any person authorized by the resolutions of the Board of Directors or other governing body shall attend the shareholders' general meeting of the Company as the appointor's representative.

Where such shareholder is a Recognized Clearing House (or its nominees), it may authorize one or more persons as it thinks fit to act as its representative(s) at any shareholders' general meeting provided that, if more than one person are so authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized. The person(s) so authorized will be entitled to exercise the same power on behalf of the Recognized Clearing House (or its nominees) as if such person were an individual shareholder of the Company.

**Article 58** Where the appointor has deceased, incapacitated to act, withdrawn the appointment or the power of attorney or where the relevant shares have been transferred prior to the voting, a vote given by the proxy in accordance with the power of attorney shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

**Article 59** All of the directors, supervisors and secretary to the Board of Directors shall attend the shareholders' general meeting; and senior management officers shall attend such meetings as non-voting participants.

The place of the meeting shall be the Company's domicile or such other place as specified in the notice convening the meeting.

The general meeting shall be held onsite at the place arranged in advance. The Company shall, subject to the shareholders' general meetings being legally and validly held, provide online or other methods for the shareholders to conveniently attend the shareholders' general meetings. Shareholders so attend the shareholders' general meetings and be able to vote legally and validly shall be deemed to have attended such meeting.

The identity of shareholders who attend the meeting through online or other means shall be verified by a legal and valid online voting system recognized by the regulatory authorities or trading system of the stock exchange.

Attendance by the directors, supervisors and senior management officers of the Company at the meeting by electronic means such as telephonic or video conferencing may be counted as physical attendance.

**Article 60** A shareholders' general meeting shall be presided by the chairman of the Board of Directors. If the chairman of the Board of Directors is unable or fails to perform his/her duties, the Board of Directors shall designate a director of the Company to convene and preside over the meeting. If no chairman of the meeting has been so designated, shareholders present shall choose one person to be chairman of the meeting. If for any reason the shareholders fail to elect a chairman, the shareholder (including proxy thereof) attending the meeting and holding the largest number of shares vested with voting rights shall be the chairman of the meeting.

A shareholders' general meeting convened by the Board of Supervisors itself shall be presided over by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors is unable or fails to perform his/her duties, one supervisor shall be elected jointly by half or more of the supervisors to preside over the meeting.

A shareholders' general meeting convened by the Shareholders themselves shall be presided over by a representative elected by the convener.

When a shareholders' general meeting is held and the chairman violates the rules of procedure which makes it difficult for the shareholders' general meeting to continue, a person may be elected at the shareholders' general meeting to act as the chairman so as to carry on with the shareholders' general meeting, subject to the approval of more than half of the attending shareholders having the voting rights. If for any reason the shareholders fail to elect a chairman of the meeting, the shareholder (including proxy thereof) attending the meeting and holding the largest number of shares vested with voting rights shall be the chairman of the meeting.

**Article 61** Rules of procedure for the shareholders' general meeting governing the convening and voting procedures of such meetings shall be prepared by the Board of Directors for the Company and approved by the shareholders' general meeting.

**Article 62** The directors, supervisors and senior management officers shall reply or explain in respect of inquiries raised by shareholders at the shareholders' general meeting, except for matters in relation to business secrets of the Company which cannot be made public.

**Article 63** Secretary to the Board of Director shall keep minutes for the shareholders' general meeting. The convener shall ensure the truthfulness, accuracy, and completeness of such minutes.

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## Section 6 Voting and Resolutions in the Shareholders' General Meetings

**Article 64** Resolutions of shareholders' general meetings are classified as ordinary resolutions and special resolutions.

To adopt an ordinary resolution, more than one-half of the votes represented by the shareholders (including proxies) present at the meeting must be cast in favor of the resolution.

To adopt a special resolution, two-thirds or more of the votes represented by the shareholders (including proxies) present at the meeting must be cast in favor of the resolution.

A shareholder (including his/her proxy) attending the meeting shall vote in favor of or against each resolution relating to every matter which has been put to vote at the relevant meeting. If a shareholder or his/her proxy casts abstention vote or abstains from voting, any vote cast by such shareholder or his/her proxy shall not be counted in the voting results of the Company.

**Article 65** Shareholders (including proxies) exercise their voting rights in accordance with the number of shares with voting rights represented by them, and each share entitles the shareholder one vote upon voting at the shareholders' general meeting. However, shares held by the Company carry no voting rights and shall not be counted into the total number of shares with voting rights held by shareholders attending the meeting.

Where any shareholder is, under the applicable laws and regulations and the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for (or only against) any particular resolution at any general meeting, any votes cast by such shareholders (or their proxies) in contravention of such requirement or restriction shall not be counted.

**Article 66** For connected transactions to be considered at the shareholders' general meeting, connected shareholders shall abstain from voting on such matters, and the voting shares represented by them shall not be counted in the total number of valid votes.

**Article 67** Votes at the shareholders' general meeting shall be in the manner of an open ballot.

**Article 68** The following matters shall be resolved by ordinary resolutions at a shareholders' general meeting:

- (1) work reports of the Board of Directors and the Board of Supervisors;
- (2) plans formulated by the Board of Directors for distribution of profits and for making up losses;
- (3) appointment or removal of members of the Board of Directors and the Board of Supervisors (except for staff representative supervisors), and their remuneration and manner of payment thereof;

(4) the Company's annual budget and final accounts;

(5) matters other than those required by the laws, administrative regulations or the Articles of Association to be approved by special resolution.

**Article 69** The following matters shall be resolved by special resolutions at a shareholders' general meeting:

(1) increase in or reduction of the Company's share capital;

(2) demerger, spin-off, merger, dissolution and liquidation of the Company;

(3) purchase or disposal of material assets or provision of guarantee by the Company within a year of a value exceeding 30% of the Company's latest audited total assets;

(4) amendment to the Articles of Association;

(5) share incentive plan;

(6) any other matters prescribed by the laws, administrative regulations, the Listing Rules or the Articles of Association, and those approved as an ordinary resolution at a shareholders' general meeting that may have material impact on the Company and are required to be approved by a special resolution.

**Article 70** The chairman of the meeting shall announce the voting details and results for each resolution and announce whether a resolution is passed based on the voting results.

If the chairman of the meeting has any doubt as to the voting results of a resolution put to the vote of the meeting, he/she may have the votes counted. If the chairman of the meeting fails to have the votes counted, any attending shareholder or proxy who objects to the results announced by the chairman of the meeting may demand that the votes be counted immediately after the announcement of the results, and the chairman of the meeting shall have the votes counted immediately.

**Article 71** At a shareholders' general meeting, the approach and procedures for nomination of directors and supervisors (except for staff representative supervisors) are as follows:

(1) the list of candidates for the directors and supervisors may, by way of a written proposal, put forward to the shareholders' general meeting about the candidates for directors and supervisors (not being staff representatives). However, the number of candidates proposed shall comply with the provisions of the Articles of Association, and shall not exceed the number to be elected. The aforesaid proposal shall be delivered to the Company at least seven days before the convening of the shareholders' general meeting.



(2) within the number of members as specified by the Articles of Association and based on the number of proposed candidates for election, directors and supervisors may propose a list of recommended candidates for directors and supervisors, which shall be submitted to the Board of Directors and Board of Supervisors for approval. After the list of candidates for directors and supervisors is determined based on the examination by the Board of Directors and Board of Supervisors and the adoption of a resolution, it should be proposed in writing at a shareholders' general meeting.

(3) the written notices of the intention to nominate a candidate for election as a director or a supervisor (not being staff representative), the acceptance of nomination by such potential candidate, and the relevant written materials of the nominated candidate, shall be given to the Company no less than seven days prior to the date of convening the shareholders' general meeting (such seven-day period shall commence no earlier than the second day after the issue of the notice of the meeting at which the election shall be conducted and no later than seven days prior to the shareholders' general meeting). The Board of Directors and Board of Supervisors shall provide shareholders with biographical details and basic information on the candidates for directors and supervisors.

(4) the period given by the Company to nominate a candidate for election as a director or a supervisor and nominees for providing the aforesaid notice and documents shall be no less than seven days (such period shall commence from the day following the date of serving the notice of convening the shareholders' general meeting).

(5) in the shareholders' general meeting, voting for each candidate for a director and supervisor shall be taken separately.

(6) in the case of ad hoc addition or replacement of any director or supervisor, the Board of Directors and Board of Supervisors shall put forward a proposal to the shareholders' general meeting for such election or replacement.

## **Chapter 5 Board of Directors**

### **Section 1 Directors**

**Article 72** Directors shall be elected or replaced at the shareholders' general meeting to hold for a term of 3 years. Upon maturity of the term of office, a director shall be eligible to offer himself/herself for re-election and re-appointment.

Subject to the relevant laws and administrative regulations and without prejudice to any claim for damages under any contract, the shareholders' general meeting may by ordinary resolution remove any director before the expiration of his/her term of office.

The term of office of a director shall start from the date on which the said director assumes office to the expiry of the current term of the Board of Directors. If the term of office of a director expires but re-election is not made responsively, the said director shall continue fulfilling the duties as director pursuant to relevant laws, administrative regulations, departmental rules and the Articles of Association until a new director is elected.

The chief executive officer or other senior management officers may concurrently serve as a director, provided that the aggregate number of the directors who concurrently serve as the chief executive officer or other senior management officers and the staff representative directors shall not exceed one half of the total number of directors of the Company.

**Article 73** A director may resign before expiration of his/her term of office. The directors who resign shall submit to the Board of Directors a written report in relation to their resignation. The relevant information shall be disclosed within two days by the Board of Directors.

In the event that the resignation of any director during his/her term of office results in the number of members of the Board of Directors being less than the statutory minimum requirement, the said directors shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules and the Articles of Association until the re-elected directors assume their office.

Save for the circumstances referred to in the preceding paragraph, the resignation of a director becomes effective upon submission of his/her resignation report to the Board of Directors.

**Article 74** The Company shall have independent directors. At least one independent director of the Company shall be an accounting professional. Independent directors shall carry out their duties honestly and faithfully, safeguard the Company's interest and in particular, prevent encroachment of the rights and interests of public shareholders, in order to ensure the sufficient representation of the interests of all shareholders.

Independent directors shall comply with the relevant laws, administrative regulations and requirements of the HK Stock Exchange.

**Article 75** Directors who violate any laws, administrative regulations, departmental rules or the Articles of Association during the course of performing their duties, and whereby a loss is incurred to the Company, shall be liable for compensation of such loss.

**Article 76** No director shall act on behalf of the Company or the Board of Directors without the requirement of the Articles of Association or the lawful authorization of the Board of Directors. In the event that a director is acting in his/her own name, which may be reasonably deemed to be acting on the behalf of the Company or the Board of Directors by a third party, such director shall state his/her stance and identity in advance.

## Section 2 Board of Directors

**Article 77** The Company shall establish a Board of Directors accountable to the shareholders' general meeting. The Board of Directors shall comprise 5 to 19 directors. The number of independent directors, at all times, shall not be less than 3 and shall represent more than one third of the Board of Directors. Independent directors shall meet the requirements of the rules of the stock exchange(s) on which the shares of the Company are listed.

Independent directors may report directly to the shareholders' general meeting, the securities regulatory authorities of the State Council and other relevant departments.

The Board of Directors shall have one chairman. The chairman of the Board of Directors shall be elected or removed by more than one half of all directors. The term of office of the chairman shall be 3 years and is renewable upon re-election.

The number of senior management officers of the controlling shareholder also holding the office of the chairman and executive directors of the Company shall not exceed 2.

Unless otherwise provided by the relevant laws, regulations and the listing rules of the stock exchange(s) on which the Company's shares are listed, an independent director shall be appointed for a term of 3 years, and shall be eligible to offer himself for re-election and reappointment. However, an independent director's term of office shall not exceed a total of 9 years (if more than 9 years, the further re-election of the independent director(s) should be subject to a separate resolution to be approved by shareholders).

**Article 78** The Board of Directors shall exercise the following functions and powers:

(1) to convene the shareholders' general meeting and report its work to the shareholders' general meeting;

(2) to implement the resolutions of the shareholders' general meetings;

(3) to decide on the Company's mid-to-long-term business development strategies;

(4) to decide on the Company's business plans and investment plans;

(5) to formulate the Company's annual financial budgets and final accounts;

(6) to formulate the Company's profit distribution plan and plan for recovery of losses;

(7) to formulate proposals for increases or reductions of the Company's registered capital and proposals for the issue of corporate debentures or other securities and listing;

(8) to formulate proposals for material asset acquisition or disposal, and merger, demerger, dissolution or change of corporate form of the Company;

(9) to formulate proposals for the repurchase of the Company's shares by reason of those circumstances stipulated in subparagraphs (1) and (2) of Article 25 of the Articles of Association;

(10) to resolve on the repurchase of the Company's shares by reason of those circumstances stipulated in subparagraph (3), (5) or (6) of Article 25 of the Articles of Association;

(11) to decide on the establishment of the Company's internal management structure;

(12) to decide on appointment or dismissal the Company's chief executive officer, secretary to the Board of Directors and other senior management officers; and to appoint or dismiss senior management officers, such as the executive vice president, the senior vice president and the person in charge of finance of the Company pursuant to the nominations of the chief executive officer; to appoint or dismiss core management officers as the Board of Directors sees fit;

(13) to decide on the matters relating to the remuneration, rewards and penalties of the aforesaid senior management officers;

(14) to formulate the Company's basic management system;

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

(16) to decide on matters such as external investments, acquisition and disposal of assets, pledge of assets, external guarantees, entrusted financial management, connected transactions and external donations, etc. that are required by the Listing Rules or authorized by the shareholders' general meeting to be approved by the Board of Directors;

(17) to manage matters in relation to the disclosure of information on the Company in accordance with the laws, regulations, the Listing Rules and the internal rules of the Company;

(18) to decide on other major affairs of the Company, save for matters to be resolved at shareholders' general meetings as required by the Company Law and the Articles of Association;

(19) to the extent permitted by relevant laws and regulations and the Listing Rules, to authorize the chairman of the Board of Directors to consider and decide on key matters relating to the operation and management of the Company;

(20) to propose to the shareholders' general meeting for the appointment or replacement of the accounting firm as the Company's auditor;

(21) to receive the work reports from the Company's chief executive officer and review his/her performance;

(22) to exercise other functions and powers conferred by the laws and regulations, the Listing Rules, the Articles of Association or the shareholders' general meetings; except for the matters specified in subparagraphs (7), (8) and (15) which shall be passed by two-thirds or more of the directors, the board's resolutions in respect of any other aforesaid matters may be passed by half or more of all directors.

Resolutions in respect of connected transactions made by the Board of Directors shall not come into force unless it is signed by independent directors.

Matters outside the scope authorized by the shareholders' general meeting shall be put to the consideration of the shareholders' general meeting.

The Board of Directors shall provide explanations to the shareholders' general meeting for the non-standard audit opinions of the certified accountants on financial reports of the Company.

**Article 79** The Board of Directors shall formulate the rules of procedure for board meetings, so as to ensure the implementation of resolutions of the shareholders' general meetings, enhance the work efficiency and guarantee scientific decision-making of the Board.

**Article 80** The chairman of the Board of Directors is entitled to the following functions and powers:

(1) to preside over general meetings and to convene and preside over the board meetings;

(2) to supervise and check on the implementation of resolutions passed at the meeting of the Board of Directors;

(3) to sign share certificates, bonds and other marketable securities of the Company;

(4) to sign important documents of the Board of Directors and other documents that shall be signed by the legal representative of the Company and to exercise the authorities of legal representatives;

(5) to exercise special disposal powers which are in compliance with legal requirements and are in the interests of the Company on matters of the Company and provide post-event reports to the Board of Directors after such event occurs, in the event of force majeure or an emergency in which it is impossible to convene a board meeting;

(6) to define the systems necessary for the operation of the Board of Directors, and coordinate its operation;

(7) to hear regular and non-regular performance reports from the Company's senior management officers, and to provide the Board of Directors with steering comments on the implementation of board resolutions;

(8) to nominate a candidate for the chief executive officer and the secretary to the Board of Directors of the Company;

(9) to consider and decide on key matters relating to the operation and management of the Company, according to the authorization of the Board of Directors;

(10) to exercise any other functions and powers conferred by laws, regulations, the Articles of Association or the Board of Directors.

In the event that the chairman of the Board of Directors is unable to exercise his/her powers, a director jointly elected by half or more of all directors may perform his/her duties.

The Board of Directors may, if necessary, authorize the chairman of the Board of Directors to exercise part of the powers of the Board of Directors when it is in recess.

**Article 81** The Board of Directors shall meet regularly and the meetings of the Board of Directors shall be held at least four times every year, and convened by the chairman of the Board of Directors.

Under the following circumstances, an extraordinary meeting of the Board of Directors shall be held by the chairman within 10 days upon receipt of proposal:

- (1) when proposed by the shareholders representing one tenth or more of voting rights;
- (2) when proposed jointly by one-thirds or more of the directors;
- (3) when proposed by the chairman of the Board of Directors;
- (4) when proposed by two or more independent directors;
- (5) when proposed by the Board of Supervisors;
- (6) when proposed by the chief executive officer.

**Article 82** Notice shall be given to all directors, supervisors and the chief executive officer 14 days prior to the regular board meetings, and a reasonable period prior to extraordinary board meetings. The responsible body of the Company shall serve a written notice convening the board meeting to each director, supervisor and the chief executive officer by hand, fax, express mail service or other means of electronic communication. Notices that are not served by hand shall be confirmed by telephone and record should be made accordingly.

Where an extraordinary board meeting needs to be convened in emergency, the notice of meeting may be sent by telephone or by other verbal means, but the convener shall make explanations at the meeting.

**Article 83** The notice of meeting shall be deemed to have issued to a director if he is present at the meeting and does not raise the issue of non-receipt of such notice prior to or at the time of his/her arrival at the meeting.

Regular or extraordinary board meetings can be held by way of teleconference meeting or by virtue of other telecommunication device. In such meetings, so long as the participating directors can hear and communicate with each other, all participating directors are deemed as if they had participated in the meeting in person.

**Article 84** The board meeting may not be held unless half or more of the directors are present. In determining whether there is quorum for a meeting, directors with material interests in the relevant contracts, transactions or arrangements shall not be counted.

When voting on a resolution of the Board of Directors, each director present at the meeting shall have one vote. Except for provided in laws, administrative regulations and the Articles of Association, resolutions of the Board of Directors shall be passed by more than half of all directors.

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

A director shall abstain from voting and shall not exercise the voting right on other directors' behalf if he/she is connected to the company involved in the resolution of the board meeting. The board meeting can only proceed with the attendance of more than half of the non-related Directors and the resolutions thereof shall be passed by more than half of the non-related Directors. The matter shall be put to the consideration of the shareholders' general meeting if less than three non-related directors attend the meeting.

**Article 85** A director shall attend the board meetings in person. If a director is not able to attend the meeting for any reasons, he or she may appoint in writing other directors to attend the meeting on his/her behalf. The scope of authorization shall be specified in the power of attorney.



The appointed director attending the meeting shall only exercise the rights within the scope of authorization. Should a director neither attend a board meeting nor appoint representative to attend on his/her behalf, the said director shall be deemed to have waived his/her right to vote at the meeting.

**Article 86** Any material matters to be decided by the Board of Directors must be proceeded strictly according to specified procedures. A notice shall be given to all directors at the time required by the Articles of Association and sufficient information shall be given at the same time. The directors may request additional information. When one-fourths or more of directors or two or more of independent directors consider that the information and materials of the matters are insufficient or, they are unable to make a decision on the matters by other reasons, they may jointly propose to postpone the board meeting or delay the discussion of certain matters to be resolved in the board meeting, and the Board of Directors shall adopt the relevant proposal.

**Article 87** The Board of Directors may approve the written proposals in lieu of convening meetings of the Board of Directors, but the draft of such proposals shall be delivered to each director through personal delivery, post, fax or e-mail. Such proposal will be passed as a resolution of the Board of Directors, only after it has been delivered to all directors by the Board of Directors, and approved by the required quorum of the directors for decision-making, and such approval has been delivered to the secretary to the Board of Directors by one of the aforesaid means. Such resolution shall be deemed to have the same legal effect as a resolution passed at a board meeting held in accordance with the procedures set out in the relevant provisions of the Articles of Association.

**Article 88** The Board of Directors shall keep minutes of resolutions on matters discussed at meetings. The attending directors and the minutes taker shall sign on the minutes of such meeting. Directors shall be liable for the resolutions of the Board of Directors. If a resolution of the Board of Directors violates laws, administrative regulations or the Articles of Association, thus causing the Company to suffer any material loss, the directors participating in the resolution are liable to compensate to the Company. However, directors who have proved to have cast a dissenting vote against the motion during the voting as recorded in the minutes shall be exempted from such liability.

Minutes of the board meetings shall be kept in corporate archives for not less than 10 years.

### **Section 3 Special Committees under the Board of Directors**

**Article 89** Where necessary, the Board of Directors may establish relevant special committees, the duties, composition and rules of procedure of which shall be resolved separately by the Board of Directors. These special committees are ad hoc committees under the Board of Directors which provide advices or advisory opinions for the Board of Directors on material decisions. The special committees shall not make any decision in the name of the Board of Directors. However, the committees may exercise decision-making power in respect of the authorized matters in accordance with a special power given by the Board of Directors.

## **Chapter 6 The Chief Executive Officer and Other Senior Management Officers**

**Article 90** The Company shall have one chief executive officer.

The Company shall have a number of executive vice presidents and senior vice presidents, who shall be nominated by the chief executive officer. A director may serve concurrently as senior management officers.

The chief executive officer, executive vice presidents, senior vice presidents, person in charge of finance and secretary to the Board of Directors are senior management officers of the Company.

**Article 91** Senior management officers shall be appointed or removed by the Board of Directors.

**Article 92** The chief executive officer shall be accountable to the Board of Directors and exercise the following functions and powers:

(1) to be in charge of the Company's production, operation and management and report to the Board of Directors;

(2) to organize the implementation of the resolutions of the Board of Directors, the Company's annual business plans and investment plans;

(3) to draft the Company's annual financial budget plans and final accounts, and to put forward the proposal to the Board of Directors;

(4) to draft the Company's basic management system and the plan for establishment of the Company's internal management organization;

(5) to formulate the specific rules and regulations of the Company;

(6) to propose to the Board of Directors the employment and dismissal of the executive vice president, senior vice president, person in charge of finance and other senior management officers;

(7) to employ and dismiss the responsible management personnel and general employees other than those to be employed and dismissed by the Board of Directors;

(8) to propose to convene extraordinary board meetings;

(9) to decide the Company's other issues within the scope of the authority of the Board of Directors;

(10) to decide on projects such as investment, acquisition or disposal and financing which do not need to be decided by the Board of Directors or the shareholders' general meeting;

(11) other functions and powers granted by the Articles of Association and the Board of Directors.

Senior management officers other than the chief executive officer shall assist the chief executive officer in his/her works and may exercise part of the functions and powers entrusted by the chief executive officer.

**Article 93** The chief executive officer shall attend the board meetings and, if not a director, shall not have voting right thereat.

**Article 94** The Company shall have one person in charge of finance, who shall be appointed or removed by the Board of Directors. The person in charge of finance shall be accountable to the Board of Directors and the chief executive officer.

**Article 95** The Company shall have a secretary to the Board of Directors. The secretary to the Board of Directors of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be nominated by the chairman of the Board of Directors and appointed or removed by the Board of Directors. His/her primary duties include:

(1) to ensure that the Company has complete organizational documents and records; to keep and manage shareholder's information; to assist the directors in addressing the routine tasks of the Board of Directors;

(2) to organize and arrange for the board meetings and general meetings, prepare meeting materials, handle relevant meeting affairs, be responsible for keeping minutes of the meetings and ensure their accuracy, keep meeting documents and minutes and take initiative to keep abreast of the implementation of relevant resolutions. Any important issues occurring during the implementation shall be reported and relevant proposals shall be put forward to the Board of Directors;

(3) as the contact person of the Company with the securities regulatory authorities, to be responsible for organizing the preparation and prompt submission of the reports and documents required by the regulatory authorities, and for accepting and organizing the implementation of any assignment from the regulatory authorities;

(4) to be responsible for coordinating and organizing the Company's disclosure of information, to establish and improve the information disclosure system, to participate in all of the Company's meetings involving the disclosure of information, and to keep informed of the Company's material operation decisions and related information in a timely manner;

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

(6) to exercise other functions and powers as conferred by the Board of Directors, as well as other functions and powers as required by laws and regulations, and the stock exchange of the place where the Company's securities are listed.

**Article 96** If any senior management officer violates the laws, administrative regulations, departmental rules or the Articles of Association and causes losses to the Company during the course of performing his/her duties, he/she shall be liable for compensation of such loss.

## **Chapter 7 Board of Supervisors**

### **Section 1 Supervisors**

**Article 97** The term of office of a supervisor shall be three years. If re-elected upon expiration of his/her term of office, a supervisor may serve consecutive terms.

**Article 98** If no new supervisor is elected in time upon expiration of the term of office of a supervisor, or if a supervisor resigns during his/her term of office, resulting in the number of members of the board of supervisors falling below the statutory number, the original supervisor shall perform his/her duties as supervisor according to the provisions of laws, administrative regulations and the Articles of Association before a newly elected supervisor takes office.

**Article 99** Supervisors shall ensure the truthfulness, accuracy, and completeness of information disclosed by the Company.

**Article 100** Supervisors may attend the meeting of the Board of Directors as non-voting attendees and may make inquiries or suggestions to the matters to be resolved by the Board of Directors.

**Article 101** Supervisors shall not harm the interests of the Company with their affiliations and, whereby a loss is incurred to the Company, shall be liable for compensation of such loss.

**Article 102** If any supervisor violates the laws, administrative regulations, departmental rules or the Articles of Association during the course of performing his/her duties and causes losses to the Company, he/she shall be liable for compensation of such loss.

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## Section 2 Board of Supervisors

**Article 103** The Company shall have a Board of Supervisors, which shall exercise its supervisory powers in accordance with the provisions of the laws, administrative regulations and the Articles of Association.

**Article 104** The Board of Supervisors shall be composed of no less than three supervisors, one of whom shall act as the chairman of the Board of Supervisors.

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

**Article 105** The Board of Supervisors shall comprise shareholder representative supervisors and staff representative supervisors, and the number of staff representative supervisors shall not be less than one-third of the number of the members of the Board of Supervisors. Of which, the staff representative supervisors shall be elected by the Company's staff and workers' congress, the general meeting of staff and workers or other democratic ways.

At least half of the members of the Board of Supervisors may be external supervisors (i.e. supervisors, including supervisors who are the representatives of shareholders, not holding any positions in the Company, same hereinafter), and external supervisors shall have authority to report separately to the shareholders' general meeting on the honesty and diligence of the senior management officers of the Company.

**Article 106** The directors and the senior management officers of the Company shall not act concurrently as supervisors.

**Article 107** The Board of Supervisors shall be accountable to the shareholders' general meeting and exercise the following functions and powers:

(1) to monitor any acts of directors and senior management officers in their performance of duties that violate the laws, administrative regulations and the Articles of Association, and to propose dismissal of any directors and senior management officers who violate the laws, administrative regulations, the Articles of Association or any resolutions of shareholders' general meetings;

(2) to demand rectification from a director and other senior management officers when the acts of such persons prejudice the Company's interest;

(3) to examine the Company's financial affairs;

(4) to review financial information such as the financial reports, operation reports and profit distribution schemes to be submitted by the Board of Directors to the Shareholders' general meetings;

(5) to propose to convene an extraordinary general meeting; and to convene and chair the general meeting in case the Board of Directors fails to fulfill the obligations prescribed by the Company Law to convene and chair the general meeting;

(6) to submit proposals to the shareholders' general meeting;

(7) to propose to convene an extraordinary meeting of the Board of Directors;

(8) to institute a suit to the directors or senior management officers according to Article 151 of the Company Law;

(9) in case of any irregularities discovered in the operation of the Company, the Board of Supervisors may conduct investigation and, when necessary, may engage professional agencies such as accounting firms and law firms, to assist in the work at the expenses of the Company;

(10) to exercise other functions and powers specified in the laws, administrative regulations and the Articles of Association.

**Article 108** The Board of Supervisors shall convene at least one meeting every six months, which shall be convened by the chairman of the Board of Supervisors.

If the chairman of the Board of Supervisors is unable or fails to perform his/her duties, one supervisor shall be elected jointly by half or more of the supervisors to convene and preside over the meeting of the Board of Supervisors.

The supervisors can propose to convene extraordinary meetings of Board of Supervisors.

In convening the regular or extraordinary meetings of Board of Supervisors, the staff member of the Board of Supervisors shall give a written notice of the meeting a reasonable period before the meeting date. The notice of meeting shall be given to all supervisors by hand, facsimile, email or other means. If a notice is not given by hand, a subsequent telephone call shall be made for confirmation and corresponding records shall be made.

In case of urgency and an extraordinary meeting of the Board of Supervisors is required to be convened as soon as possible, the notice of such meeting shall be given by telephone communication or other verbal means at any time provided that the convener of the meeting gives relevant explanation at the meeting.

**Article 109** The method for conducting businesses at the meetings of the Board of Supervisors: any voting at the Board of Supervisors shall be made on a one-person-one-vote basis in the manner of open and written ballot.

The voting procedure: a supervisor may cast an affirmative, a negative or an abstention vote. Each attending supervisor shall indicate his/her intention by choosing one of the above. The chairman of the meeting shall request each supervisor who fails to choose any of the above or has chosen two or more of the above to vote again, refusal to do so shall be regarded as having abstained from voting. Any supervisor who leaves the meeting and does not return and has not voted by choosing any of the above shall be regarded as having abstained from voting.

Resolutions of the Board of Supervisors shall be passed by the affirmative votes of two-thirds or more of the members of the Board of Supervisors.

The Board of Supervisors formulates rules of procedure for meetings of the Board of Supervisors, specifies the method for conducting businesses and voting procedures at the meetings of the Board of Supervisors, so as to ensure the work efficiency and scientific decision-making.

The Board of Supervisors shall record the decisions on matters discussed in the minutes, supervisors who attended the meeting shall sign the minutes of 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 meeting of the Board of Supervisors shall be kept in the domicile of the Company.

## **Chapter 8 Qualification and Obligations of Directors, Supervisors and Senior Management Officers of the Company**

**Article 110** The directors of the Company (including independent directors), supervisors and senior management officers are natural persons. The following persons may not serve as a director (including independent director), supervisor or senior management officer of the Company:

- (1) an individual who has no civil capacity or has restricted civil capacity;
- (2) persons who have committed the offences of corruption, bribery, trespass of property, misappropriation of property or damaging the social economic order, and have been penalized due to the above offences, where less than five years have elapsed since the date of the completion of implementation of the penalty, or persons who have committed crimes and have been deprived of their political rights due to such crimes, where less than five years have elapsed since the date of the completion of the implementation of such deprivation;
- (3) persons who were former directors, factory chiefs or managers of a company or enterprise which has become insolvent and has been liquidated and were personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;



(4) persons who were legal representatives of a company or enterprise which had its business license revoked due to a violation of the law and were ordered to close down and were personally liable for the revocation of the business license of such company or enterprise, where less than three years have elapsed since the date of the revocation of the business license of such company or enterprise;

(5) persons with a comparatively large amount of personal debts due and unsettled;

(6) persons being imposed with restrictions by the CSRC from entering the securities market and where the prohibition period has not expired;

(7) other situations stipulated by laws, administrative regulations or departmental rules.

If the Company elects or appoints a director in violation of this Article, such election, appointment or employment shall be invalid. If a director falls under the circumstances specified in this Article during his/her term of office, the Company shall dismiss the director from his/her office.

**Article 111** Directors shall undertake the following fiduciary duties to the Company in accordance with laws, administrative regulations and the Articles of Association:

(1) not to use their positions to accept bribes or other illegal income and not to expropriate the Company's property;

(2) not to misappropriate funds of the Company;

(3) not to open any bank account in their own names or in others' names for the purpose of depositing any of the Company's assets or funds;

(4) not to violate the provisions of the Articles of Association to lend the Company's funds to others or provide security of the Company's assets for debts of others without the approval of the shareholders given at a general meeting or the Board of Directors;

(5) not to conclude any contract or conduct any transaction with the Company in violation of the Articles of Association or without the consent of the shareholders' general meeting;

(6) not to use their positions to procure business opportunities that should have otherwise been available to the Company for themselves or others nor to operate businesses similar to that of the Company for their own benefits or on behalf of others without prior approval of the shareholders' general meeting;

(7) not to take any commission from any transaction with the Company for their own;

(8) not to disclose any secret of the Company without authorization;

(9) not to use their affiliations to damage the interests of the Company;

(10) to fulfill other fiduciary duties stipulated by laws, administrative regulations, departmental rules, and the Articles of Association.

The fiduciary duties aforementioned also apply to supervisors and senior management officers of the Company.

The proceeds derived from the violation of this Article by the directors and senior management officers shall be attributed to the Company, and whereby a loss is incurred to the Company, he/she shall be liable for compensation of such loss.

**Article 112** Directors shall fulfill the following obligations of diligence in accordance with laws, administrative regulations and the Articles of Association:

(1) to exercise the rights conferred by the Company with prudence, care and diligence to ensure the commercial activities of the Company comply with the requirements of PRC laws, administrative regulations and relevant PRC economic policies and are not beyond the business scope specified in the business license of the Company;

(2) to treat all shareholders equally;

(3) to keep themselves informed of the operation and management position of the Company;

(4) to ensure the truthfulness, accuracy and completeness of the information disclosed by the Company;

(5) to honestly provide the Board of Supervisors with relevant information and materials, and not to hinder the Board of Supervisors or supervisors from exercising their functions and powers;

(6) to fulfill other obligations of diligence stipulated by laws, administrative regulations, departmental rules, and the Articles of Association.

The obligations of diligence stipulated in items (4), (5), (6) above also apply to the senior management officers of the Company.

**Article 113** If any director fails to attend in person or appoint other directors as his/her representative to attend meetings of the Board of Directors for two consecutive times, such director shall be deemed to have failed to perform his/her duties, and the Board of Directors shall propose to replace such director at the shareholders' general meeting.

**Article 114** A director shall clear all transitional procedures with the Board of Directors on resignation or expiry of term and shall fulfil his/her fiduciary obligations against the Company and shareholders. The obligations shall not be dismissed after the expiry of term and remain effective within the reasonable period specified by the Articles of Association.

**Article 115** Senior management officers of the Company should faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If any senior management officers of the Company causes damage to the interests of the Company and its public shareholders due to failure in faithfully performing their duties or violation of his/her fiduciary duties, he/she shall be liable for compensation in accordance with the laws.

**Article 116** A supervisor shall carry out his/her fiduciary duties and obligations of diligence in accordance with laws, administrative regulations and the Articles of Association, not to use his/her position to accept bribes or other illegal income and not to expropriate the Company's property.

## **Chapter 9 Financial and Accounting System, Profit Distribution and Audit**

**Article 117** The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the provisions stipulated by the relevant PRC authorities.

**Article 118** The Company shall adopt the Gregorian calendar year for its accounting year, i.e. the accounting year shall be from 1 January to 31 December.

At the end of each accounting year, the Company shall prepare financial report which shall be audited and verified according to law.

The financial statements of the Company shall, in addition to being prepared in accordance with the PRC accounting standards and regulations, be prepared in accordance with either international accounting standards, or that of the place overseas where the Company's shares are listed.

In distributing its after-tax profits of the relevant accounting year, the lower of the after-tax profits as shown in the different sets of financial statements shall be adopted.

**Article 119** The Company's Board of Directors shall place before the shareholders at every annual general meeting such financial reports which the relevant laws, administrative regulations and regulatory documents promulgated by the local government and the competent governmental authorities require the Company to prepare.

**Article 120** The Company shall not maintain books of accounts other than those provided for by law. The Company's assets shall not be deposited in an account maintained in the name of any individual.

**Article 121** The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days before the date of the annual general meeting. Each shareholder of the Company has the right to receive a copy of such financial reports mentioned in this Chapter.

The financial report mentioned in the preceding paragraph shall include the directors' report and the balance sheet (including all other documents to be attached in accordance with the requirements of the PRC laws, other laws, and administrative regulations), the profit and loss statement (the profit statement) or the statement of income and expense (the statement of cash flow) or (under the condition of no violation of the PRC laws) financial highlights approved by the HK Stock Exchange.

The Company shall deliver or send such financial report to every holder of its overseas-listed shares by pre-paid post at the addresses of such shareholders as recorded in the register of members no less than 21 days before the date of the annual general meeting. The Company can proceed by way of announcements, including announcement via the Company's website, on condition that such announcements are in compliance with the laws, administrative regulations, departmental rules and the relevant requirements of the securities regulatory body where the Company's securities are listed.

**Article 122** The Company shall publish its financial reports prepared in accordance with either the international accounting standards or that of the place overseas where the Company's shares are listed twice every financial year, that is, the interim financial report shall be published within three months after the end of the first six months of each accounting year and the annual financial report shall be published within four months after the end of each accounting year.

**Article 123** When distributing the after-tax profits of the current year, the Company shall allocate 10% of its profits into its statutory common reserve fund. When the cumulated amount of the statutory common reserve fund of the Company has reached 50% or more of its registered capital, no further allocations is required.

Where the statutory common reserve fund of the Company is insufficient to make up for the losses of the Company incurred during the previous years, before making allocation to the statutory common reserve fund in accordance with the preceding paragraph, the profits generated during the current year shall be used to make up for such losses.

After making allocation to the statutory common reserve fund of the Company from its after-tax profits, the Company may, subject to resolutions adopted at a shareholders' general meeting, also allocate funds from the after-tax profits to the discretionary common reserve fund.

After making up for the losses and making contributions to the common reserve fund, any remaining after-tax profits shall be distributed by the Company to the shareholders in proportion to their respective shareholdings according to the resolutions adopted at the shareholders' general meeting.

If the shareholders' general meeting has, in violation of the provisions of the preceding paragraph, distributed profits to the shareholders before the Company has made up for its losses and made allocations to the statutory common reserve fund, the shareholders must return the profits distributed in violation of the provision to the Company.

No profits shall be distributed in respect of the Company's shares held by the Company.

**Article 124** Capital reserve fund includes the following items:

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

**Article 125** The reserve fund of the Company can be applied for making up for losses of the Company, expansion of the Company's production and operation or capitalization for capital increase of the Company, but the capital reserve fund cannot be applied for making up for losses of the Company.

Where the statutory common reserve fund is converted into capital, the balance of such reserve fund shall not fall below 25% of the Company's registered capital prior to such conversion.

**Article 126** The Company may distribute dividends in the form of (or a combination of both):

- (1) cash;
- (2) shares;
- (3) other forms as permitted by laws and regulations.

**Article 127** The after-tax profits of the Company shall be distributed in the following order:

- (1) making up losses;
- (2) making allocations for the statutory common reserve fund;
- (3) dividend payments for preferred shares, if any;
- (4) making allocations for the discretionary common reserve fund; and
- (5) dividend payments for ordinary shares.

The specific allocation proportion in a particular year of items (4) and (5) of this Article is formulated by the Board of Directors based on the operations and development needs of the Company and approved by the shareholders' general meetings. Before making up losses and allocating the statutory common reserve fund, the Company shall not distribute dividends. No interest on dividends shall be paid to shareholders other than the dividends due yet to be paid by the Company.

**Article 128** The Company shall appoint a payment receiving agent for holders of overseas-listed shares. The payment receiving agent shall receive on behalf of such shareholders any dividends or other amounts payable by the Company to them in respect of the overseas-listed shares, and such payment shall be kept by the payment receiving agent on such shareholders' behalf for any payment to them.

The payment receiving agent appointed by the Company shall satisfy the requirements under the laws of the place where the Company's shares are listed or the rules of the relevant stock exchange. The payment receiving agent appointed by the Company for holders of overseas-listed shares listed in the HK Stock Exchange shall be a trust company registered under the Trustee Ordinance of Hong Kong.

Subject to the relevant laws and regulations of the PRC, the Company may exercise its right to confiscate the dividends which are not claimed by anyone but such right can only be exercised after the expiry of the relevant time frame.

The Company has the power to cease sending dividend warrants by post to a holder of overseas-listed shares, provided that such power shall not be exercised until such dividend warrants have been so left uncashed on two consecutive occasions. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

In relation to the exercise of right to issue warrants to bearer, no warrant thereof shall be issued to replace one that has been lost unless the Company is satisfied beyond reasonable doubt that the original warrant thereof has been destroyed. The Company has the power to sell, by means considered appropriate by the Board of Directors, the shares of a holder of the overseas-listed shares who is untraceable under the following circumstances:

(1) during a period of 12 years at least 3 dividends in respect of the shares in question have become payable and no dividend during that period has been claimed;

(2) on expiry of the 12 years the Company gives notice of its intention to sell the shares by way of an announcement published in one or more newspapers in the place where the Company's shares are listed and notifies the HK Stock Exchange of such intention.

**Article 129** The cash dividends and other amount paid by the Company to the holders of domestic shares shall be paid in Renminbi. The cash dividends and other amount paid by the Company to the holders of overseas-listed shares shall be denominated and declared in Renminbi and paid in Hong Kong dollars. The foreign currency required for the payment of cash dividends and other amount by the Company to the holders of overseas-listed shares shall be arranged in accordance with the provisions of the PRC in relation to foreign exchange administration.

**Article 130** Unless otherwise provided in the relevant or administrative regulations, if the cash dividends and other payments are to be paid in Hong Kong dollars, the Company shall adopt the average middle price of the exchange rate quoted by the People's Bank of China prevailing a calendar week before the date on which the dividends and other payments are declared as the exchange rate therefor.

**Article 131** The Company shall implement the internal audit system, deploy full-time audit personnel and conduct internal audit and supervision over the financial revenues and expenditures and economic activities of the Company.

**Article 132** The Company's internal audit system and the duties of the audit personnel shall apply with approval of the Board of Directors. The person in charge of audit shall be responsible and report to the Board of Directors.

**Article 133** The Company shall engage an accounting firm that complies with the laws to conduct the audit of financial statements, verify net assets and offer other relevant advisory services. The term shall be one year and is renewable.

**Article 134** The appointment of an accounting firm by the Company must be determined by the shareholders' general meeting, and the Board of Directors shall not appoint any accounting firm prior to the approval of the shareholders' general meeting.

**Article 135** The audit fees of the accounting firm shall be determined by the shareholders' general meeting.

**Article 136** The Company shall provide the accounting firm appointed with true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information. The Company shall not refuse to provide or hide the same or make false reports.

**Article 137** If the Company proposes to remove the accounting firm or not to renew the appointment thereof, it should notify the accounting firm at least 15 days in advance, and where the removal of an accounting firm is put to the vote of a shareholders' general meeting, such accounting firm shall be allowed to state its opinions. Where the accounting firm resigns its post, it shall make clear to the shareholders' general meeting whether there is any impropriety on the part of the Company.



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## Chapter 10 Notices and Announcements

**Article 138** Notices of the Company may be delivered by the following means:

(1) by designated person;

(2) by mail;

(3) by fax or electronic mail;

(4) by way of publishing information on websites designated by the Company and the HK Stock Exchange, subject to the laws, administrative regulations and the listing rules of stock exchanges where the Company's shares are listed;

(5) by way of announcement;

(6) by any other means as agreed by the Company or the addressee or as accepted by the addressee after the notice is received;

(7) by any other means as approved by relevant regulatory authorities at the places where the Company's are listed or as specified in the Articles of Association.

Unless the context otherwise specifies, the "announcement" referred to in the Articles of Association means, for any announcements made to the holders of domestic shares or any announcements to be published in the PRC as required by relevant regulations and the Articles of Association, an announcement published in newspapers in the PRC, and such newspapers shall have been prescribed under the laws and administrative regulations of the PRC or by the competent securities regulatory authority of the State Council; for any notices issued by the Company to the holders of overseas-listed shares by way of announcement, the Company shall on the same day submit an electronic version to the HK Stock Exchange through the HK Stock Exchange electronic publishing system for immediate release on the website of the HK Stock Exchange in accordance with the local listing rules, or publish an announcement in newspapers (including the publication of an advertisement in newspapers) in accordance with the local listing rules. The announcement shall also be published on the Company's website at the same time.

Holders of the Company's overseas-listed shares may elect to receive an electronic version or a printed copy sent by mail in writing to receive corporate communication that the Company shall send to shareholders, and they can also select to receive Chinese or English version only, or both. Shareholders can give written notice in advance to the Company within reasonable time to revise the method and language version of receiving foregoing information under appropriate procedures.

Shareholders or directors who want to prove that certain notices, documents, information or written statements have been served on the Company shall provide evidential materials showing the same has been served on the correct address by ordinary means or by prepaid mail within the designated periods.

Notwithstanding the aforesaid provision which specifies providing and/or dispatching written corporate communication to shareholders, for the purpose of the means by which the Company provides and/or dispatches its corporate communication to shareholders according to the Listing Rules, if the Company has obtained shareholders' prior written consent or deemed consent according to the relevant laws and regulations and the Listing Rules as amended from time to time, the Company may dispatch or provide corporate communication to its shareholders by electronic means or via its website. Corporate communication includes but not limited to circulars, annual reports, interim reports, quarterly reports, notices of shareholders' general meetings, and other types of corporate communication as specified in the Listing Rules.

**Article 139** Unless otherwise stated in the Articles of Association, the various ways of sending notices specified in the preceding paragraph shall apply to the notices of the shareholders' general meetings, board meetings and the meetings of the Board of Supervisors convened by the Company.

**Article 140** In respect of the date of receiving a notice of the Company delivered by hand, the notice shall be deemed to be received upon signing (or affixing the seal) by the addressee on the note of receipt. If the notice is delivered by post, it shall be deemed to be received after 48 hours from the date upon which the post office receives the notice. If the notice is delivered by way of fax or electronic mail or by way of publishing information on websites, it shall be deemed to be received on the date it is sent or published. If the notice is delivered by way of announcement, it shall be deemed to be received on the date on which the announcement is first published. Such announcement shall be published on the newspapers that satisfy the relevant requirements.

**Article 141** In the event that the listing rules of the stock exchange where the Company's shares are listed stipulate that the Company shall send, post, distribute, issue, announce or otherwise provide relevant documents of the Company in English and Chinese, and if the Company has made appropriate arrangement to confirm whether the shareholders intend to receive either the English or the Chinese version, the Company may (as per the intent stated by the shareholders) only send the English version or the Chinese version to the shareholders concerned to the extent permitted by the applicable laws and regulations and pursuant to the applicable laws and regulations.

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## **Chapter 11 Merger, Demerger, Capital Increase and Reduction, Dissolution and Liquidation**

### **Section 1 Merger, Demerger, Capital Increase and Reduction**

**Article 142** In the event of the merger or demerger of the Company, a plan shall be proposed 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 go through the relevant approval formality pursuant to the law. Shareholders who oppose the plan of merger or demerger of the Company shall have the right to request the Company or the shareholders who consent to such plan to purchase their shares at a fair price. The content of the resolution of merger or demerger of the Company shall constitute special documents which shall be available for inspection by the shareholders.

**Article 143** The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity.

The absorption by one company of one or more other companies shall be merger by absorption, in which case the absorbed company or companies shall be dissolved. The merger of two or more companies and establishment of a new company shall be merger by new establishment, in which case the parties to the merger shall be dissolved.

**Article 144** In the event of a merger, the parties to the merger shall enter into a merger agreement, and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company's resolution on merger and shall publish an announcement in the newspaper within 30 days from the date of such resolution.

The creditors may, within 30 days from the date of receiving the notice, within 45 days from the date of announcement if no such notice has been received, require the Company to repay their debts in full or provide corresponding guarantee.

Upon the merger, creditors' right or indebtedness of each of the merged parties shall be assumed by the company which survives the merger or the newly established company resulting from the merger.

**Article 145** In the event of a demerger of the Company, its assets shall be divided up accordingly.

In the event of a demerger, the Company shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company's resolution on demerger and shall publish a public announcement in the newspaper within 30 days from the date of such resolution.

Unless otherwise agreed in writing between the Company and its creditors in relation to the repayment of debts before the demerger, the succeeded companies after the demerger shall jointly assume the indebtedness of the Company which has been incurred before such demerger.

**Article 146** When the Company needs to reduce its registered capital, it must prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days from the date of resolution on reducing the registered capital and shall publish a public announcement in the newspaper within 30 days. Creditors shall have the right to demand the Company to repay its debts in full or to provide relevant guarantee within 30 days from the date of receiving the notice or within 45 days from the date of announcement if no such notice has been received.

For reduction of registered capital, the Company may, upon obtaining the approval of the shareholders' general meeting, reduce its registered capital not in proportion to the percentage of shares held by the shareholders. The Company's registered capital after the reduction must not be less than the statutory minimum amount.

**Article 147** The Company shall, in accordance with laws, apply for change in its registration with the company registration authority where a change in any item in its registration arises as a result of any merger or demerger. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with laws. Where a new company is established, the Company shall apply for registration thereof in accordance with laws.

When a company increases or reduces its registered capital, it shall register the change with the company registration authority in accordance with the law.

## **Section 2 Dissolution and Liquidation**

**Article 148** In any of the following circumstances, the Company shall be dissolved:

- (1) a special resolution on dissolution is passed by shareholders at a general meeting;
- (2) dissolution is necessary due to a merger or demerger of the Company;
- (3) the Company's business licence is revoked or it is ordered to close down or it is wound up in accordance with laws;
- (4) the term of operation expires as stipulated in the Articles of Association or other causes for dissolution as stipulated in the Articles of Association occur;
- (5) the Company's operations and management encounter serious difficulty, and its continuation will cause substantial loss to the interests of the shareholders and no solution can be found through any other channel, shareholders holding 10% or more of the total voting rights of the Company may make requisition to the people's court to dissolve the Company.

**Article 149** In case of occurrence of any circumstance set out in subparagraph (4) of Article 148 hereof, the Company may subsist by amending the Articles of Association.

The amendment to the Articles of Association according to the preceding paragraph shall be passed by more than two-thirds of the voting powers held by shareholders present in the shareholders' general meeting.

**Article 150** Where the Company is dissolved pursuant to subparagraphs (1), (3), (4) and (5) of Article 148 hereof, a liquidation committee shall be set up, within 15 days from the date upon which the cause of dissolution arises, to start the liquidation process. The composition of the liquidation committee shall be determined by directors or the shareholders' general meeting. In case no such committee is established to proceed with liquidation in time, the creditors may make application to the people's court for appointing relevant persons to form the liquidation committee for liquidation.

**Article 151** During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (1) to sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify creditors by notice or public announcements;
- (3) to dispose of and liquidate any unfinished businesses of the Company;
- (4) to pay outstanding taxes and taxes incurred during the liquidation process;
- (5) to settle claims and debts;
- (6) to deal with the remaining assets after the Company's debts having been paid in full;
- (7) to represent the Company in any civil proceedings.

**Article 152** The liquidation committee shall within 10 days of its establishment send a notice to creditors, and within 60 days of its establishment make a public announcement on a newspaper. The creditors may declare their claims to the liquidation committee within 30 days from the date they receive such notice or within 45 days from the date of announcement if no such notice is received.

When declaring the claims, the creditors shall specify the relevant matters about the claims and provide evidences. The liquidation committee shall register such claims.

During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

**Article 153** The liquidation committee shall, after examining the Company's assets and preparing the balance sheets and an inventory of assets, formulate a liquidation plan and present it to the shareholders' general meeting or the relevant governing authority for confirmation.

The assets of the Company shall be applied for liquidation in the following order: payment of liquidation expenses, staff wages, social insurance expenses and statutory compensation, payment of outstanding taxes, and payment of the Company's debts.

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

During the liquidation period, the Company shall continue to exist, but it shall not commence any new business activities.

The assets of the Company shall not be distributed to its shareholders before repayment of its debts in accordance with the preceding provision.

**Article 154** If the liquidation committee, having examined the Company's assets and having prepared a balance sheet and an inventory of assets, discovers that the Company's assets are insufficient to pay its debts in full, it shall immediately apply to the people's court for a declaration of insolvency.

After the people's court has declared the Company insolvent, the liquidation committee shall turn over any matters regarding the liquidation to the people's court.

**Article 155** Following the completion of liquidation, the liquidation committee shall prepare a report on liquidation and a statement of the receipts and payments and financial books during the period of liquidation, which shall be examined and verified by the PRC certified public accountants and submitted to the shareholders' general meeting or the people's court for confirmation. The liquidation committee shall also within 30 days after such confirmation, submit the preceding documents to the company registration authority and apply for cancellation of registration of the Company, and publish an announcement relating to the termination of the Company.

## **Chapter 12 Amendments to the Articles of Association**

**Article 156** The Company shall amend the Articles of Association if:

(1) after any amendment is made to the Company Law or relevant laws, administrative regulations, provisions contained herein conflict with the laws or administrative regulations so amended;

(2) the situation of the Company changes and thus is inconsistent with the provisions contained herein;

(3) the shareholders' general meeting decides to amend the Articles of Association.

**Article 157** Where such amendment to the Articles of Association as passed by the shareholders' general meeting by a resolution shall be approved by the governing authority, it must be reported to the governing authority for approval; where such amendment involves any registered particulars of the Company, application shall be made for alteration of registration in accordance with the laws.

**Article 158** The Board of Directors shall amend the Articles of Association pursuant to the resolution of the shareholders' general meeting on such amendment and the approval opinions of relevant governing authority.

**Article 159** Matters concerning the amendment of the Articles of Association which are information required to be disclosed by laws and regulations shall be announced as required.

### **Chapter 13 Supplementary Provisions**

**Article 160** "de facto controller" referred hereto means any person who is not a shareholder of the Company but is able to actually control the acts of the Company through investment, agreement or other arrangement.

**Article 161** The Board of Directors may formulate detailed rules of the Articles of Association in accordance with the provisions of the Articles of Association. Such detailed rules shall not conflict with provisions of the Articles of Association.

**Article 162** In the Articles of Association, the meaning of an "accounting firm" is the same as that of "auditors".

**Article 163** In the Articles of Association, the meaning of "no less than", "within" or "no more than" includes the underlying number, while "more than", "beyond", "below" or "more than" does not include the underlying number.

**Article 164** The Articles of Association are written in Chinese. Should there be any discrepancies between the versions in other languages and the Chinese version, the Chinese version shall prevail.

**Article 165** The power of interpretation of the Articles of Association shall be vested in the Company's Board of Directors.